

Lottie Dottie Chicken Goes International: How the Brazilian Creative Industry Expands Internationally via Licensing

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Abstract

Firms from the Brazilian creative industry have exhibited remarkable success in marketing their offerings to international audiences. Initially catering to domestic market opportunities, they spread their animation characters abroad. What accounts for their international expansion ambitions? What is unique to their internationalization strategies? Based on empirical data, we review their success stories, revealing lessons learned and key success factors in their expansion. The paper provides a unique contribution for firms in the entertainment and media industry from any country to find their golden egg.

Luporini and Prado were looking at the screen, and...had a hard time [believing]...the figures [they saw]. There were 500 million views on the [show's] teaser. They had forgotten the content [on] YouTube six months [before] the unexpected meeting with a potential investor/broadcaster. They started to read the comments. People were asking for more. Really? They couldn't believe [it]. The year: 2006. The teaser: a home-made 2D music/animation. [Their] initial [aim for creating the video had been to serve as] an after work "hobby" to increase [their] income. [Instead], they [had] found [a] golden [opportunity]. Lottie Dottie Chicken is the first 100% digital intellectual property. The incredible results spread from the digital to trademark licensing.¹

Lottie Dottie Chicken Goes International

This story reveals how creative industries, particularly in the fields of music and animation, have developed almost everywhere, primarily due to digital media technology. Marcos Luporini and Juliano Prado are the founders of Bromelia Filminhos (BROF) and creators of *Lottie Dottie Chicken*. The show is comprised of lyrics with a chicken family as main characters targeting children between 0 to 3 years old. The founders had almost given up to launch their afterhours hobby because the initial attempts to offer for local broadcasters failed. After uploading the video to YouTube the breakthrough came directly from the audience asking for more clips.

Lottie Dottie Chicken is a real example of business model disruption. Its content is the first Entertainment and Media (E&M) brand created one hundred percent within the new media digital environment. The show leads YouTube views and subscription for kids in Latin America, where it is known as *Galinha Pintadinha* or *Gallina Pintadita*. Nowadays, the show is available on six different language channels, with more than fifteen million subscribers and ten billion views worldwide.² Pretty good results for an animation launched via a social media platform. Furthermore, the results expand to the retail sales of merchandise licensed products that reached \$300 million in 2015.³

BROF emerges as a new player in the traditionally concentrated E&M competitive industry landscape. The “big three” – Disney, Cartoon Network (Time Warner), and Nickelodeon (VIACOM) - dominate the industry. They engage in almost all aspects of the animation value-chain, from conception, production, and post-production to final broadcasting. This scenario leads to limited space for independent producers to compete directly, forcing them to serve as service providers to larger studios. Nevertheless, the digital disruption eliminated the distance between the content and the consumers, hence between producers and the audience. This paper’s main purpose is to provide perspectives of the creative industry, offering a framework to exploit it successfully.

The animation industry is an important segment of the creative industry (CI). According to UNESCO, the principal purpose of the CI “is production or reproduction, promotion, distribution or commercialization of goods, services, and activities of a cultural, artistic or heritage-related nature.”⁴ The CI comprises advertising, architecture, books, gaming, music, movies, newspapers and magazines, performing arts, radio, TV, and visual arts. The CI represents three percent of the world’s gross domestic product and employs almost 29.5 million people worldwide.⁵ CI is also at the forefront of a broad spectrum of changes in society, including those associated with digital technology transformation. However, digital transformation “does not occur in isolation; it is shaped by and contributes to shaping, the broader

economy, and society as a whole,” changing the way people consume information, entertainment, and communication.⁶

Since the early phases, globalization impacted industries spreading global transnational segments from clothing to furniture producing similar preferences across developed and emerging countries.⁷ Notably, the rapid stretching out of convergence in the E&M is due to new digital media environment. Providers like Netflix in the Americas, Europe, and Australia or regional providers like Bigflix in South Asia, or Hulu in North America and the Rest of Asia spread similar shows and movies. YouTube is available in almost 90 countries in 76 different languages. Therefore, similar tastes and preferences among the audiences gave rise to a new global audience.

Animation cultural universalities spread globally through the convergence of tastes and media, a trend identified by T. Levitt in 1983, which remains true nowadays. *Lottie Dottie Chicken*, a character created in the digital realm, travels to different countries around the world, playing songs to babies. According to Jean Michel Jarre (musician, and president of the International Confederation of Authors and Composers Societies -CISAC), “Individual creativity, skill, and talent,” are the drivers that lead firms to achieve competitive advantages and they do not know boundaries.^{8,9}

Technology changes are reshaping the animation industry. New media has allowed the consumption of entertainment in different ways. The emergence of new competitors that directly reach audiences is a direct result of this change. There are no longer intermediaries filtering contents and viewers can decide what, where, and when they want to watch or listen. In this context, entrepreneurs from small and medium enterprises (SME) can directly expose audiences to their content.

Global trade in creative services is growing at a faster pace than conventional economic sectors, reaching US\$ 624 billion dollars in 2011,¹⁰ with an average growth of 8.6 percent annually between 2003 and 2012.¹¹ The main producers of creative services are firms from developed economies such as United States and Japan. However, firms from Brazil and other emerging economies, such as China and South Korea, have increased their share in the global market.

The paper focuses on the rise of firms from emerging country SMEs in the CI and how they are gaining space within the international scenario. Once the creative industry relies on intellectual creativity, licensing emerges as an implied feature for exploring intellectual property (IP), both nationally and internationally.

The remainder of this paper is organized as follows. First, we briefly present the intersection between creative industries, entertainment and media industries, and the growth of emerging market firms. Second, we

discuss the relevance of the global licensing industry for firms in creative industries. Third, we present five examples of companies from Brazil, and how they challenge the norm. Finally, we analyze the companies regarding their key success factors, and offer a road map on successful expansion through licensing.

Creative Industries, Entertainment, Media, and The Growth of Emerging Market Firms

Intellectual Property Copyrights

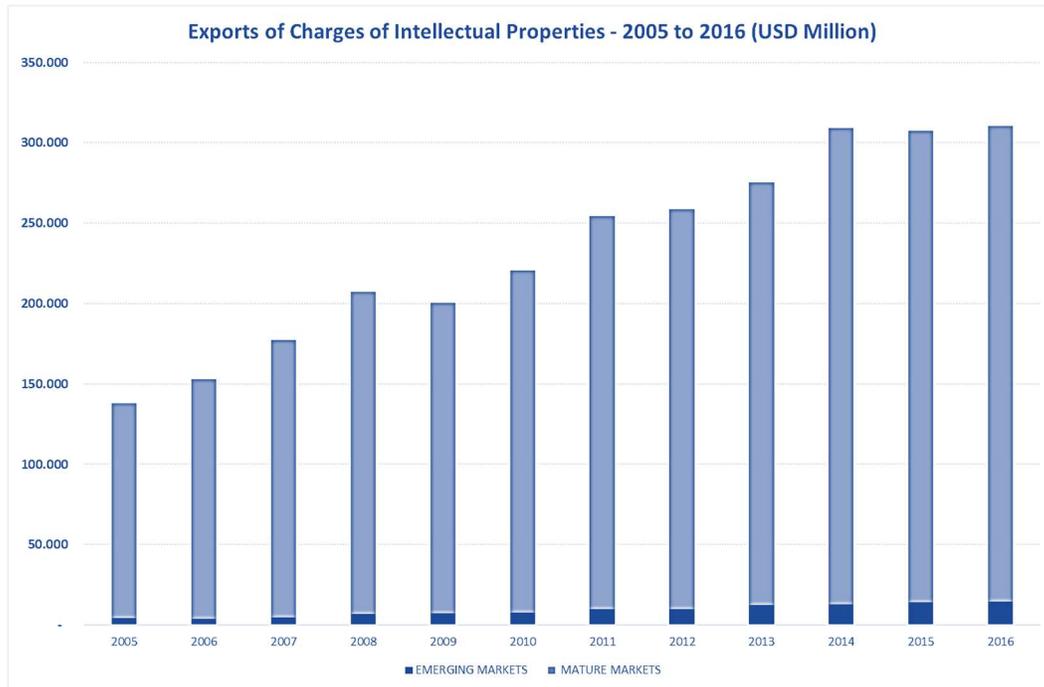
This section highlights the CI's, their components, and how they link with the E&M industry. We also present factors that suggest that Brazilian firms are becoming relevant within the CI scenario and provide some examples of their potential as exporters.

The term 'creative industries' was first coined to "signpost the significant interface between commercial and cultural activity and the emerging new media driven by technological change."¹² Although definitions differ between countries,¹³ the primary allocation differs depending on which category an industry is part of the CI. For example, the World Intellectual Property Organization (WIPO) considers Film and Video, Publishing and Television and Radio as core copyrights industries, but UNESCO associates them with core cultural domains. Despite the difference in the classification, an animated character is employed in Films, Videos, TV Shows, Publishing, Video-Games, and others and it can be used online, offline, or both.

Intellectual Property (IP) leasing assumes two different formats, i.e., copyright and trademark licensing. Export of revenues for the use of intellectual properties reached \$314 billion in 2016.¹⁴ Mature economies guards its relevance in the international exports:

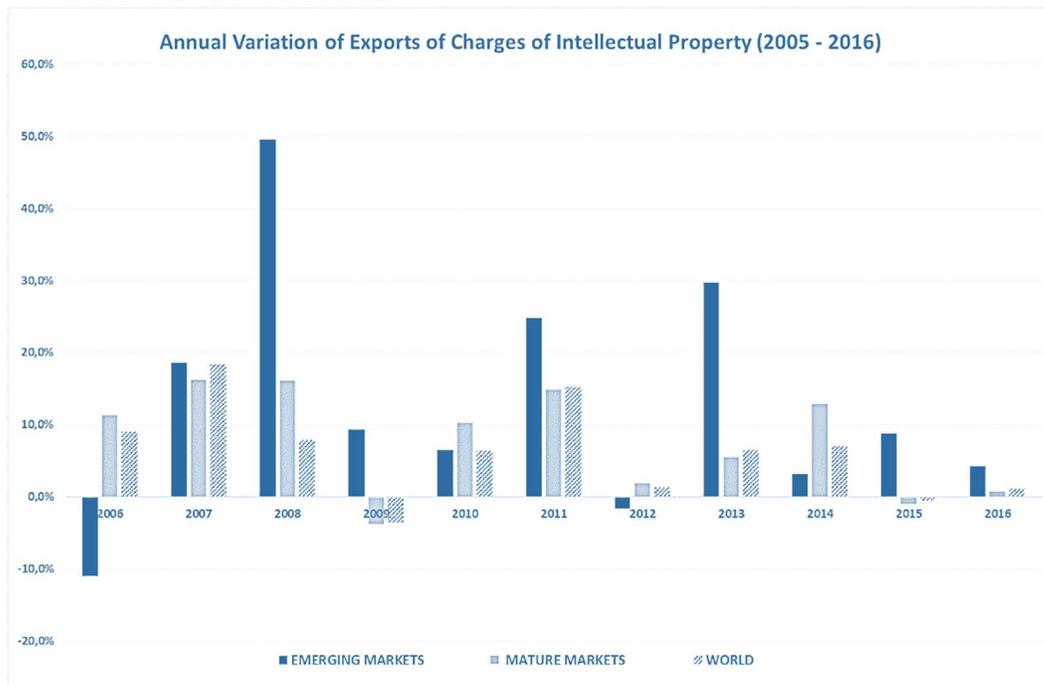
- The mature markets are the lead exporters: United States accounts for 39% of total exports, followed by other developed economies such as Japan, the Netherlands, and other European countries (Figure 1);
- European countries altogether represent 40.2% of the total exports, followed by Asian countries 17.8%;
- Annual variation of exports (Figure 2) indicates the increase relevance from emerging economies between 2006 to 2016:
 - A few examples are: China with 575%, Brazil with 433%, Russia with 200% and South Korea with 300%.

Figure 1. Exports of Charges of Intellectual Property between Emerging Countries and Mature Markets



Data Source: Word Trade Organization

Figure 2: Exports of Charges of Intellectual Property between Emerging Countries and Mature Markets



Data Source: Word Trade Organization

Lottie Dottie Chicken Goes International

In the case of TV Pinguim (TVP), the internationalization took a different path although is also an example of a new challenger from an emerging country. Established in 1989 by Celia Catunda and Kiko Mistrorigo, the firm used international licensing to expand its reach. Initially, the organization aimed at providing media services as advertising campaigns, logos, and printed materials. However, since inception, the owners cherished to create and produce children's TV shows.

Peixonauta (Fishtronaut) was created in 2003 initially as a co-production project between TVP and Vivavision (Canadian producer). Although the Canadian co-production project failed, TVP succeeded in offering to an international cable channel - *Discovery Kids Latin America* (a 24-hour children's content subscription channel). Negotiations with the channel and the production of the episodes took four years before the actual exhibition. *Fishtronaut* was the first 100% Brazilian-created content broadcasted on a foreign subscription TV channel and included all the Latin American countries.

The owners of TVP had been aware that reaching international markets was critical for the company's success. As Celia Catunda, TVP founder told us "North-Americans [do not] like dubbing so *Fishtronaut* was produced with lip-sync in English". After 10 years, *Fishtronaut* is broadcasted three times a day on *Discovery Kids* in Brazil. The show is in its third season and being exported to 180 countries.

Fishtronaut exemplifies the intersection between E&M and the creative industries since there is no clear boundary between these specific sectors. The E&M industry, even before changes boosted by the Internet and by technological convergence, had not reached a consensus about how to define itself. As Kung comments:¹⁵ "The media industry is not a monolith, but rather a conglomeration of different industries that have the creation of mediated content as a common activity."

The consumption of E&M worldwide is expected to remain steady. Global E&M foresees a regionally-dispersed annual growth rate of 4.3% between 2017 and 2022.¹⁶ Compared to mature markets (3.3%), the BRICS will experience an average growth of 8%, led by India (10.5%), followed by China (8.3%), Russia (7.2%), and Brazil (4.7%).¹⁷ Despite this, the US market remains the most significant, accounting for US\$ 603 billion in 2016.

In 2016, China became the second largest E&M market with US\$ 190 billion, followed by Japan, Germany, and the United Kingdom.¹⁸ Brazil, a US\$ 41.7 billion market, is considered a fifth priority in the E&M Export and Licensing Markets ranking for US companies, because it is the largest media market in Latin America, comprised of several broadcasters.

One reason for the scattering of market growth is digitalization, which increases the diffusion speed of information and media productions. Global data flow increased 45 times between 2000 and 2015. Innovation, ideas, and information can be sent and received almost anywhere,¹⁹ enabling non-traditional countries, as well as small and medium enterprises, to participate in digital platforms.

In the case of Brazilian market, the growth drivers are:

- Younger population profile: Brazil is the fifth most populated country in the world and forecasts that 20% of its population will remain below the age of 14 until 2027.²⁰
- Fast digital inclusion: Internet diffusion is an essential factor in Brazilian market growth. Brazil was the fourth largest country regarding the number of internet users in 2017, behind China, India, and the United States.²¹ Internet usage reaches 67% of the Brazilian population, including different household incomes. Internet access for the highest income households (e.g., A and B) reaches 89%, while for middle levels is 74% (e.g., C), leaving the most significant gap for the lower level (e.g. D/E) at 42%. The main dispositive to access is mobile phones, with 96% of Internet access, followed by computers at 51%, TV at 22%, and video games at 9%.²²
- Local government policies: in 2007, the Brazilian Government created the Audiovisual Funding system to support the local industry, based on tax incentives. Additionally, in 2012, the government adopted the domestic content quota for Pay TV. Although this policy is standard in developed countries, such as Canada and the UK, and has been in place since World War I, its acceptance by the General Agreement on Trade and Services (GATS) occurred only in 1994. Since the Brazilian Government established a quota policy, the number of animated TV shows for children rose sharply from two in 2010 to 44 in 2017.

In summary, CI's include a wide range of different service industries, which use creativity as a core element of its production. Primarily, the creation of content and characters derive from the intersection between animation, television, film, video, and interactive media. It is an outgrowing industry both for the export of revenues of intellectual properties and the demand for E&M consumption specially at the emerging countries. The disruption of the industry allows small firms from emerging countries to challenge the traditional monopoly of this market. Perspectives are primarily optimistic, moreover for those that are now entering the digital environment. In this context, Brazil presents exciting opportunities, both nationally and internationally.

Intellectual Property Trademark Licensing

In this section, we explore the use of trade marketing as a venue for profits for animation creations. The use of trademark licensing allows the transformation of an “abstract” creative element of the IP – the character – to a tangible product, such as plush or toys.

Copyrights licensing relies on broadcasters or distributors acquisition to exhibit locally or regionally whereas trademark licensing relies on agents or licensees to produce licensed merchandise. In the latter option, the licensor – owner of the IP – leases the rights to use to a licensee. To small and medium independent producers trademark licensing turns out to be a primary source for revenues.

In 2017, global retail from licensed products reached US\$ 271.6 billion.²³ The market faces a steady growth since 2014 at an average rate of 4% per year. The largest market are the U.S. and Canada accounting for 58% of the retail sales. However, countries such as China, Mongolia, South Korea, and Taiwan had a remarkable increase of 36% between 2014 and 2017. Their global retail sales jumped from US\$ 19 billion (2014) to US\$ 26 billion (2017) in just four years.

Global retail sales in Latin America increased by 8.2% between 2016 and 2017 reaching the fourth position globally. Among the top ten countries there are two countries from emerging markets: China is at 5th position with US\$ 9 billion of sales and Brazil is at 8th with US\$ 4.4 billion. The primary intellectual property type licensing in these countries is entertainment and characters, gathering 60% of the total.

Globally, entertainment and characters comprise 44.7% of total sales, reinforcing the strong and intricate relationship between CI, E&M, and animation. An animated character created for a TV Show, a movie, a video-game or the new media may reach beyond the screens to the trademark licensing.²⁴ This category is the largest with US\$ 121 billion in sales and with an increase of 14% between 2014 and 2017.²⁵ The category circumscribes the IP originated from films, TV shows, video games, online entertainment, and even social media.

Small and medium firms in this industry rely on the trademark licensing of their characters to sustain their businesses. For example, Mauricio de Sousa Productions (MSP) has been using trademark licensing since 1970's and is recognized as a pioneer in the use of trademark licensing for their characters.²⁶ The firm have two main sources of revenues: copyright licensing and trademark licensing; the last represents 85% of its revenues. In 2015, the estimation of trademark licensing revenues was US\$ 746 million.²⁷

Currently, the company has more than 3,000 licensed products in several product categories under 150 contracts. The brand is the market leader in

some categories. For example, in the category of infant products, for example, the *Monica's* diapers (*Monica's* is a main character in the comic books) is market sales leader (the category accounted for US\$ 4.8 billion in 2017).²⁸ *Monica's* brand is also successful in the food category, targeting children with small apples. *Monica's* apple market share was around 33% in 2017.²⁹

Before the year 2000's, the paradigm for trademark licensing of entertainment and characters counted mainly on the TV broadcasting or presence in theaters to be recognized as a potential trademark licensing. The new digital technology environment admits the development of a trademark licensing directly from the social media environment based on the audience demand. *Lottie Dottie Chicken* is a notable example of digital character. The character is at 800 products in different categories, from toys and clothing to food and home products. The firm was among the Top 150 Global Licensors in the world, ranking in 89th position in 2015 and 115th in 2016.^{30, 31}

In summary, the entertainment and character is the first category of global retail licensing with 45% of the total market in 2017. Properties originated from films, TV shows, video games, online entertainment, and even social media reach consumers in different forms, changing the E&M landscape. Unconventional regions like Asia and Latin America are growing their share in the international market, to challenging the current status quo.

New Business Model

Moving on now to consider the introduction of a new business model - triadic. The triad comprises the supplier (independent producer), the platform (YouTube, Netflix or other), and the buyer (the audience). This new business model has offered innovative sources of revenue continuously while the firm faces new challenges to exploit competitive advantages.³²

The triad business model, known as T-model, "aims at creating value by facilitating interactions and transactions (via a platform) among two or more (groups of) actors, usually buyers and suppliers of a product, service or another resource (e.g., data)."³³ As a result of this in the E&M digital disruption emerged through the Over the Top (OTT) alternatives such as Video-on-Demand (VoD) model. VoD is premium digital video content, distributed over the internet, that comprises: Pay-Per-View (single rentals as Amazon Prime) and monthly subscriptions through streaming services, such as Netflix and Hulu, and the digital purchases (electronic-sell-through).

In addition to the new platforms to watch the content, firms can extend their content online, such as through digital games and apps or offline, through board games and comic books. This transmedia environment allows the storytelling to cross different environments, in which the audience and their desire to connect with the character is the focal point.

International Ventures of Brazilians Animation Companies

In the following section, we introduce the animation evolution in Brazil through the different trajectories of five different companies. Those Brazilian firms challenged the status quo and found their place in the international scenario. They are considered references in the Brazilian E&M industry for how they used trademark licensing as a strategy to compete abroad. To understand the firms and their evolution we will briefly reveal the animation history in Brazil and its evolution, since it is an intrinsic element of the company's context.

Animation in Brazil

Until the 1980's the Brazilian animation industry almost didn't exist. The history of Brazilian animation is relatively recent, even though in 2017 it celebrated its 100th anniversary. There are two main reasons for this; first, before the 1980's access to technological resources was restricted due to government policies; second, the concentration of the market in one broadcaster. Globo group operates vertically restricting the content to international acquisitions or in-house productions, limiting the opportunities for local producers.

This scenario created constraints to the Brazilian animation industry to reach technological and financial capabilities to compete in the international market. Indeed, Brazil did not have a national identity in the animation business.

The Beginning

Animation in Brazil has been a "one-man" challenge since its beginning in 1917. Nevertheless, proactive entrepreneurs, such as Mauricio de Sousa, invested and believed in the opportunities to develop content focused on children initially publishing comic strips and comic books. As Monica de Sousa told us "in 1959 my father launched his first comic strip at *Folha da Manhã* [local newspaper]. At that time it was the only thing available for kids. The first comic book came later in the 1970's."

Mauricio de Sousa Productions (MSP) leads the Brazilian children's comic book market (82.5%), selling more comic books than international competitors as Disney (17.5%). The company gathers an extensive portfolio of comic books, cartoons and films, shows, games, and digital media. The collection comprises around 500 characters created within different franchises, such as *Monica and Friends* and *Chuck Billy*. Since the company's inception, more than one billion comic books has been sold.

The Emergence of a Domestic Market

In the early 1990's, the subscription-based television services model started in Brazil. The introduction of a subscription-based television with 24 hours kid's exhibition channels initiated the demand for local productions. TVP was the first independent producer to establish a direct production/exhibition agreement with an international channel. However, the novelty of the initiative forced the negotiations to be held in the United States for a Latin-American coverage.

Following TVP initiative, 2D Lab developed *My Big Big Friend*. In 2003, the firm launched *Aquarela*, an animation based on songs composed by Toquinho (acclaimed Brazilian composer and singer). *Aquarela* won several international prizes and became e-mail viral. *Aquarela* expanded to internet as *The Children's World* being online and offline through the sales of CD's, DVD's and books among others. On the other hand, the firm biggest hit is *My Big Big Friend*. *My Big Big Friend* was co-produced with the Canadian Producer and Distributor Breakthrough Animation. The co-production allowed the series to be international since its inception, licensed to *Discovery Kids Latin America*, *Treehouse TV* in Canada and *Panda Channel* in Portugal.

As presented above, BROF, TVP, Mauricio de Souza Productions and 2d Lab shares the same audience – children. Their characters are beloved nationally and internationally. The firms challenged the developed economies monopoly and ventured themselves abroad, each company following a different path, timing, region, revenue, and strategy. However, international licensing is a common approach to all of them.

Table 4 summarizes the firm's profiles: founders, products and features, internationalization strategy and revenues from their foreign activities. We follow this section describing the lessons learned. Although not all of them share the same results, there are relevant features to be aware of.

Lottie Dottie Chicken Goes International

Table 4. Brazilian Creative Industry Firm Characteristics

	MSP	TVP	2D Lab	Flamma	BROF
<i>Founded</i>	1963	1989	1998	2004	2006
<i>Founders</i>	Mauricio de Sousa	Celia Catunda Kiko Mistrorigo	Andres Lieban Marilia Pirillo	Reynaldo Marchesini	Juliano Prado Marcos Luporini
<i>Founders' Background</i>	Journalist	Communication Architecture	Fine Arts - Animation	Electrical Engineer	Business / Communication
<i>International Experience</i>	None	None	None	None	None
<i>Company Focus</i>	Comic Strips → Comic Books → TV Show	TV Show	TV Show	TV Show	Video Clips
<i># of Employees*</i>	400	62	50	8	15
<i>Initial offering</i>	Comic Books	Media Services	Media Services	TV Shows	DVD
<i># of Characters</i>	+ 300	+ 10	5	5	5
<i>Main export</i>	Publishing & Animation	Animation	Animation	Publishing and Animation	Animation
<i># of Countries</i>	50	180	15	128	26
<i>International Projects</i>	Monica and Friends Monica Toy  	Fishtronaut Earth to Luna  	My Big Big Friend 	Sea Princess 	Lottie Dottie Chicken 

* in 2017

Lessons Learned

The tradeoff between Domestic Markets and International Markets

Firms from countries with sizeable internal markets tend to focus internally and neglect international opportunities.³⁴ On the other hand, when firms decide to target international markets, they usually prioritize the biggest markets.³⁵

The Brazilian market for local production has been limited due to industry vertical integration. However, the arrival of subscription channels opened international opportunities for domestic production, even though TVP, 2D Lab, and MSP had been focusing on the local market. As Celia Catunda, one of TVP founders and executive told us:

We had two series to present, and we had the bible for the series, and we were sending summaries of what we have, I was really surprised because those companies wanted to see what we have. It was a surprise cause nobody in Brazil wanted to see what we had. I have tried Globo and other broadcasters, but nobody wanted to set up a meeting. Suddenly, I had a meeting with Nelvana, with BBC in the UK, all the big broadcasters wanted to set up this meeting and see what we had.

The context for the E&M industry and the animation industry configuration worldwide offer a different perspective. The biggest markets aren't necessarily the most attractive ones, mainly because they are highly competitive.

The U.S. market is the biggest for both E&M and trademark licensing. Despite its attractiveness, the efforts to face the biggest competitors are time and resource consuming, which is a challenge for entrepreneurs and small and medium firms. Japan and the United Kingdom follow the U.S. in size yet both markets are difficult to enter. The United Kingdom has a regulated market to promote local development of the creative industries, whereas the Japanese Manga (Japanese comic books genre) and Anime (Japanese animation style) are forces to be recognized.

In contrast, there are opportunities in several regions in the world that seeks for novelties beyond "western productions". This had been the case of TVP exports to Saudi Arabia where TVP licensed the copyrights of *Fishtronaut* to the Al-Jazeera channel. The Saudi Arabian channel had a demand for a non-north-american production and *Fishtronaut* fit its request. At the same time, E-Vision, a leading satellite channel from Dubai, licensed the show for 24 countries.

Core Competences – Looking beyond the arts

The Brazilian cases reveals that it is critical to understand the industry beyond its creation technicalities. All the founders had a deep knowledge about the creative and technical processes embedded in the development of an animation production. For example, 2D Lab created the CRIA – Reference Center for Initiation and Improvement in Animation and Applied Arts – due to the lack of available skilled labor.

Despite 2D Lab technical expertise the founders had to acquire managerial and business skills later on. In addition, TVP had been presenting their content at international animation festivals but only in 2004 they went to an international event to sell their content. This event provided not only information about the broadcaster demands but also opportunities to pitch their content and sell. During that kind of events, companies can also develop their network, meeting other international producers and broadcasters. As Celia Catunda told us “them we did our 2nd production, *Earth to Luna*, and this one went much faster, we were already well known by the players and we already knew them as well. We were able to sell to *Sprout* (formerly PBS Kids Sprout, an independent American digital cable and satellite television network), so we sold for more than 70 countries in only one year after the launch.”

Flamma Films is an exception among Brazilian companies studied. Reynaldo Marchesini former experience in content distribution and trademark licensing allowed to develop a unique market approach. The project *Sea Princess* had since its inception an international perspective for co-production, exports and trademark licensing. After 23 initial pitches in 2004, the firm established a pre-sell agreement with KIKA (Germany) and Channel 7 (Australia) and a co-production agreement with Netuno.

TVP, 2D Lab, and MSP learned about the international markets through the experiences and consequences of their decisions. For example, Ricardo Rozzino, TVP executive partner told us: “We learned how to negotiate the contracts, how to improve it. The commissions might be from 5% to 40% or even 50%, and you must pay the expenses. So, we learn how not to lose money with nonsense.” Mauricio de Sousa, told us: “The company needs to be organized. There is a need for long-term planning.”

Kiko Mistrorigo adds up “at the beginning it was an entrepreneurial project, however, its import to organize the activities and develop long-term planning. So the independent producer becomes as a real corporation with more than one project. The firm start to look forward four or five years ahead.”

Overcoming the Shortcomings

The animation business is a cost intensive activity. One season usually encompasses 52 episodes of 11 minutes. It demands 18 months of average time of work, involving at least 180 people and millions of dollars to produce. For example, each episode of *Sea Princess* costs around US\$135,000.

All the studied companies faced resources constraints to develop their business. MSP company started selling comic strips to newspapers until the launch of their own comic book, *Monica and Friends* to further adopt the trademark licensing. The trademark licensing started in the 1960's and remains until today. In the 1960s, the company published a comic strip playing with an elephant being brought home by *Monica* to make pasta. The "joke" became an advertising campaign to CICA (Industrial Company of Preserves Food). The association of the green elephant (*Jotalhão*) with the company remains under a long-term agreement (2028), even after its acquisition by Unilever in 1993.

TVP and 2D Lab also faced resources constrains. They financed the animation production through several sources: media services; personal resources; government incentives, and strategic alliances. On the other hand, BROF funded the first DVD of *Lottie Dottie Chicken*, using a co-sharing partnership with the entire development team. The co-founding business model resulted in profit shares.

Flamma Films was the only company to focus on the international market for pitching *Sea Princess*. The firm made 23 pitches in 2004 before to establish an option of production agreement with Southern Star (Australia). The options agreement allows an exclusive right to a network for a limited period.

The remarkable feature among the entrepreneurs is their ability to overcome the adverse environment in creative ways. Despite the challenging institutional context of Brazil, the entrepreneurs are highly innovative. MSP has the biggest animation studio in Latin America with more than 250 professionals and TVP and 2D Lab introduced breakthrough technologies to produce animation even while they were providing media services. TVP was one of the pioneers in presenting paperless animation in an international festival – Los Angeles Animation – in 1990. The 2D Lab company pioneered animation production using techniques like Flash and Toonboom. The entrepreneurial orientation allowed surpassing the difficulties in building recognized animation nationally and internationally.

Use of Copyright and Trademark International Licensing Strategically

These cases demonstrate that the use of licensing for copyrights and trademark were more consequential than original planned. The business

model in the industry relies on this type of contractual agreement. The agreement might be direct – to a broadcaster or licensee – or indirect – to a distributor or agent. Despite the arrangement, the primary source of valuation comes from the IP. The rights management under the agreement will make the difference between profits or losses.

In the case of TVP, the coproduction failure allowed the company to guard 100% of the rights that were responsible for almost 90% of its revenues in 2017. The case of Flamma was a little different, since the agreement with the co-producer portioned out the ownership copyrights and brand into regions. The case of 2D Lab is slightly different from Flamma since the co-production agreement established to the Canadian partner the responsibility to negotiate the content and trademark elsewhere except Latin America.

Regardless of the differences among the cases, to be successful, the IP must be managed as carefully as the product development. A pivotal element to be considered by entrepreneurs is to approach international licensing for content and trademark strategically. A well-structured trademark licensing plan must accompany the creator's efforts and dedication to develop and commercialize the content, and both content and trademark must be considered together.

The partnership between TVP and Alpha Animation is a good example of strategic approach. In 2014, TVP chose the Alpha Animation Group as its strategic partner for copyrights and trademark licensing for Asia. The Alpha Group is an entertainment conglomerate constituted by a television channel (*Jia Jia Cartoon*) and a comic platform (*U17*). The company is also a leading innovator and manufacturer of toys and games. The alliance with the Alpha allowed *Earth to Luna* to reach trademark licensing in Asia.

Digital dissemination

The new digital media environment will continue to change the landscape, forcing producers, broadcasters, distributors and other stakeholders to adapt themselves. There is not a turning back. The disruption in the music industry is an exciting example to compare. In 2017, 54% of the revenues came from digital.³⁶ Nowadays, the sector growth mainly comes from the music streaming. The streaming had 41.1% growth in sales in comparison with 2016, whereas the number of physical copies sold decreased 5.4% in the same period. We believe that the E&M industry foresees the same trend.

Firms in the industry need to integrate the ecosystem around the audience in all its contexts, beyond the digital opportunities, taking into consideration both online and offline environments. The opportunity to

build and develop a close relationship between the *oeuvre* and the audience allows a new framework of continuous feedback never faced before.

Business models in the digital environment expands the IP copyrights since companies may offer different monetization models to the audience. Companies can provide direct subscription or allow the viewer to interact with content development. Adaptation to this constant evolutionary scenario requires flexibility, agility, and openness. As Marcos Saraiva, MSP digital executive told us “when I arrived at MSP I challenged my grandfather that we needed to be at the social media, we needed to have our official channel. For MSP this was a rupture, because we had never talked directly to the readers, to the audience. We were kind of afraid of how would be.”

In the case of MSP several years were spent to integrate social media into its strategic management, leading the company to embrace the new technological environments as a later entrant. In October 2018, the company launched the *Monica News Stand* application. This application allows consumers to read comic books, graphic novels, books on mobile, tablets, and others. The subscription business model comprises monthly fees according to content access.

Planning the International Venture - Developing Commercial Capabilities

The contrast among big players, small and medium enterprises, and entrepreneurs pose challenges to a better understanding of the industry and its appropriate business management. The emerging new competitors need to master business and strategic planning beyond production development and management. It is imperative to make an integrated business plan for each production to maximize the investments outcomes.

The animated series possess a superior advantage due to its long-tail. The same season may be exhibited several times for several years. The show can be exported to different countries and markets. The international potential is a critical element for competitive advantage and firms must consider it.

The examples show that for most of the companies the international venture was not part of their active planning. Nevertheless, TVP second production reveals how the knowledge acquisition supported a better performance for *Earth to Luna*. The fast internationalization between the two productions, *Fishtronaut* and *Earth to Luna*, suggest that the acquisition of commercial capabilities provides superior knowledge and competitive advantage.

Understanding market differences, audience preferences, and competitive landscape among the countries or regions during the production development allows the firm to exploit the production more effectively. *Earth*

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to *Luna* project took into consideration the cultural differences at its initial stages and its business plan targeted international markets. The show involves a six-year-old girl passionate about sciences and during the international planning process, TVP identified that having a leading female character would limit the opportunities in some regions, such as Arabic countries. Despite this constraint the company decided to keep the girl as the main character, adapting their international expansion to other regions. They took a strategic decision of how to approach the international market.

Conclusion

In this paper we offer perspectives on the ongoing growth in the creative industries. Additionally, we present examples of successful Brazilian SME that can inspire more firms in pursuing their creativity beyond the traditional way of doing business.

The examples illustrate how opportunities can be explored by entrepreneurs and SME from emerging countries to venture themselves in the international arena. Digital disruption opens a breach for creativity and innovation worldwide in the Creative Industry. There are more opportunities to embrace, more information to gather, and more consumers eagers to watch, listen and entertain themselves. The new business environment is vast and requires a broad look from firms that want to internationalize. To be effective, entrepreneurs and managers should integrate the T-model of doing business in a transmedia context.

The use of international licensing assumes a distinct position in the business environment and firms must consider it in both conception and development phases of their strategic planning. For this, firms should learn more about both content and trademark licensing bringing them into their strategic analysis, which allows better decisions and results.

Although it may be not clear which character will be the “one” that the firm will transform in plush and toys at the time of planning, firms that have a good understanding of the business context will be better able to face the challenges. The BROF creators, for example, never thought that “the blue chicken” would be the main character in the show, but they knew whatever it was, they had a long path by using licensing, even though the company was not prepared for that.

There are opportunities to improve knowledge in the CI's internationalization, such as the new features of international licensing. In the new global economy, CI has become a central issue and there is scant research on the use of international licensing in the new digital environment. The new era of global data flows challenges the traditional paradigms offering opportunities to explore this billionaire industry. At the same time,

practitioners in this industry rely solely on their technical and creative skills, even though they seek support and guidelines from government and industry organizations.

There isn't a tradeoff between domestic and international market since the digital realm can be reachable to almost everyone, everywhere. The opportunity to reach the audience directly offers outbreaking venues to learn, to engage, and to produce a unique and remarkable experience. The appropriate and strategically IP rights exploitation will span the production horizons with its returns associated. The question is how the companies will monetize the broad range of opportunities.

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The authors gratefully acknowledge the editorial guidance provided by Prof. S. Tamer Cavusgil in revising the manuscript.

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