

Chinese character Luo Bao Bei is leading a wave of profitable licensing agreements with overseas buyers

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Move over Tom and Jerry, Bugs Bunny, Mickey Mouse and friends, Luo Bao Bei is here.

The cartoon character merchandising tide may be turning in China's favor after decades of Western dominance.

China's cartoon character Luo Bao Bei, a 7-year-old Beijing girl, is going global and raking in profits through intellectual property (IP) deals worth billions of yuan.

Its producer Hangzhou MagicMall Animation Production Co has signed 10- to 15-year copyright agreements with many overseas broadcasters, including the Australian Broadcasting Corp, according to Tian Jia, its general manager.

Luo Bao Bei, the 52-episode animation serial from which the character is drawn, has already earned more than 1 billion yuan (\$157.5 million) in gross income from overseas IP licensing deals in countries including France, Italy and the United States, Tian said.

This represents a dramatic shift. For decades, Western and Japanese comic characters captured Chinese minds and hearts, spinning big bucks for those who held the IP rights.

In the 2000s, companies such as Walt Disney, Warner Bros and Doraemon ruled the roost with their copyright-protected characters, according to a report from Dezan Shira & Associates, an Asia-focused investment adviser for businesses.

New Zealand-based animation producer Huhu Studios has recently sold copyrights of several old cartoon characters to Chinese companies, according to Trevor Yaxley, its CEO.

Amid all this, the number of Chinese cartoon characters with IP protection has grown dramatically, due to a government-backed campaign to develop the animation industry and make it more profitable, the Dezan Shira report said.

IP licensing deals allow buyers to use images of copyright-protected original characters on products like TV and video content, toys, books, magazines, apparel, accessories, and food and beverage packaging.

Yet, even as recently as five years ago, an IP license to use a Chinese cartoon character would cost no more than 20,000 yuan.

Now, a similar IP license for a popular Chinese cartoon character could generate up to 2 million yuan in revenue, said Yaxley of Huhu, which is working on a 3-D cartoon movie called *Beast of Burden*.

The first China and New Zealand coproduction, *Beast of Burden* fol-



Children take part in various activities at the Luo Bao Bei-themed stall at a cartoon and animation festival in Hangzhou in East China's Zhejiang province. PHOTOS PROVIDED TO CHINA DAILY

Cartoons draw mega IP deals



A publicity poster for Luo Bao Bei, a Chinese animation serial produced by Hangzhou MagicMall Animation Production Co. MagicMall has signed 10- to 15-year copyright agreements with many overseas broadcasters.

lows the adventures of an elephant and is set for release this year.

Luo Bao Bei focuses on a Beijing girl and her bonds with her neighborhood, friends and family.

The Luo Bao Bei character is popular abroad because she is not a stereotypical cartoon who wears a red dress and waves a magic stick, Tian said, referring to her chats with foreign partners of MagicMall Animation.

"By showing details of her life, real life-like scenes of Chinese commu-

nity and family in modern times can be displayed, which surprisingly won popularity from the Western world."

The company has already sold *Luo Bao Bei* IP licenses to book publishers and indoor theme park operators. It will authorize commodity producers and toymakers next, Tian said.

Beijing Zhiyou Culture Communication Co has invested more than 10 million yuan in Luo Bao Bei Land, an indoor theme park in Beijing inspired by the cartoon character. It

opened in July last year.

Chen Yifan, the park's director of operations, declined to share financial details but said the company is quite satisfied with the revenue level achieved so far.

Adult tickets cost 228 yuan for the theme park, where children can enjoy slides, make paper cuttings and play games together in the 1,500-square-meter venue featuring decorations and toys from the animation serial.

Chen said the park offers a range of activities like making red lanterns and lucky bags, in line with the animation serial's philosophy of spreading Chinese culture.

Luo Bao Bei's success could make the IP licensing of Chinese cartoon characters even more popular, helping China become the biggest such market in Asia by 2020, industry insiders said.

This view is based on Chinese parents' search for authentic cartoons and related merchandise for their children, as well as the world's growing interest in China, experts said.

Retail sales of IP license-based products and services exceeded \$260 billion globally in 2017. About 3 percent of them were contributed by China, according to License Global data.

From 2008 to 2013, Chinese IP licensing deals grew by 90 percent

annually. Related retail sales reached \$7.22 billion in 2015. Last year, they generated about \$7.8 billion in sales, according to the International Licensing Industry Merchandisers' Association.

About 45 percent of global retail sales related to IP licenses can be traced to entertainment and cartoon characters, it said.

"Since creative cultural products represent a long-term investment, IP licensing can help accelerate the pace of creating assets. This will encourage producers to create more original IPs," said Li Qin, brand-licensing leader of Zhejiang Versatile Media Co, producer of *Axel 2: Adventures of the Spacekids*. The homegrown animated movie raked in 50 million yuan at the box office after its release in October 2017.

Dong Minna, an analyst with market consultancy Analysys in Beijing, said that although big cartoon IP deals are opening up for China, top-quality characters are relatively few and far between.

High demand and inadequate supply have pushed up prices of licenses for IPs with good quality to unrealistically high levels, Dong said.

Still, they are nowhere near the levels of some mature markets such as the United States, where IP licenses may be worth billions of dollars, according to Yaxley of Huhu Studios.