

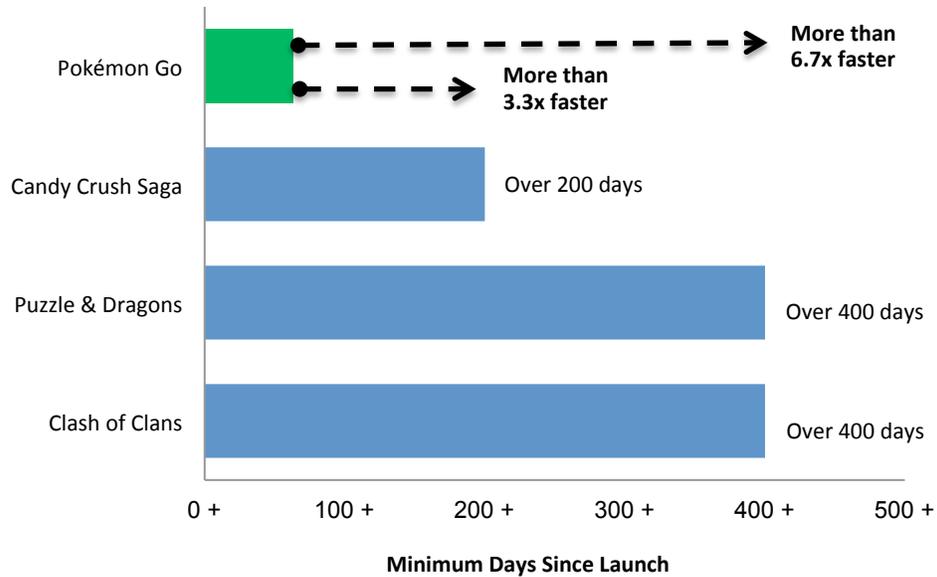
THE POKÉCONOMY: WORTH \$500 MILLION NOW, HEADING TO \$1 BILLION BY YEAR-END



- 1) ***Pokémon Go* has already generated an estimated \$500 million in revenue, and though its meteoric growth is slowing, the game is projected to generate total revenue of \$1 billion by the end of the year.**
- 2) **Developer Niantic demonstrated a *Pokémon Go* app for the Apple Watch on September 7; the app is to be available by year-end.**
- 3) **Game players are anxiously anticipating the launch of the *Pokémon Go Plus*, a wearable accessory that provides clear safety benefits. The device is designed to allow users to play the game without having their smartphone out, and is set to launch on September 16 for \$34.99.**
- 4) **The Pokéconomy continues to expand, and Nintendo has announced agreements to turn McDonald's restaurants and SoftBank cellular shops in Japan into PokéStops and Gyms.**

Market researcher App Annie estimates that *Pokémon Go* generated \$500 million in revenue in just 63 days, making it the first app to reach that milestone in such a short period. Moreover, the firm estimates that the app could hit \$1 billion in revenue by the end of this year. A separate estimate, by market intelligence firm SuperData, pegs total revenues at \$395 million so far. The graph below shows the relative number of days it has taken various popular mobile games to reach \$500 million in consumer spending.

Figure 1. Selected Mobile Games: Number of Days Needed to Reach \$500 Million in Consumer Spend



Source: App Annie

At Apple product-introduction event on September 7, John Hanke, CEO of Niantic Labs (which created *Pokémon Go*), commented that the game had been downloaded 500 million times and that players have walked more than 2.85 million miles (4.6 million kilometers). Hanke also demonstrated a version of the game for the Apple Watch that is to be available by the end of the year. The app will display the distance needed to hatch an egg, the number of experience points necessary to advance to the next level and information about the player’s status. It will also notify the player when a Pokémon appears or when a PokéStop is nearby, so the player does not have to keep looking at his or her smartphone, thereby providing clear safety benefits.

On September 16, Nintendo plans to launch the *Pokémon Go Plus*—a wearable device that enables players to capture Pokémon without using a smartphone—in the US, Australia, New Zealand and Japan. The device works in conjunction with a smartphone, connecting via Bluetooth Smart (Version 4.0+ of the Bluetooth low-energy specification), enabling the player to keep the smartphone in his or her pocket. The device vibrates and lights up when the player passes a PokéStop or if there are any nearby Pokémon. In that event, the player will be alerted, and she or he can then catch the Pokémon with a button on the device. At the E3 trade show in June, Nintendo mentioned a price of \$34.99 for the *Pokémon Go Plus*.

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Source: engadget

There are also various third-party *Pokémon Go* items available even prior to the product launch, including covers and shields to protect the *Pokémon Go* Plus, as well as bracelets and accessory kits. And the Pokéconomy has already begun to expand beyond just games and gadgets:

- Nintendo announced an agreement with McDonald’s of Japan to turn the company’s 3,000 restaurants in the country into *Pokémon Go* Gyms, which could help offset the chain’s negative comps and guest counts in Japan.
- Nintendo also announced an agreement with SoftBank under which the company’s 3,700 mobile shops in Japan would become PokéStops and Gyms.

In summary, although the meteoric growth of *Pokémon Go* is slowing, the Pokéconomy continues to grow via an expanding number of devices and platforms, and there are numerous opportunities for retail tie-ins, as exemplified by the McDonald’s agreement. Moreover, the unanticipated runaway success of the game could easily lead to sequels and other versions.



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