

What Nintendo's Pokémon GO Roller Coaster Can Teach Us About Tech Stocks

By Steve Marks, 8/12/16, Yahoo Finance

It has always been said, “what goes up must come down,” and Nintendo’s stock trading July proves this is what many in the investing world spotted a mile away. There is little doubt by now that Pokémon GO is well on its way to becoming the [most successful mobile game app ever invented](#), as it took a mere three hours to hit No. 1 on the iPhone revenue chart and only 13 hours to hit the top of U.S. sales charts.

Nintendo Co., Ltd. (NTDOY) was proud to be part of the Pokémon Go release on July 6, when their shares were sitting at \$17.703. By Friday, July 8, Nintendo stock had risen 10% (\$20.73) and by Monday July 11 the stock was up a full 23%. It reached its peak the following Monday (\$37.37) when the stock rose a full 120% from its opening price on the release date. But then, suddenly it started plummeting. What happened?



Investors obviously had not done their research. After riding high on the Pokémon horse, Nintendo announced their limited share in the games developers Niantic Inc and Pokémon Co. on July 22. The correction that Nintendo only had a 13% share in the game drove share prices down on July 25. Nintendo stock fell 11% in its U.S. shares and dropped 18% in Tokyo, the maximum one-day move allowed by the market. On August 1, the stock closed at \$25.50, having lost more than half of its gain. What this shows is that many investors do not understand the tech industry and are quick to jump to conclusions about brands – more research is required, and that has to do with understanding tech developments in more depth.

The Rise of Reality

Some of the most anticipated announcements at this year’s E3 were regarding virtual reality. **Sony Corp (SNE)** launched its VR platform for the PlayStation 4 shortly after, and began competing with HTC Live and **Facebook Inc’s (FB)** Oculus Rift for the best experience and the most available games. This, combined with the unexpected success of the Augmented Reality-based Pokémon GO certainly demonstrates that gamers are eager for more realism.

Many of the Fortune 500 companies are currently involved in virtual reality ventures, such as **Alphabet Inc (GOOG)**, Sony, **Apple Inc (AAPL)**, **Microsoft (MSFT)** and Facebook. However, it’s important to know that just like Nintendo and its interest in the augmented reality game Pokemon GO, virtual reality plays only [a small part in these corporations’ business](#).

The Glass is Half Full

In 2013, Google pushed out a limited release of the augmented reality Google Glass prototype. It was released to the public May of 2014. Between the two releases, Google’s stock rose over 30%, much of which can be attributed to the Google Glass.

Privacy and safety concerns halted production in January of 2015, however Google continued to develop the product. Committed to the rise of realism, Google filed a new application to the FCC on December 29, 2015 for a new version of the Google Glass.



Live stream is Mainstream

While virtual reality (VR) and augmented reality (AR) race each other to the real finish line, many other gaming companies are choosing live streaming as a way to bring the sought-after reality element to their gamers. From online gambling to eSports, major gaming corporations are jumping on the reality bandwagon.

One example currently sits in one of the leading places in online card and casino game entertainment. Rather than merely offering the opportunity to play at virtual felt tables, poker room **PokerStars** also invites gamers to play via live stream, in which case they establish a video link to a real poker table and a real professional poker dealer, who will deal their cards. The brand is also credited with introducing the world to Chris Moneymaker, the 2003 World Series of Poker Champion who qualified online and was



one of the deciding factors contributing to the rise of the popularity of online poker gaming.

Another development towards realism and streaming in the gaming industry involves the now very popular eSports. Mainstream sports and gaming companies, from the aforementioned, to Turkish sports club Besiktas, to game development and distribution companies such as **Activision Blizzard, Inc. (NASDAQ: ATVI)** are investing not only in eSports championships but also live streaming technologies online. Most notably, Twitch.tv – the most popular live streaming video platform on the web right now, with 10 million people reached every month according to Quantcast, was bought by **Amazon.com, Inc. (NASDAQ: AMZN)** for \$970 million in August 2014. Its competitors include YouTube live, Google

The Other Side of the Stream

But the eSports industry is much more than streaming: it has really taken off over the past few years with markets expected to reach \$463 million by the end of 2016. *League of Legends*, *Counterstrike: Global Offensive* and *DotA* (among others) tournaments and championships can draw 10-20,000 fans. *League of Legends* attracted 36 million online viewers and *CS:GO* brought another 27 million.

Smaller developers are mostly privately held, but larger companies like **Electronic Arts Inc. (ERTS)**, Activision Blizzard and **Take-Two Interactive Software, Inc. (TTWO)** are publicly traded. In 2015, these companies saw a major rise in their share prices as a combination of both eSports popularity and the huge sales success of the newest generation PlayStation 4.



The bottom line is that gamers and non-gamers alike want more reality in their virtual reality. They want to bring their work and play in the cyber world closer to their everyday life, yet they want a line drawn between the real and the fabricated. That is where [augmented reality could possibly surpass VR](#) and become the fully accepted government approved, gamer-enjoyed, businessman-accredited, meshed reality of the future. Investors would be wise to take notice and keep up with tech news.

Success of Pokemon GO adds impetus for change at Nintendo

BY MAKIKO YAMAZAKI AND JEREMY WAGSTAFF, Reuters, 7/17/16

The phenomenal success of Pokemon GO and the surge in Nintendo Co's (7974.T) market value by \$17 billion in just over a week has been seized upon by one of its most vocal investors to press for a change of strategy at the company.

Until Pokemon GO, a mobile game, was launched just over a week ago, Nintendo had taken every opportunity to say its main focus was still gaming consoles, and games for smartphones were just a means to lure more people to them.

But the success of Pokemon GO - unforeseen even by its creators - has shown the potential for augmented reality and for Nintendo to capitalize on a line-up of popular characters ranging from Zelda to Super Mario.

Seth Fischer, founder and chief investment officer at Oasis Management, is one of Asia's best known hedge fund managers and has long been a vocal shareholder. Encouraged by the success of mobile games like "Candy Crush", he has campaigned for years for the Japanese console maker to develop and sell games for platforms run by Apple (AAPL.O) and Google (GOOGL.O).

"I hope they will now understand the power of smartphones," Fischer told Reuters. "And as a result, I hope this means there is a whole change in strategy." "My next focus with Nintendo is for them to focus on monetizing the rest of their 4,000 patents for mobile gaming, multi-player gaming, et cetera. I think they could be making 30 to 60 billion yen (\$290 million to \$570 million) annually from licensing."

Nintendo President Satoru Iwata last year cautioned against hoping for too much change at the company. The expansion into smartphone games was "not because we have lost our enthusiasm or prospects for the console business", he said at the time.

A Nintendo spokesman, asked about its mobile strategy, said last week there were three main objectives: "To maximize exposure of Nintendo's intellectual properties to consumers, to make profits on mobile devices, and to create synergies with the console business." He did not comment further on Pokemon GO.

"JUNK FOOD"

Serkan Toto, founder of Tokyo-based game industry consultancy Kantan Games, said Nintendo still saw itself as a console maker. "When you sell \$400 dedicated devices and you sell the gamer boxed software for \$60 a piece - for them this is the gold standard," he said. "For them, mobile is the junk food: enjoy while you wait for the bus. It's not something that Nintendo sees for itself."

Pokemon GO, however, has been a runaway success, marrying a classic 20-year old franchise with augmented reality. Players walk around in real life, search out and capture Pokemon characters on their phones.

The game was created by Nintendo, Google-spinoff Niantic, and Pokemon Company. Nintendo owns a third of Pokemon Company and both have undisclosed stakes in Niantic.

The hardware-focused group had planned to introduce a device called Pokemon GO Plus, which could allow it to piggyback on the success of the mobile game. The device vibrates when a Pokemon character is nearby, enabling players to catch them without constant monitoring.

Pokemon GO is on track to be the first mobile game to break the \$4 billion-per-year wall, beating out Candy Crush Saga and Supercell's Clash of Clans, according to Macquarie Research. But the impact to Nintendo's bottom line could be minimal because of shared ownership, as little as 3 percent of net profit in the year to next March.

Niantic declined to comment on the future of its relationship with Nintendo, although it credited Pokemon's unique appeal for the game's success. "It's been wonderful to be able to combine our philosophy for these kinds of games with the powerful affinity that people have for Pokemon," Niantic CEO John Hanke told Reuters.

But analysts say the craze signals the vast money-making opportunities available for Kyoto-based Nintendo - when it eventually brings out more serious hits. "Over the last decade they never compromised on the software side. That's why they'll blow everybody out of the water once they start take iOS and Android more seriously than they do now," Toto said. "The successes of Pokemon Go will open the eyes of executives in Kyoto. This is unprecedented."

There are no signs, however, that will happen soon. Of the four mobile games that Nintendo has promised to launch this financial year through March, two are set to be Animal Crossing and Fire Emblem - no sign of Mario nor Donkey Kong, at least not yet.



These Stocks Not Named Nintendo Could Benefit From Pokémon Go

by Aaron Pressman, Fortune, AUGUST 5, 2016

Nintendo crashed, but Wall Street has some new ideas.

Investors hungry to find a way to profit from the Pokémon Go craze got burned last month buying shares of Nintendo, which have plunged 27% since the company **admitted it had a limited stake** in revenue from the game.

Niantic Labs, the game's creator, is still a private company, but Wall Street has a few new ideas for publicly-traded companies that might benefit from the vast hoards of virtual monster chasing Pokémon fans.

Most directly, specialty retailer Five Below **FIVE 1.71%** is in line to benefit from growing nostalgia for Pokémon, says UBS analyst Michael Lasser.

Best known for selling the trendiest gewgaws and collectibles desired by teenagers across the country—certainly the best place in America to buy a new pack of Silly Bandz Sea Creatures—the 430-store chain also sells a variety of Pokémon-related merchandise.

Lasser and his team checked in with 25 Five Below stores and found 19 were already carrying Pokémon-related inventory such as game cards, activity books, and toys, with more items on the way.

“Our checks suggest FIVE stores will soon start receiving a broader array of Pokémon products within the month, showing how quickly it can respond to these trends when they materialize,” Lasser wrote in a research report on Friday. “Further, it’s used Pokémon branding in its ads to support its traffic. These factors should deliver some near-term momentum.”

Another area benefiting indirectly from the Pokémon craze is companies that make or sell portable power supplies to recharge smartphones on the go. Sales of portable power packs suddenly more than doubled in the two weeks after Pokémon Go was released in the U.S. on July 6 compared to the same two weeks last year, **market tracker NPD Group reported**.

“Pokémon Go is the summer’s hottest game partly because it utilizes features like location, motion sensors, and augmented reality in your smartphone—however, these features consume more of the phone’s battery life,” Ben Arnold, industry analyst for consumer technology at NPD, said in a statement accompanying the report. “As a way to compensate for the extra battery usage, consumers are buying portable power packs so they can continue to play, uninterrupted.”

Stocks **that could benefit include Best Buy BBY 2.40%**, which sells power packs under in-house and third-party brands, along with leading power pack makers Morphie, owned by Zagg **ZAGG -0.54%**, and Energizer **ENR -0.87%**.

Finally, there’s also an investment play floating around that some restaurant chains like **McDonald’s MCD 0.41%** will **boost sales by partnering with Pokémon Go** creator Niantic to add their locations to the game. Players need to find PokeStops to refill supplies of Pokeballs and PokeGyms to battle with other players’ monsters. McDonald’s has already struck a deal in Japan to host sponsored game stops at 3,000 outlets and a U.S. deal could follow. Niantic CEO John Hanke has said **he’s open to more location-based sponsorships**, as well.

But the restaurant play could be tough for investors to win. There’s not much evidence yet that Pokémon players would buy enough extra burgers and fries to make much difference on McDonald’s bottom line. And the restaurant industry can be buffeted by all sorts of macroeconomic factors, everything from the price of gasoline to the rate of disposable income growth.



A PokéGlossary



Pokémon
Little creatures you can capture.



Pokémon trainer
That's you!



Eggs
Unhatched Pokémon, which you can incubate by walking.



Pokéball
The things you throw to catch the Pokémon. They are available at Pokéstops and more will be provided to you as your character gets more powerful.



Candies, stardust, potions
Extras you can earn in the game that can evolve Pokémon or be used during battles.



Evolve
Through some hard work, your Pokémon can become even more powerful Pokémon.



Pokéstop
Geotagged locations, i.e. a landmark or destination, where you can get Pokéballs and other treats.



Pokémon gyms
Where you can battle your Pokémon with other Pokémon to earn control over different gyms, as well as other prizes. These are geotagged like Pokéstops.

Pokémon Go is helping restaurants and bars make money

By Polly Mosendz and Luke Kawa, Independent Wednesday 13 July 2016

L'inizio's Pizza Bar in Queens became one of the earliest businesses to tap into a real-world windfall from Pokémon Go. The customers streaming through L'inizio's this weekend needed hot slices, cold beers, and more PokéBalls.

Part of the game involves capturing virtual Pokémon, visible only when looking at your surroundings through a smartphone, and L'inizio's has been crawling with them.

Players might see a Charmander perched on a barstool or find a Snorlax in a bathroom stall, while non-playing customers just see a bunch of people wandering around with eyes glued to their phones.

Food and drink sales spiked by about 30 per cent compared with a typical weekend, according to pizzeria manager Sean Benedetti. It was part luck—the game chooses which public locations to imbue with special significance in its virtual world—but there was also savvy strategy.

Benedetti, 29, spent about \$10 on “Lure Modules,” an in-game purchase that attracts Pokémon to a specified location. Players soon picked up on the fact that L'inizio's was well worth visiting. “People are coming out of the woodwork because of this game,” he said.

From a certain point of view, Pokémon Go has managed a feat that has eluded brick-and-mortar merchants for years: turning location-aware smartphones into drivers of foot traffic. Shop owners' hopes of garnering sales through mobile devices have been dashed by disappointments such as beacons, a technology backed by Apple and others that can target shoppers with discounts and other offers based on location data. As of last year, however, Forrester Research found that just 3 per cent of retailers were using the software.

An augmented-reality game such as Pokémon Go, powered by GPS capabilities on every smartphone, has the potential to deliver where beacons failed. It's easy to imagine a developer selling ads within the game world to local merchants, or even auctioning off the promise to turn specific shops and restaurants into destinations for players. “Location-based advertising should get a boost in augmented-reality gaming because of games like Pokémon Go. It's going to spur more intellectual property towards geo-tagging, which can have a direct impact on visitation,” said Bloomberg Intelligence analyst Jitendra Waral.

Eight percent of the mobile gaming industry's \$39 billion in global revenue now comes from in-game advertising. That share is projected to grow, according to Bloomberg Intelligence, although not very rapidly.

Not every business can monetize the Pokémon Go fad. Internet Archive's San Francisco office is an in-game “gym,” a coveted location in which players stage battles between their Pokémon. The location was previously a church, and many of the “gyms” in the app are religious centers, art installations, and similar public venues. To prevent an onslaught of visitors, the group put up a sign: “Feel free to battle at the Team Mystic Gym on our steps, but please do not disturb our staff.” The group offers a public tour of its facility every Friday, and staff archivist Jason Scott said he is curious to see if this week's tour is packed with visitors staring intently at their phones.

Outside Pacific Standard, a bar in Brooklyn, a chalkboard went up displaying a similar warning: “Pokémon are for paying customers ONLY!” It was mostly a joke, said co-owner Ryan Kahl, 30, although he said the influx of players in his bar has been surreal. “We had one guy run to the back because he had a rare Pokémon,” Kahl said. “It's been a little weird.”

Foot traffic is up at Pacific Standard as a result of the bar's inclusion in the app, Kahl said, but he isn't ready to call it a bonanza for his bar. He remained optimistic that players might turn into paying customers, particularly if the Pokémon Go fad lasts through the summer. “We see a lot of people walking up to the door, seeing the place, and then leaving,” Kahl said. “We are hoping the hotter it gets, people will need to refuel with actual food and water.” There's also talk among bar owners of trying to launch a Pokémon-themed bar crawl.

L'inizio's Benedetti and Kahl expressed interest in working with Nintendo to further promote their businesses through the game. Kahl hasn't yet plunked down the \$10 on “lures” but he said he might do so during the Republican and Democratic national conventions; Pacific Standard is known to draw drinkers to watch political events on its TVs. “It's so weird to think I would have a fixed cost in my monthly budget for Pokémon Go,” Kahl said.

Players, meanwhile, don't seem horrified at the prospect of mixing real-world commerce with the virtual game. Jon Schubin, 31, spent from three to four hours playing Pokémon Go this past weekend and visited two local businesses as a result. Would he be willing to pay a shop or restaurant for access to a rare Pokémon or a coveted gym? Schubin said he would consider it. “What really is important is respecting the economics of the game and game play,” he said.

“There are ways to incorporate sponsored content.” Shaun Farrugia, 37, is also willing to patronize a business in exchange for progress in the app: “If finding a rare Pokémon is the equivalent to finding a clean, usable bathroom in New York City, then I'll buy a seltzer.”



Earning Billions, 99 Cents at a Time

Developers have mastered techniques for coaxing mobile-game players to make in-app purchases

By Sarah E. Needleman, 29 July 2016, The Wall Street Journal, B1

Behind a pair of recent multibillion-dollar deals in the mobile videogame industry is an expertly crafted weapon: virtual goods sold inside apps for as little as 99 cents a pop.

In-app purchases let players spend real money to bypass advertisements, acquire skills or grow powerful quickly, among other benefits. The terms "in-app" and "in-game" refer to purchases that take place while a person is playing, as opposed to paying outright to buy a game.

Once considered an unrefined nag, the in-app pitch has been honed so well it coaxes tens of billions of dollars a year from people who have gravitated to free mobile games. Mobile-game revenue, made mostly from in-app purchases, is expected to grow 21% to \$36.87 billion this year, according to research firm Newzoo BV. By 2019, it is expected to reach \$52.5 billion.

Traditional game publishers like Pokemon Co. and Nintendo Co. have noticed. Their new game made with augmented reality firm Niantic Inc., "Pokemon Go," soared to the top of app charts just a day after its July 6 release. It has grossed about \$120 million from in-game transactions to date, estimates industry tracker SuperData Research.

In-app purchases are "dramatically changing the mobile-entertainment landscape," said Andrew Phelps, director of digital media at Rochester Institute of Technology. They "engage people in a longer financial discourse than you would have in an upfront sale."

A handful of developers have mastered the art, including Finland's Supercell Oy, which last year pulled in revenue of \$2 billion from its war-strategy game "Clash of Clans" and two other mobile games. Tencent Holdings Ltd. is betting revenue will keep growing as it seeks partners for its deal to buy 84% of Supercell for \$8.6 billion -- mobile gaming's biggest-ever acquisition.

The secret sauce behind many in-app purchases is the countdown clock -- a frustration tax that forces gamers to idle before they can perform duties such as farming crops or replenishing fuel, unless they pay for more turns or items to speed up the action.

In "Clash of Clans," players slowly generate elixir and gold needed to train troops, or they can spend real money to stock up quickly. Players can wait out a timer without spending, though the countdown often takes longer to resolve the further along players get in a game.

King Digital Entertainment PLC's hit puzzle game "Candy Crush" makes players wait after running out of lives before retrying a level, or they can pay to play sooner. Earlier this year, Activision Blizzard Inc. spent \$5.9 billion to buy King. It credited the company with contributing about 23% of adjusted revenue in the first quarter.

Rather than hound people to repeatedly spend in small amounts, game makers sell caches of virtual currency, such as gems to be used inside games. The idea: Gamers will have an easier time parting with virtual coins.

Converting players into spenders without turning them off is key; gamers have derided free-to-play games as "free to play, pay to win" for years. Developers, though, have gotten savvier about giving players more free things to do to keep them hooked until they start spending.

In "Pokemon Go," players can go weeks capturing dozens of "pocket monsters" without needing to spend money. After investing so much time, players might be more inclined to dole out cash to upgrade their gear so they can carry more items and creatures, for example.

In Electronic Arts Inc.'s "Star Wars: Galaxy of Heroes," players unlock characters by grinding their way through the role-playing combat game or using crystals available in increments ranging from \$1.99 to \$99.99. The game gives out crystals free, too, to keep people coming back. EA in May said it generated \$173 million in revenue from mobile games in its fiscal fourth quarter, up 15% from a year earlier.

Algorithms are playing an increasing part in nudging players to spend. Based on dozens of data points -- how often gamers play, what model mobile device they use, location and gender -- developers might raise a game's difficulty level, making no two players' experiences exactly alike.

Data on players' behavior also are used to strategically tweak prices for virtual goods in real time. "You get people to spend more money if you understand their behavior," said Niklas Herriger, founder and CEO of Gondola, a New York analytics firm that develops algorithms for game developers. "You can trace their finger every step of the way."

Other tactics: tapping into players' "fear of missing out" through limited-time events, and cultivating relationships between players. Machine Zone Inc. of Palo Alto, Calif., for instance, uses language-translation software so players from around the globe can chat in its two hit games, "Game of War: Fire Age" and "Mobile Strike."

Joe Akaki of Rockville, Md., has developed friendships with people in Brazil, France and Kosovo through "Game of War." He used to buy packs of virtual gold in \$4.99 increments; now he buys \$99.99 packs about three times a week. "The personal relationships are probably the main reason I keep coming back," the 32-year-old said.

Pokémon Go crosses \$200M in global revenue one month into launch

Posted Aug 7, 2016 by [Darrell Etherington \(@etherington\)](#)

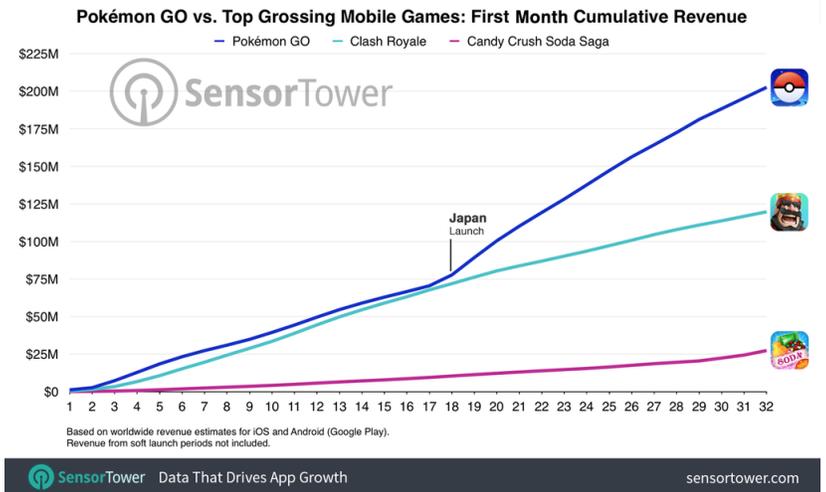
While bugs and feature complaints are still causing a decent amount of negativity among users, Pokémon Go continues its upward trajectory in terms of overall revenue. App analytics platform [Sensor Tower](#) reveals that the game now have over \$200 million in net revenue from players based on their estimates.

The spending frenzy in Go compares favorably to in-game revenue generated by other huge in-app purchase-driven games, according to data also tracked by the firm. Pokémon's star power has helped it nearly double the first month revenue of Clash Royale, the other big in-app star this year. And it's made almost four times as much as Candy Crush Soda Saga managed during its first 30 days of availability.

Data from Sensor Tower also reveals an important point to consider when trying to evaluate the game's future revenue potential: Pokémon Go experienced a huge spike in revenue generation in mid-July – the day when it launched in Japan.

Japan was bound to drive increase interest and sales, given that the market is the home of the Pokémon franchise and the site of its most engaged and loyal fan following. And while it's unlikely that anywhere else can provide quite the same revenue pop, [Pokémon Go just added 15 new countries in Asia](#), which should lead to another sustaining boost.

And the biggest Asian markets still aren't live for Pokémon Go: Korea, India and China still have yet to come online. Those should help Niantic extend its revenue winning streak, giving us a graph with an even bigger delta between Go and its closest competitors next time around.



Disney Looks to Tech Behind 'Pokemon Go'

By Ben Fritz, 5 August 2016, The Wall Street Journal, B3

Walt Disney Co.'s plans to transform the toy business are headed in a direction similar to "Pokemon Go" after a disappointing first year for its Playmation products. Launched with fanfare last year, Playmation was meant to usher Disney into a new era of internet-connected, wearable toys that communicate with each other and can be updated from the cloud.

The first wave of Playmation products, launched last October, were based on Disney's Marvel superheroes such as Iron Man and Hulk. Unlike many of its toys produced completely via licenses, Disney developed much of the technology behind Playmation itself. Hasbro Inc. handled manufacturing and distribution.

Sales of Marvel Playmation products have fallen short of internal targets, according to a person who worked on the project. They are now being heavily discounted. A "starter pack," originally priced at \$120, is now \$23 on Amazon.com.

A Disney spokeswoman said the company remains "bullish on the blending of physical and digital to create new kinds of connected play experiences."

The struggles of Playmation underscore how difficult it is to launch a costly and complex new toy "platform," including a core product and add-ons, in an environment where children have so many digital options.

Last year, Disney said it was planning to launch "Star Wars" Playmation toys this fall and ones based on "Frozen" in 2017. However, those plans were put on hold after poor sales for the Marvel products, according to people familiar with the matter. Marvel Playmation toys will continue to be sold this holiday season, the Disney spokeswoman said. This past spring, several dozen people who worked on Playmation were laid off, said the people with knowledge of the matter.

Remaining designers have been looking at using augmented reality, or AR, technology that integrates virtual objects into the real world, for new "Star Wars" toys, the people said. AR is at the core of the hugely popular "Pokemon Go" videogame.

Disney is "working closely with outside partners and testing new technologies to bring an even more advanced active play product to market," the spokeswoman said.

Pokemon Go Eludes Cloning Attempts by Big Game Studios-Executives

By REUTERS, AUG. 9, 2016, 1:06 A.M. E.D.T.

SAN FRANCISCO — Top video game companies, caught off-guard by the runaway success of Pokemon Go, are wrestling with how to play catch-up to the augmented reality app that has become a worldwide phenomenon.

Nearly a dozen executives at companies from Sony Corp to Angry Birds-creator Rovio said Pokemon Go would be a tough act to follow, and some even said a challenge would not be worth it. Gamers should not expect the quick release of a rival app anytime soon, some said.

On mobile devices, players search for and capture cartoon characters from the Pokemon franchise - displayed in the real world, using the live view from a smartphone camera. Pokemon Go has been the most downloaded mobile game since its July release.

Executives said hundreds of game developers at their companies are playing to understand how it has captivated audiences.

"Today is not the right moment to release an (augmented reality) experience," said Neil Young, chief executive of mobile game developer N3twork Inc and a former group general manager at Electronic Arts Inc. "That moment is sort of reserved, I think, for Pokemon Go."

Some executives said they would not copy the game because it was a fad driven by the Pokemon brand and that it lacked social features, such as letting players talk and collaborate on a hunt.

The success in getting players onto their feet was seen as brilliant but difficult to replicate, and the deft use of mapping technology also sets a high bar.

Pokemon Go developer Niantic Inc, spun off from Google Inc, had no comment.

Analysts calculate the game is on track to earn between \$200 million and \$500 million in revenue in one year. The higher figure would rank Pokemon Go in the top 20 grossing mobile games in history, said Michael Pachter, an analyst at Wedbush Securities.

"We're just sort of scratching the surface of what we're going to see" in augmented reality, said David Haddad, president of Warner Bros Interactive Entertainment. Warner Bros is in the early stages of developing augmented reality games but had no plans to announce a new title.

Zynga Inc is still studying what to do in the space, Chief Executive Frank Gibeau said in an interview. "Pokemon has really shown new paths and new ways to grow that's very exciting for customers, players, developers," he said.

The Pokemon Company, partly owned by Nintendo Co Ltd, is celebrating the 20th anniversary of Pokemon games and their menagerie, led by the rabbit-like Pikachu. It has generations of fans.

That brand power is tough to match, said Richard Marks, senior researcher at Sony Interactive Entertainment, comparing Pokemon Go to an augmented reality animal game for PlayStation Portable called Invizimals.

"Lizard No.3 or Lizard No.4; it doesn't get you that excited. You need it to be Pikachu," he said comparing the two games.

Copying a hit mobile game is an unofficial industry tradition. While a clone of Pokemon Go in China has been reported, big gaming studios typically take months longer to make a copy. In this case, rivals also lack the extensive location services expertise of Pokemon Go-developer Niantic, whose chief executive helped develop Google Earth.

However, some gaming executives do not believe Pokemon Go is the future of gaming. Mobile scavenger hunts require physical activity and could be a hard sell to most video game players.

"It's not easy to get people off of their couches," said Wilhelm Taht, executive vice president of games at Angry Birds-creator Rovio Entertainment Ltd. "There have been a lot of tries in this area before."

Nintendo got people on their feet with its Wii console offering virtual tennis, for example, but players remained in front of their televisions.

The most sustainable games immerse people in a virtual world, said Walter Driver, chief executive of gaming company Scopely, which does not have plans to develop location-based games.

"We're focused more on creating universes in your pocket that you can spend time in," he said.

There is one area that offers a clear opportunity for rivals or for improvement in a new version of the game, industry executives said. Some of the most popular games have united players in virtual teams, building camaraderie.

"The game needs to be more social... where you can have group goals and possibly chat when you hunt for a Pokemon," said MySpace creator and now CEO of mobile games studio SGN Games Inc, Chris DeWolfe.

Dangers of 'Pokemon Go': Motorways, cliffs, snakes and land mines

By Christy Leung and Begona Blanco Munoz, for CNN, August 11, 2016

If you're looking to catch Pokemon in Thailand, don't get your hopes up. Only days after "Pokemon Go" made its long-awaited debut in the country, the nation's temples, schools and the Royal Palace grounds were declared off limits thanks to Thailand's telecoms regulator.

Thakorn Tanthasith, the secretary general of the National Broadcasting and Telecommunication Commission (NBTC), said late Tuesday it will be asking Niantic, the company that developed "Pokemon Go," to help keep Pokemon away from four "no-go" zones: government property, religious places, private buildings and dangerous areas like roads and canals.

Thakorn also said mobile companies have backed a suggestion that people not be allowed to play after dark in order to avoid accidents.

Smartphone zombies

The augmented reality game is available in nearly 70 countries and uses smartphone cameras to superimpose Pokemon in real world settings. The app has brought thousands of people outside, roaming around neighborhoods while fixated on their screens -- and not on their surroundings -- on a quest to capture the creatures.

However, the level of distraction among pedestrians playing the game is becoming a cause for concern.

Taiwan's National Freeway Bureau requested Wednesday Niantic make game-play off limits on the country's highways, motorways and rest stops. More than 1,200 Taiwanese players received traffic fines in the first three days of the game's launch. Most were caught playing the game while riding their motorcycles, Taiwan's official Central News Agency reported. Taiwan's Railways Administration has also banned people from playing the game in its stations, trains and railway tracks. Japanese authorities issued guidelines to coincide with the game's launch in that country last month, asking players not to walk while playing on train platforms, reminding them to be careful of heat stroke and to carry extra batteries. Brunei's Transport Department also urged Pokemon players to put safety first.

And the dangers go beyond traffic and trains: A non-governmental agency in Bosnia warned players to beware of landmines while trying to catch Pokemon, and two men in California ignored warning signs and fell off a cliff when playing the game.

Unwelcome visitors

While "Pokemon Go" may be getting more people outside to visit places they normally wouldn't, some don't appreciate where their guests are playing the game. The Tuol Sleng Genocide Museum in Cambodia banned people from playing the game there Wednesday, according to local media. Taiwan's National Palace Museum has also declared its exhibition halls off limits for "Pokemon Go." Those bans follow appeals last month from both Arlington National Cemetery and the Holocaust Museum in the Washington area for players not to go looking for Pokemon on their sites.

The Baroda Museum in the Indian state of Gujarat is also prohibiting "Pokemon Go" players from entering its premises. The curator told CNN that players disturbed other visitors by bumping into them. He also said it was a safety issue, because there are poisonous snakes that wander the museum's outdoor areas.

"Pokemon Go" responded after concerns were raised and set up a link for people to report sensitive locations on its website.

Fatwas issued

Islamic leaders in India and Malaysia have issued fatwas, or religious rulings, against "Pokemon Go." Mufti Mohammed Saleem Noori from the Dargah Aala Hazrat religious institution in India's Uttar Pradesh state told CNN the game is addictive and will make people go into places like temples, mosques, churches and even high security zones without a second thought -- because they're too fixated on catching Pokemon.

Malaysia's Department of Islamic Development says the game can be harmful, because it may lead players to intrude on the personal space of others, give rise to carelessness which may cause accidents, cause people to have angry outbursts if they lose and make some addicted to their smart devices.



'Pokémon GO' May Rise And Fall All Without Nintendo's 'Plus' Wristband

Paul Tassi, Forbes, AUG 22, 2016

Yesterday, @PokémonGONews, an unofficial Twitter account a trillion times more active than Niantic's own, reminded me of the existence of Nintendo's wristband peripheral, Pokémon GO Plus. Or rather, its non-existence. Trying to be helpful, the prompt told fans to remember to sign up to be notified when the accessory is arriving, but all it did is made me think about how comically Nintendo missed the boat with this device.

The Plus wristband retails for \$35, and players have been able to pre-order one for months. Originally, the plan was to release it around the launch of the game in July, but by the end of the month rolled around, Nintendo admitted it wasn't ready. And now, with its new alleged September release date, it's going to be so late that Nintendo has potentially lost millions in revenue as a result.

The official explanation for the delay was given at the end of July to Polygon: *"The delay is due to the preparations for the Pokémon GO application update in order to optimize Pokémon Go Plus. In order for us to offer new experiences to play Pokémon Go with Pokémon Go Plus with a quality level high enough to satisfy as many people as possible, we decided that it is necessary to take enough time for the completion. We ask for your understanding."*

I honestly have no idea what that means other than "it doesn't work very well yet," but the end result is the same; the delay has meant that Nintendo was not able to sell these devices, any of these devices, when the game was at its peak. And now, as players start to taper off and decline in regions where the game has been out a month, it's hard to see the product making as much of an impact when it finally does appear.

The Plus wristband is weird, and that itself is worth examining a bit. Here's the official description of what it does in the Amazon store: 1) Catch Pokémon in the wild with a simple click of a button, and 2) Collect Poke Balls, Berries, Pokémon Eggs and other items at set PokeStop locations without having to look at your smart phone

In short, the device lets you essentially play the game without having to look at your phone. That saves you battery life, but it also seems like it defeats the entire purpose of the app. It also seems to be lacking a feature that fans assume it has, the ability to track egg kilometer movement for hatching. If it can't do that, then even if you catch Pokémon or spin PokeStops with the game closed, you still have to have it open for your steps to count toward your eggs. But since we've seen no elaborate demo for the device as of yet, it's hard to know exactly what it does or does not do, or if the delay might have added any new features. Given that Pokémon egg hatching uses GPS location and not a pedometer system, it seems unlikely that the Plus wristband will have that functionality when it arrives.

Regardless, the argument still stands that Nintendo really dropped the ball here. Nintendo has almost nothing to do with the development of Pokémon GO itself, as every aspect of that is on Niantic, but the one thing they were fully responsible for, this seemingly simple piece of hardware, they couldn't produce. I would understand if the game launched and there was a shortage because of the sheer, unexpected volume of players, but that's not what happened. Instead, the peripheral just never launched at all.

Even if the purpose of the device is questionable, Pokémon GO has been so hugely popular in all its regional launches that this thing would have sold like wildfire regardless those first few weeks. I know I would have bought one immediately, if for no other reason than just to try it out, given how much I was playing back then, and how much my phone's battery life was being destroyed. The game has well over a hundred million downloads at this point, and while obviously only a fraction of the playerbase would have shelled out for a relatively pricey device, that still could have been tens or even hundreds of millions in revenue, most of which would go to Nintendo, unlike the revenue for GO itself, where they only see a small cut.

Nintendo has benefitted from GO's success in other ways, namely seeing the 3DS's stock rise as a side-effect, but this was a missed opportunity. Yes, the wristband will still sell if/when it arrives, but not like it would have had it come out those first few weeks. Every week that goes by without release, the playerbase will continue to drop, or at least become less passionate to the point where buying a \$35 peripheral no longer seems worth it. While it's true that no one could have predicted GO's success on this level, Nintendo erred by not having Plus ready to go at launch, and not altering plans to get it out sooner once they realized what a smash the game was.

If I'm being entirely honest, Pokémon GO Plus sounds pretty lame. \$35 to save battery life by not looking at the screen to play the game is not a terribly enticing prospect, and if it doesn't even count egg distance, it's almost completely pointless. With that said, just because it might be dumb doesn't mean it couldn't sell, and fans would have devoured these at launch. By September, it will be far too late for many. So yeah, stay tuned for updates on when Plus is coming, but at this point if you no longer cared, I wouldn't blame you.

Pokemon Go Has Lost Over Twenty Percent Of Its US Userbase

Christian Hoffer, 08/18/2016, Commicbook.com

Although it's been out for just a month, *Pokemon Go* is already bleeding users. A new SurveyMonkey Intelligence report indicates that the game's user base has dropped by over 20% since its peak usage last month. The analytics company estimates that the game peaked at just under 40 million weekly average users (players who played the game at least once a week) in the United States in July. Since then, *Pokemon Go's* user base has dropped to just over 30 million, for a 22.7% drop.

Critics of *Pokemon Go* might point to that twenty percent drop as a sign that the game is just a fading fad, but retention rates for mobile games are usually pretty low. According to [Verito Analytics](#), even the most popular mobile games only retain about 30% of players a week after they first download the game. Typically, mobile games only retain about 15% a month after installation. For comparison's sake, *Pokemon Go's* retention rate was at nearly 60% during the game's peak in mid July.

Since *Pokemon Go* is still averaging about 400,000 downloads a day, it's all but certain that *Pokemon Go's* retention rate has dropped even further from last month's high. However, according to SurveyMonkey, *Pokemon Go* is still bringing in over \$2 million per day in revenue in the US alone, so it's likely Niantic and Nintendo are still pleased with the game.

Of course, that's not to say that everything is rosy with *Pokemon Go*. The game's online community nearly revolted two weeks ago after Niantic removed *Pokemon Go's* flawed tracker and forced many third party apps to shut down. Although Niantic seemingly opened up lines of communication and began testing a new beta system last week, the game developer has once again gone silent after beginning a ban campaign against alleged cheaters and GPS spoofers.

If Niantic wants to keep *Pokemon Go's* user base from dipping more, it needs to continue to find ways to keep players engaged as they fill up their Pokedex and run out of places to explore in their community. A new update is expected sometime next week, so hopefully we'll see some new features then.

