



Pokèmon Go: Are AR games the new channel to drive footfalls in retail?

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By Alagu Balaraman

A couple of days ago Pokèmon Go crossed 75 million downloads, after having been released on July 6th. It had more downloads in its first week than any other app ever. With this kind of wild adoption rate, it's no wonder the hype around this product has soared into the sky like a rocket. Anyone who has a smart phone, and who doesn't, is walking around town capturing Pokèmons, gaining levels and fighting in gyms. In the footsteps of wandering players are businesses looking to use this craze to sell more.



Retail markets around the world are extremely competitive today. Flattening consumer spends in the West and high competition in emerging markets, are putting a premium on growth. As anyone in retail will tell you, to sell to someone you should be face to face with them. To drive growth gaining footfalls is essential.

Pokèmon Go is a game that makes people walk around the city, so retailers have been paying money to get their outlets to become PokeStops or Lure Modules, places where players can collect items that move you along in the game. The branding is not overt and so it doesn't detract from the players experience, but given the low cost of purchase there are many stories of how businesses pay a small amount and a flood of people walk into the retail outlet.

While getting people into an outlet is a crucial step, it also matters what they intend to do when they walk in. As many of our malls have experienced over the years, footfalls do not automatically translate to sales. In India, simply air conditioning a mall is probably as effective as having Pokèmon Lures!

As of news in the past week, and the topic of Pokèmon Go is tracked day by day given its high speed trajectory, the businesses that have successfully converted footfalls to sales have been essentials for suppliers, such as portable battery packs and data programs, or food and drink to help people on the go. Most of these are impulse purchases and of relatively low value. Now, other retailers are looking to use the Nintendo buzz to creatively snare shoppers even as they attempt to snare Pokèmons in the game. Merchandising of Pokèmon characters has increased, so has pushing people to walk into those parts of the store where they may see attractive deals.

So far, Pokèmon has a wide spread of people playing it and there is a lot of buzz around the game. Like anything tech, there are likely to be a spawn of augmented reality games launched soon and this might diffuse the possible channels to reach customers through. Moreover, how long will it take before people get bored with Pokèmon? Research shows that user retention rates for mobile games has been shrinking over time and nowadays hits single digit percentages in about 7 or 8 months. So, retailers using this route to drive footfalls need to be quick to cash in on the craze.

What does this mean for retailers looking to sell more? Driving footfalls has become harder than ever and channels to reach customers are more saturated. So, cashing in on a trend is useful, even if it is for a short while. This means that mobile games might be fads and riding them to lure customers might be more hard work, but that is what is needed to get footfalls and to then creatively convert that into sales.