

## Big in Asia, Line app hopes cute factor will win worldwide

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In this March 16, 2015 photo, tourists take their souvenir photos with an outsized Line's character Brown bear at the Line Friends flagship shop in Seoul, South Korea. For smartphone users in Asia where most of Line's 181 million monthly users are located, the characters are as familiar as Hello Kitty or Disney's animated stars. They are not well known in America or Europe but owner Line Corp. hopes to change that. It plans to open 100 stores selling Brown dolls and other cute "Line Friends" paraphernalia worldwide over the next three years as a way to draw more users to the app. (AP Photo/Lee Jin-man)

Mickey Mouse, Hello Kitty: Move over. And make way for laidback Brown bear and his irrepressible girlfriend Cony the bunny.

Once just digital stickers that users of mobile messaging app Line send to each other like emoticons, the bear, the bunny and their seven friends will soon be unleashed through stores, virtual reality and possibly an animated film.

For smartphone users in Asia where most of Line's 181 million monthly users are located, the characters are as familiar as old school icons such as Hello Kitty and Disney's animated stars. They are not well known in America or Europe but owner Line Corp. hopes to change that.

It plans to open 100 stores selling Brown dolls and other cute "Line Friends" paraphernalia worldwide over the next three years. It has already opened two stores in Seoul and its first Shanghai and New York stores will open this year.

Though partly an accidental strategy, the company says the bricks-and-mortar presence will draw more users to the app and help replicate its rapid Asian success in other regions. It will also give the company a backdoor into China, where Line is blocked along with other foreign messaging apps and social media sites.

"We never intended to do a character business," Yoon Sunmin, who oversees Line's character business, said in an interview that was the first time the company has outlined its merchandizing plans in detail. "It exploded by accident," he said, drinking coffee from a paper cup emblazoned with the dazed face of Brown.

Visitors to the newly opened flagship shop in Seoul's trendy Gangnam district screamed with delight when they saw an outsized Brown bear greeting them near the entrance of the three-story store. Locals and

tourists from Vietnam, China and Hong Kong queued to take a picture with Brown and other human-size cutout Line characters, as if they were pop stars.

Evelyn Tan, a 27-year-old from northwestern China, and her friend Keira Yi, 23, from Beijing, said they don't use Line in China but came to look at Brown and other cute dolls.

"I have some friends from Taiwan and they use Line," said Tan. "The stickers. They are so cute."



In this March 16, 2015 photo, a tourist from Hong Kong poses for her souvenir photo in front of Line's character Brown bear at the Line Friends flagship shop in Seoul, South Korea. For smartphone users in Asia where most of Line's 181 million monthly users are located, the characters are as familiar as Hello Kitty or Disney's animated stars. They are not well known in America or Europe but owner Line Corp. hopes to change that. It plans to open 100 stores selling Brown dolls and other cute "Line Friends" paraphernalia worldwide over the next three

years as a way to draw more users to the app. (AP Photo/Lee Jin-man)

Larger and more expressive than emoticons, the stickers have been a draw card for Line whose users are mostly in Japan, Thailand, Indonesia, India and Spain. They also set Line apart from the bare bones interface of rival WhatsApp, which was bought by Facebook for about \$22 billion. Line is worth about \$18 billion based on revenue from monthly users, according to Marcello Ahn, a fund manager at Quad Investment Management.

The popularity of the Brown and Cony stickers has also shaped a new trend in mobile communication.

Instead of typing messages, many users simply tapped a sticker showing a coy-looking Brown sitting on a toilet or eating a bowl of ramen. Users began to associate themselves with certain characters and the lineup now includes a bespectacled middle-aged man named Boss and James, a blond narcissist.

"People express their emotion with the characters so the depth of the interaction is different," Yoon said.

Stickers also made Line the rare mobile messenger that rakes in cash, first by selling stickers for \$2 a pack to mobile phone users and later by adding new businesses such as games and a taxi hailing service. Users can now sell stickers they make themselves to other Line users. There are more than 200,000 people around the world who do that.

Line Corp.'s net profit jumped 50 percent in 2014 to 126 billion won (\$112 million) on revenue of 670 billion won (\$594 million), according to its parent, South Korea's Naver Corp. The app was launched in June

2011.

Line also cashed in on the rock star popularity of its animal characters through mobile games and an animated TV show in Japan.

In China, the company hopes the stores and other ventures will put it in a strong starting position in case authorities ever relent on their blocking of the app.



In this March 16, 2015 photo, shoppers wait for doors to open at the Line Friends flagship shop in Seoul, South Korea. For smartphone users in Asia where most of Line's 181 million monthly users are located, the characters are as familiar as Hello Kitty or Disney's animated stars. They are not well known in America or Europe but owner Line Corp. hopes to change that. It plans to open 100 stores selling Brown dolls and other cute "Line Friends" paraphernalia worldwide over the next three years as a way to draw more users to the app. (AP Photo/Lee Jin-man)

The first Line Friends store in China will open in Shanghai's Xintiandi shopping district in May, selling Brown dolls, Cony pens, Sally mugs and other goods such as kitchen utensils, stationary, jewelry and toys.

"We hope to resume the Line app service someday" in China, Yoon said. "If the Line app is resumed at a time when our characters are well known, it would be a powerful launch. We hope that in the countries where the Line app is not used actively, Line characters would promote the app."

Apart from stores, Line is in talks to open a virtual reality amusement park in China. The first such park, where visitors can explore a virtual space with Line characters, will open in Bangkok this summer.

Line is also negotiating with Hollywood producers to turn its cute characters into an animated film for theaters or series for TV.



In this March 16, 2015 photo, figures of Cony the bunny, one of Line's

characters, are displayed at the Line Friends flagship shop in Seoul, South Korea. For smartphone users in Asia where most of Line's 181 million monthly users are located, the characters are as familiar as Hello Kitty or Disney's animated stars. They are not well known in America or Europe but owner Line Corp. hopes to change that. It plans to open 100 stores selling Brown dolls and other cute "Line Friends" paraphernalia worldwide over the next three years as a way to draw more users to the app. (AP Photo/Lee Jin-man)

Line spun off Line Friends earlier this month to operate the character-related business independently from the company's app business.

Though analysts are skeptical about the app's future in China where Tencent's WeChat is dominant, they say the merchandizing business could be effective in the U.S. and in Latin America.

"There is clearly an opportunity to take existing mobile properties to other channels and generate revenues," said Jack Kent, director of mobile media research at IHS Technology.



In this March 16, 2015, an employee carries a human-size cutout Line's character Brown bear, to place outside the door at the Line Friends flagship shop in Seoul, South Korea. For smartphone users in Asia where most of Line's 181 million monthly users are located, the characters are as familiar as Hello Kitty or Disney's animated stars. They are not well known in America or Europe but owner Line Corp. hopes to change that. It plans to open 100 stores selling Brown dolls and other cute "Line Friends" paraphernalia worldwide over the next three years as a way to draw more users to the app. (AP Photo/Lee Jin-man)

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