Pokémon GO Craze: How does augmented reality influence Asia retail?
August 2016
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1. What is augmented reality?
What is augmented reality?

- Augmented reality (AR) is always mentioned together with virtual reality (VR).

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* Ingress was first launched via Android platform in 2012; and made available for iOS users in 2014. Same as Pokémon GO, Ingress is developed by Niantic and is a location-based game using AR technology.
2. Pokémon GO: The mobile app
Pokémon GO: What is it about?

WHAT IS IT ABOUT?

• A free-to-play mobile game that one can download either from App store or Google play
• First release date: 6 July, 2016
• Developers: Niantic Labs, an American mobile game developer, in partnership with Google and Nintendo
• Investment amount: US$20 million
• Official launch in the following markets^:
  – Asia: Australia, New Zealand, Japan, Hong Kong, Brunei, Cambodia, Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand, Vietnam and Taiwan
  – Rest of the world: around 35 countries
• Interesting facts:
  – Downloaded for over 10 million times in the first seven days*; over 30 million times in first 14 days
  – Estimated time spent on the game (min/ day): 43 min (30 July, 2016), which is even more than the time spent on Facebook

Source: Official website of Pokémon GO and App Store

^ For markets that the game is not officially launched, users can change the place of residence for their Apple ID or Google Play account before setting up their own Pokémon account in order to play the game. Otherwise, they can buy an Apple ID or Google Play account from the U.S. or Australia.

* It took Candy crush 12 days to reach its 10 millionth times of download
Pokémon GO: How does it work?

HOW DOES IT WORK?

- The game is a location-based AR game. “Trainers” chase various pokémon at “Pokéstops” and battle at “Pokégyms”, which are plotted on a customized version of Google Maps.

Pokémon GO: How does it relate to AR?

HOW DOES IT RELATE TO AR?

• When a pokémon appears, the smartphone will vibrate and the “trainer” can then click on the pokémon.
• Once clicking on the pokémon, the mobile app will direct you to the screen to catch the pokémon.
• If the AR camera is turned on, the pokémon will be displayed with the real world image as the background.

• Left: use of AR camera to catch a pokémon
• Right: without using AR camera to catch a pokémon

Source: Official website of Pokémon GO
What are the major concerns?  
– Safety concerns

1. Safety concerns
   
   - Some “trainers” are putting their own and others’ safety at risk. Large group of “trainers” gather at “Poké stops” or “Pokég yms” in certain locations may pose serious risks to the society.
   
   - There are reports of Pokémon GO-fuelled crimes, accidents and mishaps. Examples of these accidents include car/motor bike crashes; accidentally went into inappropriate areas such as Fukushima nuclear exclusion zone and Hiroshima Peace Memorial Park in Japan, and military zone between South Korea and North Korea, etc.

Source: Apple Daily

A teenager in Hong Kong fell into a river in Taipo while catching pokém ons

What are the major concerns?  
– Safety concerns (Cont’d)

To avoid further accidents or mishaps, governments and official authorities have issued guidelines and warnings to game users.

**Japan**’s National Center for Incident Readiness and Strategy for Cybersecurity (NISC) issued safety guidelines for game users.

### Nine safety guidelines from NISC of Japan

1. Protect personal information
2. Beware of fake and malicious mobile apps
3. Download weather apps
4. Beware of heatstroke
5. Carry an extra battery
6. Take pictures of your kids if they are going out alone
7. Do not enter dangerous areas
8. Be careful when you interact with other players
9. Do not play the game while walking

**Australia**

Warning issued by Justice Department of New South Wales, Australia

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What are the major concerns? – Safety concerns (Cont’d)

**Singapore** Police Force also issued a set of advisory notes to game users.

*Police advisory on Pokémon GO game*

1. Be aware of your personal safety when out looking for Pokémon. You should play in pairs or as a group to ensure your personal safety.
2. Watch where you are walking, be aware of your surroundings and do not walk out into roads without looking.
3. Do not play the game and drive any vehicle or ride any personal mobility device at the same time. You cannot do both safely.
4. Do not trespass onto restricted areas and private properties. Do not take pictures of restricted areas.
5. Be aware that you are potentially sharing data with others; there could be potential criminals who may seek the opportunity to lure victims to their fake “Pokéstops”.
6. Educate your children to stranger-danger at “Pokéstops”.
7. Never reveal your personal information and watch out for fake apps or cheat tools. Cyber criminals can access your personal data to commit fraud or hack into your phone with viruses and malware.
8. The Police urge all players to stay safe at all times in your search to "catch 'em all". Please do not endanger your life or personal safety.

**Taiwan**’s government and authorities have put the following into force:

1. A fine of NT$3,000 – NT$6,000 if playing the game on highways.

From the metro management:

1. People are prohibited to play the game on metro’s platforms.
2. Those who do not follow the guideline will be fined NT$1,500 – NT$7,500.

**In Hong Kong,**

1. The Hospital Authority requested the mobile app developer to remove public hospitals as “Pokéstops” and also issued a circular to its staff asking them not to play the game during working hours.
2. The Hong Kong Police Force, Civil Service Bureau and the Hospital Authority expect their staff not to play the game on the premises.

What are the major concerns?
– Lower productivity

2. Lower productivity

- Some employees may check on the mobile app from time to time during working hours, this may affect their work efficiency.

- Depending on the company culture, companies such as Hong Kong Magazine let their staff take the afternoon off to catch pokémons; other companies prohibit their staff from playing the game during office hours.

3. Pokémon GO: Impact on brands and retailers in Asia
Pokémon GO:  
How do brands and retailers ride on the wave?

- The game has become a smash hit since its launch, and “trainers” are motivated to go out to different places to catch as many pokémons as possible. This provides tremendous opportunities for brands and retailers to provide exceptional experience for customers. Many have provided incentives for customers to drive for traffic as well.

Source: South China Morning Post  
People gathered for the game in the public area of the Olympian City, a shopping mall in Hong Kong

Source: Straits Times  
Pokémon GO fans looked for pokémons outside Ion Orchard, a shopping mall in Singapore

1. **Becoming “sponsored locations”**

- Sponsored locations take the form of “Pokéstops” and “Pokégyms”; players are encouraged to visit these locations to collect items and gain experience.
- Companies need to pay Niantic to become sponsors of the game in exchange for more foot traffic.
- McDonald’s in Japan is the game’s first launch partner, 400 of its 2,900 restaurants are designated as “Pokégyms” and the other 2,500 restaurants are “Pokéstops”.

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How do brands and retailers ride on the wave? – Buying “Lure modules”

2. **Buying “Lure modules”**
   - Brands and retailers can buy “Lure modules” to attract customer traffic. “Lure modules” can be used in “Pokéstops”.
   - “Lure modules” can attract pokémens to the “Pokéstops”, and can last for 30 minutes. Companies need to pay around US$1 or 100 pokémon gold coins for one module.
   - Brands and retailers can directly purchase “Lure modules” via the mobile app, making it easier for them to launch their marketing initiatives in a shorter time.

How do brands and retailers ride on the wave? – Buying “Lure modules” (Cont’d)

**Examples**

- **Shopping malls:** Shopping malls in Hong Kong and Singapore announced that they would be using “Lure modules”. Some examples include The ONE, APM mall, Windsor House in Hong Kong; and ION Orchard in Singapore.

Source: South China Morning Post

![Screen capture of the Pokémon GO players in APM mall in Kwun Tong, Hong Kong](image)

_In the period of 28 – 31 July, 2016 the game led to an increase of 5 - 10% in customer flow, with restaurants and gaming stores benefitting the most_

How do brands and retailers ride on the wave? – Buying “Lure modules” (Cont’d)

- Two shopping malls in Hong Kong, namely The ONE and Windsor House deploy “Lure modules” from 12nn to 10 pm every Saturday and Sunday in August; and ION Orchard, a shopping mall in Singapore, will have hundreds of “Lure modules” available from now till 21 August, 2016.

Source: Facebook page of The ONE and Windsor House
Advertisements of The ONE and Windsor House

Source: Facebook fan page of The ONE and Windsor House
How do brands and retailers ride on the wave? – Providing incentives

3. Providing incentives to drive customer traffic.

*Examples*

- **Supermarkets**: Korea's discount supermarket chain store E-mart’s Sokcho* branch provided free ice water to “Pokémon GO” players who captured a pokémon on its premises.

*Pokémon GO in South Korea*

- Currently, Pokémon GO has not been officially launched in South Korea due to restricted usage of Google Maps in the country for security reasons.
- To play the game, Koreans need to travel to Sokcho, Ulsan and Busan (partial) as Pokémon GO is only available in these three cities.
- Despite this, Koreans are still eager to play the game. They travel all the way from their hometown to these locations. It is reported that sales for many local retailers have increased significantly as a result of the influx of local tourists.
- Mayor of Sokcho even pledged to increase free Wi-Fi hotspots and battery charging stations.

How do brands and retailers ride on the wave? – Providing incentives (Cont’d)

- **Shopping malls:**
  - ION Orchard, a shopping mall in Singapore provides two special offers to its customers till 21 August, 2016.
    1) Customers can take photos of pokémens with the key landmark of ION Orchard as the background; they can then upload the photos with hashtag #IONgraphy. Players will have a chance to receive S$50 vouchers.
    2) Customers can redeem a complimentary pearl milk tea after screengrabbing a pokémon captured in the mall.
  - Breeze XinYi, a shopping mall in Taipei, has launched a special Pokémon GO campaign. Customers can redeem 500 members’ points if they can catch 30 pokémens, or 1,000 points for 50 pokémens in Breeze XinYi. This campaign will last till the end of August.

How do brands and retailers ride on the wave? – Providing incentives (Cont’d)

- **Department stores:** Yata, a chain department store in Hong Kong, offered Pokémon-related products in a pop-up store in its Shatin outlet from 27 – 29 July, 2016.

  Source: [Facebook page of Yata](https://www.facebook.com/YataHK)

  **Left/ Middle:** Shatin outlet of Yata set up a Pokémon-themed pop-up store for three days in July

  **Right:** Yata would give its customers a HK$30 coupon if they were able to catch “Farfectch’d”, i.e. the limited edition Pokémon in Asia, in Yata

  Source: [Facebook page of Yata](https://www.facebook.com/YataHK)
How do brands and retailers ride on the wave?  
– Providing incentives (Cont’d)

- **F&B:**
  - Pacific Coffee, a chain coffee shop in Hong Kong provided free upgrade to all handcrafted beverages upon showing any caught pokémon.
  - The Woods, a bar in Central, Hong Kong, provides complimentary Wi-Fi and wall sockets for ease of phone charging.


*Source:* Word of Mouth Guide Hong Kong

*Pokémon-themed drinks offered by The Woods, a bar in Hong Kong*
How do brands and retailers ride on the wave? – Providing incentives (Cont’d)

- **F&B:**
  - Woo Bar, a bar in W Hotel Hong Kong, offers pokémon-themed summer cocktails. The promotion will last till the end of August.
  - myBurgerlab, a chain restaurant in Malaysia offers free drinks to lure Pokémon GO players to their outlets.


Source: Word of Mouth Guide Hong Kong

Showcase of the pokémon-themed cocktails from Woo Bar, Hong Kong
How do brands and retailers ride on the wave? – Providing incentives (Cont’d)

- **Home products:**
  - Indonesian home product chain retailer Ace Hardware offered vouchers to gamers who were able to catch pokémons in their stores nationwide.

How do brands and retailers ride on the wave? – Providing incentives (Cont’d)

- **Online retailers:**
  - Grana, an online fashion company based in Hong Kong, lures a pokémon into “The Fitting Room”, its pop-up store located in Sheung Wan.

  ![Grana store](Source: Sassy Hong Kong)

- 11st Street, the largest online marketplace in Korea has launched the “11Mon Go” event. Users can find and collect “11Mon” characters while shopping on the website. Those who collect all the characters are eligible for Pokémon GO related prizes including round-trip bus tickets from Seoul to Sokcho.

  ![11st Street](Source: Sassy Hong Kong)

How do brands and retailers ride on the wave? – Providing incentives (Cont’d)

- **Hotels:**
  - Ovolo Southside in Hong Kong, apart from deploying “Lure modules” every day, also assures its guests that they can snare a wide range of pokémons either in the guest room or in their bar. The promotion will last till 6 September, 2016.
  - Haeundae Grand Hotel at Busan of Korea teams up with Pokémon Korea Co. to offer specialized pokémon-themed rooms, merchandise and eateries.
  - Fullon Hotel, a chain hotel with 15 outlets in Taiwan, provides Pokémon GO related offers. Customers can redeem a free tea set or a NT$500 hotel voucher once they catch 15 pokémons in the hotel with a minimum of NT$1,000 spending at the hotel.

Source: “Our Favourite Pokémon Steals and Deals in Hong Kong”. 26 July, 2016. Sassy Hong Kong; and “Fullon Hotel offers free tea set for those who can catch 15 pokémons in their hotels”. 8 August, 2016. Setn.
How do brands and retailers ride on the wave?
– Providing incentives (Cont’d)

- Non-retail service providers:
- Car hailing services:
  - Apart from brands and retailers, car hailing services providers like Uber and call4van in Hong Kong also provide incentives to attract customers.
  - Uber Hong Kong offered “trainers” a free three-hour Uber ride on 30 July if they could catch at least 150 pokémons. To get the offer, “trainers” needed to share the screen shot of the pokémons they had caught to Facebook with hashtag #UberGoHK.
  - call4van, another local car hailing mobile app, provides pokémon hunting tour service. Players can choose to pay HK$499 in order to be accompanied by a Pokémon guide during the 90-minute ride and get a free 6GB data sim card and portable charger.

4. Pokémon GO: Implications for China retail
Pokémon GO: Implications for China retail

Though Pokémon GO is not available in China yet, the game has already spurred discussions among local retail practitioners on the potential impact of new technologies, particularly AR on China’s retail sector.

Motivation to go out from their home to play location-based games

Implications for brick-and-mortar stores

- Provide more experiential elements to lure customers
- Store refurbishment for AR equipment
- Increase in-store foot traffic
- Decentralization of retailing: Key shopping areas extend from top tier cities to lower tier cities, and from key business districts to remote area.
- Accelerate the development of community stores or other mom-and-pop stores in local neighbourhoods

Implications for e-commerce/O2O

- Market share erosion: May lead to a drop in online sales as more people are shopping in brick-and-mortar stores
- E-tailers to think of new initiatives to attract or maintain customer traffic
- New O2O practices and marketing initiatives that leverage on AR

Implications for general retail

- Positive impact on overall retail sales growth
- Governmental support on technology development

Source: Fung Business Intelligence
Pokémon GO: the China version

Shenzhen Tanyu has developed a local version of the game “City Spirit Go” just a few weeks after the provisional version of Pokémon GO was released in Japan.

**WHAT IS IT ABOUT?**

- A free-to-play mobile game that one can download online
- Name: City Spirit Go (城市精灵)
- Release date: March 2016
- Developer: Shenzhen Tanyu, a local mobile game developer (深圳市探娱互动科学文化有限公司)
- Available country: China
- Interesting facts:
  - No. of daily users: 1 million
  - Ranked #1 as the most frequently downloaded mobile app in Mainland China
  - In contrast with Pokémon GO, AR technology is not being used in the game. This means the “trainer” will collect the “spirits” in a normal game fighting setting


Screen capture of the iTunes Charts in Mainland China on 1 August, 2016 (ranked #84)
Pokémon GO: the China version (Cont’d)

1. Virtual map to show the monsters in different location
2. Close-up for monsters
3. “Professor Lin”, the coach of the “trainer” in the game
4. Promotional messages in Apple Store

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