

Why the Pokemon-McDonald's deal in Japan could be big

July 22 2016, by Ken Moritsugu



Women play "Pokemon Go" in front of a McDonald's restaurant in Tokyo, Friday, July 22, 2016. The Japan launch of "Pokemon Go" on Friday included the game's first partnership with an outside company: fast-food giant McDonald's. About 400 McDonald's Japan outlets are "gyms," where players can battle on their smartphones. The other 2,500 are "Pokestops," where they can get items to play the game. The hope is, presumably, that they may also buy a Big Mac in the process.(AP Photo/Koji Sasahara)

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Serkan Toto, a Tokyo-based games [industry](#) consultant, explained earlier this week why this partnership between the Pokemon Co., McDonald's Japan and "Pokemon Go"-developer Niantic Inc. could be big for the [gaming industry](#). His comments were edited for space and clarity.

"POKEMON GO" IS ALREADY RAKING IT IN

From the [game industry](#) (perspective), the critical point here is that this game is making money from in-app purchases. It's the number one grossing application in every single market where this game has been launched up to this point. That's the amazing, amazing point about this application.

THE MCDONALD'S DEAL

The reason people are talking about this McDonald's deal is it could constitute, and I think it will constitute, a second revenue stream for Niantic that other games cannot possibly have for systemic reasons, if you will. Because of the GPS element, Niantic can do these O2O (online to offline) kind of business deals. They are adding a new way to make money through mobile games, by virtue of the GPS element in the [game](#), and I think this deal is just the first of many to come.



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WHAT IS O2O?

There are certain applications—they are not games—that are able to drive traffic to restaurants, or to drive traffic to tourist spots that are not as popular as in Tokyo, for example. The expectation for "Pokemon Go" is that "Pokemon Go" in that sense can become an advertising platform.



A man maneuvers his smartphone as he plays "Pokemon Go" at Akihabara in Tokyo, Friday, July 22, 2016. "Pokemon Go" is expected to be a huge hit in Japan, the country of the character's birth. Fans have been eagerly awaiting its release since it first came out more than two weeks ago in Australia, New Zealand and the United States, and then became a blockbuster hit in more than 20 countries. (AP Photo/Eugene Hoshiko)

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Citation: Why the Pokemon-McDonald's deal in Japan could be big (2016, July 22) retrieved 19 April 2024 from <https://phys.org/news/2016-07-pokemon-mcdonald-japan-big.html>

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