

THE EFFECT OF GAMIFICATION BRAND ENGAGEMENT THROUGH BRAND LOYALTY

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ABSTRACT

This study aims to find the effect of 1) gamification on brand engagement, 2) gamification on brand loyalty 3) brand engagement on brand loyalty, and 4) gamification on brand loyalty with brand engagement as intervening variable. The study conducted 6 months from May 2021 until August 2021 with online questionnaire using social media. The population on this study are Shopee user in Jabodetabek who had used the gamification feature on Shopee and using the rewards to shopped. The sample are 200 respondent that chosen by purposive sampling technique. Structural Equation Modelling (SEM) is used as analysis method in this study using SPSS version 28 and AMOS version 26 software. After doing the research, this study shows that gamification had a significant and positive effect on brand engagement, gamification had a significant and positive effect on brand loyalty, brand engagement had no significant and positive effect on brand loyalty, and gamification had no significant and positive effect on brand loyalty when brand engagement as the intervening variable.

Keywords: Gamification, Brand Loyalty, Brand Engagement, E-Commerce, COVID-19.

INTRODUCTION

The rapid spreading of COVID-19 become concerned in every country. Including Indonesia, the government had made some efforts to push the transmission rate. One of them was, large-scale social restriction or in Indonesia it called PSBB. This regulation had many impacts in people's lifestyle, they have to switch mostly every activity into digital. Based on Economysea.withgoogle.com (2020), internet users in Indonesia that had 3,6 hours a day screen time before, increase to 4,3 hours per day screen time. One of the lifestyle that has changed is shopping, nowadays people prefer to do online shopping through their phone.

Know that there is as great opportunity, make so many e-commerce compete to get their customer in Indonesia. Let us say Shopee, Bukalapak, Tokopedia, Blibli, and Lazada was a big player of e-commerce in Indonesia. This strict competition, made them compete in many strategies that give a lot of benefits to the consumer. Such as, social media and television promotion with the favourite idol or artist as a guest star, discount and cashback, free shipping cost, and then put the gamification feature.

Shopee adjusts every element of gamification, from giving attendance points and as a cashback of their transactions, giving a badge to their customer based on their purchases, and they even release a game that named Shopee Games, in the middle of 2019. As a Product Manager Shopee Indonesia said, this strategy was aimed to increase their engagement with their users, especially the millennial. This strategy approaches seems so right because in the final quartal of 2019, Shopee managed to rank fist in 'monthly visitor web' category iPrice.co.id (2019). This builds a statement that gamification had an impact on brand engagement, like the Product Manager Shopee Indonesia was said.

After their user done the game at any level or fill the attendance, they will paid with points or voucher that can only use to do the transaction in Shopee. This stated that the gamification strategy was due to reach the loyalty. The loyalty customer exactly would help the company to suffer in long – term business sustainability. They also build and fix the performance of the gamification, so they can preserve preserve their position. But it only for 1 year, because in the first quartal of 2021, their rank suddenly dropped into second (iPrice.co.id, 2021). This brings out the confusion from the previous.

Gamification itself, it is a new in Indonesia especially in marketing, the application just simple but not every people got it. Hopefully this study can help the readers as reference of their way to build a business using gamification strategy.

LITERATURE REVIEW

Brand Loyalty

Brand loyalty is the consumer's interest or tendency to buy from the same buyer or the same brand and is a result of the belief that the value he gets from the seller is higher than the value available in other alternative brands or sellers (Thakur, 2016). Brand loyalty is defined as consumer preference repeatedly for a brand for a particular product or service (Schiffman & Kanuk, 2004). So basically gamification is not just about playing games, but applied one of or every element of gamification

Han & Hyun (2018) provides a view that loyal customers (loyal customers) will bring big profits for the company, because they will continue to provide profits and reduce marketing or promotional costs. Meanwhile, the characteristics of loyal customers, mentioned by Griffin (2010) are customers who:

- 1) Make repeated purchases
- 2) Make purchases between product or service lines
- 3) Recommend to others
- 4) Demonstrate immunity to competition

Gamification

Gamification was defined by Hofacker et al. (2016) is the utilization of design elements from games that are used to enhance non-game goods and services by increasing customer value and encouraging value-creating behaviours such as increased consumption, greater loyalty, engagement, or product advocacy. The game elements described by (Costa (2019) are points, badges, and leaderboards. Meanwhile, according to Huotari & Hamari (2017) gamification refers to the process of improving services with the ability to have a pleasant game experience to support the overall value-creation of customers.

Eisingerich et al. (2019) explains that there are 6 principles in the application of gamification, including:

- 1) Social interaction: helps users to stay connected with friends and other users.
- 2) Sense of control: providing the experience of having control over something to its users.
- 3) Goals: detailing and setting goals
- 4) Progress tracking: describes the progress and capabilities of the user.
- 5) Rewards: provide new material when the goal has been achieved.
- 6) Prompts: warn users so that they have a commitment and take an action.

Brand Engagement

Hollebeek et al. 2014 describes brand engagement as a concept of cognitive, emotional, and behavioral activities regarding or relating to consumer focus or brand interactions. Brand engagement is characterized as a multi-faceted concept and has been shown to influence value, word of mouth, engagement, trust, satisfaction, and loyalty (Kritzinger & Petzer, 2020). There are five dimensions of brand engagement described by (So et al., 2014) namely:

- 1) Enthusiasm: high interest and enthusiasm for a brand.
- 2) Attention: the level of attention and focus more on a brand.
- 3) Absorption: a happy feeling that makes the user not aware of how much time is spent with the brand.
- 4) Interaction: various interactions that occur with the brand.
- 5) Identification: associating the brand with a part of its life.

Framework and Hypothesis

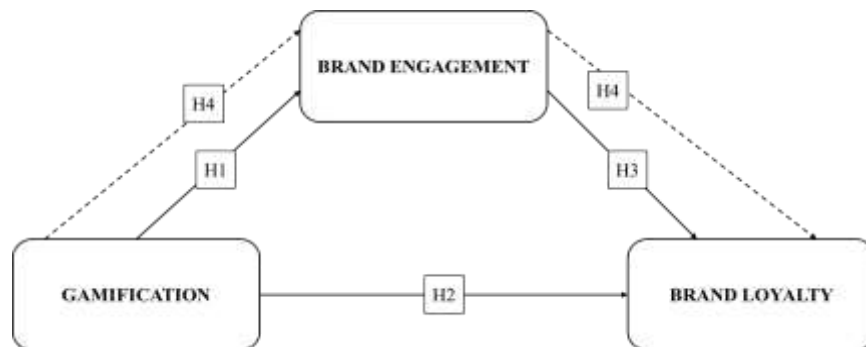


Figure 1. Research framework

Source: data processed by researcher

Hypothesis

Based on the research model attached above, the hypotheses proposed in this study are as follows:

H1: gamification has a significant and positive effect on brand engagement.

H2: gamification has a significant and positive effect on brand loyalty.

H3: brand engagement has a significant and positive effect on brand loyalty.

H4: gamification has a significant and positive effect on brand loyalty through brand engagement.

RESEARCH METODOLOGY

This study was a quantitative approach with experimental study method. The variable that used in this study was the gamification as variable X or independent variable, brand engagement as variable Y or intervening variable, and brand loyalty variable as variable Z or dependent variable.

The population in this study are Shopee users who have used Shopee's gamification feature. The sample was selected by purposive sampling method, which then obtained 200 respondents. Data was obtained by distributing questionnaires or closed questionnaires online through social media, like Instagram, facebook, and telegram.

This primary data was collected using a modified 6-point Likert scale method. The analysis tool used is SEM with SPSS version 28 and AMOS version 26. Before testing, this instrument had passed the pilot test.

RESULTS AND DISCUSSION

Respondent Profile

The results from the 200 respondents who are users of Shopee's gamification feature in Jabodetabek are most of the respondents are women (83%), the most of respondents are in the age of 21-30 years (88%), then the majority of respondents are lived or recently lived in Jakarta (43%), the majority of respondents are students or university student in here (69%), the income of the majority of respondents ranges from Rp500.000 to Rp1.500,000 (37.5%) and the most of the respondent are members with a gold level (48.5%).

Quantitative Description

The following is a general description of the respondents' responses to each statement. Respondents' answers were categorized based on very good, good, adequate, bad, and very bad based on the score of the number of answers.

The category of respondent answers to gamification has a category between good to very good, it can be concluded that the indicators of gamification get a good response from respondents. The highest score is on the G13 indicator or rewards indicator 1 with the statement "Shopee Games gives rewards for every game played" with a total score of 1,026 points. Then the lowest score is on the G3 indicator or the social interaction 3 indicator with the statement "Shopee Games strengthens relationships with friends" with a total score of 844 points.

In the brand engagement variable, the respondents' answers have a moderate to good category. The highest score is on the BE7 indicator or emotional 3 indicator with the statement

"Playing Shopee Games creates a sense of interest" with a total score of 925 points. Then the lowest score is on the BE11 indicator or behavioral indicator 3 with the statement "Shopping at Shopee requires a lot of energy" with a total score of 709 points.

Finally, on the brand loyalty variable, respondents gave answers that were categorized as good entirely. The highest score is on the BL 1 indicator with the statement "Shopee creates a desire to always shop" with a total score of 976 points. Then the lowest score is on the BL2 indicator with the statement "Shopee creates a sense of wanting to shop at Shopee, even though there are offers from other marketplaces" with a total score of 844 points.

Validity And Reliability Test

Exploratory Factor Analysis (EFA)

Table 1 EFA test of gamification

Indikator	<i>Factor Loading</i>				Reliabilitas	Keterangan
	1	2	3	4		
G.3	.895				.900	Seluruh indikator valid dan reliabel
G.2	.881					
G.1	.853					
G.4	.666					
G.8		-.918				
G.9		-.892				
G.7		-.882				
G.6		-.750				
G.5		-.472				
G.14			.866			
G.15			.843			
G.13			.801			
G.12			.745			
G.18				.907		
G.17				.769		
G.16				.760		

Source: data processed by researcher (2021)

The gamification variable in the EFA test is divided into 4 dimensions. The indicators attached above have met the specified value, which is above 0.40 so that it can be declared valid. Meanwhile, because there is a loading factor, there are 2 indicators that must be reduced, namely indicators from G10 and G11. For the value of reliability meets the provisions of $0.90 > 0.70$ so that the gamification variable is declared reliable. Then the test can be continued at the next stage.

Table 2 EFA test of brand engagement

Indikator	<i>Factor Loading</i>			Reliabilitas	Keterangan
	1	2	3		
BE.5	0,906			.876	Seluruh indikator valid dan reliabel
BE.6	0,905				
BE.7	0,891				
BE.8	0,811				
BE.2	0,766				
BE.9	0,716				
BE.3	0,696				
BE.1	0,516				
BE.10		0,901			
BE.4		0,901			
BE.11			0,913		
BE.12			0,728		

Source: data processed by researcher (2021)

The brand engagement variable in the EFA test is divided into 3 dimensions. The indicators attached above have met the specified value, which is above 0.40 so that it can be declared valid. The reliability value meets the provisions, namely $0.876 > 0.70$ so that the brand engagement variable is declared reliable. Then the test can be continued at the next stage.

Table 3 EFA test of brand loyalty

Indikator	<i>Loading Factor</i>	Reliabilitas	Keterangan
	1		
BL.2	.939	.929	Seluruh indikator valid dan reliabel
BL.1	.914		
BL.3	.914		
BL.4	.872		

Source: data processed by researcher (2021)

The brand loyalty variable in the EFA test only consists of 1 dimension. The indicators attached above have met the provisions of values that are above 0.40 so that they can be declared valid. For the reliability value, it meets the provisions, namely $0.929 > 0.70$ so that the brand loyalty variable is declared reliable. Then the test can be continued at the next stage.

Fit Model

This test is aimed to find the fit of the most suitable research model, using AMOS, the following is the construct of the fit model and the goodness of fit value.

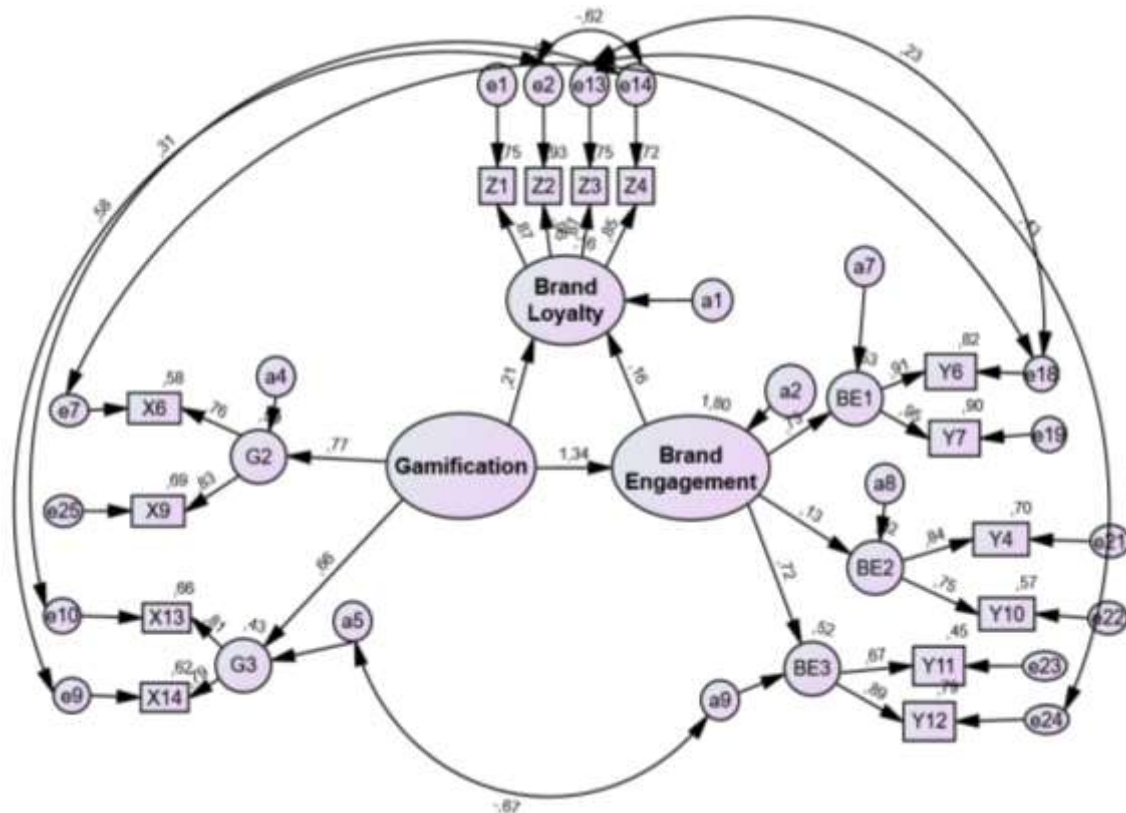


Figure 2 Fit model

Source: data processed by researcher (2021)

Table 4 Goodness of fit

Item	Value	Keterangan
Chi-Square	82,394	
DF	67	
Probabilitas	0,97	Good fit
CMIN/DF	1,230	Good fit
AGFI	0,919	Good fit
GFI	0,948	Good fit
TLI	0,988	Good fit
RMSEA	0,035	Good fit

Source: data processed by researcher (2021)

In this test, the construct has met the criteria of the goodness of fit value with a probability value of $1,230 < 2.00$ with a significance level of $0.97 > 0.50$.

Table 5 Hypotesis test

Item			C.R.	P
Gamification	→	Brand_Engagement	7,368	***
Gamification	→	Brand_Loyalty	2,160	,031
Brand Engagement	→	Brand_Loyalty	1,609	,108

The value of the hypothesis test shows that the calculated C.R value of gamification on brand engagement is $7.368 > 1.96$ at the *** significance level ($p < 0.05$), then this proves that the gamification variable had a significant and positive effect on brand engagement. This means that the better the gamification strategy carried out by the company, the better brand engagement will be. This is in accordance with the research conducted by Taruli et al., 2020 which states that there is a significant and positive effect of gamification on brand engagement.

Then the calculated C.R value of gamification on brand loyalty is $2.160 > 1.96$ with a significance level of 0.031 ($p < 0.05$), then the gamification variable is also proven to have a significant and positive effect on brand loyalty. This means that the better the gamification strategy applied, the better the loyalty shown by consumers to the brand. This has similar results to research conducted by Hwang & Choi (2020) in the United States which proves that gamification has an effect on brand loyalty.

Then for the calculated C.R value of brand engagement on brand loyalty is $1.609 < 1.96$ with a significance level of 0.108 ($p > 0.05$), then the brand engagement variable is proven to have no significant and positive effect on the brand loyalty variable. This means that good engagement with users will not necessarily make users give a positive attitude towards the brand. Research with similar results has also been conducted by Rachbini et al. (2020). This may refer to Kotler et al. (2016) that marketing have to apply high tech and high touch. The high tech applied by Shopee is already good with the implementation of strategies that increase the level of engagement in digital media. But not for high touch, what really feels high touch for their engagement strategy is only in the form of birthday vouchers, which this is only obtained by users with platinum level. Meanwhile, new users to gold level members will get the same type of promotion.

To test the intervening variable, it is taken from the conclusion of the relationship between gamification and brand engagement, and brand engagement on brand loyalty. Because the test results between brand engagement and brand loyalty are not significant, then the brand engagement variable is not an intervening variable between gamification and brand loyalty. Research with similar results was conducted by Xi & Hamari (2020). This insignificant result

can be caused by several factors, including the demographics of the users. Respondents in this study were dominated by women, where in research conducted by psychology professor Karen Pine from the University of Hertfordshire, England, it was stated that women's shopping habits are a way of entertaining themselves and are innate biochemicals from their bodies that encourage their subconscious. to look attractive which then raises the desire to shop. Where promotions in the form of vouchers and free shipping are very commonly used for promotions. So, when users or consumers want to shop but have limitations in shopping promotions, they will look for promotions from other marketplaces that feel more attractive.

Regarding engagement ratings in the background, it can be concluded that the increase is not only influenced by gamification factors. However, there are many other factors that can be indicated as a factor in increasing the level of web visitors. For example, Shopee's end-of-month promos are usually more intense than early-month promo (Sulaiman & Rachmawati, 2019).

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

This study was conducted to determine the effect of gamification, brand engagement, and brand loyalty on the Shopee marketplace. The study was conducted on 200 respondents who were Shopee Games users in Jabodetabek who had gone through filtering before. The analytical method used is SEM with SPSS and AMOS software tools for EFA and CFA testing.

The results of this study indicate that gamification is proven to have a significant and positive effect on brand engagement, which means that the better the strategy and quality of gamification provided by the company, the better the level of brand engagement. Gamification is proven to have a significant and positive effect on brand loyalty, if the application of gamification from the company is getting better, then the brand loyalty of users is also getting better. Brand engagement has no effect on brand loyalty, which means that even if the involvement and engagement of users is very good, users will not necessarily decide to make a purchase or recommend Shopee to others. Gamification has no effect on brand loyalty through brand engagement, meaning that Shopee games users and have an attachment to playing the game do not necessarily do positive things for the company.

Recommendations

Based on the discussions and conclusions, Shopee can try to implementing high touch and high tech marketing (Kotler et al., 2016). Especially for high touch, because the reward

that most personally refers to is a birthday voucher, which is only obtained by users with platinum member status. Shopee can also try to provide a reward program from gamification that is more attractive and not offered by competitors because the indicator of brand loyalty with the lowest value is "Shopee creates a feeling of only wanting to shop at Shopee even though there are offers from other marketplaces".

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