In conversation with Prof. Dr. Lutz Anderie,
Frankfurt University of Applied Sciences

A digital frontrunner

The games industry as a pioneer in digital business transformation

Edition Focus: The Games Industry

September 2023

Kristian Maribo Pedersen
Partner – Global Consumer and Retail Practice Group

Jan Großmann
Client Partner - Consumer and Retail Practice, Germany

Foreword by Kristian Pedersen, Partner, Head of Global Consumer & Retail Practice Group, and Jan Großmann, Client Partner, Pedersen & Partners:

In this edition of the Consumer and Retail Industry Pulse Newsletter, we talk to noted digital & gaming expert, professor, and practitioner Prof. Dr. Lutz Anderie.

Dr. Anderie provides insights into the intricate relationship between the gaming sector and the ongoing digital revolution within the consumer and retail domain.

> **As the gaming industry's value surpasses USD 200 billion, it continues to influence all aspects of consumer life.**

During our conversation, Dr. Lutz Anderie explained the ways in which gaming companies have spearheaded and refined the fusion of technological advancements in AI and extended reality with innovative approaches to monetisation. This synergy not only shapes the gaming landscape but also extends to the broader consumer and retail arena.

As consumer and retail businesses embark on their own digital transformations, there is a manifest demand for executive talent that can bring expertise and skills honed in the gaming sector. Thus, we explore the ways in which visionary talent from the gaming sphere can contribute to the consumer and retail industry, given this sector's pioneering role in the sphere of digital transformation.

In conversation with Prof. Dr. Lutz Anderie, Frankfurt University of Applied Sciences

Could you give us a brief overview of the development of the games industry?

The games industry has undergone a fascinating evolution, marked by significant advancements and transformative changes.

In recent years, the games industry has witnessed the rise of esports and game streaming platforms such as Twitch and YouTube Gaming. Virtual Reality (VR) and Augmented Reality (AR) technologies have made significant contributions to the industry, offering immersive and interactive experiences.

> *The games industry has grown into a global 200 billion USD industry, shaped and driven by technology, expanding audiences, and innovative game design.*
>
> *The future of gaming continues to hold exciting prospects, continually refined, and revitalised by emerging technologies.*

What are the main trends in the games industry?

The games industry is shaped by several key trends, summarised below:

- AI-based monetisation with deep learning (including predictive analytics) is one of the most challenging and interesting trends right now.

- Mobile gaming dominates the industry, with an increasing majority of players accessing games mainly or wholly on smartphones and tablets.

- Esports and competitive gaming attract large audiences and generate substantial revenue, leading to the development of dedicated teams and leagues.

- Virtual Reality (VR) and Augmented Reality (AR) technologies offer immersive experiences, while cross-platform play and cloud gaming enhance inclusivity and accessibility.

- Streaming platforms such as Twitch and YouTube Gaming create new entertainment and community-building opportunities.

- Live service games prioritise player engagement through continuous updates and interactions.

- Social gaming and user-generated content thrive, fostering multiplayer interactions and creative collaboration.

- The industry is also starting to focus on sustainability and ethical considerations: reducing carbon footprints, promoting diversity, ensuring fair treatment, and the like.

These trends reflect technological advancements, changing consumer behaviours, and a growing emphasis on community, accessibility, and social engagement.

In conversation with Prof. Dr. Lutz Anderie, Frankfurt University of Applied Sciences

How do you see the situation and status of digital transformation in FMCG/Retail?

The digital transformation in the FMCG and retail sectors has already had a profound impact on the industry, and continues to evolve rapidly. The rise of e-commerce has revolutionised the way consumers shop for FMCG products.

Online shopping platforms and marketplaces have become popular avenues for convenient purchases, enabling retailers to expand their customer base and provide personalised shopping experiences. Additionally, this shift has streamlined supply chain processes, leading to greater efficiency.

Although digital transformation brings numerous opportunities for growth and improved customer experiences, there are challenges to overcome. Privacy and data security concerns, competition from e-commerce giants, and the need for infrastructure upgrades pose challenges for traditional retailers.

However, embracing digital technologies enables FMCG/retail businesses to thrive by capitalising on the opportunities presented.

> *Digital transformation is reshaping the FMCG/retail industry by enhancing customer experiences, optimising operations, and driving growth.*
>
> *To succeed in the digital era, businesses must stay agile, embrace innovative strategies, and continuously adapt to the evolving landscape of digital technologies.*
>
> *Prof. Dr. Lutz Anderie*

What are the digital transformation focus areas in FMCG/Retail?

The main focus areas are:
- e-commerce and online presence.
- customer experience enhancement.
- supply chain optimisation.
- data analytics and business intelligence.
- mobile and digital engagement.
- integration of physical and digital channels.
- innovation with emerging technologies.
- sustainability considerations.

Integration of physical and digital channels, as well as the adoption of emerging technologies like VR, AR, AI, and automation, are key focus areas.

Sustainability practices and ethical considerations are gaining importance in digital transformation. These focus areas drive innovation, improve operational efficiency, and ensure competitiveness in the evolving FMCG/Retail landscape.

To what extent will AI be a game changer in FMCG/Retail?

AI has the potential to revolutionise the FMCG/Retail industry by impacting areas such as customer experience, operations, supply chain, and marketing. Possible use cases for AI in FMCG/Retail:

- Personalised recommendations.
- Accurate demand forecasting.
- Automated customer support through chatbots and virtual assistants.
- Pricing optimisation.
- Fraud detection.
- Supply chain optimisation.
- Enhanced marketing campaigns.

Successful AI implementation requires proper data management, skilled resources, and a strategic approach; it should be used as a tool to augment human capabilities rather than replace them entirely.

In conversation with Prof. Dr. Lutz Anderie, Frankfurt University of Applied Sciences

What is the impact of AI developments on the ideal profile of future leaders?

The increased use of AI has a significant impact on the ideal profile of future leaders, who will need to demonstrate a complex skillset:

- Technical proficiency, including data-driven decision-making skills;
- Adaptability and commitment to continuous learning;
- High ethical standards, as leaders navigate privacy, bias, and transparency issues;
- Collaboration and interdisciplinary skills, especially when working with diverse teams;
- Strategic vision and innovation to integrate AI into the overall business strategy;
- Finally, emotional intelligence and leadership skills are needed to foster a culture that values human abilities alongside AI.

Future leaders must embody these qualities to effectively leverage AI and navigate the evolving technological landscape.

What are the key leadership roles for a successful digital business transformation?

Key leadership roles for a successful digital business transformation:

- The visionary leader who sets the direction.
- The change champion who drives cultural change.
- The digital strategist who develops a comprehensive roadmap.
- The collaborative facilitator who promotes cross-functional collaboration.
- The collaborative facilitator who promotes cross-functional collaboration.
- The technology advocate who champions new technologies.

- The data-driven decision maker who emphasises data-driven insights.
- The talent developer who invests in upskilling
- The customer experience advocate who prioritises customer needs.

These are complementary roles; they work together to lead the organisation through transformation, fostering innovation and growth.

In which business areas could games industry executives add the most value?

Games industry executives have the potential to contribute their unique skills, experiences, and perspectives to drive innovation and success in various business areas across many different industries:

- Expertise in enhancing customer experiences through gamification, interactive interfaces, and user-centred design;
- Experience in guiding the implementation of digital initiatives such as e-commerce integration and data-driven decision-making to facilitate digital transformation;
- Proficiency in using data analytics to gain valuable insights into customer behaviour and preferences, fostering innovation and creativity through fresh ideas and a culture of innovation;
- Familiarity with the challenges and rewards of leading diverse teams, promoting agile methodologies, and fostering collaboration;
- New insights into alternative revenue streams and innovative business models for monetisation;
- Understanding of branding: leveraging digital marketing, influencer partnerships, and social media engagement for effective branding.

To find out more insights from Dr. Anderie, visit: anderie-management.com or anderie-digital.com