

## Enterprise Idea: Animation Derivatives Plush Toys

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**Abstract:** With a rapid climbing of animation industry develop rate in China. There are abundant plush toys rushing into market. This essay is assessing current animation industry, and narrows into plush toys realms. It tries to figure out plush toys market situation as well as the relationship between them two. A risk evaluation is using to evaluate animation images are used on plush toys. Besides, legal contexts are playing an important role in this blooming market.

### 1. Introduction

The idea for this Creative Enterprise and Contexts project is production 10,000 plush toys which come from animation image. Currently, Chinese animation industry is developing vigorously. The annual production has more than 140,000 minutes and is thirty times than five years ago. How to create a healthy development of the toys from animation derivatives? How to form a new business model in this industry?

Animated television series and animation films are actually advertising to enhance the visibility of the cartoon image, to drive the sales of the related derivatives, which is the importance of commercial gain in animation derivatives businesses. When animation industry and manufacturing sectors can be combined, manufacturing techniques and culture come into one comprehensive service enterprises. But, Chinese animation industry is the lack of classic cartoon image, leading to the lack of the commercial value. Authorized parties' awareness is weak of honesty consciousness. Licensing models bring limited incomes of animation derivatives. Animation manufacturer efforts to control the derivatives of the value chain and development animation image are converted into the effectiveness of commercial value.

Toys industry is pursuit of artistic creation and integration technique from animation derivatives which can have mode of earning profits. Firstly, animation films or TV shows enhance the cartoon image of toy products in the market pricing. An advantage is the cartoon image promotion of toy product market pricing, another is films and television works as a toy product marketing tools reduce the company's marketing expenses. The combination of two advantages allows the gross of toys company sales is much higher than peers. Cartoon image is a creative design and enterprises must realize the industrialization. The idea of production toys must find and have clear business model in order to achieve a certain financing conditions. The basic framework of this idea is content creativity and channels authorized. The channels include soft and hard channels authorization, the soft channels such as cartoons, movies, mobile phones, online games and, the hard channels such as cartoons toys, stationery, children's clothing and shoes. It is broad and profound prospects in animation licensing model. Toys sales of animation derivatives have cartoon authorized sales and can also be accompanied by self-designed sales. The former models have been mature in some of countries which tremendous contribute to animation industry. For example, Mickey Mouse is well-known all over the. Every year Disney company give Mickey Mouse new figures from clothes designing to color changing which keep fresh to buyers and the marketing is never tired of this .

Method self-designed products, in accordance with the image which enjoy considerable popular support, such as Chinese zodiac mascot cartoon image. Every year there are different animals and it deeply rooted in individuals, but there is not a unified image of public acceptance. Zodiac is the mascot of Chinese traditional Spring Festival and has barrier-free environment and good relationship with many people. Zodiac culture is prevalent in many countries and regions, also in Western

countries have a profound effect on a broad marketing. It is doing free advertising for thousands of years in cultural industries. Moreover, The Zodiac mascots cartoon images have cute animal images, infinite stories and interesting backgrounds, which are suitable for the development of various cultural products. With national industrial policy, this project has a completely independent intellectual property rights. In addition, the zodiac as a traditional cultural style has business development potential in the international marketing.



Figure 1. Chinese zodiac mascot cartoon image

## 2. Analysis

### 2.1. Animation Industry

In recent years, the Chinese government gives strong support to cartoon industry and the ministry of culture has 'original cartoon support programs', also local authorities provide corresponding measures to support. Some of animation and cartoon movies have satisfied at the box office. But, it is limited of benefits at animation vendors own income and 90 percent of the Animation Studios recognize a loss. In China, the survival of the entire industry is counting on the support of the government which is obviously unsustainable and could not last long time. The key of animation industry should open itself and breakthrough tradition idea, actively developing animation derivatives industry, looking for new profit pattern and its living space, changing the works as a commodity. In the past several years, Chinese animation industry had been lost one of the biggest pieces of cake---Animation derivatives products. There are many problems in derivatives development. Firstly, animation derivatives products like to others industry. It is too much and hard to control costs. Secondly, animation companies encourage creativity to production which need continually develop new products. Animation derivative products are connected creativity ideas. Animation derivative usually developed on the basis of animation companies. Presently, in China there is no consensus on animation images. It is still a question whether or not is protected by copyright.

### 2.2. Toys Industry

In China, toy consumption is growing at a high speed about 30 percent to 40 percent annually and has more than 1,000 billion Yuan in gross of consumption toys. The Chinese toy market presents tremendous business opportunities. It is more than 300 million people under the age of 14 and the city's population occupies 80 million which form of the large toy consumers groups. Urban children spend 35 Yuan to toys an annual per capita and spend 12 Yuan of adults. According to the National Bureau of Statistics data show that: in 2005 China sales of plush toys up to 50 billion, and this number will appear in the next 3-5 years, "rapid development" phenomenon, and an annual increase rate of 40%. By 2010, China's toy market consumption will amount to more than 30 billion Yuan. The

Chinese toy marketing demands for a bright future. The best-seller is plush toys and car, then model toys, remote control toys and plastic toys are the popular and good sales.



Figure 2. Popular Toys in China

### 2.3. Production Push Toys Use Animation Images

Firstly, plush toys in extremely broad market demand will increase the market for animation derivatives to invest more support. As people's living standards improved, consumption levels have yet to move from quantity to quality upgrading. Currently, the number of animation derivatives have rapidly improved, the quality is still main cause of the impediment to development. Animation derivatives are still of poorly designed phenomenon and are obviously insufficient to show profound cultural foundation in production.

Secondly, animation derivatives expand the audience of market demand in toys products. Most of toys from animation derivatives aim for children and it is less to consider for the adults who are limited the spread of animation products. Animation industry in Japan, South Korea and other developed countries pay more attention to adult-oriented programs and adult is an important consumer group.

Thirdly, fully utilize new media expands the release channel. A few years ago, video sharing industry has been the hardest hit areas of piracy. Presently, with a substantial increase of users, the browsing technology is promoted and large amounts of capital involved in the video sharing industry which began to take the legitimate route. The websites of video sharing spend a lot of money to buy the copyright. No matter how the methods they use, it really gives an opportunity to achieve the value of the copyright owner and copyright. Besides the video sharing websites, there are many other new types of media to play the important role of content dissemination.

In conclusion, people pay attention to toys' safe, comfortable, emotional needs and they are no longer achieving the number, price comparisons. Thus customers will choose to uncontaminated or contribute to public health, green animation derivatives.

## 3. Risk Evaluation

### 3.1. Key Risks and Measures:

➤ Insufficient resources:

In China, there are too many resources had been found, especially, classic animation images. However, actual market competition would be more complicated.

Measures: fact-finding missions usually work best the other way around.

➤ Confidence level:

Most information is secondary data which is outdated or add more individual mind.

Measures: field investigation and questionnaire survey would be filling the deficiency of this part.

➤ Design date

Toys need develop and re-design cartoon images. It is hard to have good effects.

Website and short trailer might not be finish on time or not satisfied.

Measures: learn skill of communication; enhance mutual understanding and team spirit.

- Over budget
- Measure: Every single department sticks into the budget.

| Risks   | Magnitude | Likelihood   | Foreseeable | Total Score |
|---|-----------|--------------|-------------|-------------|
|   | 1 = low   | 1 = unlikely | 1 = easy    |             |
|   | 10 = high | 10 = likely  | 10 = hard   |             |
| Resistance for trailer and website production | 8         | 10           | 8           | 640         |
| Sales skills                                  | 6         | 8            | 8           | 384         |
| Communication with supplier and partner       | 6         | 6            | 7           | 252         |
| Conflict with other departments               | 6         | 4            | 8           | 192         |
| Customer satisfaction                         | 6         | 4            | 6           | 144         |
| Government, environment and social            | 3         | 4            | 7           | 84          |

#### 4. Relevant legal contexts

The important thing of production plush toys is getting merchandising licensing from rights owner of cartoon images. Animation derivative products involve the intellectual property question which refers to using cartoon images or developing of products without licensing from the right holder. Rights allowed on the developing of products using animation images, such as design patent, Logo and the character, can be regulated by corresponding laws. Without these related rights and laws, protection over intellectual property of animation products will be impeded.

Reproducing a popular and well-know cartoon character, or its nearly identical likeness on commercial merchandise without the copyright owner's authorization will almost certainly constitute copyright infringement.

Animation derivative products rights is not an idea originated in China which should belong to the merchandising of a virtual figure and it use for reference from other countries. The right of publicity comes from Europe and the right of merchandising comes from America and Japan.

There are four mainly authorized methods. Production plush toys need find the best ways to achieve licensing at the same time; it can economize on the use of funds.

Generally authorized method have merchandising licensing, promotion licensing, subject licensing etc. authorized dealer accord to different situation and different cooperation way to acquire brand licensing.

##### (1) Merchandising licensing

Authorized dealer have right to use the brand Logo, the character, modeling design and development of products, and have right of sales.

##### (2) Promotion licensing

A Promotion licensing of gifts: authorized dealer can use the brand Logo, the character authorized and modeling design, and combine with their own promotional activities, planning gifts and promoting the company's product sales.

B The licensing of graphics image: authorized dealer can use the brand Logo, the character authorized and modeling design, and combine with their own promotional activities, planning creative theme activities of advertising, to achieve promotional purposes.

##### (3) Subject licensing

Authorized dealer can use the brand Logo, characters and modeling design as the theme, planning and operation of theme projects.

##### (4) Place licensing

Authorized dealer can add to the authorized brand chain stores and chain monopoly shop, unified sales authorized brand products.

Promotion and exploitation of cartoon characters in the successful take tremendous monetary value. The people and companies have those own characters protect the use of the characters vividly. In USA, cartoon character owners can quickly stop all unauthorized commercial to use of the characters' images and claim damages from any use that has already occurred. The 1976 Act 'National Commission on New Technological Uses of Copyrighted Works' makes it clear that 'the placement of any copyrighted work into a computer is the preparation of a copy' (p. 30). The issue handling copying is derivative work rights. 'A derivative work is, a work based upon one or more preexisting works' (p. 43). A work is not derivative if it does not 'substantially' (p. 43) copy from a prior work.

Animation derivative products are effectively protected by merchandising rights which is a new kind of intellectual property right in modern economic societies. Merchandising rights refers to the right of the right holder to gain financial revenues through the commercial use of his name, image from his work, character, and other creations which includes the right of an actual figure and a virtual figure. It can even be extended to the whole cultural creative field.

Customers pay attention to safe, comfortable, health and green of toys. The idea need consider material of plush toys which is made from organic cotton velvet fabric.

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