



newzoo
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Monthly Japanese Market Update

Games

a. Console Games Boxed Software and Hardware Sales

*Source is the POS data that our partner KADOKAWA ASCII Research Laboratories tracks weekly through its retail partners in Japan

*Software sales include boxed version and download cards only

Top 5 titles in boxed software sales ranking between March 28 ~ April 24:

1. Kirby and the Forgotten Land (Switch): 238,421 units
2. eBASEBALL Powerful Pro Baseball 2022 (Switch): 92,724 units
3. Mario Kart 8 Deluxe (Switch): 61,152 units
4. eBASEBALL Powerful Pro Baseball 2022 (PS4): 54,539 units
5. Minecraft (Switch): 37,720 units

Console sales ranking between March 28 ~ April 24:

1. Nintendo Switch incl. Switch Lite & OLED model – 246,105 units (24.52M units)
 2. PlayStation 5 incl. Digital Edition – 70,830 units (1.56M units)
 3. Xbox Series X|S – 20,244 units (0.18M units)
- *Lifetime sales numbers in brackets

b. Sony and Epic Games

Sony invested another \$1 billion in Epic Games:

Epic Games has received \$2 billion funding from Sony and KIRKBI (the investment company behind Lego). With the investment, Epic Games aims to advance its vision to build the metaverse and drive the growth. This follows Sony's \$450 million investments in Epic Games in 2021.

Sony and Epic Games are deepening their relationship, creating synergy in various fields. Several of Sony's business units, across games, film, and TV, use Epic's Unreal Engine 5. Sony and Epic worked together to optimize Unreal Engine 5 for PS5, demoing it on PlayStation 5 back in May 2020. Sony also believes in the metaverse in the long term, potentially leveraging its technology, games, and multimedia entertainment (e.g., films, TV, and music). Epic Games has the technology to (help) build the metaverse, as it developed Fortnite covering games, films, and music. Sony's continuous investments in Epic Games will help the company boost its multiple entertainment segments and achieve its future vision.

Sony is reportedly considering introducing ads in F2P games on PlayStation:

According to [Business Insider](#), Sony has partnered with adtech firms to help developers introduce in-game ads. Amid the ongoing success of F2P titles, Sony is reportedly aiming to introduce more F2P titles on its PlayStation platforms by giving developers a way to monetize them. Sony has not confirmed such a plan yet, and whether Sony would take a cut of the advertisement revenues remains to be seen.

Similarly, according to the outlet, Microsoft is also exploring integrating ads into F2P games in a way that doesn't disrupt gameplay experience, such as billboards and posters for real products. To ensure the compatibility of ads with games, Microsoft would only allow ads from selected brands. The report also claims that Microsoft would not take a cut of the advertisement revenues initially. On a side note, back in 2006, Microsoft acquired Massive Inc, in-game advertising firm with plans to incorporate ad serving solutions in games.

c. Shueisha

Shueisha founded Shueisha Games for expanding games business:

Shueisha is one of Japan's largest publishing companies. The company owns several high-profile anime and manga IP, such as One Piece and Hunter x Hunter. Shueisha previously launched an indie-game creator support project, called Game Creators CAMP, involving games companies, such as Bandai Namco, DeNA, and Konami as partners and sponsors.

Japanese companies that own both anime and games businesses, including Bandai Namco, are synergizing these businesses, bringing anime properties to gaming (e.g., Gundam) and gaming properties to anime (e.g., Tales of Arise). Cygames has also found massive success on the mobile front with Umamusume Pretty Derby. While the game is the core of that franchise, manga and anime built hype for the title even earlier than the game's release, added multiple ways to build the IP universe, and resulted in more touchstones for consumers.

Shueisha has already partnered with several game companies for licensing games for decades. As transmedia—stories across games, film, anime, and other media—continues to find success in Japan, it is unsurprising to see Shueisha form a games-dedicated subsidiary and leverage the trend for its own IP. Transmedia can create highly engaged fans, so Shueisha will likely not be the last Japanese company to leverage the trend.

d. Sega

Sega is reportedly developing big-budget reboots of Crazy Taxi and Jet Set Radio games:

In April, [Bloomberg](#) reported that Sega is developing these reboots, aiming to produce globally popular titles like Fortnite. The article claims that Sega would release these two games in two to three years, as their first entries from Sega's Super Game initiative.

At a financial presentation in May 2021, Sega outlined its strategy of creating "Super Game" within the next five years. It defines a Super Game as a title with a global and online community that leverages existing IP and aims for lifetime sales of JPY 100 billion (\$ 881.2 million). In last November, SEGA and Microsoft formed a strategic alliance to produce such large-scale global online games leveraging Microsoft's Azure cloud platform. As these reported in-development titles imply, Sega is doubling down its Super Game initiative. Successful multi-year online games with global online communities will lead to higher and longer engagement, creating long-term monetization opportunities for recurring revenues.

Metaverse, Blockchain Games, and NFTs

a. Bandai Namco

Bandai Namco established an investment fund for its metaverse project:

In April, the company announced that it established the new start-up investment fund called Bandai Namco Entertainment 021 Fund. Anticipating that people will spend more time in virtual worlds in the near future, Bandai Namco plans to invest about JPY 3 billion (\$ 23.4 million) over the next three years to achieve its vision of building IP metaverse for its catalogue of IP. The company aims to realize the vision by combining its own expertise in IP creation and entertainment business and external partners' expertise in blockchain, VR/AR/XR, and UGC among many others.

Bandai Namco, having a wide range of entertainment business, has IP at the center of its strategy and developed them across games, anime, toys, and music. The company reflects its IP axis strategy in its metaverse vision as well. Bandai Namco already revealed its first IP-dedicated metaverse project for the Mobile Suit Gundam franchise. It will be set in space colonies where users in avatars can interact with other fans and engage with various kinds of content about the IP, ranging from anime, toys, games to esports.