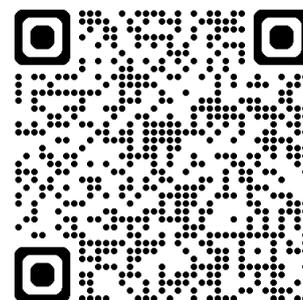
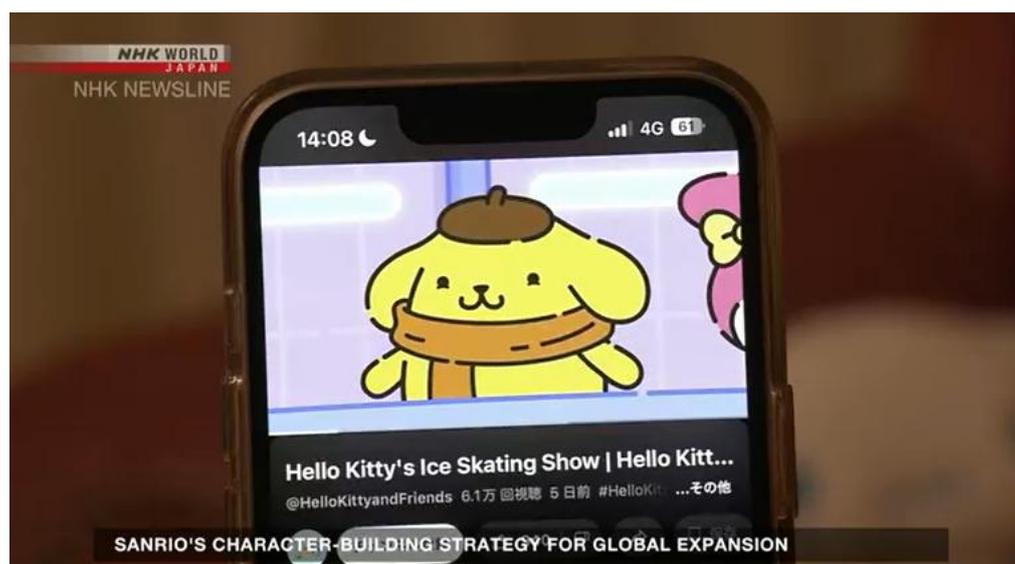


Sanrio's 'kawaii' formula for building global appeal



<https://www3.nhk.or.jp/nhkworld/en/news/videos/20260130060552367/>

Japan's kawaii culture has captured the hearts of fans around the world, but all those cute, adorable characters would not be possible without a lot of tough business decisions. We talked to the president of Sanrio, the creator of Hello Kitty, to see what it takes to stay lovable at a time of cut-throat competition.

Tsuji Tomokuni was just 31 when he became the president of Sanrio company, founded by his grandfather. Less than 5 years later in 2025, Sanrio posted a record net profit. Japan's content industry now exports more than its semi-conductor plants.

I've been feeling a tailwind ever since the corona virus pandemic.

But that wasn't the case when Tsuji took over Sanrio. Sales and profits were in decline. That was partly due to the company's heavy dependence on a small group of characters. The new president thought a more stable business model was needed.

There were a couple of incidents when a character suddenly gained popularity and then quickly fell out of favor. We don't want that to happen again. Instead of relying on one character, we need to exploit our full range of characters, so they all support each other.

Putting that strategy into action, Sanrio is moving to utilize its full stable of more than 450 characters. Just as important, customers are encouraged to show loyalty. The company organizes birthdays and other promotional events, always keeping fans informed. The idea is to avoid the boom and bust of passing fads. Sanrio has also reinforced its licensing business. As a result, familiar characters are showing up in a

growing range of products and services. Licensing income now makes up almost half the company's sales. Tsuji is especially taken by North America. Sanrio's share in that licensing market is only 4%. The president says a small share means ample room for growth.

Compared with the Asian region, our share in North America is still small, but in value terms, it is significant, so increasing our share in North America will be our main focus for the company's growth. I'm certain the licensing business will remain the core of our revenue model in order to make our characters known widely around the world.

It is a fast-changing industry. Tsuji says his strategy for going global will never lose sight of the key ingredient responsible for the company's success.

Kawaii is a Japanese concept that is not exactly the same as pretty or cute. It is hard to describe kawaii in other words. It's about things that look adorable even for those used by adults. I believe only Sanrio can share the kawaii-ness among people of all ages, so we hope to take on new challenges with great vigor.

Sanrio opened a virtual theme park in December. Drawing on the power of kawaii, the company says it will continue setting up venues where customers can connect with their favorite characters.

Source: (NHK World News)

Now discuss the questions with a partner.

1. What is your image of Sanrio? Did this video have any effect on your image of them?
2. The article mentioned that Japan's content industry now exports more than its semi-conductor plants. What other companies do you think are major contributors to Japan's content industry?
3. The president said North America is a key growth market. Why do you think kawaii culture is popular outside Japan? What cultural challenges might Sanrio face there?
4. How would you define "kawaii"? Do you think the concept is different from words like "cute" or "pretty"?
5. Do you have a favorite character from your childhood? Why did you like it?