

Profit Model and Marketing Strategy Based Brand Value Chain: the Example of the Mobile Messaging Application LINE

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Abstract: LINE is the first social media platform to profit from offLINE retail. It has built an all-field value chain based on a series of its cartoon images, implemented a framework for multiple synergistic developments of core businesses (essential, derivative, and cross-industry product business), and created an IP value-integrated business model. It has also delved deeper into the vertical field of IP product marketing, maintained and enhanced user loyalty through scenario-based marketing and emotional marketing, and established the commercial value of world-class social media IP brands.

Keywords: brand value, social media, profit model, brand building, brand marketing strategy, visual IP image construction

1. Introduction

LINE is a cross-platform mobile messaging app developed in Tokyo by LINE Corporation, a Korean Internet giant NAVER subsidiary. To avoid the broken telecoms infrastructure, LINE was designed as an Internet -based communication option. Despite intense competition across Asia, LINE has enjoyed early success in its home country. The free core communication services and comprehensive social media ecosystem of postings, games, news, official account services, and retail commerce have propelled LINE to 50 million users in less than a year after its April 2011 launch. LINE boasts 167 million active users in Japan, Taiwan, Thailand, and Indonesia. (Figure 1)

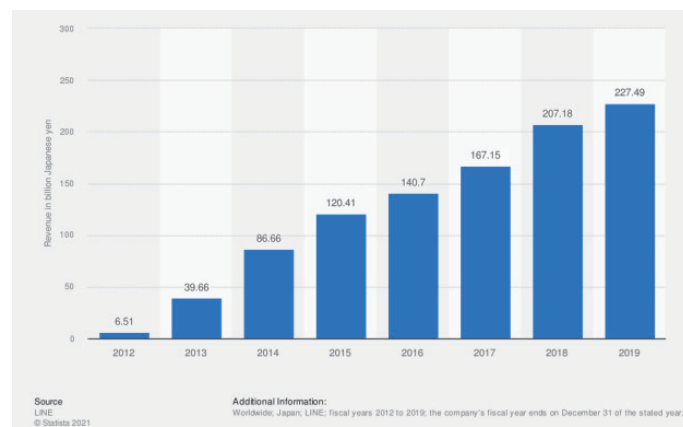


Figure 1. LINE Corporation's total annual revenue from fiscal year 2012 to 2019 (in billion Japanese yen)

2. Analysis of LINE Corporation's profit model

2.1 Basic communication and content business

Advertising and content distribution are LINE's key businesses. Over half of overall revenue came from advertising in 2019. It promotes TimeLINE and LINE News, a 2013 news app. Communications and content accounted for a third of revenue in 2019. There's also LINE Comics and LINE Music, which premiered in December 2014. The total for 2019 was 30.8 billion yen.

In June 2011, LINE Corporation launched the LINE App, a free communication service. Free calling software was in considerable demand in poor countries. LINE launched LINE Call in March 2014, a paid communication service that allows users to call cell phones and landlines. Similar to a telecom voice service, costs vary depending on the country called, from 2 to 16 cents per minute. US, Thailand, the Philippines, and Spain are among eight nations that offer this service. LINE's

content is paid and free. With digital content collaborations, it targets well-known companies and media. Business accounts are set up once and then charged each message sent. By March 2016, around 440 well-known media outlets, firms, and clubs had paid LINE accounts. LINE also offers a news section called LINE Today, where users may follow breaking news, sports, and movie events, and leave comments and reviews. In January 2022, the online lifestyle business module included news, healthcare, payments, music, and AI services.

2.2 IP+ derivative product strategy

LINE's IP (Intellectual Property) derivative products and services include books, posters, toys, audio and video products, video games, and other peripheral products that add value to its brand. The value of IP derivatives is derived from this. Specifically, the components of LINE's IP derivatives strategy fall into three categories.

LINE's main revenue stream is stickers. In 2016, the company's sticker service IP derivatives series produced 8.6 billion yen (61.1%) of total revenue. The stickers are made from original emojis and the Creator's Market. For a long period, the operations staff generated the sticker emojis in LINE's online store. Later, LINE encouraged users to develop and submit stickers that could be sold on the platform, with the creators receiving a cut of the sales. In 2019, LINE Friends made roughly 19.2 billion yen (Figure 4). Profits from character merchandise. In order to establish LINE's cartoon image branding strategy, LINE has picked representative stickers from the initial default stickers (LINE Friends) and linked them with the platform business to create a three-dimensional matrix of sticker pictures with anthropomorphic traits.

LINE launched paid mobile puzzle games (ZPG) in 2011. (LineGame). LINE Quick Game, launched in June 2018, is a no-download game. For promotion of the brand's anthropomorphic images, LINE games always use popular anime characters. "TsumTsum Disney": LINE topped the MAU rankings in Japan, and was nearly second, third, and fourth globally (Xflag, B flag, and B flag). sums (Xflag, Bne, Gungho). Gaming brought in 4.4 billion yen in 2016, or 31.8% of total revenue. In 2019, LINE Games generated over 38.3 billion yen from virtual goods sales. To build its brand, LINE App used attractive visuals of its trademark cartoon characters. LINE Friends Cafe & Store, LINE Friends Park. LINE's retail LINE manufactures merchandise for its iconic characters. LINE has partnered with well-known brands like Air Asia to create co-branded products featuring LINE's cartoon imagery. It also sells books and music featuring its cartoon characters. In 2016, LINE generated 110 million in physical store revenue from these three product lines.

2.3 Building a cross-industry product strategy

Ongoing business model changes keep LINE at the top. Consider the third quarter of 2018: Customers can pay taxes and utilities via LINE Pay, and LINE Financial and Folio have started investing firms to provide consumers with a wide choice of financial products. Given the dangers of a single business model, LINE has developed distinct applications to enable business integration. With Clova Smart Assistant and LINE Maps for navigation. To promote cartoons, it launched LINE TV, LINE Webtoon, LINE Card, B612, Snow, and LINE Brush. It launched LINE Tools and LINE Shopping to help users' life. LINE's business model has developed from a single instant messaging service to cross-border integration. (Figure 2).

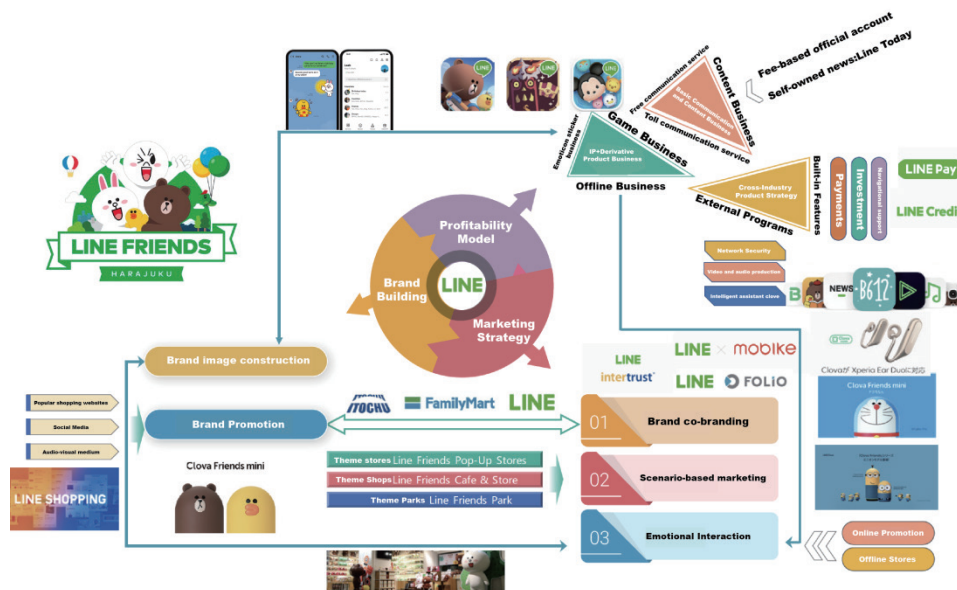


Figure 2. Panorama of LINE's business model

3. Analysis of LINE's branding

Unlike other social media, LINE's value creation is closely related to its cartoon image, and it is the first social media brand to use a cartoon image as its logo.

3.1 Brand identity

An anthropomorphic cartoon figure personalizes the brand. Beyond the language system, each character has its own set of attributes, as well as a unique character-based action; each character's backstory is portrayed as a LINE employee with a unique family background, adding depth and concreteness to each character; and finally, the imaging system adds new classic images later to enrich the characters. So began the LineFamily Brands online knowledge. LINE then delved deeper into its promotional venues, allowing LINE to connect other items and generate offLINE marketing. (Figure 3)

3.2 Brand marketing

Advertising and marketing for brands is gradually going online from traditional mediums. On-LINE shopping, social media, audiovisual media, TV series and variety shows have all been targeted by LINE. Consider the Chinese market: LINE has a store on Tmall and another on Jingdong, where it opened a flagship in 2016. It has also marketed on major Chinese social media, urging celebrities and opinion leaders with significant followings to promote it with tweets and images. (Figure 3).

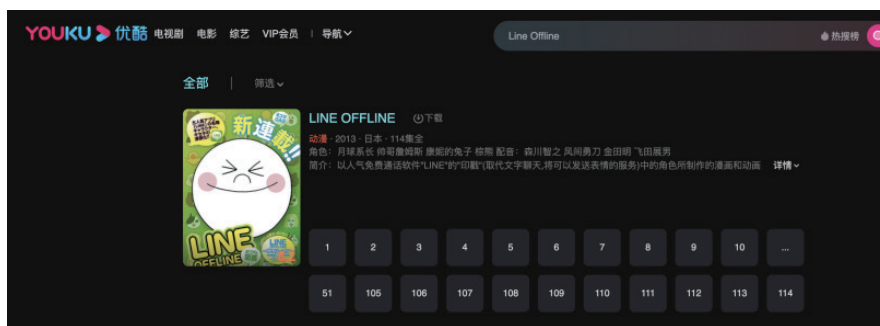


Figure 3. LINE Offline: YOUKU webpage

4. Analysis of LINE's marketing strategy

4.1 Co-marketing

LINE's IP marketing strategy benefited from a cartoon image brand. As a result, LINE has partnered with well-known brands to produce IP co-branded products and perform offLINE brand promotion to further capitalize on its unique cartoon image. In addition, LINE has co-branded items with hundreds of well-known companies and licensed approximately 3,300 businesses (Figure 4). a distinctive personality and brand Characters are differentiated via clever mapping and animation. In terms of action system, each character has a unique action. That provided LineFamily Brands an online knowledge brand. LINE was able to connect other items and develop offLINE marketing after more investigation.



Figure 4. LINE Friends Co-branded with other brands

4.2 Scenario-based marketing

Scenario-based marketing targets consumers' psychological moods or requirements in real-life situations. A scenario-based marketing environment, LINE Friends Co. brings users' virtual sticker experiences to life, inspires purchases, and encourages contributions and word-of-mouth marketing. (Figure 5)



Figure 5. LINE Friends scenario-based store marketing

4.3 Emotional interaction marketing

A new business model and brand strategy combine to encourage emotional communication between users and platforms, resulting in brand loyalty. LINE leverages IP images in the visual field to increase potential users' curiosity about the brand image and want to use the LINE App, achieving intra-brand diversion. LINE has leveraged the popularity of cartoon IP pictures to drive traffic and sustainably grow its business. The company has opened LINE Friends Cafe & Stores in Shanghai and Beijing. So users can access various IP-derived products and transmit feelings to offLINE brands. It's easier to solidify customers' emotions and harness brand dependency psychology when the lifestyle items are founded. (Figure6)



Figure 6. LINE Friends Cafe & Store

5. Research summary

LINE is the first social media brand to accumulate equity. Its success stems from its unique business approach, brand marketing, and "cute culture". For social media platforms' major businesses to synergize, value-integrated business models are required. LINE employed anthropomorphic design to foster empathy and two-way interactions with people to create cartoon graphics for IP assets. A physical environment and rich derivative values were generated, which were finally incorporated into the LINE cartoon image brand's whole commercial value chain profit model. Second, LINE designed and promoted the LINE Family Brands comic images online. Despite its lack of cultural heritage, the company has garnered a \$10 billion global market worth. This affects Chinese social branding. With the help of cartoon visuals and the globalization of user behavior, Chinese domestic social media can promote Chinese characteristics and culture while increasing their financial value.

Engagement and emotional marketing are key to user retention. It involves scenario-based and emotional connection.

Parallel to this, it is vital to employ numerous marketing techniques to promote and accomplish a rich and diverse network marketing.

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