Bastian Bergmann: The reality is that we're now looking at almost 3.7 billion people that play video games in the broadest sense, globally, almost on a weekly basis. So just to give some context or comparison to that number, that's more than the populations of India and China combined. It's also bigger than any religion we've ever had on planet earth.

Giorgo Paizanis: And what that means is your employees, your customers, your family, your coworkers are all gamers, and we think that there's a lot of lessons you can take from where this industry has led us.

Georgie Frost: Welcome to The So What from BCG, the podcast that explores the big ideas shaping business, the economy, and society. I'm Georgie Frost. Billions of people around the world play digital games–from chess on their phones to the latest Grand Theft Auto. So why don't more companies have a gaming strategy?

Joining me today are Bastian Bergmann, co-founder of Solsten, BCG alumnus, and author of *Press Play: Why Every Company Needs a Gaming Strategy*. And Giorgo Paizanis, who leads BCG's gaming work. Welcome to you both. Bastian, to you first: the launch of the latest GTA means that gaming is very much back in the headlines. But just explain to us uninitiated, why is this such a big deal?

Bastian: Well, it is. It's shaping up to be the most expensive video game ever to be created. Arguably, it's probably the most expensive entertainment product that's ever been created. There's forecasts and projections around that this single video game within the first three to four months upon release is going to make more than $3 billion in revenue.

So the orders of magnitude that we're looking at from this single property, from this single product are just staggering. And what it does is it shines a light on the general importance and the relevance of video gaming and the gaming industry beyond its industry boundaries.

Giorgo: This has been one of the most popular games of all time that's now receiving an update that took basically a decade to produce. But what's really exciting about it is it's a cultural moment. It's reaching beyond games. We're seeing top list musicians launch new songs on the soundtrack of the game.

We're seeing tie-ins from sports teams. We're seeing big launch events like the announcement actually taking place on Netflix. So this is really reaching a cultural relevance that goes beyond the traditional core gamer. And so we think it's like a milestone that just shows that this industry is no longer a niche thing that some people do. It's something that is relevant to everybody.

Georgie: Before we get into the strategy side of it, I just want to clear up, when we talk about gaming, and certainly from a business context here, we aren't just talking about console gaming, are we, Bastian?

Bastian: The reality is that we're now looking at almost 3.7 billion people that play video games in the broadest sense, globally, almost on a weekly basis. So just to give some context or comparison to that number, that's more than the populations of India and China combined. It's also bigger than any religion we've ever had on planet Earth.

Obviously, the rise of mobile gaming and specifically the mobile phone, which is now why fast-forward to today from last 20, 25, 30 years maybe, you really have gaming as the only consumer medium that's able to penetrate or permeate across all sorts of demographic consumer courts. It's really the only one.

Georgie: But is our perception of the typical gamer somewhat still outdated that we do think it's traditionally masculine, traditionally young teens, teens perhaps?

Giorgo: There's been this just trend of it spreading to everybody as they picked it up younger and younger in life and held onto it longer. And that's reached a point where we now see parents who grew up gaming, have nostalgia about their favorite games that they grew up playing and they're introducing those to their kids.

And so we're starting to see the rise of this, what you might call multi-generational IP or in Hollywood, they call it four quadrant hits and things like that. And I think that's a new moment where it's really people are starting to take notice. This is no longer something just for kids and teens.

Georgie: Your book argues that every company needs a gaming strategy. Every company?

Bastian: In the book, I don't argue that every company should be making games and going into the game industry and compete with all the other games out there. That could be a good strategy for certain companies and it's more obvious for the companies that are in industries that are extremely adjacent to the gaming industry, other entertainment verticals, media and news organizations.

The *New York Times* is an incredible example. But I have conversations with B2B companies in heavy industrials manufacturing industries and companies that are coming to me saying, "We have this new software. We have to train the people on our customer side that are using the software to help them streamline some factory process on the shop floor. How do we make that more efficient? How do we increase the utilization of the software and hence the tooling to reduce some downtime on the shop floor?" Let's just say that.

There's a company out of Argentina that makes mobile games because it's more effective than sending people through questionnaires. And we've all taken these. By the time you're on question number three, no one remembers what the first question was, let alone what you answered. So I think that's the fundamental premise. Every company can leverage gaming very strategically in its industry and for its businesses or to grow and branch out. How that manifests itself is obviously very different, very industry dependent, very company dependent.

Georgie: BCG, I understand, had its own training video game.

Bastian: Yeah, I was fortunate enough to actually be a part of that team. So it was spearheaded by a senior partner, Martin Reeves, out of New York to, he wrote a book back in the day called *Your Strategy Needs a Strategy*, and we built a video game that actually simulated strategic decision making in changing economic environments. It was really successful because we first used it internally to train different consultants, project leaders, principals within BCG. And then that expanded and was actually used client-facing inside workshops with C-suite, with decision makers.

Georgie: So Giorgo, just sort of almost list it for me. How might you get involved with gaming if you are a business that is not a gaming business?

Giorgo: Well, I think it's going to depend on, to one degree, whether you're a B2C or a B2B business. If you're a B2C business, very likely your customers are gamers. So on the marketing side, you should be looking at how do we reach them, what are they interested in, and what does that mean in their lives and how can we be part of that? So a lot of companies, for example, have started to engage with Fortnite, Roblox. There have been many successful tie-ins there. FIFA, for example, has a very successful game in Roblox.

If you're a B2B company, I think you're probably looking a little more inward towards the examples that Bastian raised, which is you can have training. Another area that's been really interesting is simulation. And the premise there is that you can train on games and simulate real life events, and that's being used in all kinds of spaces going forward, and this is kind of at the forefront of robotics and autonomous vehicles and things like that.

So I think that the sky's the limit in terms of how you would use it. So to give an example, every company that I'm talking to, whether it's in the game industry or in any industry, are right now thinking about how do we take our workforce and bring them along on this AI journey? Everybody's trying to learn how to be more effective and leverage these new technologies. And typically there's some training going along with that, certification, things like that. That could be much

more fun and engaging if you thought about it, like how do we gamify this experience?

Bastian: If I can add one comment to that, because this is a consultant's dream. There's always this joke within consulting, or at least there used to be, how you get to inbox zero in your email program is this almost like, yeah, Giorgo's laughing, so he knows exactly what I'm talking about.

Giorgo: I think I achieved it once, inbox zero.

Bastian: There you go. That means your clients are keeping you busy. That's good. There's an email tool called Superhuman, which the CEO of that company is a former game designer. He's very open about how he built the user journey for this email program, which literally follows all of the game design principles and best practices.

And when you actually are in that email program, the journey is really designed to make it engaging and fun, different shortcuts, rewards to get to that inbox zero moment and then to keep a streak going and you unlock certain things along the way. How can you take something that's very mundane that people don't want to do and make it engaging and through that drive adoption and growth? I think that's where gaming can add a lot of value.

Georgie: But what about when you are just talking about marketing or advertising in games, what can gaming offer that traditional marketing and social media can't?

Giorgo: You should always think about your marketing in a holistic way. So you want to identify your target audience and make sure that you're showing up where they spend their time. And we know that gaming is a place where people spend a large portion of their leisure time and a growing share of their leisure time relative to other activities. So first of all, we think it should be part of most companies' consumer marketing budget.

That said, it's a unique place in that when somebody's in a game, that is a very active form of entertainment. So it's not something they're passively watching in the background typically. It's something that they are highly engaged in. It's often something they're really passionate about as a community and as a fandom and they're doing with friends. And so because of that aspect, it's important to come across as authentic to the experience in the game. You can't just slap an ad in the middle of the game. It'll actually frustrate consumers.

And if it's the wrong kind of product for the wrong kind of experience in the game, it will seem very out of place, more so than an advertisement just showing up in the middle of linear TV programming. So I think how you target which games you partner with needs to be really well matched with your brand, your identity and the community. And then tying into those, the other thing that's unique about games is there's often these inside jokes or just aspects of the game that the gamers know.

And if you can link to those, it lends a lot of credibility. It creates a lot more of that affinity. So I think everybody should be taking a look at it as part of their marketing budget, but don't rush in there without really understanding the audience you're going after and how you're going to be represented there.

Georgie: Is that the key, Bastian? When you mentioned it earlier, "know thy audience?"

Bastian: Yeah, and know thyself. And this is what I mean with know thyself, who are we as a brand and what do we actually stand for and what are our brand values? And you have to make those two ends meet. In other words, also don't try to be something as a brand that you're not because when people are in a state of play, their senses are very, very much heightened and on high alert to, pun intended, when they might be being played in that moment and when something's about to ruin it.

So the challenge is that in a state of play, because of those heightened senses, the risk or the potential rejection that you could face from consumers as a brand is exponentially higher compared to when they're not in a state of play. So your upside's much higher, but you have to do

it right because your downside's also much, much greater if you don't show up in the right way.

Georgie: Do businesses need a chief gaming officer or someone in such a role and where would they sit? Marketing, HR, product?

Giorgo: Some companies are deeply embedded in the game industry and perhaps across several sectors and they should. I go back to what we said at the beginning of this, which is almost every consumer, certainly most online consumers are gamers. And so it's something that if you're a B2C company, everybody should just have in mind that this is one thing we can tap into.

So I think that would almost be a disservice to say there's a specific person and now that's their job. I think it should be something that on every executive's mind, what can we learn from this industry? What are our consumers doing? And that's a large chunk of their time spent doing that.

Bastian: Yeah, I think it depends on what role gaming strategically plays for your overall strategy as a company. The New York Times started very small and they just announced and promoted Jonathan Knight to be their first chief gaming officer. So he's actually a part of the C-suite, but they also have a journey behind them that is now almost ten years on the gaming path.

So from an importance to the overall business perspective, it's undeniable what gaming has done to the overall turnaround for the New York Times. However, my advice, especially when you're at nothing and you're starting to get this going and you want to experiment and learn what this is, start with the willing and the curious internally, regardless of what title they have.

Why? Because it's very likely that those people are probably already playing the games that your consumers are playing or they will pick up the games very quickly. And what that does is you're going to create an undercurrent of excitement, but informed and educated excitement that's natural very quickly, which is an extremely fertile ground to get something like this off the ground. Starting somewhere is important and just starting with the right people and then letting it grow rather than obsessing over who has the right title to take this on.

Georgie: Yeah. Well then walk me through it. What does having a gaming strategy actually look like? Is there a blueprint that we can follow?

Bastian: I wish. Unfortunately not, because I think there's a few things that you could look at and evaluate that are going to hold true pretty much for any company that you could start to figure out, is this for us or is this not for us? One thing that's very clear is sponsoring an eSports team, which is what a lot of companies did a few years ago and they ticked the box on their gaming strategy and said we did the gaming thing is not a gaming strategy. Esports is about a percent, 1%, of the size of the entire gaming industry.

Blueprint for an actual gaming strategy, high level, there's three big pathways. One is you can integrate yourself in games that already exist, which is what you see pretty frequently. Brands going into Roblox, brands going into Fortnite, Adidas is... I'll go back to Adidas.

Georgie: How? When you say going into, how?

Bastian: So on Roblox, for example, there's around seven to eight million individual game experiences on Roblox, the platform itself. So if I am Unilever and I want to show up in those environments, I can approach the different developers of those games and work with them to say, "I want to become a part of your game." And that could be I'm sponsoring a part of it. My brand shows up. I want to offer, I don't know, some reward.

Adidas a lot of times will have virtual clothing on the platform so you could deck out your avatar in the game. Pathway number two, you make your own games, as Giorgo said. Go back to the *New York Times*, like the *New York Times*. Every single game that they make is a game that they make on their own, starting at zero and then they have a finished product. And then the third big strategy is you make games and games become a part of your actual product, whether that's a hardware product.

I would argue Duolingo is a case of that strategy because that's a learning app, it's educational, and they've brought gaming into that universe and extended it. The company right now that, in my opinion, has achieved mastery across all of those different buckets and pathways is Adidas. They started really early in gaming. They're active in Minecraft, they're active in Roblox, they're active in Fortnite. They have their own gamified experiences that you could play. They have their own game that you could download.

And when we talk about gaming strategy blueprints, I think what you could learn from Adidas is it's twenty-four seven, 365 days a year. You have to get out of that campaign-driven mindset where next week we're doing something in Roblox and then we're not showing up for another six months and then we're trying to do something again. You can't be a tourist in that world.

Georgie: But Giorgo, what is going on in those successful companies?

Giorgo: People in leadership roles, and just as I talked about parents, people grew up with games, understand games, and now they know how to implement those techniques and lessons and reach those audiences in the companies they run now. When you find those most successful companies, and this is happening, you could ask, why are game IP-based movies now starting to succeed so much in the theaters over the last few years? We had things like finally the Super Mario Galaxy movie.

That's happening because the people making them grew up playing those games. This is very different from what it was like 15 years ago where gaming was typically slapped on as an afterthought to a marketing campaign. New York Times didn't just break through because they started to put games that everybody else had on their service. They realized that one of the things people loved to do originally with their product was the crossword, and they recreated that in the modern digital experience and then created new games around that.

Georgie: And Giorgo, how do businesses know whether gaming is actually working, is actually delivering a return on their investments? What should they be measuring? Is it more time spent with the brand? Is it customer loyalty? Is it straight up sales?

Giorgo: I think you got to link it back to are we achieving our strategy? And you have these vanity metrics of how many people came through the experience, but did it actually have an impact on your business?

Bastian: I can only second everything that you've said, Giorgo, and Chipotle is a great example. I talk about them in my book. It's a full case study where we look at what they did and they set one realistic expectation. They were very intentional around what they wanted to achieve with their respective gaming integrations and activations.

And one of the things that the first time they actually went into Roblox was timely because it was around Halloween. Halloween is a fan favorite holiday for Chipotle restaurants. I didn't know this before talking to the CMO there, so I learned this along the way, but they have this holiday called Boorito because Halloween and burrito, so Boorito, and they took that whole concept to Roblox. So it was a maze game, Halloween themed.

They were showing the special Halloween menu that Chipotle restaurants have during that time and the Halloween characters, and you could play the maze game, collect a bunch of stuff, et cetera, et cetera. They were giving away for people that were playing that game and winning and getting to the end, one million in free entrees, so in free burritos. I asked them, "Did you guys recoup that investment?" I remember this vividly. They just smiled at me and said, "We had our top ten digital sales day in the history of the company, and we had a top ten enrollment day into our rewards members program."

Georgie: Giorgo, with AI making it easier and cheaper to create games, how might that change the opportunities and I suppose maybe the risks for businesses and impact the industry more generally?

Giorgo: It's creating two extremes. On the one extreme, you have a desire for blockbuster, handcrafted, really premium experiences, and I think those will continue to be the domain of humans and they'll leverage AI to be more efficient. But as a brand, you probably want to partner with those companies. When we look at GTA VI as an example of that.

But on the other end, we are seeing lower and lower barriers for people to make and share and play their own games with friends. And this has really taken off in the last few weeks. You're seeing big advances in what people can create with these AI tools to remake old games that they played, to even mash them up. I think that is an interesting domain where brands can think about how do I want to be involved?

Georgie: So we've covered the "so what." Now it's time for the "now what." What is the first thing a business leader should do if they want to develop a gaming strategy? Giorgo?

Giorgo: I would say just recognize that it's not a specific niche thing. Nobody would say I'm going to target music listeners or people who watch video. Everybody does all of these things and it is now part of the fabric of what you're doing.

Georgie: Bastian, the next immediate step when someone wakes up tomorrow and they want to have this gaming strategy?

Bastian: Start small. Don't live with the illusion or with the delusion, I should say, that you could just build the next Grand Theft Auto VI as your first bet. You're not going to.

Georgie: Bastian, Giorgo, thank you so much and thank you for listening. If you want to read more about this topic from BCG, go to the link in the show notes. And if you've enjoyed the episode, hit subscribe so you don't miss future discussions and you can catch up with all our episodes on Spotify, LinkedIn, YouTube, and Apple Podcasts.