THE GRAYSON COMPANY

The Great Convergence

When media, entertainment, consumer products, IP and distribution become one business

A discussion document for retail and consumer C-suite executives and their investors

October 2026



The walls between story, product and shelf are coming down

The thesis

The old model was a relay race: each handoff from studio to licensor to maker to retailer took a margin and lost data.

The new model is a flywheel: attention, story, product, commerce and community feed each other, and every turn sharpens the next.

1. **Demand is created where content is consumed**
   Brands without a content engine rent attention at rising prices

2. **IP is the asset that travels**
   Premium multiples go to owners of durable, extendable IP

3. **Distribution re-bundles around the customer**
   Whoever holds the first-party relationship holds pricing power

4. **Convergence is not a strategy by itself**
   Failures bought adjacency without a shared IP, audience or data spine

5. **Talent is the binding constraint**
   The scarce profile is the hybrid who works across the old lines

Value used to move in a line; now it compounds in a loop

BEFORE: A RELAY RACE

Studio
makes the story

→

Licensor
rents the IP

→

Manufacturer
makes the goods

→

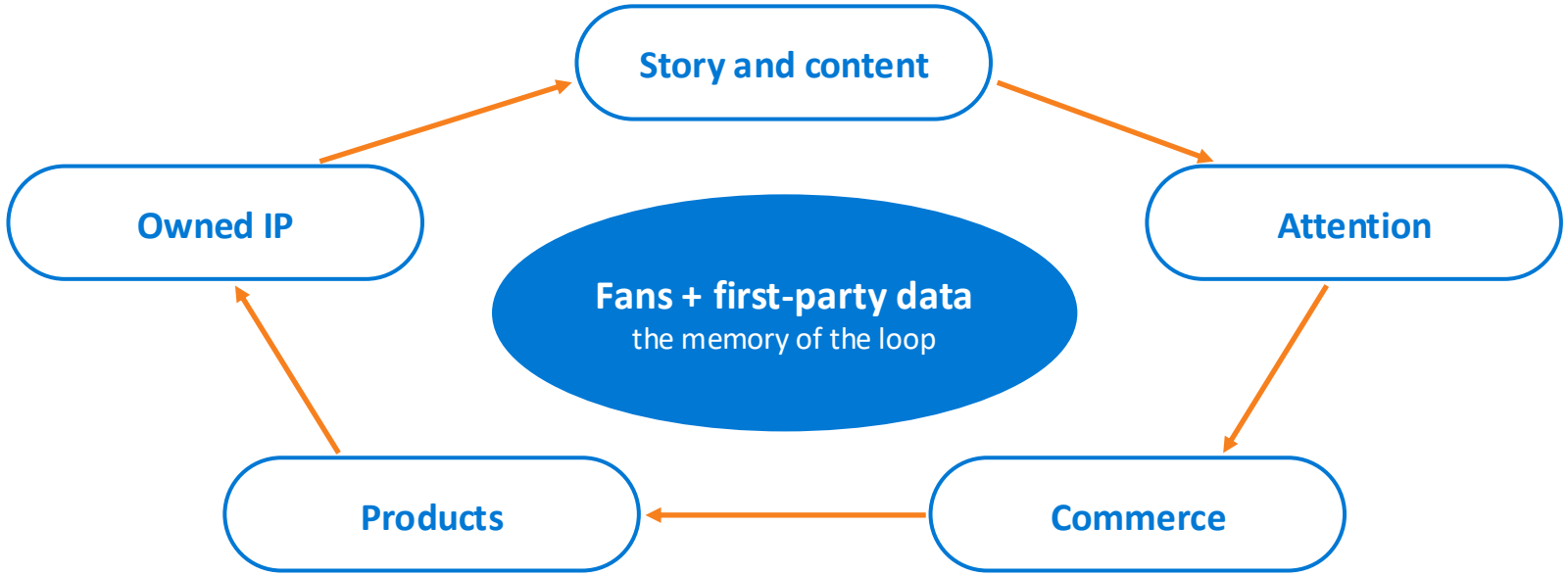
Retailer
stocks the shelf

→

Ad agency
buys the reach

Each handoff takes a margin and loses the customer data.

AFTER: A FLYWHEEL



Why it compounds
Each turn adds data that makes the next release, product or offer more likely to succeed.

Each of the five domains now reaches into the others

Domain	Old role	What it does now
Media	Rented audiences to advertisers	Sells products inside the feed; retailers and creators are media owners too
Entertainment	Made films, shows and games as the end product	Treats each release as the top of a funnel for toys, apparel, food, games and venues
Consumer products	Made goods and bought media to sell them	Builds its own audiences and stories; toy and beauty firms run studios and creator programs
IP	A licensing line item run by a small team	The core asset: the thing that travels across every format and channel
Distribution	Stores, shelves, cinemas, broadcast slots	Any surface where a customer can watch and buy in the same moment

Underneath: attention and transaction now happen in the same place, the unit of value moved from product to fan, and data flows back up the chain.

Seven forces are converging at once

Social commerce at scale
Discovery and checkout now share one screen

Retailers became media
Walmart Connect ad revenue roughly tripled to ~$6.4B in five years

Creators own audiences
Direct trust launches brands faster than bought reach

Streaming makes instant hits
Global demand arrives before licensing cycles can react

Fandom and the kidult economy
Adults buy for themselves; drops drive repeat purchase

Stores become experiences
IP venues give malls and flagships a reason to visit

AI makes content abundant
The premium shifts to owned IP, trust and first-party data

$50.3B

TikTok Shop global GMV in H1 2026, up 92% year on year

Commerce is moving to where attention lives



$11.8B
TikTok Shop US GMV, H1 2026 (+103%)

~$6.4B
Walmart Connect ad revenue, 2025

+44%
Walmart Connect US growth, fiscal Q1 2027

Sources: Momentum Works/Tabcut via 36Kr and KrASIA; Nova Analytics; Marketing Dive. GMV is gross merchandise value.

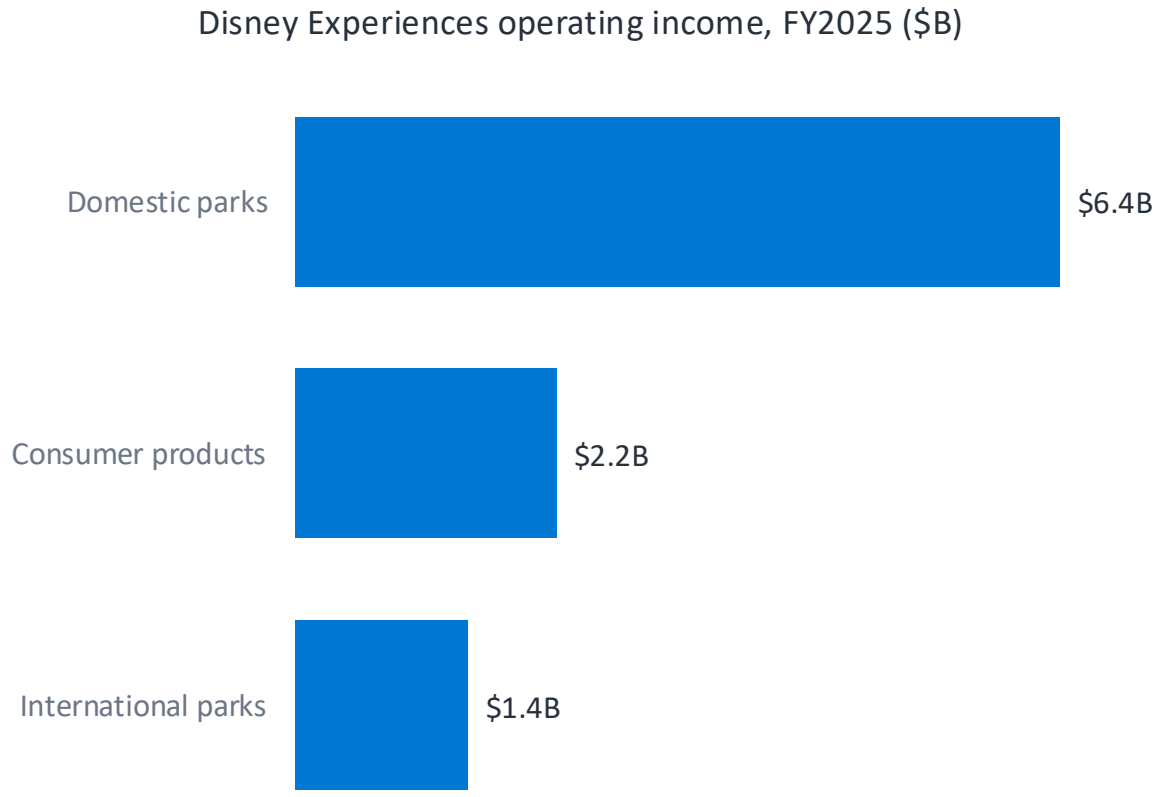
Profit migrates to whoever owns the IP and the relationship

Margin migrates
Retail media, IP and experiences out-earn moving goods

Demand creation moves
Discovery happens in feeds, games and streaming hits

Speed becomes a weapon
Viral demand peaks in weeks, not seasons

Valuations diverge
Durable IP earns a premium; single-hit risk a discount



Nearly $10B in total: the films create demand; parks, cruises and products earn it.

Source: The Walt Disney Company Form 10-K, fiscal 2025.

Who is getting it right

Company	Proof point	What they got right
Nintendo	Super Mario Galaxy Movie: first 2026 film past $1B; franchise past $2B	Protected the IP; partnered with Illumination to produce
Pop Mart	2025 revenue up 185% to ¥37.1B (~$5.4B)	Owns the IP, the shelf and the customer data
Beast Industries	Feastables ~$250M sales, $20M+ profit (2024)	Content as loss leader; product wins repeat on taste
Netflix	KPop Demon Hunters co-master deal with Mattel and Hasbro; Netflix House	Moved at the speed of the hit; partnered to manufacture
Walmart	Walmart Connect US revenue up 44% (fiscal Q1 2027)	Shopper data as media; Vizio closes the loop
e.l.f. + Rhode	Rhode added $113M in a quarter when organic growth was 1%	Bought a creator brand with real product loyalty
Disney	Experiences earned ~$10B operating income, FY2025	Content creates demand; experiences earn it

Sources: The Statesman; Jing Daily; Fortune; Netflix; Marketing Dive; Zacks; Disney 10-K.

Winners turn love for IP into repeat revenue



$1B+

Super Mario Galaxy Movie box office: the first film of 2026 to pass $1 billion



185%

Pop Mart revenue growth in 2025, to about $5.4 billion



$250M

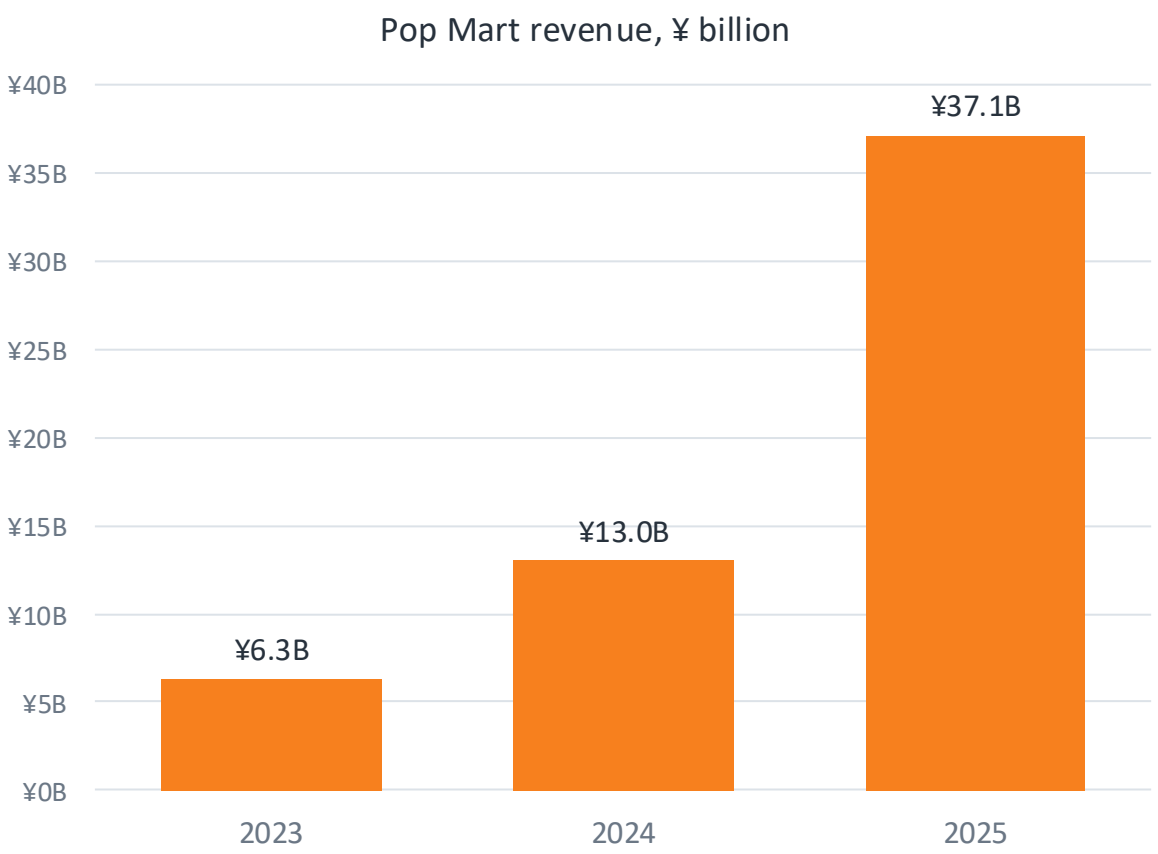
Feastables 2024 sales, matching MrBeast's video revenue, with $20M+ profit

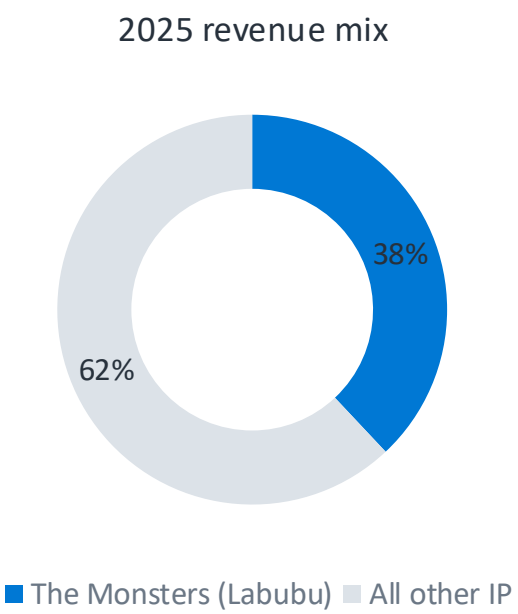


$113M

Rhode net sales added to e.l.f. in its fiscal Q4 2026

Pop Mart: a breakout winner carrying concentration risk





-22.5%

Share price drop on the day of record 2025 results, on fears of Labubu dependence

Response: build the pipeline. In H1 2026 six characters each passed ¥1B in revenue, gross margin was near 70%, and a Sony film deal is under way.

Sources: Jing Daily; Pirates & Princesses (citing SCMP, Bloomberg); Odaily; DemandSage (2023, Statista). ¥ = Chinese yuan.

Netflix shows the flywheel moving at the speed of a hit



The lesson: partner for manufacturing and distribution, keep the IP, and use malls as fan venues. Netflix pop-ups had already reached more than ten million people before the first permanent house opened.

Sources: Netflix; Mattel Q2 2026 earnings call; EAP Magazin.

The failures bought adjacency without a spine



Hasbro and eOne

Paid ~$4B in 2019; sold film and TV for ~$500M in 2023 with a $539M loss on disposal

Lesson: Content unlinked to your own IP is a different, riskier business



Masters of the Universe

$170M to $200M budget; $29.4M US opening in June 2026

Lesson: Partner financing caps the downside, but plan for misses



Prime Hydration

~$1.2B sales in 2023; UK revenue down ~70% in 2024; Australian arm in administration, July 2026

Lesson: Creator reach buys a first purchase, not a second



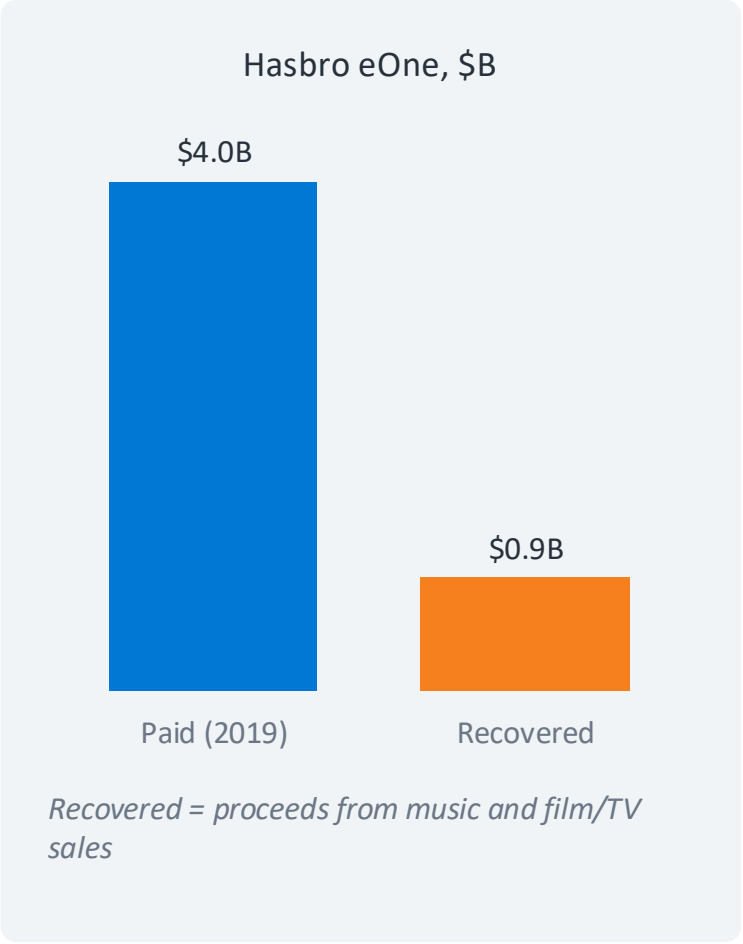
AT&T, Time Warner and Quibi

Pipes and content forced together and later unwound; Quibi raised ~$1.75B and closed within a year

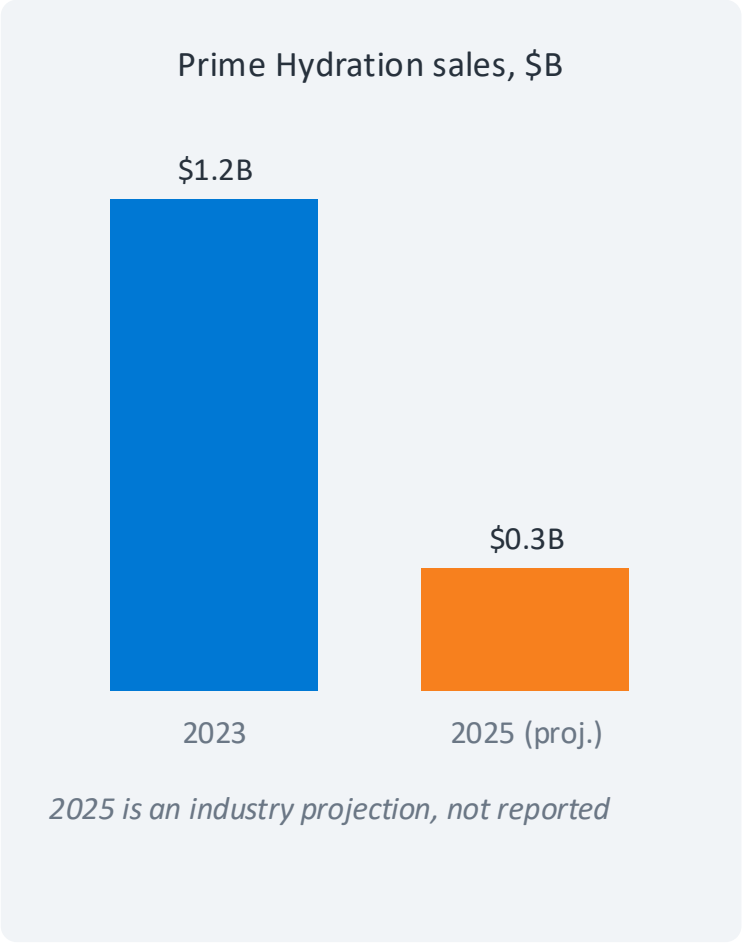
Lesson: Capital alone cannot manufacture a habit

Sources: Hasbro 10-K; Axios; The Numbers; The Robin Report; Inside FMCG. AT&T and Quibi figures approximate, from public reporting.

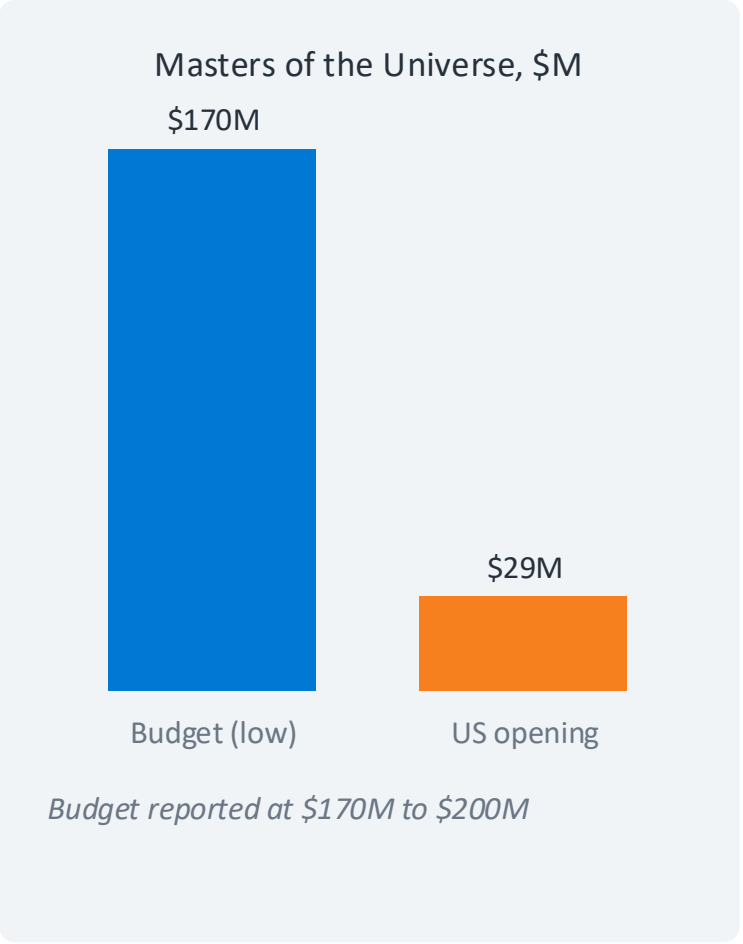
Hype and adjacency can destroy value quickly



Recovered = proceeds from music and film/TV sales



2025 is an industry projection, not reported



Budget reported at $170M to $200M

Sources: Axios; Hasbro 10-K; The Robin Report; Arthnova (citing Circana via D. Rovell); The Numbers; Drezzed (citing Variety).

Seven tests separate winners from losers

Test	Winners	Losers
Spine	Moves connect to owned IP or audience (Nintendo, Pop Mart)	Adjacent assets with no link to the core (eOne)
Product truth	Product earns the second purchase (Feastables, Rhode)	Hype drives trial; repeat collapses (Prime)
Capital model	Partner for heavy capabilities; keep the IP	Own the full cost of production or distribution
Speed	Product ships within the life of the hit	Product lands after the moment has passed
Portfolio	A pipeline of IP; no single hit carries the company	Concentration in one character or creator
Data loop	Audience and sales data shape the next decision	Data sits with partners; each launch starts cold
Governance	Brand guardians who can say no	Every format chased; the IP is diluted

Two cautions for winners: entertainment is hit-driven, so plan for misses; and creator brands carry key-person risk that must be priced.

Every consumer sector faces its own version of the shift



Retailers

Threat: Discovery moves to feeds

Opportunity: Monetise shopper data as media

First move: Scale retail media; pilot IP shop-in-shops



Malls and department stores

Threat: Falling footfall

Opportunity: Host IP venues and creator debuts

First move: Re-underwrite space for experiences



CPG and food

Threat: Creator brands win share cheaply

Opportunity: Partner with or buy creator brands

First move: Stand up a fast-licensing creator unit



Toys and collectibles

Threat: Fleeting hits, high royalties

Opportunity: Own IP; serve adult collectors

First move: IP pipeline with partner-financed content



Apparel and beauty

Threat: Commoditisation

Opportunity: Collabs and founder brands tied to culture

First move: A collab engine under 90 days to shelf



Media and studios

Threat: Tight streaming economics

Opportunity: Products, venues and games

First move: Run consumer products as a core P&L

Retailers must choose: create demand or fulfil it



Demand destination

Where demand is created

- Earns media margins and loyalty
- Needs IP partnerships and fan formats
- Monetises first-party data
- Stores become venues and media



Fulfilment point

Where demand made elsewhere is met

- Competes on price and convenience
- Head to head with Amazon
- Needs cost, speed and assortment
- Margin pressure keeps rising

For museum, cultural and destination retail: the collection and its story are the IP; design the shop, cafe, programming and online channel as one fan experience.

For leaders and boards, the hard part is organisational

Strategy
Name your spine: what do people love that you own?

Organisation
Manage IP as a portfolio, led by franchise owners

Capital
Own the IP and data; rent studios, factories, venues

Operating model
Licensing and supply that react in weeks

Metrics
Revenue per fan, repeat rate, owned-IP share, speed

Risk
Key-person, brand-safety, dilution and data rules

Leadership is crossing the old line

Mattel CEO Ynon Kreiz became co-CEO of Skydance (Paramount and Warner Bros.) in October 2026.

Mattel replaced him with Condé Nast CEO Roger Lynch.

The toy company looked to publishing; the studio looked to toys.

Source: People Matters; Bloomberg.

Investors must tell a durable flywheel from a hot moment



Where the premium belongs

- Owned IP that travels across 3+ formats
- A pipeline with more than one hit
- First-party audiences that monetise
- Asset-light partner models



Questions for management

- Profit share from owned vs licensed IP?
- Repeat rate once launch spend stops?
- Concentration in one character or creator?
- Time from cultural moment to shelf?
- Who pays if a release misses?
- Which fan data do you own?
- What if the founder steps back?



Red flags

- Studio buys with weak links to own brands
- Viral-spike revenue with heavy retailer stock
- Licensing outgrowing brand health
- Content justified by awareness alone

Eight hybrid roles will drive success



Franchise GM
Owns a brand world across content, products and partners



Merchant-storyteller
Plans around cultural moments, collabs and drops



Creator and community lead
Runs creator partnerships and fan communities



Commerce media leader
Runs retail media or social commerce as a P&L



Partnerships dealmaker
Closes co-master deals and collabs fast



Audience data scientist
Links viewing, social and purchase data



Experience designer
Turns IP into venues and events that pay



Brand guardian
Protects the IP and can say no

Build the bench on purpose

CAPABILITIES TO BUILD



Cultural fluency
Read what is rising before it peaks



Commercial creativity
Creatives who know unit economics



Test and learn
Small bets, fast reads, scale or kill



Partnership skill
Co-create and share data with partners



AI literacy
Speed content while protecting IP

HOW TO RECRUIT, ORGANISE AND KEEP IT

1. Hire across the boundary from studios, gaming and creator businesses
2. Form cross-functional franchise teams with shared goals
3. Reward flywheel outcomes such as lifetime value
4. Bring creators inside through equity or co-ownership
5. Rotate merchants and analysts through licensing and media
6. Add entertainment and commerce-media expertise to the board

Ten questions every board should be able to answer

1. What do customers love that we own outright?
2. Where do customers discover new products today?
3. Do we create demand, or only fulfil it?
4. What first-party data do we hold and monetise?
5. How fast can we turn a cultural moment into product?
6. Which partners give us scale without the cost?
7. How exposed are we to one hit, creator or licensor?
8. Do our leaders know both content and commerce?
9. Do incentives reward the whole flywheel?
10. Would we spot a bad convergence deal in time?

A 12-month agenda: diagnose, pilot, organise, scale

Months 0-3 Diagnose

- Map IP, audience and data assets
- Benchmark speed to shelf
- Rank three adjacencies, and the riskiest one

Months 3-6 Pilot

- Run 2-3 controlled experiments
- Creator collab, social storefront or retail media
- Set economic gates to scale

Months 6-9 Organise

- Appoint franchise or IP leaders
- Fast-approval partnerships function
- Recruit 2-3 hybrid leaders

Months 9-12 Scale and govern

- Fund pilots that cleared their gates
- Adopt flywheel metrics
- Brief board and investors

Each phase ends with a go or no-go decision for the board.

IN CLOSING

The leaders of the next decade will not have the biggest studios or the most stores

They will make every story, product, channel and customer interaction strengthen the others.

