The Benefits of Offline Merchandise in Brand Building

By

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ABSTRACT

The global merchandise market is worth $300 billion and is expected to continue growing at a steady rate. Seven of the ten top players in this industry relate to character licensing, and five directly associate with developing and utilizing fictional characters. From Pooh and Peter Rabbit to BT21 and League of Legends, characters have proven lasting presences both in profitability and in customer behavior. Much research has covered the commercial implications of such branding, but more research needs to be done in how corporations can create lasting characters and fully utilize them for increased brand strength.

The paper analyzes the ways in which corporations have historically worked with characters along with developments in the modern market that enable this market to flourish. Such factors include the proliferation of the Internet and changing consumer behaviors; social media is a new force shaping purchase decisions, and related industries have witnessed increased acceptance of adults enjoying content traditionally associated with children. It then discusses the unique benefits and strengths that fictional characters possess in contributing to corporate branding and presence, followed by a discussion of Line Corporation and its unexpected breakthrough in global markets through the success of its original characters. Corporations can now build their own superstars, but still for time-old purposes: building empathetic, humane relationships with their customers.

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1. Introduction
1.1 Background

In 2021, DoorDash chose several beloved celebrities to star in its Super Bowl commercial. Many customers watching the show recognized friendly faces from their childhoods; the first character to emerge was Big Bird, followed by the Cookie Monster and other popular icons from the television show Sesame Street. The advertisement imagined how life would be if the Sesame Street characters had access to DoorDash food delivery. When couriers presented specific food items—including bird seeds and cookies—to Big Bird and Cookie Monster, the message was clear: customers can find and order their favorite foods effortlessly through the advertised platform. After all, their childhood friends were using the service and found it convenient. The advertisement gently evoked nostalgia to stimulate dinnertime hunger pangs, utilizing fictional characters in a marketing tactic.

The reason DoorDash chose to air fictional characters from such an old series—Sesame Street was first conceived in 1966 and aired in 1969—is perhaps partly due to the high recognition level for characters from our childhoods. At one point, Mickey Mouse—another popular icon—enjoyed 98% brand recognition among children ages 3-11 worldwide. Other reasons could be the tenacity certain characters have even after the children grow up. Customers develop emotional connections with characters, which allow the content to rise beyond mere animals into powerful marketing tools, and experience immediate positive reactions to seeing Big Bird and Cookie Monster, akin to running across a good childhood friend. The DoorDash advertisement is relevant and entertaining because of such emotional bonds.

With the Internet allowing content to be easily proliferated and many similar services fighting to obtain competitive edges, more companies are exploring creative advertisements and
marketing campaigns utilizing high-profile celebrities and influencers. However, such campaigns can be costly while carrying their own shares of risk. On the contrary, well-designed fictional characters and offline sales of related merchandise can act as successful champions for brand marketing while minimizing other risks. In essence, corporations can make their own celebrities. Now is the time to analyze characters as a driving force for corporate branding and business expansion as proper utilization of brand characters can develop into a cost-effective way for corporate branding, storytelling, and marketing.

1.3 Research Methodology

Access to paper libraries at this time is limited due to the pandemic, but substantial literature has been successfully ported online and most research is conducted using online articles and journals, accompanied with expert interviews in the character merchandising and branding industry.

1.4 Report Structure

The structure of the report roughly utilizes the following outline. First, I examine the current market environment for branded character merchandise. Second, I discuss some changes in market dynamics that contributed to developing an environment where characters can flourish. Third, I analyze the different ways corporations have and can continue to utilize characters for brand marketing. Fourth, I discuss characteristics of characters that benefit brands in marketing and exposure. Lastly, I discuss a case study of Line Corporation, a Korea/Japan-based messenger.
service, which had unexpected success through the sales of its character goods and now is using merchandise and online intellectual property for horizontal and vertical business expansion.
2. Market Overview

In this section, I discuss overall market dynamics of the licensed merchandise (or character) market, its history, key players, and an introduction on how brands have utilized characters.

2.1 The Global Licensed Merchandise Market

Since the paper focuses on characters that have related offline merchandising, an introduction of the market size is first necessary to establish size and scope.

Character merchandising is the industry of utilizing the names, images, and other appearances of famous figures for secondary and usually commercial exploitation. The global licensed merchandise market was estimated to be around $305 billion in 2019 and is expected to reach $425 billion by the end of 2026, with a CAGR of 4.8% from 2021 to 2026¹. The United States is the largest market for licensed merchandise, followed by the European Union and China; the three accounted for 49%, 24%, and 7% of global retail sales respectively in 2018. The fastest growth comes from Southeast and Asia-Pacific regions, with a growth rate of 7% year-over-year². Within the market, entertainment and character licensing is the largest industry category; it accounted for 45% of the entire market in 2016 and 42% in 2019³ with Corporate and brand trademarks comprising 21%. Among product categories, apparel was the greatest

section at 15% of total global licensed sales, with toys (13%) and fashion accessories (11%) following⁴.

Characters, in definition, can be either fictional or real. Thus, the industry is roughly split into two main categories: that of fictional characters and that of real characters⁵.

Merchandising of fictional characters is the “oldest and best known form of merchandising … involves the use of essential personality figures (name, image, etc.) of fictional characters in the marketing and/or advertising of goods or services”⁶. This category encompasses film, book, or cartoon characters, including Mickey Mouse and Superman, and fictional brand icons, including the Michelin man and Tony the Tiger. Merchandising of real characters, often called personality merchandising, involving the “use of essential attributes (name, image, voice, and other personality features) of real persons (in other words, the true identity of an individual)” (Ibid). This category includes famous persons in the film, sports, and pop cultures, including Tiger Woods, Che Guevara, or Madonna.

Going forward, the market is expected to continue growing at a steady rate driven by fictional characters and physical merchandise. Among the many segments that could under fictional characters, this paper primarily focuses on a particular type of fictional characters, a scope that is defined in section 2.3: Brands and Characters, and the traits that allow brands to exploit characters for brand marketing and revenue diversification.

⁴ ibid.
⁶ ibid.
2.2 Key Players

From a global perspective, several companies take significant portions in the licensed good business. Disney easily tops the list, with over 3,000 global licenses\(^7\); its licensing business is mostly focused around four brands: Disney, Pixar, Marvel, and Star Wars. The Global Licensing Group announced the top licensors of 2020, of which chart is inserted below\(^8\).

<table>
<thead>
<tr>
<th>Company</th>
<th>License Revenues (2020)</th>
<th>Market Category</th>
<th>Product Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Walt Disney Company</td>
<td>$54.7 B</td>
<td>Content</td>
<td>Mickey Mouse, Frozen, Star Wars, Pixar, Marvel</td>
</tr>
<tr>
<td>Meredith Corporation</td>
<td>$26.5 B</td>
<td>Lifestyle</td>
<td>Southern Living, Better Homes and Gardens, Real Simple</td>
</tr>
<tr>
<td>Authentic Brands Group</td>
<td>$12.3 B</td>
<td>Content</td>
<td>Muhammed Ali, Elvis Presley, Marilyn Monroe</td>
</tr>
<tr>
<td>Warner Media</td>
<td>$11 B</td>
<td>Content</td>
<td>Warner Bros., Cartoon Network, DC Comics, HBO, CNN</td>
</tr>
<tr>
<td>PVH Corp</td>
<td>$10.6 B (est.)</td>
<td>Apparel</td>
<td>Tommy Hilfiger, Calvin Klein, Michael Kors, Kenneth Cole</td>
</tr>
<tr>
<td>Universal Brand Development</td>
<td>$7.1 B</td>
<td>Content</td>
<td>Minions, Jurassic World, E.T., Back to the Future, DreamWorks (Shrek, etc.), Curious George</td>
</tr>
<tr>
<td>Hasbro</td>
<td>$6.9 B</td>
<td>Content, Toys</td>
<td>Wizards of the Coast, Mr. Potato Head, Play-doh, Magic: The Gathering, D&amp;D, Risk</td>
</tr>
<tr>
<td>Viacom CBS (Nickelodeon)</td>
<td>$5.8 B</td>
<td>Content</td>
<td>Blue’s Clues, Dora the Explorer, Garfield, Rugrats, Ninja Turtles</td>
</tr>
</tbody>
</table>


| General Motors | $4.62 B (est) | Automobile | Chevrolet, GMC, Cadillac, Buick |
| Sanrio | $4.4 B (est) | Content | Hello Kitty, Cinnamaroll, Chococat, Purin, Pochacco |

It is notable that of the top ten global licensers, seven are directly relevant to characters and that five license the content and usage of fictional characters. This suggests the market power and scale of both real and fictional characters when translated into games, toys, and apparel. In addition, the studios above—Disney, Universal, Warner, Viacom, Sanrio—continue developing and producing additional content and characters, signaling room for further growth and expansion of product lines.

2.3 History of Licensed Merchandise Goods

Although licensed fictional goods might commonly be associated as a more recent development, the history of licensed character goods stretches back to the early 1900s and started as children’s toys. The Smithsonian notes that Beatrix Potter “invented” character merchandising when Peter Rabbit became a stuffed animal based on the 1902 book and protected by copyright. The franchise is now worth $500 million. Although several firms had designed toys based on popular stories, Potter was a pioneer in securing patents for her characters and brand. Such tactic has been “an approach that has been imitated ever since”.

Businesses quickly realized the value character goods could have and moved to make licensed merchandise into profitable verticals. In the 20th century, character merchandise became an organized business. Among the first major players was Walt Disney Studios, which acquired

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10 Ibid.
permanent licensing rights for Winnie the Pooh in 1961. Pooh had been created by A. A. Milne in 1926 and grew to be a $50 million business through countless iterations of stuffed animals, games, and movies. With further creations like Mickey Mouse in 1928, Disney became a key player in commercial growth of character merchandise.

In the decades to follow, more characters joined celebrity status. Kermit the Frog was introduced in 1955 as a puppet spot in WRC-TV’s *Sam and Friends*, ultimately coming to host its own show, its single reaching 25th on the Billboard Hot 100. The character has remained strong over the years and is still relevant in today’s social media. At the same time, pop culture entered an era of superheroes and science fiction. Superman debuted in 1932, and characters of “Star Wars” sold over $100 million in merchandise goods just in 1979\(^1\).

Across the ocean, Hello Kitty—celebrated as perhaps the most successful case of licensed merchandising—was introduced by Sanrio in 1975 as a vinyl coin purse, growing to a franchise of $1 billion. Today, thousands of Hello Kitty products are offered to customers, ranging from school supplies to theme parks; there are even rumors\(^\text{1,2,13}\) that Bill Gates tried to buy the copyright for Hello Kitty in the mid-1990s.

The character industry is in no way an easy one to crack. Today, the ocean is full of character goods, developed by many players in many countries. Such content feeds across a cross-pollination of games, books, films, and offline merchandise, covering spectrums ranging from the Playboy Bunny to virtual idols. The different kinds of characters in relation to monetization or branding are described in the next section.

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\(^2\) Yang, Sung-hee. “Where is Korea’s Kitty?” The Korea JoongAng Daily, April 6, 2007
\(^3\) Takaharâ, Kanako. “Pawing in enough to be a fat cat”. The Japan Times, June 10, 2008
2.3 Brands and Characters

As noted above, brands quickly realized the potential of having iconic characters or mascots. Although companies with expertise in developing original content and characters (like Disney) would possess competitive edges at such creativity, companies in commercial goods or services have also adopted the idea of generating corporate character identities. Although specific methods of creating or utilizing characters depend on company strategy, current modus operandi for the utilization of characters can be categorized into three buckets: characters representing specific products, acting as a logo for brand identity, or within original content.

2.3.1 Mascots for Specific Products

Some corporations started developing in-house characters to promote specific products. Commonly referred to as mascots, these characters enhance brand image and maximize positive aspects of a product while minimizing negative stereotypes. These friendly characters develop personae, rising above mere objects and becoming friendly agents for promotion. As Popeye encourages child customers to eat spinach, mascots can champion specific products in specific instances. Planters introduced Mr. Peanut in 1916; B&G the Jolly Green Giant in 1928; Monopoly its Rich Uncle Pennybags in 1936; Frosted Flakes its Tony the Tiger in 1951; Pillsbury the Doughboy in 1965; Nesquik its Quicky bunny in 1973, among countless others. Such tactics were largely successful in impacting consumer habits. Research from Yale University\(^\text{14}\) indicates that characters have a significant influence on consumers’ actions. One

study offered the same snacks with and without characters on the packaging to children and found that children report the snacks with cartoon packaging to be better tasting, although the food items were identical. The impact was deemed so powerful that the researchers suggested caution when advertising unhealthy foods with licensed characters. As shown through such research, characters have a way of lowering possible barriers to entry, a marketing tool that could be dangerous but also very useful.

2.3.2 Mascots for Brands

Some characters represent not only one product but the overall brand, and are not limited to the food and beverages industry. In fashion, Ralph Lauren introduced the POLO logo in 1972. The shirt gained popularity when it appeared in the motion picture The Great Gatsby, an early case of successful product placement advertising. Customers could associate the logo on Gatsby’s clothes as a Ralph Lauren item. Many companies followed suit and incorporated animals into their logos, including Lacoste and the Playboy bunny. On top of aiding brand recognition, some logos have become business lines of their own; Playboy boasts $3 billion worth of global consumer spend by licensing its white rabbit logo. As of 2020, it obtained 53% of its revenues from style, apparel, gaming, and beauty segments. By 2025, it hopes to increase that percentage to 60%\(^\text{15}\).

In another significant section of the licensed goods market, mascots have traditionally played strong roles in professional sports. The NFL started licensing rights for games and content in 1963, MLB in 1966, and NBA in 1967. In 2019, the total licensed goods market for

\(^{15}\) Playboy Investor Presentation, November 2020.
professional sports generated revenues of $12.8 billion, with $698 million in royalty fees\textsuperscript{16}. Loyal fans drive revenue sales, purchasing apparel and other merchandise to show their association and sense of community.

Although such branding can have benefits, mascots are not always limited to 2D logos. In 1997, the Taco Bell dog gained mainstream popularity although its real logo is a purple bell. The chihuahua and its slogan “Yo quiero mi dinero” became part of widespread popular culture with customers lining up to buy stuffed animal versions of the chihuahua; the dog even aired on late-night talk shows\textsuperscript{17}. We can also think of Ronald McDonald as another prominent example for the McDonald’s restaurant chain; at a point in time, Ronald McDonald was so well-recognized it was second only to Santa Claus\textsuperscript{18} while 100% of students in an elementary school in China, 98% of all children in Japan, and 93% of all children in England recognized Ronald McDonald\textsuperscript{19}. Ronald McDonald even starred in movies\textsuperscript{20}. The character was so popular and widely known that doctors and healthcare professionals pressured Ronald McDonald to retire for children’s health benefits\textsuperscript{21}. Whether it be for positive or negative impact, it is clear that brand mascots can act as alluring and powerful influences on consumer behavior and brand recognition.

\textsuperscript{21} Hensley, S. “Health Workers Call on McDonald’s To Retire Ronald”. NPR. May 18, 2011.
2.3.3 Characters as Part of Original Content

Some firms create original content and breathe life into fictional characters, complete with worlds and societies, histories and families, likes and dislikes, and strengths and weaknesses. Such characters develop identities and gain popularity before being incorporated into offline merchandise. Characters can become acting mascots for their brands or franchises, like how Mickey Mouse is often associated with Disney, but needs time and investments to reach such position. After a character gains popularity, it can be licensed for various merchandise to capitalize on fans’ purchasing powers.

Original content is usually generated as an end-product in itself, unlike mascots which are meant to promote other products or brands; boxes of food or apparel would be the end-products for these companies. Lynne Doner Lotenberg defines a brand’s identifiers\(^\text{22}\) as familiar visual indicators of the brand. Such indicators which can include mascots and logos. In contrast, characters of a brand do not necessarily champion or represent the brand itself but live in worlds of their own although they could positively influence a brand indirectly (for example, Superman will be associated with DC Comics). Mascots represent the brand and are often coated with the product or brand’s colors or characteristics. Characters are more detached and more autonomous to achieve believability and immersiveness (for example, Superman does not actively advertise DC Comics).

Original, content-driven characters are the oldest yet most persistent section of character businesses. The industry has continued to evolve and expand with larger names continuing to arise. The Harry Potter franchise was worth $25 billion in 2018\(^\text{23}\), while the Pokémon franchise


is expected to be between $90 to $100 billion as of 2021\textsuperscript{24}. Clearly, such characters strike a chord. The persistence and growth of fictional characters is influenced by several market conditions (described in Section 3: Market Dynamics) and characteristics of the content itself (described in Section 5: Character Goods from a Branding Perspective).

\begin{flushright}
\textsuperscript{24} Batchelor, James. “Gotta cash’em all: How Pokémon became the world’s biggest games franchise”. Games Industry, March 2, 2021.
\end{flushright}
3. Changes in Market Dynamics

This section discusses three major trends that have contributed to the rapid growth of characters landscape—the growth of the Internet, the rise of the kidult culture, and enhanced forms of consumer-brand interaction.

3.1 The Growth of the Internet

The Internet first came to be in 1983 and rapidly changed the global cultural and commercial landscape. Social media became mainstream around 2010, giving rise to a multitude of platforms including Instagram, Snapchat, Twitter, and Facebook. Modern consumers have developed increasing dependencies on the Internet as sources of social interaction and information. Almost 4.66 billion people are active Internet users\(^\text{25}\), and almost 60% of the world uses the Internet for various purposes. The Internet has come to impact purchasing behavior with 54% of US consumers accessing social networks daily, some as often as 10 times a day or more\(^\text{26}\), and 43% of Internet users searching for information regarding specific items.

The role of the Internet is intertwined with the prevalence of social media. The high concentration of Internet users causes reinforcing feedback loops of more information, more recommendations, more purchases, then more information resulting from the purchases. Research suggests there “exactly exists the users’ peer-influence purchase in online social media due to interactions and peer influence among online friends...the trend that the average number

\(^{25}\) Statista, October 2020.
of successors increases with the increase of the number of predecessors.” With 68% of consumers reporting that they receive medium or high influence from online reviews or recommendations, access to social media can continue shaping purchasing decisions. Such behavior is desirable to corporations as well. Additional research has displayed the role of social media and the Internet in encouraging purchases and creating meaningful additional traction for businesses; Sonnier and Goh suggested positive posts generated by users lead to an increase in sales, purchase size, and firm value.

This trend is more interesting when considering the generational differences. Millennials, born between 1981 and 1996, currently comprise about one quarter of the US population and the largest living—and spending—generation, with estimated yearly expenditure of $1.4 trillion in 2020. The World Intellectual Property Organization noted that “millennials influence the purchase of other customers and potential customers…Internet, social media, and mobile devices greatly amplify Millennials’ opinions and accelerate their impact”. The Organization also quoted a survey by the Boston Consulting Group, which found that millennials value brand engagement more than older generations.

This trend is more evident for even younger generations. Generation Z is entering the workforce and becoming spending consumers. They are expected to comprise 40% of consumers by 2020, representing $44 billion in direct buying power. It will be interesting to note how their

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29 Lexington Law, quoting figures from Accenture and BLS; “Statistics on Millennial Spending Habits in 2021” February 8, 2021.
30 Fromm, Jeff; Read, Angie.
habits will chemically align within the existing ecosystem, for Generation Z is culturally different from preceding generations; they were born into a world of mobile technology, and are “young pragmatists that Millennials were not…are multitaskers, progressives, and purposeful souls, already aware of their capabilities and the power they can achieve…a generation made of expression, dedication, shrewdness, and hard work”\textsuperscript{31}. Social media and the Internet will likely continue exerting greater influence on future generations.

With longer times spent on the Internet, decreasing timespans dedicated to specific activities, and changing purchasing demographics, content touching on emotional connections or self-identification have proliferated the Internet in the forms of memes or short videos. When the dominant consuming populations display clear demands, firms can seize the opportunity to encourage emotional connections with humane personae in the form of original characters. If executed successfully, such marketing strategies can reap hefty returns as users can share content that resonates with them, increasing potential accessibility for other customers. In a way, customers can become champions and advertisers of the content, resulting in viral popularity and increased brand loyalty.

3.2 The Rise of the Kidult Market

Once upon a time, boys and girls grew up and set aside childish things. Or so the story goes. Nowadays, adults buy cars marketed to consumers half their age, dress in schoolyard fashions and play with their children in ways adults of previous generations

\textsuperscript{31} Fromm, Jeff; Read, Angie. “Marketing to Gen Z: The Rules for Reaching This Vast—and Very Different—Generation of Influencers” AMACOM, 2018.
would have found ridiculous. Most have busy lives and adult responsibilities. They are not stunted adolescents. They are something new. - Christopher Noxon

The term “kidult” was first coined by Jim Ward-Nichols at the Stevens Institute of Technology\(^{32}\) and appeared in the New York Times in 1985\(^{33}\). Also known as rejuvenile, the term refers to adults who make consume and purchase goods and services more traditionally associated with children. Previously, adults who engaged in childlike behavior or entertainment were associated with negative connotations including the Peter Pan syndrome, but economic growth and changes in society have led to mainstream acceptance of the kidult culture\(^{34}\).

Previously, toys and character goods were often associated as a children-exclusive segment. In the 1900s and 2000s, character merchandise was primarily related to cartoons, comic books, and children’s stories; most prominent characters including Mickey Mouse, Winnie the Pooh, and Harry Potter originated as content for children or young adults. However, the formula equating character goods for children has long been broken. The children who enjoyed such content have grown up into adults, and many have kept their associations and love for the content they consumed as children. Noxon noted that the average age of video games is twenty-nine and that Disney World is the world’s top adult vacation destination—specifically adults without children (Noxon); as of 2020, the average age of video gamers is now between 35 to 44 years old, with 214.4 million players in America alone (64%)\(^{35}\).


\(^{33}\) Huang et al, “Kidults culture in Singapore” Nanyang Technical University, 2007

\(^{34}\) Kim et al.

\(^{35}\) Takahashi, Dean, quoting the Entertainment Software Association. “ESA CEO: 64% of US adults are gamers, 41% are women, older people are playing more” VentureBeat. July 15, 2020.

https://venturebeat.com/2020/07/15/esa-ceo-64-of-u-s-adults-are-gamers-46-of-players-are-women-older-people-are-playing-more/
The major reasons behind such a spike is often attributed to escapism, a “reaction against the stresses of fast-paced lives” and evoking a feeling of “nostalgia…among the more mature” (ibid). This can be meaningful for businesses as capitalizing on consumers’ nostalgic emotions is shown to positively influence the brand’s credibility, authenticity, durability, and quality (India Forbes, 2014).

With stronger purchase power, adults have been quickly rising to a major target audience for toys and entertainment. In the United Kingdom, kidults alone now represent 27% of total toy sales, up by 16% from 2016 despite the economic repercussions of Brexit. A survey conducted in the United Kingdom found that millennials are driving growth in the toy industry; persons in ages 18 to 34 years old account for half and persons between ages 35 to 54 years one third of adult spending in toys. The toy market for adults is “growing three times faster than the toy sector overall” although the millennials have lower incomes.

In the United States, Generation X and millennials accounted for 63.4% of total spending on toys, hobbies, and playground equipment, of which millennials represented 25%. Although it might seem like adults are buying toys for their children, research shows that “adults without children spend more money on toys for themselves than adults with kids” In a survey conducted in the Consumer Handbook, “collecting this brand” was the third biggest reason female customers chose to buy a toy. It was the biggest reason for male customers, even above purchasing for their children. This phenomenon is not unique to the Western World. In India,

[36] ibid.
“both [children’s and non-children’s] segments have been doing exceptionally well…due to the overwhelming response from consumers in the last 2-3 years, India has seen [the] birth of many online and offline stores selling character merchandise for kids as well as for adults”⁴⁰. In East Asia, the Hong Kong Toy fair noted that toymakers are targeting kidults with complicated—often pricier—toys⁴¹. Adults are now shopping toys for themselves, and companies have not missed this emerging trend.

Such trend is notable because adults naturally have greater spending power than children, who were traditionally the main target for toys. In addition, adults are freer to choose their own purchasing behavior and do not have to implore their parents to purchase new forms of entertainment. Kidults are free to experience “a sudden lifting of sanctions that would otherwise discourage a sudden impulse to collect Japanese manga, indulge a love of Scooby-Doo, or develop a Necco Wafer habit”⁴²; Stephanie Wissink, the Managing Director of Jefferies, said “potentially, this phenomenon has wide-ranging implications, with the greater spending power of adults set to shift the emphasis of the whole industry”⁴³ (Cohen). In other words, adults are likely to drive the toys and character goods industry going forward.

The rise of the kidult market is further fueled by COVID lockdowns, when “[the UK] [rediscovered] the value of play to stimulate children and adults, as well as alleviate pressures imposed by the stay-at-home messaging alongside the closure of tourism, hospitality, and

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leisure™. Economic recession is likely to spur a larger demand for toys as adults seek more accessible and affordable forms of entertainment. As such, the toys market—which could encompass character merchandise—is shifting from a children’s one to an adult-centric one.

3.3 Characters, Branding, and Consumption Behavior

Traditional and recent research has established how customers interact with brands for forms of self-expression. Kotler, Schiffman, and Hanson (2012) found that children will prefer foods with familiar mascots, while Kraak and Story (2015) found that characters can influence children’s intake of healthy foods including fruits or vegetables.

If customers are able to associate themselves with the brands or characters offered, it can influence not only preferential but also purchasing behavior. Fournier, Gardner, and Levy suggested that customers associate themselves with brands beyond the basic products, and Aaker, Berger, and Heath suggested that consumers use brands for self-expression. Furthermore, Dolich, Tucker, and Painter suggested that customers will purchase products from brands if they can identify with the image of the brand⁴⁵. Sirgy found that purchases can be motivated when consumers associate their sense of identities with the product or brand image⁴⁶; further research showed that consumers purchase branded merchandise to express their identities or desired

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⁴⁶ Sirgy 1982
images\textsuperscript{47}, and that identification with specific characters have positive effects on willingness to pay premiums for branded goods due to an increase in perceived customer value\textsuperscript{48}.

From influencing the food intake of children to shaping purchase motivations for adults, content-generated characters offer a unique method of expressing a consumer’s identity because they are one step removed from the actual brand image. Wearing a shirt of Thor is different from wearing a shirt of the Michelin man, because the former allows the consumer to express their interests and hobbies without feeling like a walking billboard for a brand. Utilizing this aspect, brands could utilize several characters—or personae—that will allow a greater variety of customers to identify with the brand. Characters are approachable and easy to remember while offering a positive interpretation of the brand and the values a brand advocates. If customers are able to identify themselves with any one of the many characters offered by a brand, an emotional bond develops between the customer and the brand, increasing loyalty and further preference for the brand itself. Brand trust is essential because 30\% of Millennial consumers feel loyal to specific brands more than specific products, and 60\% have been loyal to certain brands for more than ten years\textsuperscript{49}; establishing a loyal relationship with customers can pay off in the long run. Customers also have higher expectations for brands in general, as “many customers feel it is important that their favorite brands communicate with them in a personally relevant fashion…70\% of US consumers saying they would open a promotional email simply because they trusted the brand”\textsuperscript{50}. If corporations can utilize original content and characters effectively, the rewards could pay off in numerous ways for a long period of time; the era of social media

\textsuperscript{47} (Grubb & Grathwohl, 1967; Schenk & Holman, 1980)
\textsuperscript{48} Fang, Hong. “Consumers’ Willingness to Pay More for Character Licensed Merchandise”. Seoul National University, 2019.
\textsuperscript{49} Lexington Law.
\textsuperscript{50} Consumer Handbook.
and rising spending for identifiable characters will provide a solid foundation for effective character branding.
4. Corporations and Characters

With such clear trends in the consumer landscape, brands have been quickly utilizing identifiable characters and personae into their businesses. Currently, businesses operate with characters in two major ways: through collaborations with content holders and through self-developed intellectual property.

4.1 Collaborations between major brands and characters

Although character goods were previously associated with toys and other products targeting children, we have discussed that this market has expanded to encompass adults with purchasing power. Several firms have selected to engage in collaborative projects, where they take the intellectual property developed by another firm and put it on their merchandise. Such projects range from stationary to beauty, cosmetics, and lifestyle items, encompassing all generations including but not limited to children. Companies are “now looking to collaborate with major brands and fashion houses in an effort to push their products to all audiences across channels…advertising [can now] be worn, used in home appliances, and gazed upon through various novelty products”\(^5\); the companies target the fan bases of specific content and harness their purchasing powers.

Character licensing can impact traditional industries like menswear, with relatively little fluctuation in style and heavy competition. Licensed goods can encourage additional sales, differentiating specific series of apparel from lines without distinctive characteristics. Collaborating with characters is especially beneficial because “the merchandise sell on the

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\(^5\) GQ. “The Most Influential Collaborations of 2019”
popularity of the character itself and require no further storytelling, unlike the normal collection wherein the brand needs to pitch the selling point of the product”⁵². Selling products that already possess a strong user base can be an effective marketing tactic for traditional industries.

Prominent examples of brands who reaped benefits by licensing with character merchandise include Primark, which became the third largest apparel brand in West Europe thanks to its retail collaborative lineups with Harry Potter, Star Wars, Minions, Looney Tunes, and Family Guy⁵³; Moschino has collaborated with Super Mario, Candy Crush, SpongeBob, and Powerpuff Girls; Balenciaga with Hello Kitty; Nike with SpongeBob and the Transformers; Vans with the Simpsons and Toy Story; Louis Vuitton with Mickey Mouse, Doraemon, and One Piece, the popular Japanese comic. From fast fashion to luxury, brands have been taking advantage of solid fan bases to diversify their user demographics and reach out to niche customers.

Although it is easier to imagine Harry Potter T-shirts or Hello Kitty purses, brands can take advantage of other collaborative opportunities. Every year, the lunar new year shifts and introduces a new year of an animal. In 2020, the lunar new year indicates the year of the ox. Multiple brands, ranging from Lego and Manchester United to Louis Vuitton and Chopard, release items specifically targeted for those who celebrate the new year and its horoscopes, mostly Chinese audiences. The limited-edition items accentuate the ox and red colors to mark the occasion, often becoming collectibles or gifts for good luck. Brands are thinking of more and more ways to create distinct and creative collaborations to encourage customers to purchase additional, non-essential items.

Collaborating with outside content can have benefits. The brand does not have to take the
time and effort into developing original characters with unique universes or background stories;
it can easily take advantage of content that has already gained sufficient traction or popularity.
Further, the brand can collaborate with many different content holders to find ones that produce
the best results. Through such iterative process, the brand can find what persona best suits their
products and that customers are drawn to. However, the content holder could choose to
collaborate with other competitive brands or launch similar products of their own to harness
power of held intellectual property. Brands will be restricted to license agreements; for example,
when Walt Disney acquired licensing rights for Winnie-the-Pooh in 1961, the contract included
rights for movies, TV shows, theme parks, and merchandising\textsuperscript{54}. It did not include the rights to
use Pooh on the Internet or nascent forms of media, for such technology did not exist in the
1960s.

4.2 Self-Developed Intellectual Property

Other brands develop characters of their own. Such characters can encompass mascots
and fictional universes in which characters reside. There are two main advantages to developing
content.

First, corporations will hold full copyrights for characters and mascots if they take the
time and money to develop original content. Such ownership prevents license fees or contract
fees they would owe in the case of licensed merchandise; if the content is successful, the
company might even become a licensor to other brands. Examples of original content would

\textsuperscript{54} Orwall, B. “Disney Agrees to Purchase Rights to Winnie-the-Pooh Characters” The Wall Street Journal, March 5,
range from mascots, including Tony the Tiger or the Pillsbury Doughboy, to characters in films and TV series, including the Simpsons or Star Wars.

Collaborating with famous characters can contribute to short-term earnings boosts, but the merchandiser will always be a licensee and not the possessor of the original content. Holders of the intellectual property are less likely to sign exclusive agreements due to the plethora of business opportunities and applications; if the merchandiser has failed to obtain exclusive rights, it will have to compete with other merchandise who are all utilizing the same marketing edge.

Possessing an independent and unique character can be an investment. For example, 40 years after purchasing permanent licensing rights for Pooh, Disney ended up purchasing the entire rights to the intellectual property suite for $340 million to replace the licensing contract; the Wall Street Journal quoted a Disney representative who said “Disney is essentially buying out the future royalty stream it would pay to those parties under the permanent licensing agreement”\(^{55}\), showing Disney ultimately felt the need to possess full copyrights.

Second, owning the content allows the firm to avoid potential issues with their collaborative partners. Utilizing others’ content carries inherent risks of jeopardization by the counterpart. For example, the video game White Cat Project launched a pan-Asian collaborative project in 2015. However, the new content added into the game wore apparel that reminded players of Japan’s rising sun flag, infamously associated with the Japanese Imperial Army during the Second World War. Users announced boycotts of the game and the company, but the game developer was caught in a situation where it could not simply apologize and delete the content. If the company openly acknowledged the mistake and deleted the content, it would have negative impact on their relationship with their collaborative partner; if the company refused to edit the

\(^{55}\) Ibid.
content, it would disappoint its users. This event contributed to negative press coverage and popular opinion of the game and company’s branding, especially in countries affected by Japanese occupation. Although interpretation of the rising sun flag itself is mixed, complete ownership of content would allow brands more flexibility in risk management. This point was also mentioned by Brian Friedrich, creative director of advertising agency Crispin Porter + Bogusky, when he suggested that a firm should create original content rather than utilizing influencers or celebrities if they have the resources to do so, for fictional characters are controllable whereas influencers “may interpret the brand in their own ways”\textsuperscript{56}.

Well-designed original characters, both mascots and select universes, can improve both branding and business performances. Research indicates that brand mascots stimulate our inclination to perceive the world through human-like characteristics and allow the brand to build emotional connections with the audience: “when they become the basis for the collective rallying of organizational members who converge around a tangible manifestation of their firm’s unique character, brand mascots operate as organizational totems, helping concretize and reproduce an organization’s identity in a foreign context”\textsuperscript{57}. Successful brand marketing utilizing content not only contributes to building a well-liked brand, increasing value of the firm, but also allows the company to possess competitive intellectual property and design assets which it can utilize for additional profits\textsuperscript{58}.

Although original designs seem to have many positive aspects, it is worthy to note that original content can have its share of risks. Self-developed intellectual property must be carefully

\textsuperscript{56} Chen, Y. “As social stars gain influence, the brand mascot becomes an endangered species” Digiday, March 22, 2016.
\textsuperscript{58} Kim, Y. “Influence of characters on brand marketing” (2014). pp.533-543. https://www.dbpia.co.kr/Journal/articleDetail?nodeId=NODE02396414#none
monitored for cultural mishaps and copyright infringements; despite the Taco Bell Chihuahua’s popularity, the dog’s persona spurred criticism for racial stereotyping for associating chihuahuas with Hispanic groups. In 2003, courts ordered Taco Bell to pay $42 million breach-of-contract fees to two men who first produced the chihuahua advertisement\(^59\). Similar scandals could negatively impact brand image and cause failed investments; Taco Bell had dedicated $500 million into the Chihuahua advertisements to be met with lawsuits and negative returns. In addition, Taco Bell had to pay $42 million to the original developers of the Chihuahua idea for breach of contract.

4.3 Why Some Succeed and Others Fail

Although ample research supports the role characters have in shaping consumption habits and preferences, not much work has been gathered about how to build and sustain successful characters from a branding perspective or about distinct reasons why some characters fail and others don’t.

When a company is considering what factors make or break their character marketing, i.e. whether it should or should not invest in characters as a form of marketing or branding, the company must first consider its overarching strategy. Characters can make the brand seem friendlier or more humane, lowering the barrier to adoption and loyalty. However, such strategy would not be appropriate for certain goods that wish to establish a barrier to adoption (e.g. luxury items) or where the main purpose is to sell products over characters which represent them (e.g. food items). Tony the Tiger or the Pillsbury doughboy are great and memorable mascots, but

ultimately Kellogg or Pillsbury’s objective is to sell food. The characters are supporting roles and advertising icons of the products; additional investments in developing more characters might drive incremental boosts in sales, but the marginal benefits that could come from Kellogg or Pillsbury developing an entire suite of creative characters are less than what Disney or Marvel would hope to achieve. For the same reason, Disney or Marvel would be compelled to develop more characters, as each additional story would correlate to increased revenue channels and chances of profitability.

Research about Hello Kitty could share some insight into characteristics that lead to successful merchandising. Hosany studied Hello Kitty as a case and discovered eight characteristics that contribute to building and maintaining characters as a brand: simplicity, licensing, collaboration with other brands, provoking the feeling of nostalgia, extension of product lines, sustaining consumer interests, and harnessing new technologies\textsuperscript{60}. The research suggests that there are multiple contributing factors behind successful characters, which created positive synergy in promoting the brand and building loyalty. In the next section, I discuss several characteristics that allow characters to be useful in branding.

5. Character Goods from a Branding Perspective

There exist several benefits of using characters from a branding perspective, differentiated from other marketing activities involving corporate or brand identity. These include applicability and expandability, expressiveness, impressionability, and exclusivity. Details of each characteristic are outlined below.

5.1 Versatility

The first merit of using characters is its versatility in range of applications and expandability of merchandise options. Characters who represent either the brand or the customers can encompass what the brand stands for and what customers empathize with, while the characters can be applied across a variety of merchandise for effective revenue maximization. In particular, having multiple characters in a fictional universe (rather than having a business mascot) can provide additional benefit as the customers can choose from a selection of characters without feeling like they are advertising the company directly; owning Game of Thrones merchandise would be different from wearing a T-shirt of the Michelin Man. From apparel to figurines and limited edition luxury goods, branding merchandise with characters can spark niche collectors while allowing the customers to express themselves through their purchasing behavior.

Using characters across various merchandise is often referred to as the One Source Multi Use (OSMU) standard of cultural content. Research indicates that brand identity-based OSMU, in which brands possess the copyright of original content, contributes to the sales of OSMU content and creates a “high equity culture content in the long run” and can be used to “monitor and evaluate the content’s brand equity, which can be used for the strategic adjustment for the
sake of long term value of the content.” Character goods can be applied and expanded across diverse genres, and is an attractive option for both copyright owners and brands to promote their merchandise.

5.2 Expressiveness

The second merit of using characters is expressiveness, or how the brands draw out emotional and human characteristics of a brand. Characters can express emotions, likes, and dislikes, support certain actions, and condemn others. When the Black Lives Matter movement started, many celebrities have voiced their support on the issue. In addition, multiple characters voiced their views; Peppa Pig and Garfield’s social media accounts (separate from the copyright holding companies’ accounts) expressed support for Black Lives Matter or Blackout Tuesday, while a Japanese mascot from the Kochi Prefecture released a statement lamenting the loss of George Floyd and offering support. Over the world, thousands of customers made their own versions of images involving familiar characters to raise awareness about social issues.

Messages can be conveyed through voice, video, physical looks, and symbols, but all shares a key component: brand recognition. With a staggering brand recognition of 99% and 15

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million fans on social media, Barbie is an easy character to call to arms. Barbie is behind 18 billion minutes of user-generated content created each year\textsuperscript{65}, among which includes Activist Barbie. The Activist Barbie social media account\textsuperscript{66} went viral with a picture of Barbie at London’s National Art Gallery holding up a sign saying ‘2,300 works by men, 21 by women’. Afterwards, Art Activist Barbie has uploaded more pictures with comments highlighting the historical imbalance of power between genders and other social issues: “Yet another painting where the male gaze is legitimized by fine painting, brushwork, and a scholarly reference to classical history”, “Look, I’m only pointing out who is ‘visible’ in galleries and who is ‘invisible’”, and “Yet another scene of female domesticity, how lovely”.

In an interview, Sarah Williamson—the human behind Art Activist Barbie—said she came up with the idea of using Barbie dolls to raise awareness, for “Barbie is both loved and troubling: we often hold contradictory ideas about her. I use her for those very same reasons”\textsuperscript{67}. Many adults grew up with Barbie; a familiar character is easier to relate to than strangers, and shows the expressive nature characters possess. Such expressions help customers understand and empathize with social issues outside of the characters’ immediate context, bringing life to the characters and making them relevant to everyday life.

\textsuperscript{65} ibid.
\textsuperscript{66} Twitter account: https://twitter.com/barbiereports?lang=en
5.3 Impressionability

Unique and interesting characters leave lasting impressions on customers. Studies found that customers hold an attachment to brands they were exposed to as children; four studies indicated that customers show “inexplicably warm feelings not only towards the characters but also [the brands]”\textsuperscript{71}. Customers carry childhood brands with them to adulthood, establishing strong brand loyalty and creating a nostalgic culture.

In some instances, brands incorporated characters to boost brand awareness and increase its customer base. Classic examples include AFLAC (American Family Life Assurance Company) utilizing the quacking duck, which pushed its name recognition to above 90%—in line with major brands such as McDonald’s or Coca Cola; GEICO (Government Employees Insurance Company) had a 17% jump in subscribers after utilizing its green mascot and

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\textsuperscript{68} Art credit: https://poseidontee.com/product/harry-potter-resist-lgbt-black-lives-matter-shirt/
\textsuperscript{69} Art credit: https://www.instagram.com/cali_pin_traders/?hl=en
\textsuperscript{71} Thompson, Derek. “Why We Can’t Stop Liking the Brands We Loved as Kids” quoting the Journal of Consumer Research. The Atlantic. March 12, 2014.
repetitive commercials\textsuperscript{72}. Such accomplishment through only marketing corporate or brand identities would require extremely compelling stories; characters are able to bring the brands to life and communicate to customers in a way that logos or brand names cannot. Characters with strong impressionability become long-term investments for the future.

5.4 Exclusivity

Often, brands will partner with brands to create collaborated goods. This type of merchandise is often limited edition, only lasting as long as the agreement, before the brand moves onto other partners or seasonal goods. Research has shown that such tactics, a form of scarcity messaging in which brands control the supply of goods to boost the merchandise’ appeal, can target a certain type of users that are willing to purchase the limited edition products while paying a premium price; limited commodities can create positive perceptions of the item if it is difficult or impossible to obtain\textsuperscript{73}.

Character branding allows companies to use this tactic and combine it with another psychological behavior: collecting. The Guardian estimated that one third of those in the UK have some sort of collection\textsuperscript{74}; more dedicated collectors possess emotional connections to their possessions. Discussion of the reasons why people collect things are varied; psychoanalysts explain that adults who did not receive enough love as a child collect items to comfort themselves; evolutionary theorists suggest humans collect items to signal their resource-

\textsuperscript{72} Kalb, Ira. “How Mascots Work, and How to Pick a Memorable One” Business Insider, January 2012.
gathering abilities; others refer to the endowment effect, where we grow more attached to items in our possession, and how some associate themselves with public icons and want to follow in their footsteps. In any circumstance, collectors hunt for items in certain genres and attach deep attachments to them. In 2017, a R2-D2 model that starred in the first Star Wars film sold for almost three million dollars. A Japanese man holds the Guinness World Records for the largest collection of Hello Kitty Memorabilia, gathering more than 5,000 relevant items over thirty years.

Collecting behavior combined with scarcity messaging compels fans of certain content to purchase items due to emotional attachments, compared to those who purchase limited edition items for future reselling purposes. Fans of Hello Kitty are more inclined to buy the Balenciaga x Hello Kitty bags, and fans of Doraemon are more likely to purchase the Doraemon x Gucci edition. The exclusivity of possessing items in line with personal interests sets character goods apart from traditional branding and corporate imaging.

5.5 The Limits of Characters on Branding

(1) Character branding does not necessarily correlate to increase in sales. A study showed that “online loyalty is not directly related to offline loyalty…offline loyalty is rather led by motivations of users to visit [physical, flagship] stores” (Kim). The research also identified several motivations for customers to visit offline stores: character, product, to pass time,

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75 ibid.
entertainment, taking pictures, purchasing presents, and curiosity\textsuperscript{78}. In addition, even popular characters might not lead to better profits. Such trend can most notably be seen in the Taco Bell case. Whereas the Chihuahua gained mainstream popularity, even showing up as punch lines in Hollywood films and filming another advertisement for Geico, the advertisement campaign was unsuccessful; company sales declined 6\% throughout the campaign\textsuperscript{79}.

Mitigant: Although character is just one of many reasons a customer might have to visit an offline store, awareness and appreciation of the character could lead to increased motivations for other factors including taking pictures and purchasing presents. Research shows that specific characters do not influence usage or intention of customers, but that characters can be effective in positively influencing brand image and thus enhancing usage intention\textsuperscript{80}. We have noted that merely having characters and mascots is not enough for the company. For online interest to translate into offline purchases, the firm needs to provide additional reasons for customers to visit and purchase while maintaining a high quality of character goods to encourage return visits.

(2) Characters can become outdated or inappropriate as societal norms develop. Several sports teams that utilized Native Americans for their mascots received criticism for harmful stereotypes, and traditional gender roles evident in older characters (e.g. Mickey Mouse, Minnie Mouse) might not be applicable in today’s world.

Mitigant: Characters do not have to remain fixed in their original forms of conception; companies can edit, remove, and add more in appropriate circumstances. In 2005, the NCAA

\textsuperscript{78} Kim, Junghwan; Choi, Medium; Huang, Shinyoung. “Circulation of loyalty: relationships between mobile messenger service and offline flagship store”. International Telecommunications Society, June 2018


\textsuperscript{80} Lee, JH; Jun, JH; Park, JS; Yoo, JW; Park, HJ. “The role of characters featured on digital stickers in forming usage intention: Internet-only banks in Korea” Asia Pacific Journal of Marketing and Logistics (2021).
announced new policies to improve the status quo by limiting and forbidding Native Americans to be utilized as mascots. The Washington Redskins decided to change its name to the Washington Football Team and withdraw the use of its traditional logo in the 2020 season\textsuperscript{81}, while the Cleveland Indians announced they will change their name and incorporated new uniforms\textsuperscript{82}. In 2017, KakaoTalk introduced seven new characters to its suite of characters, which already had eight characters that were already accepted into mainstream culture and enjoyed widespread popularity. Although many voiced concerns that the characters would cannibalize each other or cause the older characters to fade away, research\textsuperscript{83} showed that the new and old characters impact users’ preferences in different ways; older characters impact credibility whereas newer characters impacted novelty. The two different kinds of characters both positively influenced brand image, showing that well-expanded content can avoid the problems of cannibalization while creating additional brand value.

Research has also noted that whereas Disney traditionally created characters that conformed to predominantly male dominant societies, its direction has shifted to provide strong, independent female protagonists—including characters from \textit{Frozen} and \textit{Brave}—who break traditional gender roles\textsuperscript{84}. Such decision proved to be a smart investment; \textit{Frozen} I brought in $1.28 billion in theaters alone, and \textit{Frozen} II brought in $1.32 billion\textsuperscript{85}. Although it might be a stretch for older characters to voice new trends, a major strength in utilizing characters is that the character universe can be infinitely updated with more appropriate characters; as companies

\begin{footnotes}
\footnotetext{81}{Rathborn, J. “Washington Redskins confirm new name”. The Independent. July 23, 2020.}
\footnotetext{85}{Whitten, S. ““Frozen II” is now the highest grossing animated movie of all time”. CNBC, January 5, 2020.}
\end{footnotes}
adapt their strategies, they could find further drivers for growth while exerting a positive social influence.

(3) As social media influencers gain popularity, characters and mascots might become less relevant. With more than 100 million monthly users just in the United States, TikTok has been an emerging platform for new faces; TikTok influencers topped the Billboard charts for weeks, breaking historical records and generating billions of views\(^86\). The Los Angeles Times quoted Lisa Harper, CEO of Belk, Inc., as saying “brands and logos are becoming less important to teens as TV and movie characters take over the market...because [customers] relate to these characters and it helps them individuate”\(^87\).

Mitigant: The new era of social media might be a new opportunity for characters. If customers rapidly adopt new models, they could also quickly grow to love new characters. Traditional approaches to increase brand loyalty might adapt to a fast-moving society if the characters can keep up. Riot Games, the studio behind online game League of Legends, reaped unexpected popularity by producing K/DA, a virtual and fictional pop girl group comprised of four game characters; the characters have identities, histories, voices, roles, and comic strips describing their characters. Their single, POP/STARS, accumulated 431 million views on YouTube\(^88\) and reached #1 on the Billboard World Digital Songs chart\(^89\). Another character now has her own social media with more than 450,000 followers on Instagram; the character releases song covers, posts pictures about daily life, comments on others’ posts, and collaborated with

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\(^{86}\) Shafer, E. “Started on TikTok, Now We’re Here: A Look Back at the Meme-Tastic Beginning of Lil Nas X’s ‘Old Town Road’”. Billboard News. July 29, 2019.

\(^{87}\) Faughnder, R. “‘Frozen’ helps drive $107-billion year for entertainment licensing”. Los Angeles Times, June 2015.

\(^{88}\) K/DA – POP/STARS on YouTube. https://www.youtube.com/watch?v=UOxkGD&qRB4

\(^{89}\) Haasch, P. “Meet K/DA, the virtual pop group that teamed up with a fake influencer who made controversial mental health issues”. Business Insider, November 11, 2020.
K/DA for another song. Several mascots have also adopted social media accounts, adding personality and personification to the brand. Mr. Clean has his own Twitter account. Whereas many brands incorporate mascots to be their representative images (or ‘profile pictures’) yet speak on behalf of the brand itself, Mr. Clean continues his distinct persona on social media; he responds to customers commenting on their cleaning jobs and posts memes, creating a likeable character despite his being entirely fictional in nature. If firms can create new content or keep their characters up-to-date, characters and social media might create positive synergy in increasing brand positivity.
6. Case Study: Line Friends

6.1 Line: Corporate Overview

Line originated as a Tokyo-based subsidiary of the Korean Naver Corporation and services a messenger service (also called Line) on mobile and computer platforms. The service was launched shortly after the 2011 Tohoku Earthquake in Japan that killed or injured nearly 25,000 people and made 500,000 people lose their homes\(^90\). With the nuclear meltdown of the Fukushima Nuclear Plant and an overloaded phone system, the employees of then-NHN-Japan (now Line) felt the need to provide a reliable communication service. After launch, Line quickly gained traction to become Japan’s primary messenger service, similar to WeChat in China or KakaoTalk in Korea, and gained 50 million users in one year. In comparison, it had taken Facebook three years to reach 58 million users\(^91\). As of first quarter 2020, Line had more than 165 million monthly active users with its four primary markets (Japan, Taiwan, Thailand, and Indonesia) comprising 78% of total active users.

Line’s primary revenue source is through advertisements, which brings in more than half of its total revenue. The rest comes from other sources, including content. Over the years, Line has launched a number of value-adding services integrated via the Line Platform. These services include Line Pay, Line Music, Line Cartoons, Line Shopping, Line Gourmet, and Line Travel. In 2017, it ventured into the realm of FinTech, combining its expertise in technology with new advances in digital finance. As a result, Line’s FinTech wing now provides a number of financial services including Line Insurance, Line Cryptocurrency Exchanges, Line Bank, Line Securities (in collaboration with Nomura), and Line Investments utilizing robo-advisors.


In December 2020, LINE was delisted from the New York Stock Exchange and the Tokyo Stock Exchange\textsuperscript{92} due to a merger with Softbank’s Z Holdings, formerly Yahoo! Japan. The merger took LINE private by acquiring all outstanding shares, options, and convertible bonds\textsuperscript{93}.

6.2 Line Friends

LINE Friends refers to Line’s subsidiary business which creates both online and offline content centered around characters. At its genesis, it introduced mobile ‘stickers’ or ‘stamps’ built into the LINE messenger service so users could express simple thoughts and reactions in pictorial format, but evolved to be a global creative studio encompassing exclusive intellectual property. It was spun out of the LINE group and was incorporated independently in 2015.

It is interesting to note that Line did not start out as a content company. As the company was founded on the need for improving communication services, characters were not initially part of its monetization plans. The discovery of this prolific business segment was serendipitous; in late 2011 and early 2012, the company produced some offline merchandise as gifts and quickly found that these gifts had higher customer attraction and conversion rates than other marketing channels. In addition, the stickers were becoming important parts of mobile communication. The Line team had developed the stickers to allow customers to express themselves better by a full-body version of previous ways of expressing emotion, namely smiling or frowning faces. Sunghoon Kim, CEO of Line Friends, noted that “then we had a different

assignment. Customers started asking about the names of these characters. That’s when we realized these characters need names”94. Afterwards, the company thought the characters would be more convincing if they had histories, stories, and personalities. It moved quickly to embellish each character to make them feel more realistic and friendly.

Line’s characters have grown in popularity and geographical reach. In 2014, Line opened its first pop-up store in Beijing. In 2015, it added another store in Shanghai. In the United States, it opened a store in Hollywood, Los Angeles; more than one thousand customers lined up for its opening day, and 18,000 customers visited during its first weekend. The success followed its New York Times Square store, which opened in July 2017 and had 300,000 visitors in its first three weeks95. Revenues have grown from $33.6 million in 2015 to $185.6 million in 2019, a growth of 452% since the spin-off. As of January 2019, it operated 200 stores in 14 cities96 around the world including New York, Tokyo, and Shanghai.

LINE Friends operates three major businesses.

(1) Retail: LINE creates private brand merchandise utilizing its character base, producing merchandise for the home, office, or outdoors. The goods are sold through online routes, fixed offline stores, and pop-up stores. In addition to internally-developed characters, LINE cooperates with other artists to produce exclusive lineups of intellectual property.

(2) Partnerships: The company also cooperates with global partners in various industries, producing branded content and expanding distribution channels. Partners include digital content

providers, including Supercell and Helvetica; offline merchandisers, including Bang & Olufson, Uniqlo, and Moleskine; and real persons, including the K-Pop group BTS and Chinese idol star Roy Wang.

(3) Contents: The company produces animated movies and games utilizing its characters. It has partnered with Netflix to deliver the Netflix original animation aptly named “Line Friends”. It has also released several games, including Line Rangers, Line Brown Farm, and Brawl Stars. Brawl Stars, launched November 2019 in conjunction with the Finland-based Supercell, reached 100 million downloads in six months and took the top place in Korean mobile games97.

6.2.1 Line Friends Characters

6.2.1.1 Brown & Friends

Brown & Friends are the first suite of original content Line released, which currently includes eleven official characters (Brown & Friends) and eight ‘BT21’ characters. Each character has its own personality and story, and allows customers to empathize with them. In a way, customers associate themselves with one or more particular characters and allow the characters to represent their identities and voices on social media. Such assimilation is encouraged by the brand, as the introduction for the content describes the characters as having much in common with the users:

BROWN & FRIENDS are always with you! How's your day? You might have an ordinary morning, bit tough moments, or a heart touching moment in the afternoon from someone's sweet word. So do BROWN & FRIENDS. They laugh and bicker with their loved ones. Just like us! They are with you and I for the moments we live.98

The brand states that these characters are relatable; they have emotions, have good and bad days, and engage with each other. Specific personalities of the characters, adapted from the official Line Friends webpage, are as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Image</th>
<th>Bio</th>
<th>Keywords for association/empathy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brown</td>
<td>![Brown Image]</td>
<td>Brown seems stoic and emotionless but has a big heart and will always be supportive of his friends. He is Cony’s lover and Choco’s older brother.</td>
<td>External quietness, internal emotions, lover, caring, stoic</td>
</tr>
<tr>
<td>Cony</td>
<td>![Cony Image]</td>
<td>Cony is happy, passionate, and cheerful. She is at her happiest when she is spending time with Brown.</td>
<td>Cheerful, happy, good at emotional expressions, easy to read, lover</td>
</tr>
<tr>
<td>Sally</td>
<td>![Sally Image]</td>
<td>Sally seems small and cute but has unexpected sides. She is full of wild ideas and makes her friends laugh.</td>
<td>Small, cute, unexpected wildness, difference of internal vs. external characteristics, friendship, humor</td>
</tr>
<tr>
<td>Choco</td>
<td>![Choco Image]</td>
<td>Choco has a sweet tooth. Although she seems shy (like her older brother), she is very friendly and caring.</td>
<td>Sweet, shy, friendly, desserts, caring, compassionate, younger sister</td>
</tr>
</tbody>
</table>

98 LINE Friends Official Website: https://store.linefriends.com/pages/brown-friends
<table>
<thead>
<tr>
<th>Character</th>
<th>Description</th>
<th>Personality Traits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moon</td>
<td>Moon was named after the full moon. He appeared out of nowhere, but makes everyone laugh with his sense of humor and witty remarks.</td>
<td>Expressive, clear, humor</td>
</tr>
<tr>
<td>Leonard</td>
<td>Leonard loves the rain and likes to sing along to its sounds. He likes to spend time with Sally and Edward.</td>
<td>Small, songs, small, cute, friendly, close group of friends</td>
</tr>
<tr>
<td>James</td>
<td>James is in love with himself and his beautiful hair. He likes to seem and act cool on the outside, but is actually sensitive and delicate on the inside.</td>
<td>External detachment, internal emotions, insecurity, carefulness</td>
</tr>
<tr>
<td>Boss</td>
<td>Boss is an ordinary desk worker. He likes to make people laugh.</td>
<td>Boss, dad, work, humor</td>
</tr>
<tr>
<td>Edward</td>
<td>Edward is a learner and is always curious. He also has a heart for speed and adventure. One day he hopes to even become a butterfly.</td>
<td>Small, dreams, adventure, nascent, learning</td>
</tr>
<tr>
<td>Jessica</td>
<td>Jessica is smart and full of sass. She is willing to lend an ear to her friends’ problems, and give clear and direct answers.</td>
<td>Sassy, friendly, direct, straightforward, smart</td>
</tr>
<tr>
<td>Pangyo</td>
<td>Pangyo is a bit sluggish but happy nonetheless; he never stops smiling. He likes to think and invent.</td>
<td>Sleepy, smile, inventor, thinker, good intent</td>
</tr>
</tbody>
</table>

A cheerful, active customer could identify with Sally; a customer who enjoys rainy weather and singing could identify with Leonard; a customer who seems to be confident but has a softer heart could identify with James. The eleven characters portray eleven different personae that represent the customer. Usage of character goods does not always mean the character represents the purchasing customer; many users like characters for their looks or traits, like how viewers do not necessarily have to identify with Joker to like him.
6.2.1.2 BT21 Characters

Line’s unexpected collaboration with the K-pop idol group BTS started in 2017, slightly before the group collected worldwide fame and leapt into stardom. Whereas celebrity collaboration had previously been limited to the celebrities becoming cartoonized versions or retaining their human selves, the BT21 project differed in that each member of BTS developed a character from sketches to launch\(^9\). In essence, the BT21 characters have traveled from another planet to become a successful pop group. Each character has a personality, history, motivations for joining the pop band, family and friends, and even ‘alternate identity’ or antithetical versions that come out when the characters are feeling unwell or insecure. These characteristics are introduced on the official website, with social media accounts regularly uploading video clips or images to reinforce the BT21 universe.

<table>
<thead>
<tr>
<th>Character</th>
<th>Name and Description</th>
<th>Alternate Identity Character</th>
<th>Name and Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Koya</td>
<td>Brilliant but sleepy, and naps with a head full of thoughts.</td>
<td>Moya thinks Koya is its rival. It is arrogant and sloppy.</td>
<td></td>
</tr>
<tr>
<td>RJ</td>
<td>Kind, loving, compassionate alpaca who likes to cook and eat.</td>
<td>DJ pops up when RJ is dirty. It is cranky, grumpy, and sensitive.</td>
<td></td>
</tr>
</tbody>
</table>

\(^9\) The only exception is Van, which was created by Line Friends.
<table>
<thead>
<tr>
<th>Character</th>
<th>Description</th>
<th>Character</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shooky</td>
<td>Tiny but is a prankster. Since it is a cookie, it tends to be afraid of milk.</td>
<td>Spooky</td>
<td>Was a cookie that was left in the oven for a bit too long. Now it is burnt and bitter.</td>
</tr>
<tr>
<td>Mang</td>
<td>A passionate dancer to any kind of music. However, it wears a mask—no one knows its true identity.</td>
<td>Gwang</td>
<td>Is always the second-best dancer. It is always jealous of Mang.</td>
</tr>
<tr>
<td>Chimmy</td>
<td>Always wears a yellow hoodie and works hard at anything it puts its mind to.</td>
<td>Chief</td>
<td>Is a blunt talker, and often offends others through its sharp and haughty rhetoric.</td>
</tr>
<tr>
<td>Tata</td>
<td>The prince of Planet BT with supernatural powers and a stretchy body.</td>
<td>Tutu</td>
<td>Is an elitist, greedy brother to Tata.</td>
</tr>
<tr>
<td>Cooky</td>
<td>Is always there for its friends, its heart full of love and stamina.</td>
<td>Ian</td>
<td>Was once close to Cooky, but has then drifted away.</td>
</tr>
</tbody>
</table>

The BT21 characters brought in more than $53 million of overseas revenue\textsuperscript{100}. As it grew in popularity hand-in-hand with BTS, it contributed to Line Friends’ success in non-Korean markets\textsuperscript{101}. Considering the fact that financial analysts consider collaborations with BTS or


\textsuperscript{101} Kim, BS. “Naver and Kakao lead the next round of K-wave with characters” Chosun Business Daily. January 6, 2019.
BT21 characters in determining short-term financial outlook\textsuperscript{102}, the BT universe has allowed Line to break into a new vertical of offline merchandise.

\subsection*{6.2.1.2 Other Characters}

Other celebrity characters: Learning from the success of its previous characters, Line has been actively taking a part to continue expanding its character lineup and original pipeline. In 2018, Line announced a collaboration with Chinese idol Roy Wang to launch a character lineup called ROY6. It was Line’s first celebrity collaboration after BTS and received much attention from Roy’s 70 million fans\textsuperscript{103}. Line continues to develop such collaborations through its Friends Creators project, where celebrities participate in every step of a character-developing process. After Roy Wang, Line has been working with K-pop girl group ITZY to develop another suite of characters with a fixed theme: forever friends\textsuperscript{104}.

Line creators content: Aside from Line’s flagship celebrity collaborations, the company has also taken steps to develop promising intellectual property. In 2018, Line opened a Line Creators Shop near Tokyo Station. Users can purchase offline merchandise for characters that are popular on the Line messaging platform, including Usamaru\textsuperscript{105}. Although it could make more sense for Line to prioritize its own characters and eliminate future competition, it has been fostering an environment for indie content to thrive. In coming years, it could also consider fully acquiring certain characters to act as a publisher or managing party for popular characters.

\textsuperscript{103} “LINE FRIENDS Unveils Collaboration with ROY WANG with the Release of ‘ROY6’ at its New York Times Square Store” PRNewsWire, November 12, 2018.
\textsuperscript{105} First Avenue Tokyo Station Guide, “Line Creators Shop”. 
6.2.2 Line Friends Corporate Culture

The success of Line Friends can partly be credited to the company’s fast culture. As Line Friends was incorporated after initial traction of its characters, the company had character development and growth in mind since the very beginning. Its corporate culture is focused around fully utilizing its design assets to promote a healthy business and pipeline while maintaining high brand value for both characters and products. The specific strategies of LINE Friends are as follows.

(1) Expedited decision-making and ‘fail fast’ mindset: Team managers sit near the hallways for efficient information sharing, and all members involved in the project collaborate on a real-time basis through online tools. The company minimizes paperwork, and employees print prototypes using 3D printers to immediately assess the look and feel of new products. The company encourages employees to try, fail, and learn from the failures to move as quickly as possible. The Line Friends team works in a building where the first floor is an offline store, so that employees can run downstairs and check on customers’ feedback. Employees are not divided by team and seating is intermingled, but managers must discuss face-to-face.

(2) Collaboration with major international brands: The company aggressively partners with major brands, scouting products that it feels will align with its user demographics. An internal rule is that Line should only collaborate with brands that employees like enough to purchase with their own money, setting a bar for product and brand presence. As a result, Line has collaborated with some of the most recognized brands in each vertical, including Moleskine and Bang & Olufson. Through carefully curating and collaborating with well-known brands, the
company is able to attach a premium image to its goods and enhance the brand value for both parties.

(3) Approach the characters like celebrities, not commodities: The company dedicates effort to managing and improving the images of its eleven characters, or eleven ‘celebrities’. It realizes that the value attached to the characters will impact customers’ impressions of the goods, further impacting revenues and overall brand image of the company. This is a different method of approaching character merchandising versus the more traditional approaches of line stretching and line filling.

(4) Develop strong products instead of one-hit wonders: although it might seem contrary to the first strategy, the company dedicates time to develop products that will stand the test of time rather than focus on short-term gains. Its effort in developing the brand and curating partners has paid off. Its collaboration with LAMI sold more than 15,000 units on its first day, and its collaboration with Brompton Bicycles sold out in 30 minutes\(^\text{106}\).

6.3 Line Friends from a Branding Perspective

Line’s usage of character merchandise shows how characters can be used to enhance brand image and competitive advantage. In this section, we see how Line Friends succeeded in its character business by capitalizing on each of the characteristics identified above for characters and corporate branding.

Versatility: Line Friends were designed to stay clear of one national color. Besides from Pangyo, which was clearly meant to target the Chinese-speaking audience, ten characters are not

confined to Korean or Japanese audiences. Names like Brown or Sally can be applied to any country. In addition, the characters have been utilized across a variety of objects; the characters collaborated with not only typical merchandise like LAMI, Faber-Castell, and Moleskine (stationary), but also Uniqlo (apparel), muurla (cutlery), Leica (camera), and Bang & Olufson (audio). It even expanded into a 99-episode TV series “Line Town” featuring the characters. In 2014, Air Asia paid for a marketing campaign to wrap its A320 airplanes in Line Friends décor. To utilize Line’s brand awareness and penetration in Southeast Asia, the airline company paid for the marketing program. For BTS, it allows the pop group to expand into verticals like apparel or electronics without having to launch a distinctive brand; all it needs to do is work with merchandisers that imbue products with character images. Such applicability across global markets and across different industries allows the characters to thrive and aid brand marketing.

Expressiveness: The Line Friends team has done its best to make the characters expressive and believable. The characters are happy and angry, have good days and bad days, and express their emotions. Users can empathize with any number of the characters, displayed by their facial or bodily expressions; such characteristics make the characters more believable, friendly, relatable, and likeable. The company develops the characters to make it seem like they really exist. Line Friends social media posted a letter from Brown to Cony on Cony’s birthday, as well as BT21 characters encouraging people to stay at home in the midst of the pandemic. Videos and images are regularly updated to bring more life to the characters. The entire process of developing the characters, giving them unique histories and personalities, and maintaining the human element is part of the company’s strategy to grow these characters into meaningful digital assets. The stronger the characters are, the more relatable users will feel with them. In turn,

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users’ love and empathy to these characters can translate into brand loyalty and purchase power. As mentioned, the firm is developing characters like independent celebrities, taking great care to ramp up a solid universe and history.

Impressionability: BT21 has more than 9 million followers on Twitter. According to a survey, the Line Friends Store in Itaewon, Seoul was the #4 most sought-after destination for BTS fans. Moreover, utilizing the BT21 characters allow the company to frame or develop the BTS members, for each one personifies one member. Developing videos and images of the characters performing positive acts or supporting causes can make it seem like the human members are behind the content. Posts that are carefully created or curated can empower the

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109 Ibid.
human members, boosting their images without the risk of human interactions. On the flip side, the company can step in and take credit for any mishaps, apologizing on a business level.

Exclusivity: Line Friends holds all copyright for Brown & Friends, as well as a successful ongoing relationship with BTS and other celebrities. As celebrity collaboration projects were developed involving both parties, neither should be able to utilize these assets outside of the partnership without the other’s explicit consent. This locks the parties into a profitable and positive relationship. BTS is fully able to utilize the power of BT21, while Line builds up expertise and recognition in the market for successfully developing celebrity-collaborative content. Most importantly, the characters are free from human risks that jeopardize the relationship; since they do not have any will of their own, they lay perfectly under control of their creators.

6.4 Characters as a Tool for Growth and Expansion

Characters can act as catalysts for growth; well-utilized characters can break into new markets even if other market barriers exist. For example, Line’s marketing team opened a series of pop-up stores in Southeast Asia from summer 2014. One year into its campaign, and one week before Line’s Beijing store was to open, the Chinese government blocked a number of foreign social media services including Line and Facebook. In the face of strict regulations, the company was uncertain if users would buy merchandise for a blocked service. Contrary to concerns, Chinese customers purchased Line merchandise. Kim, the CEO of Line Friends, then noted that “what the customers wanted was not the Line messenger service; it was the characters. The
businesses can run separately from each other”. On 2015’s Double-Eleven Festival, Line Friends ranked #1 for stationary sales on Alibaba’s T-Mall, the first international brand to reach that position. It sold over $1.3 million worth of goods in the first three hours, when selling $400 million per hour was an unusual feat even for T-Mall. Learning from its results, it partnered with Roy Wang to create merchandise that appeal to Chinese teenagers.

Such success can be notable and important when considering the tough competitive environment Line operates in. In China, it cannot compete in the midst of regulations, especially against the Tencent-serviced WeChat. In the United States and many other major countries, it fights an uphill battle against Facebook’s WhatsApp, Instagram, Facebook Messenger, and iMessage. In Korea, KakaoTalk continues to lead the messenger market for 10 consecutive years with 95% of market share although Korea is technically home ground. However, the success of Line Friends tells us that growth can come from unexpected verticals including content or celebrity collaborations. Content is relatively borderless and can be easily marketed to international audiences through social media and the Internet. Sometimes content and characters capture the attention of customers in a harmless way.

Utilizing characters can branch off into multiple business models. In 2020, Line collaborated with Wadiz, a crowdsourcing platform in Korea, to promote startups with Line characters. 328 startups applied for this program, and Wadiz and Line Friends selected ten finalists. These finalists worked with Line Friends team members to develop unique items utilizing Line Friends characters. Such collaboration is valuable because it can be difficult for

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new startups to make mainstream presence, and even more difficult for them to work with major IP holders like Line Friends. Shin, CEO of crowdfunding service Wadiz, noted that “such programs will help to develop a strong environment for startups to flourish”\textsuperscript{114}. This example has two positive effects. First, Line can discover up-and-coming startups with unique technical or product-related strengths to get ahead in the merchandise industry. Second, it facilitates an ecosystem where startups can grow and be successful. Not only does this positively impact the industry, but also allows room for strong relationships in the future if the startups grow to be major players.

\textbf{6.5 Reiterating the Core Product Dogma}

There has been a recurring thought in business\textsuperscript{115,116} that firms should stick to their core products. Forbes says companies should “always” focus on the core; PricewaterhouseCoopers notes that many companies “look for growth far beyond the boundaries of their business, which leaves their core vulnerable, drifting them to a highly uncertain course, and wasting their management efforts and resources”\textsuperscript{117}. This strategy is understandable for and applicable to companies that have not yet established long-term strategies or strong market share in a particular area.

Yet, the core product might not be the only way a company can progress. For example, Line was blocked in Mainland China due to local regulations. The natural alternative, if based on the core product strategy, would be to give up the China market. But how could an Internet

\begin{itemize}
\item[\textsuperscript{114}] “Wadiz publishes Products in collaboration with Line Friends” Wadiz Press Release, November 5, 2020
\item[\textsuperscript{116}] Zook, C; Ormiston, C. “Focus on Your Core for Profitable Growth” Bain & Company, March 21, 2001.
\item[\textsuperscript{117}] El-Cheikh, R. “To grow, companies need to optimize and protect their core businesses first” PwC. https://www.pwc.com/ca/en/services/deals/whats-the-deal-blog/companies-need-to-optimize.html
\end{itemize}

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company just give up the China market, with its population and rising purchase power? Line was able to enter the China market because it had an unexpected demand for its character goods. If Line had only been fixated on the core messenger product and pulled its merchandise out of China, it would not have geographically expanded into China and might never have worked with Roy Wang.

Focusing on a core product and core strategy can be beneficial especially in the early days of a business line. However, unexpected windows of opportunity can appear for any firm. For Line, a window opened when customers started asking about the names of its characters. Another one opened up when it started collaborating with BTS, who was still relatively unknown on a global level at that point in time. While building up core competencies, firms should maintain an open attitude towards such windows of opportunity opening up. Carefully executed strategies riding on the right momentum could lead to meaningful expansion of business opportunities, both horizontally and vertically.
7. Conclusion

Characters are an old but new way of marketing and brand exposure. Characters that support or champion specific brands or products have been used in traditional advertisements in media, but the ecosystem has taken a new turn with the high proliferation of mobile devices, social media, and changing trends in consumption. The way customers accept, interact with, and consume brands and characters have changed and will continue to change as more platforms and content become available.

Study of the current character merchandising landscape offers some actionable suggestions to corporations that wish to fully utilize the power of these virtual champions. First, businesses would first need to determine their corporate strategies and the type and level of human relatability they wish to establish with their customers. Second, they need to consider their ultimate purpose and end-product. For example, a high luxury brand’s goal is more to sell its merchandise and less to create and promote a relatable and friendly character. A food and beverage company would have to weigh the benefits of creating characters to promote certain food items versus the benefits of dedicating more time and effort into developing a full suite of creative characters. If the content is expressive, relatable, and versatile enough, it might become the next growth driver and competitive edge for the company. Poorly executed, it would only become sunk cost. Yet as we saw in the case of Line Friends, some business opportunities show up unexpectedly. Instead of turning these ideas away as less relevant to the core product, companies should consider exploring these chances, as they might turn into serendipities.

Characters are identities assigned to digital images—human, relatable, and likable beings in the digital era we live in. Appreciation and love for characters ranging from Winnie the Pooh to BT21 have shown the power, loyalty, and longevity that characters can garner from the mass
public. The key point of harnessing these trends is to make the characters more relatable and more human, taking careful consideration into the characters’ histories and personae. The versatility, expressiveness, impressionability, and exclusivity of characters provide strong benefits for brands as they communicate to their customers, and as customers participate in the brand’s presence. Humans are empathetic creatures; as more communication is shifted to the digital realm, it might be helpful for companies to develop and maintain a humane element of interaction to develop deep psychological ties with the customers. Characters allow brands to become friends with consumers, surpassing the traditional buyer-and-seller model of consumption. If customers feel the human connection, firms could turn the apathetic customer into a loyal fan that can have lasting repercussions. The Korea Creative Content Agency noted that “characters go beyond merely the success or failure of one product. They can change the platform they operate on—and the synergy between characters and platforms become a mechanism that create a new cultural phenomenon”\textsuperscript{118}. From Pooh to BT21, the gist of the business is similar. With newer platforms and more ways to consume content, the content and character business can become levers to additional success. Let us be excited for how 2D champions for emotions and feelings bring new businesses, in a world that is otherwise focused on digital innovations and operational efficiency.

\textsuperscript{118} Quoted in Lee, M. “The character market, created by Line and Kakao, is growing at 150% yearly” The Korea Economic Daily, January 14, 2019.
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P.S. Phebe, Alfred, Denise – here we go!