

GAMIFICATION IN B2B SALES: IS IT TIME? (PART I)

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Report Highlights

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Best-in-Class firms are 61% more likely than All Others to deploy game mechanics.

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In late 2012, 4% of survey respondents deployed game mechanics. Today the rate is 28%.

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31% more first-year sales reps achieve quota, when supported with game mechanics.

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Game mechanics users are 37% more likely than other firms to offer cash sales spiffs.

The first of a two-part series, this Research Report will explore the ways gamification solutions drive better enterprise sales results.

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Solutions to support game mechanics are beginning to gain traction in the B2B sales arena.

Gamification is defined as the use of game mechanics to motivate, modify, or reward distinct behaviors. In the context of Sales Effectiveness, it is typically deployed within on-staff and channel sales teams to encourage both sales accomplishments – selling certain products or services during a promotion, for example – as well as non-sales activities, such as learning, collaboration, or community service.

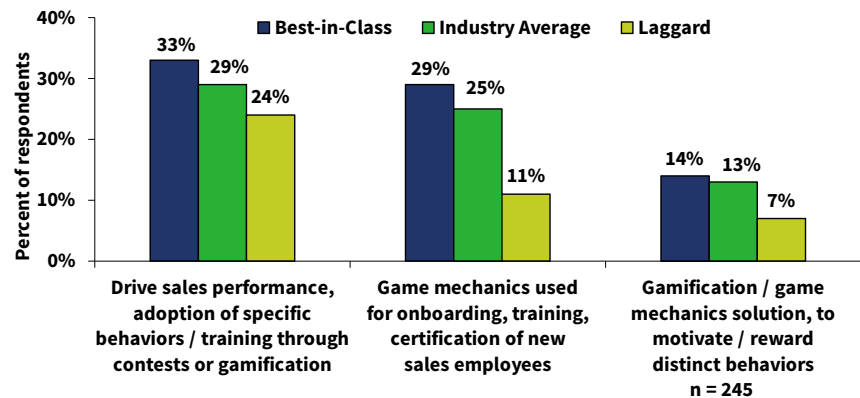
As long as salespeople have walked this earth, they have been driven by money, first and foremost. Be it the straight-commission, somewhat distasteful used-car lot sales rep, or the enterprise software business developer attempting to beat quota, the promise of additional, usually unlimited, compensation serves as an effective motivator for individual contributors. For as long as commissions, spiffs, overrides, bonuses and President's Club trips have dangled in front of sellers, their managers have used short-term contests and game mechanics to inspire additional layers of behavior.

Termed “gamification” by a limited number of sales effectiveness solution providers, the formal deployment of technology solutions to support game mechanics is beginning to gain traction in the business-to-business (B2B) sales arena (sidebar).

What a Difference a Year Makes

Aberdeen's ongoing Sales Effectiveness research includes an annual look at the [Sales Performance Management](#) (SPM) space, examining best practices around sales compensation, incentives, territory and human capital management.

Figure I: Early Adoption of Game Mechanics: Gaining Traction among Best-in-Class Sales Teams

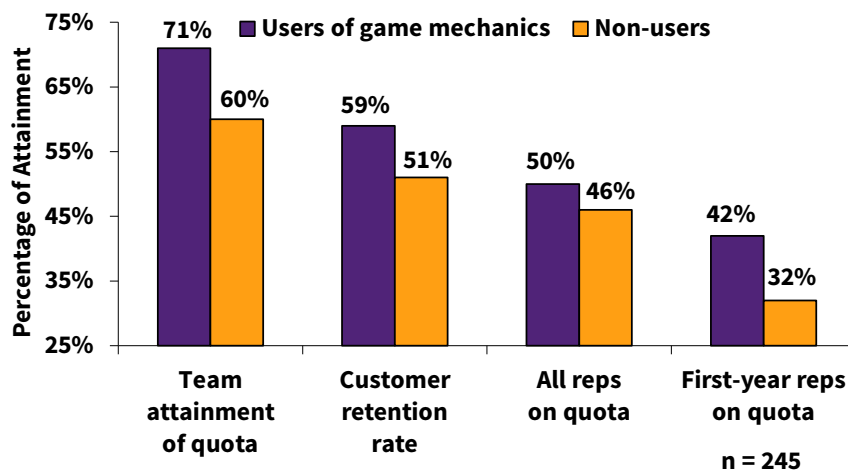


Source: Aberdeen Group, December 2013

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The use of game mechanics increased dramatically in the last year, from only 4% of survey respondents in 2012's *Motivate, Incent, Compensate, Enable: Sales Performance Management Best Practices* (December, 2012), to 28% of end-users in the new edition, *Beyond the Quota: Best-in-Class Deployments of Sales Performance Management* (January, 2014). In the current research, shown in Figure 1, Best-in-Class companies (sidebar) demonstrate the ways they lead under-performing firms through a number of crucial elements associated with gamification initiatives. While the Y-axis values in this chart are all relatively low, they represent significant increases since 2012, and more importantly, link improved sales performance results with game mechanics support, as demonstrated by higher Best-in-Class adoption across the board. Essentially, Figure 1 demonstrates that this approach is starting to work; early adopters accrue tangible rewards that prove return-on-investment (ROI), demonstrated by stronger overall sales results.

Figure 2: Game Mechanics Contribute to Stronger Results



Source: Aberdeen Group, December 2013

When, using the same survey results, we compare game mechanics users to companies without such approaches, the

The SPM Best-in-Class, Defined

In October through December 2013, Aberdeen surveyed 246 end-user organizations to understand their sales performance management best practices. The performance metrics used to define the Best-in-Class (top 20%), Industry Average (middle 50%), and Laggard (bottom 30%) among these sales teams are:

- 84% of **sales reps achieving quota**, vs. 55% among Industry Average and 15% for Laggard firms
- 13.7% average year-over-year increase in **average deal size or contract value**, vs. 3.4% for the Industry Average and a 5.8% decline among Laggard respondents
- 10.9% average year-over-year increase in **overall team attainment of sales quota**, vs. a 1.1% increase for the Industry Average and a 9.0% decline among Laggard respondents

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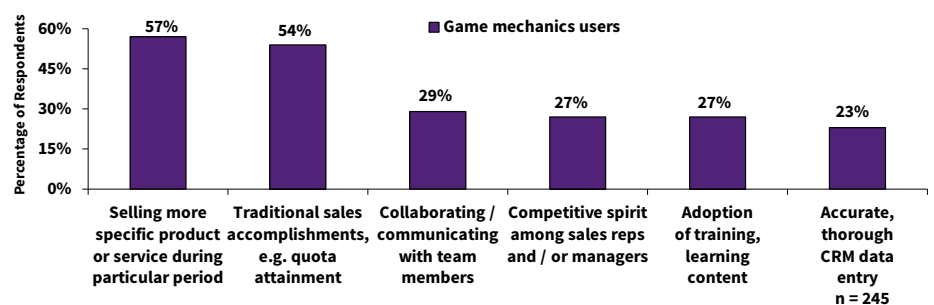
For the purposes of this survey, the term “sales performance management” refers to any process, strategy, or initiative focused on managing, compensating, rewarding, motivating, or promoting sales staff in order to achieve optimal performance in revenue attainment and overall sales productivity.

improved performance results associated with such deployments are clear (Figure 2). All three quota-centric metrics collected by Aberdeen, as well as a 16% stronger customer retention rate (59% vs. 51%), firmly support the correlation between contest-oriented sales management and the top-line business results that matter most. Now let's take a closer look inside game mechanics programs in the B2B sales arena.

What Are We Trying to Accomplish?

Figure 3 summarizes the most sought-after behaviors that inspire game mechanics sales deployments by sales leaders. Survey respondents were able to select their top-three most desirable behaviors from an extensive list of choices, and the results tell a clear story: traditional sales results matter most, but a wide variety of additional best practices are also important to sales leaders attempting to achieve the kind of numbers represented in Figure 2, above.

Figure 3: Most Desirable Behaviors that Inspire Game Mechanics Sales Deployments



Source: Aberdeen Group, December 2013

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Game mechanics users indicate that both short-term sales initiatives, as well as traditional overall sales results, are behaviors sought most to motivate among their front-line sellers. Time-limited sales pushes (the top behavior, at 57%) are a frequently-seen element among contemporary business sales managers and corporate executives. There are many legitimate reasons to sell more in order to achieve a rapid-fire, short-term goal — too much product surplus, achieving advanced status as a trading partner, growing new territory, even sweetening the deal for a pending acquisition. Whether game mechanics supporting this frenzy involve cash or non-cash rewards, they are clearly very popular in such scenarios. Furthermore, there is nothing wrong with adding an additional layer of rewards to the traditional drives to make or beat quarterly or annual quotas: more than half of game mechanics users (54%) sweeten the deal this way.

The additional top behaviors motivated via game mechanics in sales environments, shown in Figure 3, are obviously only half as significant as these first two focuses, but nonetheless remain valuable layers of management for savvy sales leaders. While the idea of “sales collaboration” might seem oxymoronic given the traditional, “lone wolf” mindset of 20th century sales professionals, today's millennial sellers are far more comfortable leveraging user-generated content to help both themselves, and team members, achieve better results. Aberdeen research published in [*Enterprise Social Collaboration: High-Power Teamwork for Better Sales Results*](#) (November, 2013) validates this point; game mechanics deployments often include a social media-like interface that naturally supports collaborative activity. On the other hand, salespeople are very competitive, and gamification in their day-to-day activities accommodates that kind of spirit. Rounding out the top six most-desired sales behaviors, the traditional difficulties in getting reps to attend or

Aberdeen's PACE Methodology

Aberdeen applies a methodology to benchmark research that evaluates business Pressures, Actions, Capabilities, and Enablers (PACE) that indicate corporate behavior in specific business processes:

- **Pressures** – the external forces that impact an organization's market position, competitiveness, or business operations.
 - **Actions** – the strategic approaches that an organization takes in response to industry pressures.
 - **Capabilities** – the business process competencies (process, organization, performance, and knowledge management) required to execute corporate strategy.
 - **Enablers** – the key functionality of technology solutions required to support the organization's enabling business practices.
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→ Read the Related Research:

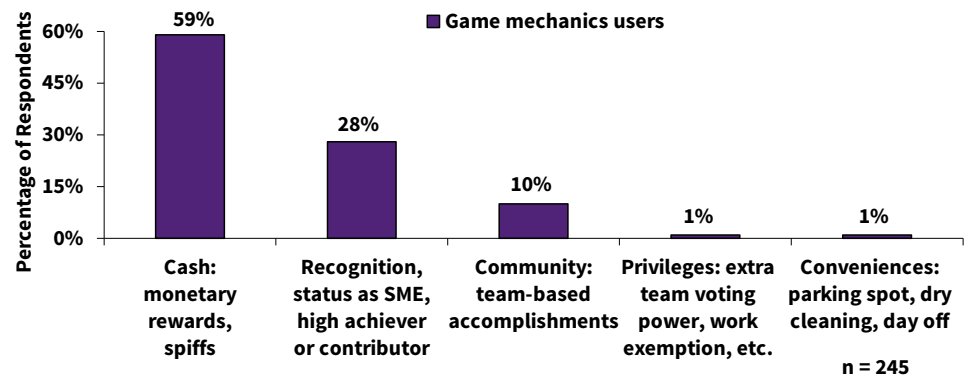
[“Beyond the Quota: Best-in-Class Deployments of Sales Performance Management”](#)

consume training content and aggressively populate the customer relationship management (CRM) data repository, are additional sources of stress, eased, potentially, through game mechanics utilization.

The Mechanics of Game Mechanics

How, then, should these behaviors be specifically rewarded? As seen in Figure 4, there are very clear, crowd-sourced recommendations, from Aberdeen's survey respondents, regarding what to emphasize (and what to ignore) when providing sales incentives associated with particular activities. True to form, money is the universal language, with short-term spiffs and payouts dominating responses around game mechanics prizes and rewards.

Figure 4: What to Provide, What to Avoid with Sales Rewards



Source: Aberdeen Group, December 2013

The factors to properly motivate sales professionals are money, recognition and a sense of accomplishment.

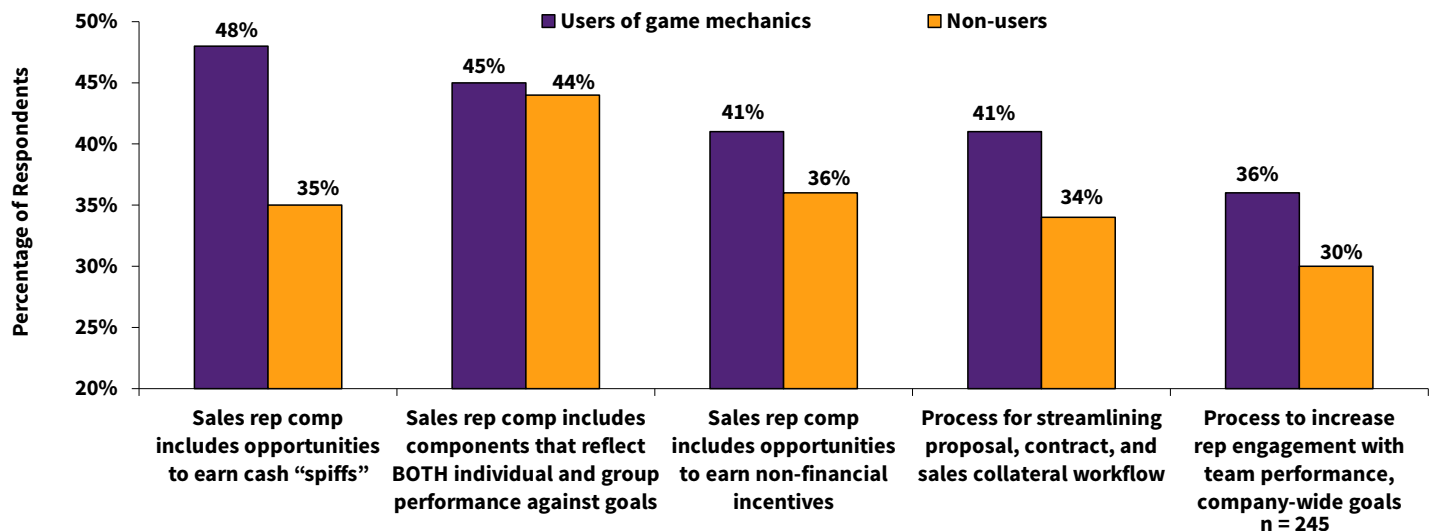
Nonetheless, a significant percentage of game-oriented deployments formally associate rewards with non-cash takeaways, led by the concept of recognition, with 28% popularity (survey respondents could only select one outcome for which gamified activity was most effective). Indeed, game mechanics users are 89% more likely (53% vs. 28%) than other firms to use “balanced scorecard” compensation that goes

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beyond simple pay-for-performance. Unlike other departments, in sales, the best performers don't tend to want to be promoted to a leadership role; sales promotions can actually lead to lower pay – plenty of top sellers out-earn their bosses – as well as increased exposure to team failure, corporate politics, and too much administrative “off the field” work. As a result, it can be challenging to continuously motivate even a top sales performer year after year; providing recognition for a job well done, mentoring others, or supporting other team members, indicates to a strong seller that they are valuable beyond the numbers. On the other hand, the rewards nominated by only 1% of game mechanics users, illustrated in Figure 4, are clearly nice to have, but far from essential components of an incentive or awards program deployment. The factors to properly motivate sales professionals have emerged as salient: money, recognition and a sense of accomplishment.

Money is the universal language, with short-term spiffs and payouts dominating responses around game mechanics prizes and rewards.

Figure 5: Process Capabilities Create a Solid Foundation for the Gamified Sales Force



Source: Aberdeen Group, December 2013

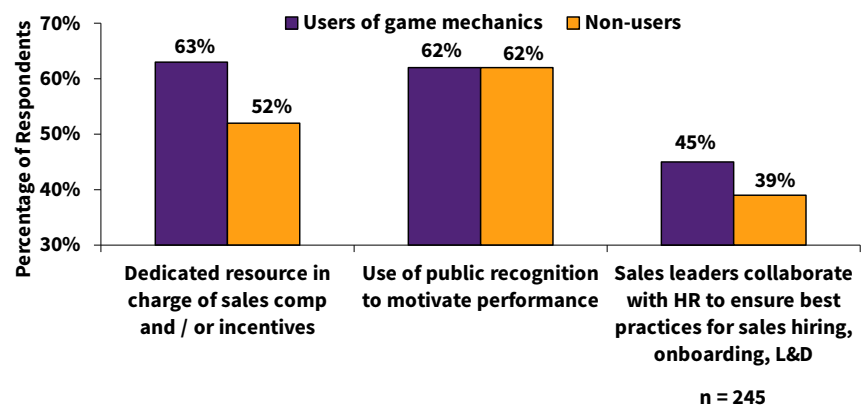
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Users of game mechanics are more likely to focus on spiffs and non-cash rewards, compared to other companies.

As for the nuts and bolts of game mechanics deployment, two particularly relevant capabilities (see Aberdeen's "PACE" methodology, page 6) are showcased in Figures 5 and 6. From a process perspective, users of game mechanics are predictably more likely to focus on spiffs and non-cash rewards, compared to other companies. They also focus on reducing friction near the end of the sales cycle (see [Breaking the Laws of Physics: Shortening the Last Sales Mile through Workflow Automation](#), April 2013), and are able to better motivate tactical activities around proposal management and deal closure via short-term, gamified initiatives.

Finally, the most commonly nominated organizational best practice among game mechanics users is dedicating one or more staff members to compensation and incentive management aspects of sales operations activities. These companies are actually smaller than the non-users – average annual revenue is \$772 million versus \$972 million – but they recognize the value of aggressively supporting the resources represented by their game mechanics initiatives.

Figure 6: Organizational Best Practices



Source: Aberdeen Group, December 2013

Gamified sales teams have a slightly higher average sales rep quota (\$1.048M vs. \$1.030M); equally important to all survey

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respondents is the acknowledgment of the importance of employee recognition, discussed above. Few employees are immune to a public pat on the back, even highly confident go-getters in sales. Additionally, companies deploying game mechanics are more likely than others to build a collaborative culture among their corporate managers, bringing the Human Resources function into close contact with sales leadership. This inspires best practices in selecting, onboarding, managing, and retaining sales professionals in a competitive marketplace (game mechanics users spend 13% less to hire salespeople, \$27k vs. \$31k). Gamified organizations have an extra tool in their belt to motivate participation in these activities (they are 16% more likely to measure sales employee satisfaction, 51% vs. 44%) and, ultimately, superior sales performance.

Conclusion: Serious Pursuit of Results

While “playing games at work” might seem ancillary to enterprise revenue acquisition activities, or downright silly, the facts born from this research prove the value in utilizing multi-layered financial and non-cash rewards and incentives to motivate short-term activities, and long-term results among professional salespeople. The best game mechanics deployments in the workplace represent environments where sales employees don't have to do anything to participate. The beauty of these programs, if well defined, is that staffers automatically see the ways their everyday activities yield results in the competition (or don't). They can then choose whether or not to adjust their behaviors accordingly; the naturally competitive nature of this particular species will generally motivate them to want to win. If and when they do, everyone wins in a well-designed gamification environment.

Stay tuned for Part II of this series.

For more information on this or other research topics, please visit www.aberdeensales.com.

“Playing games at work” might seem ancillary to enterprise revenue acquisition activities, or downright silly.

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Related Research

[*Solving the Sales Ops Rubik's Cube: SunGard Fits All the Puzzle Pieces Together*](#); February 2014

[*Configure-Price-Quote: Best-in-Class Deployments that Speed the Sale*](#); July 2013

[*No More Spaghetti against the Wall: How Best-in-Class Sellers Use Social Relationships to Build a Better Pipeline*](#); February 2014

[*Making the Most of Your CRM: How Best-in-Class Sales Teams Maximize Revenue and Customer Experience*](#); June 2013

[*Enterprise Social Collaboration: Best Practices for the Connected Sales Team*](#); January 2014

[*Learn, Collaborate, Connect, Close: Best-in-Class Mobile Sales Enablement*](#); June 2013

[*Beyond the Quota: Best-in-Class Deployments of Sales Performance Management*](#); January 2014

[*CRM 2013: Generating Business Value throughout the Enterprise*](#); April 2013

[*Enterprise Social Collaboration: High-Power Teamwork for Better Sales Results*](#); November 2013

[*Non-Cash Incentives: Best Practices to Optimize Sales Effectiveness*](#); March 2013

[*Sales Enablement: Fulfilling the Last Frontier of Marketing-Sales Alignment*](#); September 2013

[*Sales Effectiveness 2013: The Rise of #Gamification*](#); February 2013

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About Aberdeen Group

Aberdeen Group conducts research focused on helping business leaders across sixteen different B2B technology disciplines improve their performance.

Our process is simple – we conduct thousands of surveys every year to identify top performing organizations and uncover what makes them different. We share these insights back with the market in the form of in-depth research reports and content assets to help our readers build business plans capable of driving better results with the right set of tools to help them get there.

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