



# Will Pokémon GO increase investment?

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"Pokémon GO" is a hot topic. Although there are a number of very interesting ideas for discussion related to this app, this essay will discuss the issue of future investment demand using the game as a starting point.

In the past, when game software releases have been the focus of major attention, this has led to major increases in demand for hardware such as game consoles. As a result, capital investment demands for expansion of factories and other infrastructure also increased.



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However, in the case of apps that run on smartphones, a huge number of people already possess these devices. For this reason, demand for new hardware and the capital investment that goes along with it both barely increase at all. Although there has been a certain amount investment demand during the development stage, app development can be carried out with just a single computer in the modern world, so this was probably fairly limited. In terms of investment demand, the need for new cellular base station construction by telecommunications companies in response to the sudden

increase in data usage is the extent of the impact.

These changes are not occurring only with respect to game apps. For services provided over the internet, even if people's enthusiasm has a huge impact and expands usage tremendously, very little investment demand is generated.

The same thing is undeniably happening in the physical world as well. The service platforms known as the sharing economy are examples of this. For example, there's one called Uber that serves as an intermediary connecting people with drivers that can transport them. Although increasing demand for this service puts cars that had been neglected to effective use, rather than prompting a demand for new automobile purchases, if anything this is more likely to drive this demand down. As a result, there is no net increase in investment demand.

Alternatively, looking at a simple change like a retail location transitioning to selling products online, the need for store construction and renovations goes away, so the investment demand decreases. This is because even though renovating retail spaces requires large amounts of resources and labor, online store renovations can be completed with just some operations on a computer.

In addition, if the products being supplied are themselves in a digital format, there's no need for paper or machinery investment for bookbinding.

From the perspective of the business owner providing services, all of these actions don't require investment, and allow companies to conduct business without any fixed expenses. For this reason,

they are viewed positively. Also, the ability to provide products or services without any major expenses allows these products and services to be sold at low prices, which is a huge merit for consumers that likely provides a benefit.

However, considering the perspective of impacts on investment demand and overall demand gives a different picture. Technological innovation could in fact be moving toward a reduction in overall demand.

Regarding the stagnant state of domestic investment demand, the shift in infrastructure to areas such as construction of factories overseas is often mentioned as a factor. Of course this is also relevant, but in light of the points mentioned above, the incidence of conditions which lack any investment demand requirement from the start should also be considered.

However, it would also be inaccurate to say that these services produce no new facility investment demand whatsoever. A specially-designed wearable device for Pokémon GO has been announced, and the degree of wear and tear on cars used for Uber services is said to be high. The actual impact on investment demand is more complicated.

At any rate, it seems clear that we have entered an era in which detailed consideration of investment demand is a necessity.

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Born in 1963. Graduated from Keio University and then went on to receive his Master's and Doctoral Degrees from the Graduate School of Economics, University of Tokyo. After serving as Associate Professor at Keio University (1993-96), joined the Graduate School of Economics, University of Tokyo as Associate Professor (1996-2011). His publications include *Ho to Kigyō Kōdō no Keizai Bunseki* (Economic Analysis of the Law and Corporate Behavior) and *Dokugaku to Iu Michi mo Aru* (Self-Study is Another Option)."

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