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For Story Pitches, Questions or Concerns, Contact:
Amanda Cioletti, Content Director
amanda.cioletti@ubm.com | +1 310-857-7688

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2901 28th Street, Suite 100
Santa Monica, CA 90405
www.licenseglobal.com

editorial department

content director
Amanda Cioletti 310.857.7688
amanda.cioletti@ubm.com

digital editor
Amber Alston 212.600.3178
amber.alston@ubm.com

managing editor
Patricia DeLuca 212.600.3402
patricia.deluca@ubm.com

art department

graphic designer
Ramprabhu 714.845.0252 ext. 6055011
ramprabhu.v@hcl.com

senior production manager
Karen Lenzen 218.740.6371
Klenzen@hcl.com

advertising department

vice president, sales
Howard Gelb 310.857.7687
howard.gelb@ubm.com

account manager
Rebecca Dennis 310.445.3716
rebecca.dennis@ubm.com

account manager
Christie Ramsey 310.857.7632
christie.ramsey@ubm.com

reprint marketing advisor
877.652.5295 ext. 121
bkolb@wrightsmedia.com
Outside U.S., U.K., direct dial:
281.419.5725 ext. 121

ubm licensing

senior vice president, licensing
Jessica Blue 310.857.7558
jessica.blue@ubm.com

brand director
Steven Ekstract 212.600.3254
steven.ekstract@ubm.com

**project manager,
international events**
Deidre Manna-Bratten 310.445.4203
deidre.manna-bratten@ubm.com

licensingexpochina

general manager
Athena Gong +86 21 61577266
athena.gong@ubm.com

senior marketing manager
Edward Qian +86 571 2389 5089
edward.qian@ubm.com

deputy general manager
Celia Gu +86 571 2689 5001
celia.gu@ubm.com

senior sales supervisor
Amy Xiao +86 21 61573985
amy.xiao@ubm.com

marketing director
Sunny Chu +86 571 2389 5009
sunny.chu@ubm.com

international sales director
Luis Alberto Euan Itza +86 21 61573833
luis.euan@ubm.com

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BrandZ: Chinese Brands Bring Value in and Out of Asia

What Chinese brands will you soon be buying?

The latest findings in the BrandZ Most Valuable Chinese Brands and BrandZ Top 50 Chinese Global Brand Builders report, published in March and February, respectively, illustrate how the country is increasingly raising its profile around the world and bringing IP, goods and services made in China to retail shelves around the world.

According to BrandZ, a study compiled by WPP and Kantar Millward Brown, the top 100 Chinese brands in 2018 have a total value of \$683.9 billion, an increase of 23 percent. In contrast, last year, that rise was only 6 percent. Of these top 100 brands, 60 percent are market-driven brands, while the other 40 percent are state owned enterprises.

The top 10 Chinese brands are:

- Tencent
- Alibaba Group
- China Mobile
- ICBC
- Bai Du
- Huawei
- Moutai
- PingAn
- China Construction Bank
- Agricultural Bank of China

Tencent again leads BrandZ's study—this is the fourth consecutive year the brand has ranked as No. 1, capitalizing on a 25 percent lift this year with a brand valuation of \$132.2 billion. The diversity of brands in the top 10 is also interesting—three are technology companies (Tencent, Bai Du and Huawei), three are banks (ICBC, China Construction Bank and Agricultural Bank of China) and four are other (Alibaba is retail, China Mobile is a telecom company, Moutai is an alcohol brand and PingAn is an insurance company).

“We believe that the conditions for future



brand value growth in China are extremely positive. Incomes are rising and awareness of brands is increasing throughout the country in a market that is more receptive to fair competition. For us, the fundamental question is not whether brand values will increase, but rather what brand initiatives will most effectively accelerate that rise,” says David Roth, chief executive officer, The Store WPP, and chairman, BAV Group.

In further data compiled by WPP, Kantar Millward Brown and Google, brands across 12 product categories were ranked based on their “brand power score” in seven markets—France, Germany, Spain, the U.K., the U.S., Australia and Japan.

The top five brands that have the most impact overseas are:

- Lenovo
- Huawei
- Alibaba

- Xiaomi
- Air China

This year's list grew by 20 brands (50 in total) and is due in part to the respective companies' focus on global expansion.

Both reports also underscore that many of brands have utilized President Xi Jinping's 2013 Silk Road Economic Belt initiative of globalization.

“The companies behind China's brands are taking a more active role on the world stage,” says Roth. “They are increasingly shaping the conversation at a category level, as well as helping to support economic growth in developing markets in many ways, not least by investing in infrastructure. China's brands are not only changing the way that people around the world think about brands, they are also changing the way those people think about Brand China.”

Up Studios Taps Nelvana for ‘Super BOOMi’

Nelvana has secured the global distribution, licensing and merchandising rights (outside of Greater China) for the animated series “Super BOOMi” from China-based animation studio Up Studios.

Under the terms of the agreement, Nelvana and Up Studios will work alongside Tencent and its extensive network of partners to debut the show’s content and licensing program internationally. Nelvana will also look to build the series’ momentum and will version the series for various international markets.

“I am thrilled to be working with Nelvana to bring ‘Super BOOMi’ to audiences around the world,” says Trevor Lai, chief executive officer and founder, Up Studios. “The series was always created with the international market in mind, and in addition to our partners within Greater China, we look forward to working with Nelvana’s extension distribution, production and licensing teams to launch ‘Super BOOMi’ globally. Watching Nelvana’s shows was a wonderful part of my childhood, and I am overjoyed to now have the opportunity to create characters and stories with them to entertain a new generation of families.”

Nelvana has also secured a first-look agreement with Up Studios, which will see both companies co-develop and finance new properties over a multi-year plan that will appeal to both Chinese and international audiences.

“With Trevor’s richly imagined stories and characters that are truly universal, we feel ‘Super BOOMi’ has incredible potential to travel globally and are so pleased that Nelvana will be instrumental in making it happen,” says Pam Westman, head, Nelvana Enterprises. “‘Super BOOMi’ is only the



beginning of our collaboration with Trevor. His creativity and business savvy will be instrumental in our development of new content for the international market.”

“Super BOOMi” follows the adventures of BOOMi bear and his best friends as they play and learn in a VR game universe. The series aims to promote friendship, positivity and the power of imagination through vibrant characters and expansive worlds.

China’s KBS Fashion Moves into Amazon U.S., Alibaba

Hongri (Fujian) Sports Goods Co., a subsidiary of the Chinese menswear company KBS Fashion Group, has partnered with Hangzhou Si Teng Internet Technology Co. to open and maintain online stores through Amazon U.S. and Alibaba Express.

The agreement will see Si Teng’s e-commerce arm leverage its experience in international sales to distribute and promote the Hongri brand in the U.S. and China.

“The signing of the agreement for Hongri will be an important and meaningful step to expand our business to a broader customer base. As one of the leading cross-border e-commerce service providers, Si Teng E-commerce will provide one-stop services to our business by opening, operating and maintaining Hongri’s online stores on Amazon and Alibaba Express,” says Keyan Yan, chairman and chief executive officer, KBS. “The subject agreement is in line with our corporate strategy to expand into the digital and online sales markets where we see a significant growth potential for our company.”

KBS’ online stores are expected to launch this month.






Find **400+** Brands/ Licensing Properties in Licensing Expo China


20,000+ m² exhibition space **130+** exhibitors* **400+** brands/ licensing properties*

* 2018 forecast

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ABG Opens Office in China, Builds Brand Partnerships

Authentic Brands Group has opened a new international office in Shanghai, as well as launched Winston, a new influencer network, and established new partnerships for its portfolio of brands.

ABG Shanghai opened its doors in April and has worked to generate growth for the company's portfolio across the APAC region. The ABG Shanghai team is overseen by Justin Kuan, senior vice president and managing director. More offices are set to open this year in Mexico City and London.

Authentic Brands Group has also launched Winston, a new proprietary influencer platform managed by the company's in-house digital innovation group. Winston has served as an influencer management tool for brands including Spyder, Juicy Couture, Jones New York and more.

In recent months ABG has also secured a number of notable partnerships for its portfolio of brands including:

Muhammad Ali

- Bombas for socks

Elvis Presley

- Coach for a spring 2017 collection as well as an apparel and accessories collection for spring 2018
- *The Searcher*, a documentary based on the life of the artist from HBO

Marilyn Monroe

- M.Monroe, a new jewelry brand inspired by the star
- "Marilyn! The Musical," a theatrical experience based on the star's life

Julius "Dr. J" Irving

- "House Call with Dr. J" from Revolver Podcasts
- Converse for footwear

Shaquille O'Neal

- J.C. Penney for men's apparel

Thalia Sodi

- Chef'd for meal kits inspired by the entertainer's Mexican culture

Greg Norman

- Verizon for "Shark Experience," an innovative and disruptive new technology that promises an enhanced and connected golf course experience
- Chef'd for meal kits inspired by the pro golfer's Australian heritage as well as an exclusive line of wagyu beef.

Judith Leiber

- Alexander Wang for an exclusive "Money Roll" handbag
- Ashley Longshore for a seven-piece bag collection

Juicy Couture

- A cashmere tracksuit capsule

collection from Farfetch

- Viva La Juicy, a 17-piece range of borer jackets from VFiles

Aéropostale

- Airwalk for an eight-piece men's swimwear capsule
- A holiday 2018 collection in collaboration with influencer Sabrina Carpenter

Frederick's of Hollywood

- A new capsule collection from brand co-owner and official brand ambassador Megan Fox

Prince

- A limited edition Whiteout Racquet and matching branded bag in collaboration with pro tennis player Lucas Pouille

Vision Streetwear

- Brand ambassadorship and promotions from DJ Steve Aoki
- A third men's capsule collection from Topman
- An apparel collection from Coca-Cola in Japan which was available at Spinns and WEGO

Trenton

- An expanded footwear capsule collection from Andre 3000
- Men's and women's apparel at Nordstrom

'Sesame Street' is Styling Apparel All Across Asia

Sesame Workshop is set to expand its fashion and lifestyle offerings with a slate of licensing partnerships across Asia.

New partners include:

- Lalobo, a casualwear brand that launched a "Sesame Street" collection in more than 200 of its Chinese stores. The line includes sweatshirts, sweaters, bomber jackets, jeans, down garments and dresses.
- Tyakasha, a Shanghai-based label, will introduce a new range of "Sesame Street" apparel and accessories including lunch boxes, umbrellas and phone cases via its online shop.
- Chocolate, a Hong Kong-based retailer, has been tapped for a line of themed t-shirts, hoodies and tote bags which

will be available in Hong Kong, Macau, Taiwan, China, Singapore and Canada.

- B. Duck, a Hong-Kong-based retailer, will launch a line of graphic t-shirts, sweatshirts and pants.
- "We're able to reach our fans in ever-expanding ways with exciting new 'Sesame Street' content and products fueled by the power of partnerships," says Ed Wells, senior vice president, international media and education, Sesame Workshop. "Collaborating with these top fashion labels allows our brand to continue expanding and growing as we approach our landmark 50th anniversary."

Sesame Workshop has also signed an exclusive licensing agreement with Beijing Kairui

Alliance Education Technology, known as CollegePre, to continue bringing "Sesame Street English" to Chinese families and franchise opportunities to Chinese sub-licensees.

The five-year agreement will bring the English-learning program to mainland China, Hong Kong and Macao until Dec. 31, 2023.

Prior to the agreement, CollegePre was the official exclusive licensee of "Sesame Street English" in the region under a previous in-direct license.





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eOne Names 'Peppa' Master Toy Partner in China

Entertainment One has tapped The Alpha Group, a Chinese toy manufacturer, to serve as the global master toy partner for "Peppa Pig" in China.

Under the terms of the agreement, The Alpha Group will produce a toy range that includes play sets, figurines and role play items, which are expected to debut at the end of the year.

"Alpha's leading position in the Chinese market, in addition to its industrial chain platform and diverse operational IP experience, will contribute greatly to the reach of 'Peppa Pig' across a wider consumer spectrum and we're delighted to have them on board," says Andrew Carley, executive vice president, global licensing, family and brands, eOne. "The accelerating popularity of 'Peppa Pig' in China is a testament to the brand's universal appeal and shows us what incredible growth is possible when the Chinese market gets behind a brand. As we gear up for the 'Year of the Pig' in Chinese New Year 2019, we will be in a strong position with a new toy range, fresh content,

exciting merchandise ranges and immersive experiences that will enable us to deepen our presence in what is a hugely important market for our global growth strategy."

eOne has also partnered with iQiyi to bring its preschool property "Ben & Holly's Little Kingdom" to China.

The agreement will see season one of "Ben & Holly's Little Kingdom" become available across iQiyi's streaming platform. iQiyi will also manage the licensing rights for the property in the region, with a publishing launch set for this summer/fall followed by a larger merchandise rollout later in the year.

"We're extremely excited to be bringing 'Ben & Holly's Little Kingdom' to audiences across China in 2018," says Claire Ellis, vice president, licensing, Asia, family brands, eOne. "The growing expansion of 'Peppa Pig' in China is testament to the huge potential this territory represents and we look forward to harnessing the local expertise of the team at iQiyi to make this property a success throughout the region."



'Tales of Tatonka' to Air on CCTV in China

Cyber Group Studios and Pacific Media Group have signed an agreement that will see "The Tales of Tatonka" air daily on CCTV in mainland China.

The deal will also see the show air on other digital platforms across China.

"The Tales of Tatonka" is a preschool series that tells the story of four wolf cubs who grow together as a family living with nature. Their friend Tatonka the bison helps the young wolves explore their home along with a variety of friends.



Air Bud Heads to China

Air Bud Entertainment has inked an exclusive licensing agreement with iQiyi to bring a variety of films to the Chinese video platform.



The new deal will see films such as *Air Bud*, *Disney Air Buddies*, the *MVP* franchise and the four new movies from the *Pup Star* franchise become available on the platform.

The agreement also includes the theatrical distribution of Air Bud Entertainment's films and all licensing and merchandising rights in China for the brands, which includes consumer products and gaming properties, among other supplementary merchandise.

Tencent Partners for 'ABCmouse English' Education Program

Tencent and Age of Learning have joined forces to develop "ABCmouse English," a new learning program aimed at the Chinese market.

The immersive learning language product was designed to provide non-English speakers with a foundation of English conversational fluency and literacy. The tool contains more than 5,000 activities organized into lessons and learning paths including an integrated Tencent curriculum.

"Online education is very important for Tencent," says Dowson Tong, senior executive vice president and president, social network group, Tencent. "Age of Learning is the market leader in the U.S. and an ideal partner, with deep expertise and a 10-year track record of success creating effective learning experiences for millions of children."

The new "ABCmouse English" learning program is available on all major platforms, including iOS and Android smartphones and tablets, and computers.

Users can connect to "ABCmouse" via app or website as well as on the instant messaging platform QQ.



'PJ Masks' Lands on VOD Platforms in China

Entertainment One has partnered with VOD platforms Tencent, iQiyi and Youku to debut its popular animated series "PJ Masks" in China.

Under the terms of the agreement, each VOD service will have access to screen the series' first season. Additionally, eOne is crafting a consumer products program for the brand, which will expand its global reach. "PJ Masks" currently boasts 600 licensees in multiple territories around the world.



Shark Breaks Home Cleaning Barriers in China

Shark, a floor care manufacturer, has expanded into the Chinese market with partner company JoYoung.

In April, the company offered its floor cleaning products (including the Shark ion flex 2x duo clean cordless ultra-light vacuum and Shark genius steam pocket) throughout mainland China.



Alibaba Buys Online Delivery Platform

Alibaba has entered into an agreement to purchase all outstanding shares of Ele.me, an online delivery platform in China.

Alibaba, in partnership with its affiliate Ant Small and Micro Financial Services Group, currently owns 43 percent of the outstanding voting shares of Ele.me. The transaction will value Ele.me at \$9.5 billion.

Under the terms of the acquisition, Ele.me will continue to operate as its own brand and will work with existing partners and merchants. Ele.me will also provide support to Koubei, Alibaba's affiliated local services platforms, through its online home delivery services.

Meanwhile, Alibaba will provide full support including access to its new retail infrastructure, product offerings and technology expertise. The acquisition will also advance Alibaba's new retail strategy, which aims to provide a seamless online and offline consumer experience across local services.

Following the acquisition, Zhang Xuhao will become both chairman of Ele.me and special advisor to Alibaba's chief executive officer. Wang Lei, current vice president, Alibaba Group, will become chief executive of Ele.me.

"We are excited for Ele.me to become a part of the Alibaba ecosystem. Under the leadership of its founder and management team, Ele.me has



Alibaba Group
阿里巴巴集团

achieved leading market share in China's online food delivery and local services sector," says Daniel Zhang, chief executive officer, Alibaba Group. "Our shared belief that new retail will create more value for customers and merchants has brought us together. Looking forward, Ele.me can leverage Alibaba's infrastructure in commerce and find new synergies with Alibaba's diverse businesses to add further momentum to the new retail initiative."

LEGO to Build Second Chinese Flagship

The LEGO Group has revealed that it will open its second flagship location in Shanghai, China, at People's Square.

The new store, which is being built in Shanghai ShiMao Festival City, will boast more than 585-square-meters of floor space and over two floors including a LEGO personalization experience, the first of its kind in China.

"Opening our second flagship store in China re-confirms our long-term commitment to the country and our dedication to bring creative LEGO play experiences to Chinese consumers," says Jacob Kragh, general manager, LEGO China. "It will bring more opportunities for Chinese children, parents and LEGO fans of all ages to enjoy high-quality engagement with the LEGO brand, while at the same time creating a friendly and inspiring environment even for those who are taking their first steps in creative building."

The LEGO flagship store in Shanghai is slated to open this fall.



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WELCOME TO LICENSING EXPO

The second year of Licensing Expo China includes more opportunities to network and learn about the industry.

The second annual Licensing Expo China event, taking place July 25-27 at the National Exhibition and Convention Center in Shanghai, includes more opportunities to network, close deals and learn about the industry.

Licensing Expo China is a part of the Global Licensing Group at UBM, the licensing industry's leading tradeshow organizer. Its mission is to provide opportunities around the world that bring brands and products together to explore and cement licensing partnerships.

Launched in 2017, the inaugural event featured more than 230 brands and 8,400-plus attendees, with

an additional 26,600 crossover attendees from the co-located Children Baby Maternity Expo (CBME). This year, Licensing Expo China has grown by more than 20,000-square-meters, a direct result of the Chinese licensing market's continued growth. Brands from categories such as animation, film, TV and broadcast; digital media; video games; sports; non-profit and heritage; art; and corporate brands will have a presence on the show floor and feature properties like "Peppa Pig," "Super Wings," "Paw Patrol," Doraemon, "SpongeBob SquarePants," "Boonie Bears," The British Museum, Lamborghini, B.Duck and many more.



XPO CHINA!

The show floor will offer two specialized zones that highlight trending licensing categories: The Film, Television, Gaming and Entertainment Zone and The Museum, Culture and Art Zone.

As a value-add for Licensing Expo China 2018 exhibitors and attendees, the Matchmaking Service will debut at this year's show. This exclusive networking service is open to licensees, manufacturers, wholesalers/distributors, retailers and sales promotion representatives to help them meet with brand owners and agents in attendance.

Another feature of Licensing Expo China is the China Licensing Conference, which will take place over the three days of the event. The education offerings will discuss trends, share knowledge and provide insight into the Chinese licensing market. More than 40 speakers will share best practices and experiences covering a

range of topics such as animation, video games, film, TV, museum, lifestyle and retail, further highlighting the huge capability of China's business potential.

The second annual China Licensing Awards will be held during Licensing Expo China, as well. The award ceremony is co-organized by the International Licensing Industry Merchandisers' Association (LIMA). It was established to encourage the original creativity, progress and excellence of China's licensors, licensees and retailers. The China Licensing Awards will introduce four new awards this year in accordance with emerging licensing trends in China. Winners will be announced at the China Licensing Awards ceremony, taking place July 25 at 4:30 p.m. at Dome, North Hall, NECC.

For more information about Licensing Expo China or to register, visit LicesingExpoChina.com. ©



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Exhibitor Preview



Alfilo Brands

www.alfilo.com

Booth: 2-1C29

Alfilo Brands is a consumer products company with exclusive partnerships with leading European and American art, cultural and entertainment IPs including British Museum, V&A, National Gallery, Museum of the Fine Arts, Boston Museum of Fine Art and BBC Earth in Greater China. It is equipped with extensive in-house capabilities in IP asset development, merchandise development and retail operations.

品源



BANDAI NAMCO Entertainment

Booths: 2-1A61, 2-1A74



Beijing Iqiyi Science & Technology

Booths: 2-1B37, 2-1B38, 2-1C12, 2-1C13



Block 12 Culture

Booth: 2-1E22



Brandwork Culture Communication

www.brandwork.com

Booths: 2-1E28, 2-1E29, 2-1E13, 2-1E15

A core team with more than 10 years in the licensing industry, Culture Communication is one of the earliest and most comprehensive companies specializing in the whole industry chain of film and television animation as well as global clothing brands. Its business scope covers IP agents, image design, style guide developing, merchandise licensing, brand management, sales channels construction for IP related products and crossover.

C3 Brands Limited

www.fools-day.com

Booth: 2-1A60



C3 Brands Limited values include quality of life and adding color to our life. The company's motto is: "Live wild, stay cool."

Character Expert

www.facebook.com/Character.Expert

Booth: 2-1E30

Character Expert's strength is to integrate proposals for community marketing, product development, channel sales and project planning, and gradually promote role brands at home and abroad.



China Brands Group

Booths: 2-1E23, 2-1E21

Dalian New Vision Media

www.armagicschool.com

Booth: 2-1B04

The brand AR School combines augmented reality technology with children's science study, artistic enlightenment, historic culture, language learning, puzzle games and so on, and has developed a series of children's education products with proprietary intellectual property rights and high-tech.



Dazzling Star Culture Development

Booths: 2-1B10, 2-1B11



Dnaxcat

www.dnaxcat.net

Booths: 2-1E16, 2-1E30



Dnaxcat started the company with original cat characters, and developed products like stationery, toys, dolls, games and animation. Dnaxcat plays an important role among youth in Taiwan. Currently, Dnaxcat is looking for partners to grant authorization or cooperate in other forms. Dnaxcat is planning to develop in China, Japan and Korea.

Dreamjane Design Studio

Booth: 2-1F26



Empire Multimedia

Booths: 2-1A84, 2-1A92



Escape Velocity Animation Studio

Booths: 2-1D19, 2-1D20



F.Rhythm 3D Animation Company

Booth: 2-1E30



Fair Brain Design Strategy

Booth: 2-1E30



Fantasia Animation

Booths: 2-1A10, 2-1A11



Alpha Animation Brand Management (Zhuhai)

www.gdalpha.com

Booths: 2-1C26, 2-1C27, 2-1D10, 2-1D11

Alpha Animation Brand Management prides itself in being China's first animation company to be listed at a stock exchange. Alpha Group now has the largest pool of well-known IPs in China that covers all age groups. Its lineup of IPs include Super Wings, Happy Goat and Big Big Wolf, Katurl, Armor Hero, Balala the Fairies and ALPHA Q for age ranges K through 12.



艾影 (上海) 商贸有限公司 Animation International Ltd.

Animation International

Booths: 2-1F03, 2-1F06

AOYI Brand Design

www.aoyi.tw

Booth: 2-1E30

The original spirit of Aoyi is to create possibilities without limitation. Through various aspects, Aoyi develops multiple types of creative products, injecting positive energy and livening up the value of its brand in all it does.



ARTNEST Shanghai

Booths: 2-1F46, 2-1F47



ARTIP

www.artduoduo.com

Booth: 2-1D39-1



Fantawild Animation

www.hqftdm.com

Booths: 2-1C08, 2-1C09, 2-1B33, 2-1B34



Fantawild Animation is an animation company in China and has produced many brands including Boonie Bears, the No.1 Chinese animated media franchise, and Boonie Cubs. Fantawild's programs have been distributed to 100 countries and territories and aired on Disney, Netflix, Sony and many more.



Guangdong WinSing

www.winsing.net

Booths: 2-1C03, 2-1B29



Founded in 1986, Guangdong WinSing has been specializing in 3D animation production, programs distribution and brand marketing since 2002. As a major children's entertainment and educational content provider, WinSing has been a large animation group which has been involved in film and TV series, stage plays, theme parks and merchandising products. It also offers cultural contents and product service to the family.

广州艺洲人品牌管理股份有限公司
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GZ Art-Land

Booths: 2-1F07, 2-1F10



Hangzhou Dato erzi Cultural Development

www.datolove.com

Booths: 2-1B20, 2-1B21



Hangzhou Dato erzi Cultural Development, founded in June 2013, is a brand planning and managing company that takes creative cartoon animation content and engages in cultural creative research and development, design and sales of derivatives. The core brand culture of the company is "creating a loving family life."



Hangzhou Tthunder Animation

Booths: 2-1C01, 2-1C02



Hangzhou Westlakerain Animation

www.peasplanet.com

Booth: 2-1F34



Properties such as PeasPlanet, Ben, Pop and Don are popular among users, especially in the early childhood education market. PeasPlanet is committed to the scientific education and technology that changes the traditional way of education. Let the children learn to play when they are happy and experience the charm of science and technology.

Ivana Helsinki /Mps Oy

Booth: 2-1E37



Jetavana Entertainment

Booths: 2-1D19, 2-1D20



JY Animation

www.jya.cn

Booth: 2-1A50



JY Animation is an agent for domestic and foreign animation works. The company is the exclusive agent of Cardcaptor Sakura, Doraemon, Crayon, Pocket Monster, Natsume Yujincho, Kuroko's Basketball, Miffy and nearly 500 Chinese and foreign famous works.

Kent Animation Digital Independent Production

www.kentadip.com.tw

Booth: 2-1E30



Founded in 2000, Kent Animation uses novel technologies to achieve breakthroughs on visual imaging. Its in-house-produced animation Little Samba was awarded Best Animation from Illustrated Books in 2007. In 2008, the company initiated the planning of its feature film project. In 2011, it assisted the National Center for High-performance Computing to establish Taiwan's first cloud computer.

lilosky

www.lilosky.com

Booth: 2-1E41



Nanjing Lilosky Culture Development, founded in 2008, is a cultural and creative enterprise specializing in building and running commercial animation IP. Jiangsu currently provinces the Cultural Industry Association unit, and for two consecutive years won the Nanjing cultural industry award, The Chinese Parasol Tree.



Magic Mall Entertainment

www.magicmall.com.cn

Booths: 2-1E04, 2-1E05

Magic Mall was formed in 2008 under DaYe TransMedia Group, with sister companies DYT TV and Ad Society Magic Mall, specializing in creating kids and family entertainment content. Original IP includes Luo Bao Bei and Kick 'n' Rush. Current projects in development include Nestars with the Beijing Birds Nest Stadium. Magic Mall is also the master licensee in China for the Oscar-nominated Song of the Sea from Cartoon Saloon.



Mancai Culture Spread

Booth: 2-1E20



Mattel-Barbie (Shanghai)



Medialink Animation International

www.medialink.com.hk

Booth: 2-1B30



Established in 1994, Medialink Group has developed a highly diversified business scope that covers program distribution and licensing. Medialink selects licensed items that offer high potential returns and successfully wins the trust of both licensees and licensors to solidify its reputation for excellence within the industry.



Mianye International

www.mianye-international.com

Booth: 2-1A86

Mianye International brings brands according to market demands in China, and engineers and manages numerous well-known brands with a long history from Europe, America, Korea and also high-street fashion brands, outdoor brands, sport brands, international designer brands, character brands and corporate brands.



Muse Animation (Shanghai)

www.e-muse.com.cn

Booths: 2-1A35, 2-1A38

Muse Animation, a branch of Muse Communication in Taiwan, was established in 2013 and has more than 100 animated IP rights in Mainland China. Its sub-licensing business includes animated-program licensing, game rights licensing, merchandising licensing, anime adaptation drama licensing, themed activity licensing, themed restaurant licensing and other IP cooperation licensing.



Pave Brand Design

Booth: 2-1E30



Promotional Partners Worldwide

www.ppwgroup.com

Booths: 2-1B22, 2-1B23

Promotional Partners Worldwide, headquartered in Hong Kong and with offices and agencies all over the world, is a licensing agency offering fully-integrated marketing services. With more than 20 years of experience, PPW has established strong relationships with world-renowned licensors and has extensive experience in license representation.

Quanzhou KungFu Animation

Booths: 2-1D04, 2-1D05, 2-1C20, 2-1C21



Rainbow JiaYang Animation

Booths: 2-1D31, 2-1D38



Sambar Deer TEK

Booth: 2-1E30



SCLA

Booths: 2-1D25, 2-1D28



Shahai Times Cartoon Institute

www.timeschina.org

Booth: 2-1A33

Shanghai Times

Cartoon Institute is a

domestic brand management agency of role and IP. CVI brand role management system is based on the accumulation of many years of practice and focuses on creating business brand management, creating super brand symbols of fashion, entertainments, networks and emotions, and providing brand image integrate solutions.



Shanghai Animation Film Studio

SHANGHAI ANIMATION FILM STUDIO Co. Ltd

Booth: 2-1C04

Founded in 1957, Shanghai Animation Film Studio is one of China's most influential animation production companies. To date, it has produced more than 500 animated films and owns multiple copyrights. The animated feature film The Monkey King is not only a symbol of SAFS, but also the best example of the quality of Chinese animated films.

Booth: 2-1C04

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Shanghai Baiyi Animation & Culture

Booth: 2-1A12



Shanghai Even Law Firm

www.elawfirm.com.cn

Booth: 2-1A85

Since 2002, Even Law Firm has united a leading professional team of intellectual property law in China and is one of the earliest law firms to provide cultural copyright legal services in China. For two decades, it has been focusing on legal services such as copyrights, trademarks, patents and unfair competition, and now is a leading law firm specializing in intellectual property.

Shanghai Jupiter Creative Design

Booths: 2-1A10, 2-1A11



Shanghai Left Pocket Animation Studio

www.leftpocketstudio.com

Booths: 2-1B16, 2-1B02

Left Pocket is an animation studio based in Songjiang, Shanghai. Its mission is to build the highest quality original animation and create excellent animation content and products for both the Chinese and international markets. The left chest pocket is closest to the heart—where love and inspiration begins.



Shanghai Mighty Brand Management

www.mightymedia.com.tw

Booths: 2-1B06, 2-1B07

Mighty Media was established in 1999, with the ambition of acting for the most popular animations, combining TV stations, the press, publishers, distributors, retail sales and animation fans into an industrial chain, to discover future hit properties for customers, to create popular subjects and master the turning point of animations.

Shanghai Skynet Brand Management

www.skynetasia.com

Booths: 2-1A46, 2-1A49

Established in 2006, Skynet has successfully helped international and local IPs break into the China licensing market. In 2014, Skynet transformed into an IP creator, now it owns five original brands: Teddy Bear Collection, Lucky Monkey, Boobooto, Zooti and Teddy & Friends. Skynet has granted licenses in most of the product categories, including apparel and accessories, household goods, stationeries, toys, FMCG and electronics.



Shanghai Tahui Culture Creative

Booths: 2-1A10, 2-1A11



Shanghai TeShen Culture & Communication

Booth: 2-1A69



Shanghai Xi You Culturemedia

www.iqiyi.com/u/1439986160

Booth: 2-1E35

With a focus on children up to 12-years-old, the company relies on original IP content. Young children's video programs, intelligence games and experiential teaching for young people are included. There will be rich commercial forms of derivative products, commercial performances and big movies. The company is an educational technology group that provides comprehensive services for children's growth, entertainment and education.

Shenzhen Forestwood

Booth: 2-1E60



Shibudi

Booth: 2-1E30



SIGONO

www.sigono.com

Booth: 2-1E30

As a small indie game studio, SIGONO (previously Team Signal) maintains a lean operation by staying agile and creative. It set out to create something that evoked a sense of wonder and warmth, and the result was OPUS: The Day We Found Earth, which reached one million downloads and is currently the company's most successful title.



Stream Interactive Entertainment (Shanghai) Culture Development

www.streamgroup.cn

Booth: 2-1E12

Stream Interactive Entertainment is a branding service provider focus on IP and dedicated to deliver unique location-based entertainment experience to consumers. Cooperating with domestic and international IP owners, the company delivers immersive entertainment experience with creativity and increase IP values through offline events and crossover branding.



Studio Ilya Animation

Booth: 2-1E30

Subsidiaries of Semk Internation Enterprises

www.b-duck.com

Booths: 2-1E10, 2-1E11

A bunch of rubber ducks jumped ship during a



storm in the Pacific Ocean. They were part of a shipment from China to Washington State for an order of 28,880 bath toys. Hundreds of rubber ducks saw their chance at freedom and went overboard. Buck's mama and papa were two of them. They have been swimming free on the sea and traveling all over the world for 15 years. They are the super heroes to B.Duck!

Sung Yoon Pnp

www.pnpcom.co.kr

Booth: 2-1A75

PNP is a global brand licensing agency based in Korea, offering comprehensive licensing and consulting services for brands and licensees around the world.

Founded in 2003, PNP represent a wide range of brands across various categories including fashion, sports, home décor and character.



SUScreate

Booth: 2-1E30



Tencent Technology (Beijing)

Booths: 2-1B37, 2-1B38, 2-1C12, 2-1C13



TianJin ZhiAng Cultural Communication

Booths: 2-1F01, 2-1F02



TIMEPOP

Timepop

www.jiabo.com

Booth: 2-1B05

Timepop Culture Corporation, which is attached to Jiabo, is an entertainment company mainly focusing on brand licensing and resource management. It supplies brand licensing management, derivative original design, and visual merchandising services for famous entertainment IPs. Since established, Time pop has controlled many links of visual design, licensing management and retail management



Udnfunlife

Booths: 2-1B47, 2-1B61



Uyoung Culture & Media

www.uyoung.com.cn

Booths: 2-1D12, 2-1D13, 2-1C28, 2-1C29

Uyoung is a Chinese kids and family media and entertainment company dedicated to providing top quality content, consumer products and associated services that create and spread joyfulness to children. Currently, Uyoung and its subsidiaries altogether have more than 300 employees across four offices in China and Los Angeles, Calif. that combines children's program production with licensing and brand management.



Versatile

www.ver.cn

Booths: 2-1C35, 2-1C37

Founded in 1993, Versatile has been one of the leaders in commercial production, with industry-leading experiences and capabilities in original creative planning, filming, post-production, VFX and production technique enhancement. It has produced numerous TVCs that strike the audiences and impress the clients, winning almost all awards in advertisement industry including the Golden Eagle Awards.



Vmage

www.vmage.com.tw

Booths: 2-1E16, 2-1E30

The Vmage group is comprised of Let's Create, ilikeus, Baby Hobby and the Hoping Jones series. Each brand is an expression of Vmage's passion for creating intersections between digital content, mobile software and integrated marketing, reflecting the versatility and multifaceted nature of digital markets.



WeKids mes Culture (Shenzhen)

www.wekids.com

Booths: 2-1E06, 2-1E09, 2-1D21, 2-1D24

WeKids is one of the leading companies in producing, promoting and representing world-class kids' edutainment IP in the region of Greater China. The business includes producing and international co-producing, children's book publishing, IP licensing and developing and cross-platform video app Buddies TV.



Wind Design

www.winbrothers.com

Booths: 2-1E16, 2-1E30



WinBrothers is a brand under Wind Design, a Taiwan-based visual design company established in 1999. WinBrothers debuted online comics in 2007, and continues to develop online singing and dancing animation, micro animation, product licensing, image licensing, character endorsement, children books and so on. WinBrothers is proactively developing children licensing in Asia.

Xanthus

Booth: 2-1E30



Xanthus (Shanghai) Culture Media Joint Stock Company

www.xanthusmedia.com

Booths: 2-1C07, 2-1B32

Founded in 2011 in Shanghai, Xanthus (Shanghai) Culture Media Joint Stock Company is a company for creating, releasing and promoting high-quality animation. The company has world-class creative talent and advanced filmmaking technology and techniques with its core team members coming from Disney, DreamWorks and LucasFilm.



Xian Momo

Informationtechnology

Booth: 2-1B17

XIRON 磨铁

Xiron Animation & Cartoon

Booth: 2-1B15



YDB Animation Studio

Booth: 2-1A57



Yijianyuzhou (Beijing)

Booths: 2-1B24, 2-1B25



Zolan Company

www.zolanagency.com

Booth: 2-1A55

Zolan Licensing Agency is a full-service boutique agency representing award winning international art and designer brands, heritage brands, character licensing, photographers and co-branding. The company's mission is to nurture business with quality art and design that is fine, positive and inspirational with an approach to social responsibility.



COUNTERFEITING: A GAME OF 'WHACK MOLE'

Protecting a core brand is of the utmost importance—after all, it is the livelihood of any licensor. But how do companies tackle an issue that seems to grow larger and larger as the world becomes increasingly interconnected?

by AMANDA CIOLETTI

In 2015, U.S. Customs and Border Protection seized more than \$1.3 billion in intellectual property rights-infringing goods, a 10 percent increase over 2014. That year, the U.S. made 538 arrests that resulted in 339 indictments and 357 convictions.

According to U.S. Homeland Security, each year, more than 11 million shipping containers arrive

in U.S. seaports, with another 10 million goods containers arriving by truck, 3 million by rail and an additional quarter billion more cargo, postal and express consignment packages arriving by air.

Of these shipments, U.S. Customs and Border Protection seized 550 shipments containing labels or tags bearing counterfeit trademarks intended to

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create non-genuine products, which, says CBP, would be worth an estimated additional \$33.3 million.

In a report commissioned by the International Trademark Association and the International Chamber of Commerce, it is projected that the global economic value of counterfeiting and piracy could reach \$2.3 trillion by 2022, with the global value of the counterfeit market at \$1.7 trillion as of 2015. (Source: VOA.)

With this in mind, it is no surprise that licensors are increasingly taking a proactive stance in combatting the problem of counterfeiting.

“One of the biggest competitors to every successful licensed brand is typically not another licensed brand, but a counterfeiter,” says Bill Patterson, vice president, corporate marketing, OpSec Security, a security solutions firm that fights counterfeits for brands, transaction cards and government documents and currency. “A brand owner really makes nothing... If someone is buying a counterfeit product, there is still a demand for that intellectual property, they are just not buying the product from a legitimate manufacturer.”

The risks to licensors is certainly monetary, and loss of revenue is of course a concern, however the issue is complex, with multiple factors and motivations to consider. And just as the matter is complex, the global network of counterfeiters is equally as mind boggling, with many describing the grey market industry as one so large and so vast, with an ever-changing playing field.

“A lot of our clients have referred to the process of tackling counterfeiters as whack-a-mole,” says Jamie Goldberg, senior director, business development, CounterFind, a turnkey technology that uses image recognition to recognize, report and remove all ads marketing counterfeit merchandise on social commerce. “When one counterfeit seller pops up, it gets shut down, and then another pops up. They just can’t control it.”

“The question we get every day from brand owners is, ‘This is such a massive problem. How do I tackle this?’ There is somewhat of a paralysis by analysis when they realize how big a problem it is to have to deal with when they are in a situation that forces them to deal with it. Paralysis by analysis has the ability to kill a brand,” says Patterson.

Categories of business most vulnerable to non-genuine merchandise vary from vertical to vertical, but across the board many agree that apparel has the lowest barrier to entry for those intent on manufacturing and selling counterfeit products.

“Apparel is probably the top category for counterfeits,” says Patterson. “Apparel is somewhat easy to manufacture on a small or large scale. Apparel is also very easy and light to ship across borders.”

Additionally, with the advent and increasing employment of print on-demand services, counterfeiters are finding it easier and easier to set up a small-time operation with big-time impact.

“The future is e-commerce. We have seen such a huge increase of counterfeiting online because counterfeiters can hide behind their computer,” says Goldberg. “What they do is pull any transparent logo from the Internet and, with print-on-demand, they can go ahead and print any brand or trademark. Then, as soon as someone clicks ‘buy’ on Facebook or Instagram, they take these logos and print it on a t-shirt. Selling online has become a huge problem because these people are not held accountable.”

Rikesh Desai, director, licensing and gaming, BBC Worldwide, agrees, and says social media and community space merchants are more and more where counterfeits are popping up, using platforms like Twitter, Facebook and Pinterest to promote pirate goods in real-time via

IT IS PROJECTED THAT THE GLOBAL ECONOMIC VALUE OF COUNTERFEITING AND PIRACY COULD REACH \$2.3 TRILLION BY 2022, WITH THE GLOBAL VALUE OF THE COUNTERFEIT MARKET AT \$1.7 TRILLION AS OF 2015.

hashtags during fan’s active periods (such as a new airing of the TV series “Doctor Who,” for example). Desai says that BBC is finding the problem in both a business-to-business and business-to-consumer capacity, as well.

Regionally, all markets around the globe are vulnerable, with activity appearing more predominantly in the U.S., Europe and Asia.

“Western Europe, the U.S. and more so now, China, are massive markets for counterfeit merchandise from a geographical standpoint, and that is because Western Europe, the U.S. and the growing middle class of China are areas of high consumer demand coupled with middle class workers with discretionary income,” says Patterson. “And that is really important to consider because when we talk about licensing, we talk about those with discretionary income who buy items that they don’t necessarily need, but



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they want. With that growing middle class, these markets are becoming more of a market for counterfeit goods.”

What is being counterfeited and what brands are most susceptible to piracy, however, ebbs and flows with individual market trends. One day it may be superhero merchandise, while the next it is preschool properties. A consistently vulnerable area, however, is sports brands.

“What people want to buy follows the trends in the media,” says Patterson. “What doesn’t change is sports. You’re always going to be a Manchester U fan, a major league baseball fan, an NBA fan. Sports is very much a part of the counterfeiting world, and because so much of it appears on apparel, it has a lower barrier of entry for counterfeiters. These are established brands that have been around for decades, so there is a guarantee that it will be popular. Sports brands do not have to worry about ebbs and flows of trends.”

Desai agrees that the long-term popularity of certain BBC brands, such as the 54-year-old “Doctor Who” franchise does make it a more likely target for counterfeiters. But the deep fandom of the brand

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and how that is interpreted through merchandise such as small-scale costumes and goods is something that needs to be seriously considered as well.

“A major risk for IP or brand owners is how to balance the mass producers of counterfeit product versus the niche fan that is creating homespun product,” says Desai. “You want to ensure that you do not dampen those fans and mute them—they are the heart of our brands, but we do need to combat those that are out there looking to commercialize or exploit our brands.”

BBC tackles that particularly thorny situation on a

case-by-case basis, evaluating each seller individually and establishing a set of guidelines that allows the company to distinguish between those that are truly fans and those intent on profiteering on unlicensed product.

Another major complication and risk factor for illegal merchandise is quality, and the markets that non-tested product is intended for use within, such as children’s products.

“The big risk for BBC is for a consumer to buy product that is of poor quality,” says Desai. “The area of kids’ products is one that we have really clamped down on. We are starting to see some of our brands from the children’s space gain traction in certain regions and have pockets of counterfeit product pop up, essentially ripping off official product that we have from tested licensees that hasn’t been examined for materials, whether or not it complies with safety regulations or any other elements that would typically be vetted, checked and triple checked from a quality perspective by our best-in-class partners.”

So, then, what does a licensor do to battle this problem?

“When it comes to counterfeit product, we’re very early in tackling that,” says Desai. “Historically, it has been a very manual exercise within our organization that has been handled through legal or is flagged by our licensing partners who have come across misuse of our IP or brands, and then we manage that on a case-by-case basis. It has gotten to the point, however, that the problem is too big for our internal team and we need to seek out a more efficient solution to tackle the growth in the space—it’s a problem for a number of IP owners globally.”

BBC Worldwide has engaged Incopro, an online protection company, to help the licensor combat the piracy issue. Incopro scans online marketplaces, websites and social media for counterfeit goods.

The exercise, and more importantly the investment, is essential to licensors such as BBC—its brand integrity is on the line and constantly being threatened.

Companies such as Incopro, OpSec and CounterFind work hand-in-hand with the licensor to cut off the counterfeiter and strike down the whack-a-mole at the root, first engaging the seller directly through legal channels and then taking more dramatic measures such as shutting down the seller’s communication with its social platform, its payment system or, even in some cases, its web host.

And as daunting as the problem seems, Patterson urges that it is important to begin the process.

“Even if you start small, start somewhere,” he says. “A licensor needs to increase that barrier of entry for a counterfeiter. Make it hard for counterfeiters to move their goods—if they can’t move it quickly and cheaply, they will move on to something else.” ©



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MARKET REPORT:

CHINA

Everything in China is big—including its economy. The country is experiencing a fast expansion in every way. How will it effect the global licensing industry?

by SEAN MCGRATH

For the vast majority of recorded history, China was home to the largest economy on the planet. It wasn't until the Industrial Revolution that efficiency of agricultural production accelerated faster than population growth, allowing the average income to rise for the first time in history. This fundamental shift in economic law enabled the West

to become a dominant force for the next 180 years.

But in recent years, the pendulum has started to swing. Since initiating major market reforms in 1978, China has experienced economic growth, the likes of which have not been witnessed since the Industrial Revolution—the value of Chinese trade has doubled every four to five years, according to the World Bank. Even during the financial crisis, with financial institutions failing and most economies pushed into recession, China continued to have one of the highest rates of economic growth across the globe and has remained the largest contributor to world growth since the global financial crisis of 2008.

The social impact of China's economic expansion has been profound. Most notably, some 800 million people have been lifted out of poverty—more than 12 times the total population of the U.K.

But this rapid economic ascendency has also brought many challenges. Per capita income is still a fraction of that in advanced countries, and approximately 55 million remain in poverty, more than the entire population of South Korea. Problems such as inequality, rapid urbanization, environmental issues and an aging population continue to plague the country.

By far the biggest challenge facing China is that of forming a sustainable model for economic stability. The transition from a middle-income to a high-income economy is often more challenging than the transition from a low-income to middle-income economy. While China's economic growth remains impressive by global standards, it has gradually slowed since 2012, and significant policy adjustments are required if



thenation is to expand on its recent achievements.

To achieve stability, China needs to move away from the low-wage, high-exports model of yesteryear to a balanced economy where domestic spending plays a greater role. In order to successfully manage such a transition, China needs to boost consumption and it is through this prism that the retails and brand licensing markets are so interesting.

Retail Snapshot

Retail has played a major role in China's economic growth as the country continues its transformation journey. Consumption contributed to nearly 60 percent of China's economic expansion in 2017, according to the country's National Bureau of Statistics.

China has now become the world's second largest retail and consumer market, only following the U.S. Retail sales of consumer goods grew 10 percent, exceeding 36 trillion yuan (\$5.69 trillion) in 2017. Disposable personal income has increased 130 percent since 2008, a 10-year period in which most developed nations have seen wages stagnate.

Middle-class consumers in China, estimated to



be somewhere in the region of 430 million strong, are becoming increasingly influential in the retail sector. McKinsey & Company estimates that more than 75 percent of China's urban consumers will earn between ¥60,000 and ¥229,000 per year by 2022.

While China has established itself as a leader in e-commerce, brick-and-mortar stores continue to prosper too. Sales in China's malls have increased an average of 8 percent for the past three years. The country also added 5.75 million-square-meters of retail space last year, according to property services company CBRE.

The continued expansion of brick-and-mortar has presented a clear opportunity for global brands and retailers such as Zara, H&M and Adidas as they continue to ramp up their presence across the country.

E-commerce

Online spending continues to be the shining star in China's retail story. E-commerce saw sales jump 32 percent to ¥7.18 trillion in 2017. Chinese e-commerce

has exploded, averaging a 43 percent increase each year for the past five years. Online sales now account for about a fifth of total retail in the region.

Alibaba and its rival JD.com accounted for roughly 80 percent of consumer e-commerce sales between them.

More than 40 percent of all licensed sales now come from online purchases—the highest for any country, according to statistics from the International Licensing Industry Merchandisers' Association (LIMA).



Licensing in China

Considering China is now the second largest economy and consumer market in the world, it holds relatively little sway over the licensing market.

The country saw \$8.072 billion of licensed merchandise sales in 2016, according to LIMA's 2017 Global Study, placing it fifth on the global stage, behind the U.S., U.K., Japan and Germany. Compared to the U.S.' \$144.5 billion worth of sales, China remains a small fish in a very large pond. Given the sheer scale of the Chinese economy and consumer market, China



is the most under-exploited market of them all and presents a clear opportunity for global licensors.

While the nation's share of the global licensing market remains relatively minute, China's rate of revenue growth is outpacing every other country on earth. In 2016, licensed revenues grew 6 percent year-over-year, compared to 5 percent in the U.S., 5 percent in Japan and 4 percent in Germany.

Despite the relatively immature market, there are a few licensed property types in which China punches well above its weight. For example, the country has the second largest publishing sector, with \$289 million in licensed sales in 2017. It is also the third largest contributor to celebrity property sales and the third largest for fashion.

Imports vs. Exports: Overcoming Challenges

With more than 50 million Chinese people living overseas, the potential for China to export brands globally is significant. While the export market remains relatively subdued for now, there is certainly a growing appetite for licensed products and content around the world.

For example, the cartoon character Luo Bao Bei has already earned more than 1 billion yuan (\$156.8 million) in gross income from overseas licensing deals. Its producer Hangzhou MagicMall Animation Production has signed licensing agreements with broadcasters in Australia, France, Italy and the U.S.

However, it is the U.S. and European brands that stand to gain the most by tapping into China's burgeoning middle class. While the potential rewards are great, so are the challenges. Cultural differences, market conditions and government regulations all pose significant barriers for companies seeking to operate



in China. On top of this, the country is often criticized for its lack of legislative protections for intellectual property, as well as widespread counterfeiting activities.

These barriers have the potential to undermine the value of licensing deals and have undoubtedly stunted the growth of the licensing market over the years; however, the potential market is so significant that China has taken significant measures to make the country a more attractive option for foreign brands.

Since joining the World Trade Organization (WTO), the country has strengthened its commitments to IP protection and the National People's Congress has established a framework of laws, regulations and departmental rules to tackle trademark violations.

As a result, nearly 87,000 copyright cases were filed in China last year, a 15-fold increase from 2006.

Key Markets

Over the past 20 years, China has become a linchpin in the global supply chain. From low-end toys to high-end electronics, the words "Made in China" can be found across products in every corner of the globe. The country makes 63 percent of the world's shoes, more than 70 percent of the world's smartphones,

80 percent of the world's energy saving light bulbs and provides 80 percent of the world's solar capacity. The nation has built a reputation as a low-cost powerhouse, which has seen it become the largest exporter of goods on planet.

The irony? As China continues its transformation to a consumer-based economy, there is now a domestic demand for the goods it is famed for manufacturing and exporting. As wages continue to grow, manufacturing margins have been squeezed and many companies are now looking to countries like India to maintain the low-cost production of goods.

Meanwhile, the country's burgeoning middle-class is looking for new ways to spend its disposable income. Foreign licensors are acutely aware that this new market of Chinese consumers represents a lucrative opportunity and are looking for ways to capitalize on it. There are several product categories that are proving to be key markets for licensors in China.

Fashion

The global fashion accessory manufacturing industry has significantly grown over the past five years as a result of overall improving economic conditions, and nowhere is this trend more apparent

SINCE INITIATING MAJOR MARKET REFORMS IN 1978, CHINA HAS EXPERIENCED ECONOMIC GROWTH, THE LIKES OF WHICH HAVE NOT BEEN WITNESSED SINCE THE INDUSTRIAL REVOLUTION.

than China. The country generated \$1.68 billion in licensed revenues for fashion accessories in 2016, making it the second largest market, behind only the U.S.

Demand for higher priced luxury products has also led many Europe-based accessory companies to shift their focus to emerging markets such as China, and global revenues for fashion accessories have grown at an annualized rate of more than 5 percent as a direct result.

Despite the strong growth for accessories, China remains a relatively untapped market for foreign players. For example, China is the second largest market for jewelry in the world, yet imports only account for 6.2 percent of domestic Chinese demand.

Toys

Toys remain the largest licensed product category in China, with \$1.85 billion of licensed retail sales in 2016. As household income has increased, domestic toy demand grew an average of 8 percent per year between 2012 and 2016. China remains the largest manufacturer and exporter of toy products, producing over 70 percent of the world's total.

For many Western nations, China is something of a paradox. They struggle to comprehend how a country can be both communist and hyper-capitalist at the same time.

But the truth is, this is just the tip of the paradoxical iceberg. China contradicts almost every facet of socioeconomic convention. It is an undisputed global superpower, yet struggles to generate enough energy to power its cities. It holds \$1 trillion in U.S. debt, but its per capita GDP remains roughly one-tenth of the U.S. It invests more each year in renewable power than any other country, but the skies above its cities remain encircled by smog.

When one looks at the licensing market through this enigmatic lens, the possibilities are both finite and endless. China has more relatively affluent consumers than any other nation on earth, the retail market is growing faster than most any other domestic sector and as the government begins to ease restrictions on global trade, a generation of Millennials are hungry for global brands.

At the same time, the barrier to enter the market for global licensors is much higher than other more mature markets. Despite a marked effort from the government to bring the Chinese licensing market in line with its Western counterparts, significant barriers remain.

Those that can successfully overcome these challenges in the coming years will have access to the most under-exploited and potentially lucrative licensing market to-date. ©



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