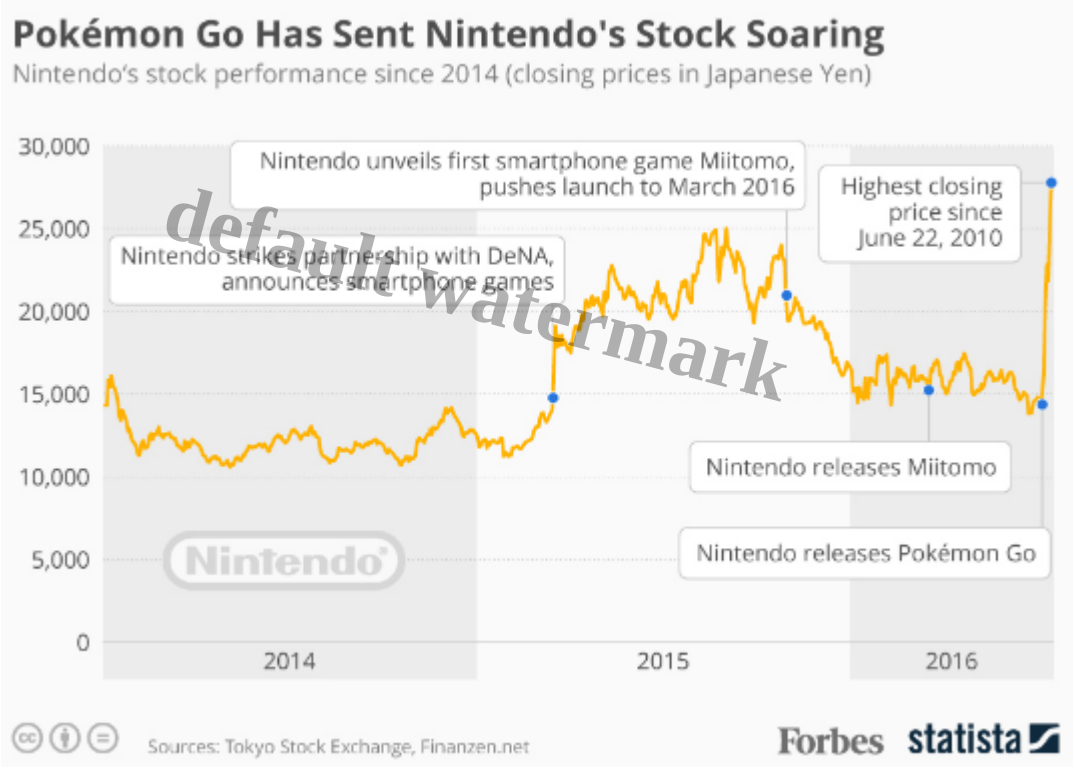
Stocks that could benefit from Pokemon Go

Description

While busy catching Pokemon all over Singapore (and Taiwan, where I first started playing the game when it launched last Saturday), Iâ??ve also been thinking about how I could potentially benefit from the trend as an investor.



To say that Pokemon Go is a hit would probably be an understatement. Everywhere you go, it seems like everyone is playing the game on their phone. Lest you think it is only limited to the younger crowd, take a look around and spot the older folks in their 50s and 60s enjoying the game as well.

I remember late last year when I was purchasing stocks which I felt owned classic media products that would continue to capture the hearts of millions of fans to come, ideally those who could also translate this into actual earnings and revenue for the company. Of course, I favoured only brands that I loved, which included Disney fairytales, Harry Potter and Pokemon. This explained why I went on to purchase of Disney (NASDAQ: DIS), and I also looked at Time Warner (NYSE: TWX) which owned the Harry Potter movie rights, as well as Nintendo (TYO: 7974) which owned Pokemon.



Unfortunately, Nintendoâ??s stock was listed in the Japanese equity market, which my broker doesnâ??t provide access to, and as such I missed out on its spectacular run-up when its stock price DOUBLED in value after the widely-successful release of Pokemon Go. You can imagine how I literally tore my hair out when it happened â?? the friend whom I had told this tip too was equally frustrated as I was for missing this golden egg too, for we could have made quite a sum out of this! Nonetheless, after moping about it for 2 weeks, it was time to move on and try to spot the next big winner.

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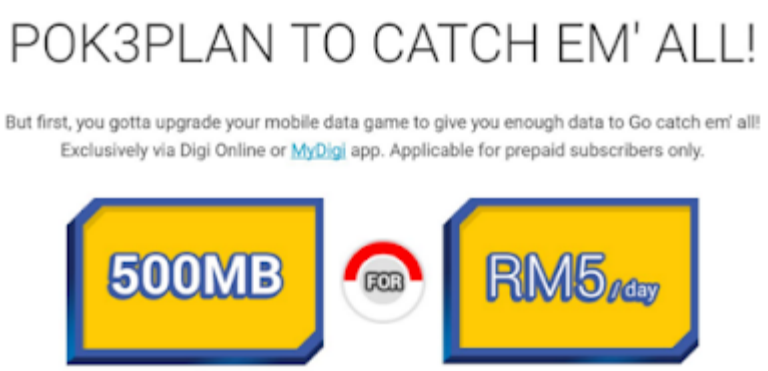
Here are some other stocks I think can benefit from the hype:

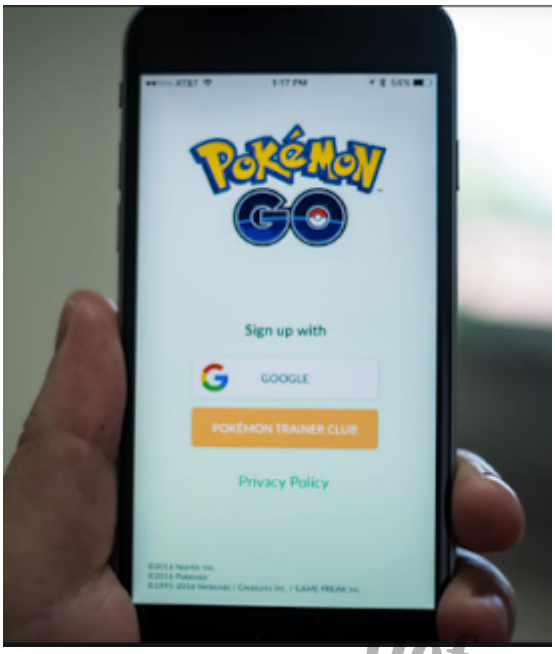


1. Telcos

Pokemon Go is a mobile gaming app which requires mobile data and GPS access, so obviously, the direct beneficiaries would be the telcos in countries where the game is available in. I hit 2GB when I was in Taiwan very quickly as the app was almost always on whenever I went to a tourist attraction. Consumers stuck on limited data plans will probably have to pay extra for busting their data cap, or upgrade to a more premium plan.

On the US stock market, mobile carriers like **T-Mobile**, **Verizon** and **AT&T** are a good bet. T-Mobileâ??s CEO John Legere has already revealed that data usage had increased fourfold thanks to Pokemon Go.

In Singapore, **SingTel** and **M1** are likely to benefit. Judging from the complaints of Starhub users not being able to connect and having map problems most of the time, I wonâ??t be too surprised if Starhub users jump over to competitor telcos just so they can continue to play the game without interruption.



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2. Technology platforms / cloud providers / data centres

Alphabetâ??s Google provides the cloud infrastructure underpinning the game, and also gets a 30% cut on Android in-game purchases, just like how **Apple** gets a 30% cut on iOS in-game purchases. Note: it is also worth knowing that Niantic was a spin-off from Google. You canâ??t invest in Niantic as it is a private company, so your next closest bet might be Alphabet or Nintendo.

You might also want to keep your eye on other technology companies like **Microsoft,** who are also developing mixed-reality innovations and games.

With so many users playing the game, Niantic needs somewhere to store all that data. Data centres who service Google are a good place to start looking. Locally, in Singapore, you might want to examine **Keppel DC REIT** in closer detail.

3. Smartphone makers / power supplies

Pokemon Go drains your battery extremely fast â?? my 100% battery lasted only 3 hours before dying on me earlier this morning while I was going around visiting Pokestops and catching Pokemon. Sales of portable power packs already doubled in the two weeks after Pokemon Go was released in the U.S., and it is safe to assume that weâ??ll see the same happening for other countries as well.

US stocks in this market would include **Best Buy**, **Zagg**, and **Energizer**. In Singapore, you might want to study **Challenger**, especially if they have outlets near places where there are plenty of Pokestops.



4. Retailers / Tourism

Niantic CEO John Hanke has already announced the companyâ??s plans to strike deals with retailers to turn them into sponsored locations for catching Pokemon, and **McDonald** will be among the first partners with its deal in Japan to host sponsored game stops at 3000 outlets.

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The more populated a place is, the more likely you are to see Pokemon spawn in that area. When I was playing the game in Taiwan, I found Pokemon at every single tourist destination I visited â?? be it the night markets, the scenic areas or even at the beach. In Singapore, Sentosa and our zoo has plenty of Pokemon as well. You might want to look at **Straco**, which owns the Singapore Flyer, also close to where there are plenty of Pokestops around (youâ??ll even find Clefairy nearby!).

Everyone probably already knows by now how Orchard Road is a hotspot for Pokemon spawns, especially near Ion Orchard. **CapitaLand Mall Trust** owns many of the shopping malls where players have reported finding a lot of Pokemon, so thatâ??s another place you might want to look.

Pokemon Go players are also spending on food and drinks while out on their Pokemon hunts. On this front, stocks like **Dairy Farm International Holdings** (which owns 7-11, Giant and other supermarkets) and **Sheng Siong Group** could benefit. Given that players are more likely to buy drinks over food while walking around looking for Pokemon, companies like **Fraser and Neave, Thai Beverage** and **Yeo Hiap Seng** could also see a spike in revenue from higher volumes of drinks sold



5. Transport

Tired of walking around all day? Players in Hong Kong have already been flooding the trams to cover more Pokestops and hatch their eggs, as the trams move at a much slower pace and easily fools the game into believing theyâ??re covering the same distance on foot. Iâ??ve also been taking the bus more often as it allows me to cover more areas in my neighbourhood and visit more Pokestops in a shorter period of time. **SBS Transit** could benefit, as might **ComfortDelGro** if hardcore players were to hire taxis to drive them around Singapore (especially to the more â??uluâ?• places) to catch Pokemon.

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6. Advertisers and media content platforms

Augmented reality apps which have access to a userâ??s location data could also provide plenty of opportunities for ads and brand promotions, such as offering a deal for shops that a user happens to be walking past. Owners of major mobile ad networks such as Google and **Facebook** are likely to benefit once game developers find a way to monetize the app as such.



7. Event organizers and designers

Last but not least, Pokemon Go has revived the Pokemon brand, which allows for plenty of thematic events to be held by both retailers and brands alike. We may soon see Pokemon-related events or pop-up shops, and companies like **Cityneon Holdings** and **Kingsmen** who specialize in thematic design for retailers could benefit from this demand.

Disclaimer: This is not a recommendation to buy any of the stocks mentioned in this article. Investors should do their own due diligence prior to making any purchases.

What other stocks do you think could benefit from this trend? Share with me your thoughts in the comments below!

With love,
Budget Babe

Category

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