



The Brand LICENSING HANDBOOK

**YOUR ESSENTIAL GUIDE TO THE
BRAND LICENSING INDUSTRY**

Welcome

WE HAVE CREATED this guide for any professional looking to find out more about brand licensing. Whether you are a seasoned industry veteran or new to the field entirely, this handbook is designed to give you an overview of the business potential of licensing and highlight the value of brand extensions across verticals.

To learn more about the dynamic world of licensing, be sure not to miss the Global Licensing Group's upcoming international brand licensing events:

- Brand Licensing Europe
- Licensing Expo
- Licensing Expo Shanghai
- Licensing Expo Japan

Visit [GlobalLicensingGroup.com](https://www.globallicensinggroup.com) to learn more about each upcoming licensing event.

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Steven Ekstract
brand director,
Global Licensing Group,
Informa Markets

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We hope this guide inspires you to take on new opportunities in licensing and grow your business by leveraging the power of brand extensions.

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What Do ‘Star Wars’ toys, Manchester United diaries and VW camper van tents have in common? **Licensing!**

BRAND LICENSING HAS become a business imperative for any brand owner or product maker looking to take their company to the next level.

It is one of the best ways to create an experiential shopping opportunity for customers to engage with beloved brands in novel ways. The glamour and appeal of products licensed to hit movies, TV shows, sports events, celebrities, famous characters and even fashion brands make them eminently suitable for products across verticals and regions.

Despite evolving consumer shopping habits, the licensing industry has continued to see modest growth year-over-year as new opportunities for licensing continue to expand. According to the 2019 Licensing International Global Licensing Industry Market Sizing Study report, global retail sales of licensed merchandise grew to \$280.3 billion in 2018, a more-than-three percent increase over the prior year.

As an international and vertical-agnostic business, companies of all kinds can benefit from the ample opportunities available in this growing space. While the U.S. and Canada made up the bulk of retail revenue from licensed products in 2018, the U.K. saw a 2.5 percent increase year-over-year, and the South Asia/Pacific region continued to see steady growth with a 5.9 percent increase from the year prior.

This handbook sets out to help retailers, manufacturers and brand owners capitalize on the enormous international reach that major licensed brands have in retail. It will show you how the right license can help to drive sales, grow exposure and tap into a beloved brand’s fan base. We hope this guide inspires you to take on new opportunities in licensing and grow your business by leveraging the power of brand extensions.

Understanding Brand Licensing

Licensing is defined as the process of leasing a trademarked or copyrighted entity (known as a property) for use in conjunction with a product, service or promotion.

THE PROPERTY COULD be a name, likeness, logo, graphic, saying, signature, character or a combination of several of these elements.

A walk down the high street illustrates the impact that this simple business arrangement is having on both the consumer and an increasingly diverse range of retailers, from discounters to retailers of luxury goods.

It's reasonable to think that the licensing industry begins and ends with toys and games. The prevalence of popular film franchises, children's television series, apps and video games – often associated with intensive, seasonal, consumer marketing campaigns – certainly perpetuates this perception. Licensing is, however, much broader

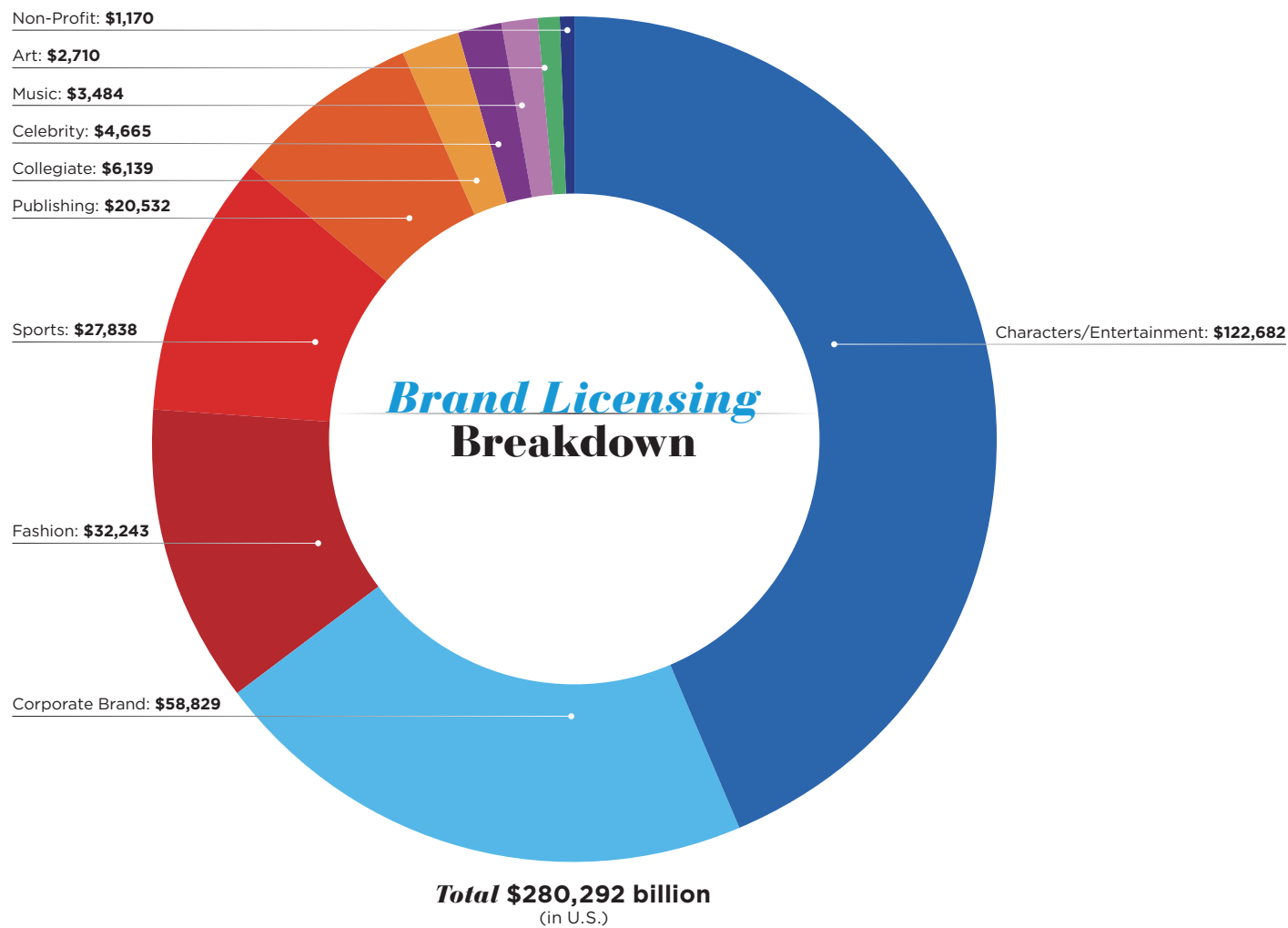
than that. Its scope and reach extends across a wide range of product categories including (but by no means limited to):

- Apparel
- Toys
- Fashion Accessories
- Software/Video games/apps
- Home Décor
- Food and Beverage
- Consumer Electronics
- Footwear
- Health and Beauty
- Gifts
- Sporting Goods
- Publishing
- Paper Products
- Music/ Video
- Housewares
- Lawn/Garden/Tools/Hardware
- Location Based Events/Themed Attractions/Promos
- Infant
- Auto Parts
- Services
- Casino Gaming/Lotteries
- Pet Products
- Other

While many of the above product categories cover a large number of properties that appeal to children, retailers are increasingly targeting adult consumers through brand licensing, with strong growth observed in the popularity of retro or vintage brands, for example.

Brand Licensing Verticals Explained

The 2019 Licensing International Global Licensing Industry report breaks the market down into the following categories, in millions:





The Big Three: Category Types

For simplicity's sake, it is worth looking at the verticals under three broader categories:

Character and Entertainment

The character and entertainment sector is without doubt the largest part of the global licensing industry, generating retail sales of \$122 billion in 2018 and accounting for 44 percent of total global licensing sales*. In terms of consumer awareness, the most recognizable properties in this category include:

- Animated TV programs;
- Feature film releases;
- Characters and themes taken from gaming consoles and associated software;
- Characters and themes taken from downloadable apps and those inspired by social media;
- Classic children's book titles through to adult fiction and
- Song lyrics, music and theatrical production

Brands and Lifestyle

Brands and lifestyle is a growing sector of the global licensing industry both in terms of size and the number of blue-chip brands and organizations licensing out intellectual property in fields such as:

- Corporate organizations;
- Fashion houses and designers;
- Museums, galleries and collections;
- Charitable associations;
- Sport clubs, national associations and global sporting events;
- Automotive;
- Celebrities and
- Food, drink and consumer goods

Art, Design and Image

Although smaller than the other sectors, art, design and image is perhaps the most diverse. It runs the gambut from smaller independent artists to top-tier photo collections. The sector represented more than \$2.7 billion of global retail sales of licensed merchandise in 2018*. It's highlighted artistic and illustrative styles include:

- Designers;
- Painters;
- Illustrators and
- Image libraries and collections

How do brand owners benefit from licensing?

For owners, a professionally managed licensing program can deliver revenue, brand extensions through the skills and competencies of companies operating in market sectors different to their own and protection from copyright breaches.

Reasons brands seek to license their IP include:

- Boosting awareness and marketing for core IP
- Borrowing competency of licensees
- Alternative to brand extension
- Protect the brand across up to 45 different trademark classifications
- Reach wider pool of consumers

Getting Started

In this handbook, we dispel some myths that surround licensing.

ONE OF THE most widely held misconceptions is that barriers to entry are high because it is difficult to contact brand owners to discuss about licensing, you have to be a business of a certain size and that only the biggest companies will get the best licenses.

Any professional seeking to enter the licensing industry needs to decide if a licensing agreement is indeed right for them. They should ask themselves:

- What are the other successful properties in a particular product category? Why have these worked, and will the principles work for the property being sought?
- How open is the product category? Is there room on shelf for another, similar property? And how can the property stand out from what is currently available?
- What is the scope and benefit of adding its product to the wider licensing programme for a property?
- What is expected to be hot and in fashion in then next 12-to-18 months when the product might launch?
- What are the best retail channels and positioning for the sale of its otential licensed product(s)? Who is the core consumer at these shops?
- What are the values of brand/property? Do they work well with the prospective partner's values?
- What are the obligations of a license agreement? What are the typical costs of and clauses to negotiate?
- Is there an obligation or expectation to provide marketing support for the product and to the brand owner?
- What is the approval process, and does it factor in sufficient time for product development?

Additional research is recommended for more detailed considerations beyond this handbook as well by reading licensing leading business publication LicenseGlobal.com and attending one of the many Global Licensing Group events held around the world each year. Visit GlobalLicensingGroup.com to find out more about an upcoming event near you.



TIP: For daily licensing news, read *License Global*, the leading source of news and trends for the global consumer products and licensing industry. The publication is the industry's most trusted source for information and read by more than 80,000 executives every month.



Amanda Cioletti
event + content director,
License Global

The Nuts ‘n’ Bolts of Licensing

DON'T PANIC! The business side of licensing really is straight-forward and not as confusing as some of the vocabulary would have you believe.

This jargon buster by Amanda Cioletti, event + content director, *License Global*, explains some of the terms and phrases that you will often hear in licensing discussions.

TO LICENSE: To give permission to a third party to use a legally protected intellectual property in conjunction with a product, service or promotion.

INTELLECTUAL PROPERTY: Commonly known as the ‘property’ or IP and typically, for licensing purposes, a television, film or book character, television show or film franchise and brand. It can also refer to anything and everything including celebrities, sport clubs, players, stadiums, museum and heritage collections, logos, art and design collections and lifestyle and fashion brands.

LICENSOR: The owner of the intellectual property.

LICENSING AGENT: A company appointed by the licensor to manage the licensing program of a particular IP.

LICENSEE: The party – whether a manufacturer, retailer, service provider or promotional agency – that is granted the rights to use the IP.

LICENSE AGREEMENT: The legal document signed by licensor and licensee that provides for the manufacture, sale and use

of licensed product against agreed commercial terms, broadly known as the schedule.

LICENSED PRODUCT: The product or service that carries the licensor’s IP.

LICENSE PERIOD: The term of the license agreement.

LICENSE TERRITORY: The countries that the licensed product is allowed to be sold or used in during the course of the license agreement.

ROYALTIES: The money paid to the licensor (or collected by the licensing agent on behalf of the licensor), usually paid on gross sales with certain limited deductions.

ADVANCE: A financial commitment in the form of royalties paid in advance, typically on signature of the license agreement by the licensee.

MINIMUM GUARANTEE: The total royalty income that is guaranteed by the licensee over the course of the license agreement.

ROYALTY ACCOUNTING: Defines how the licensee accounts for royalty payments to the licensor – typically quarterly and retrospectively at the end of March, June, September and December.





Anna Knight
vice president, Global
Licensing Group

Top Tips

for a Productive Licensing Conversation

Anna Knight, vice president, Global Licensing Group, provides top tips and questions for you to consider in advance of a licensing meeting.

Licensor to licensee

A brand owner will ask you:

1. Who are your customers? Provide as much information about your target demographic as possible.
2. What are you looking for in a new property? Do you have specific priorities in a particular category or audience group?
3. Which other properties do you already license?
4. What successes have you had in particular?
5. If you are a manufacturer – which retail and/or distribution partners do you already have?
6. If you are a retailer – what successes have you enjoyed with licensed products? (Provide specific examples where possible).
7. What kind of marketing support can you offer if you license this property?

Licensor to licensee

You should ask the brand owner:

1. What statistics do you have available to show your brand's reach? Find out as much as you can about existing readership and viewership.
2. What is the content marketing strategy for this property? Ask about film, TV, publishing, gaming and social networking. This will give you some real insight into how the popularity of their property could grow in the coming months and years.
3. What are the best existing products in the line, and why are they so successful?
4. Who are we competing with for shelf space?
5. What is unique about this property? How will it compete with and complement the properties I already license?
6. Who are your brand's primary consumer groups, and how did you identify this target demographic?
7. What are the cross-category opportunities for this property?
8. How have you selected your existing licensees? Who else is on board for this property and in which categories?
9. What are best practices you have seen from other retailers?
10. What type of marketing support can we expect if we license this property?

Top tips!

- ▶ Ask lots of questions and offer feedback.
- ▶ If you're meeting face-to-face, make the most of the opportunity to share visual examples of previous licensing success stories you've been involved in recently.
- ▶ Have your stats to hand over and be ready to answer questions about your target demographic and marketing plans.
- ▶ Be prepared to negotiate and leverage your promotional assets.
- ▶ If you are a retailer and you are interested, but hesitant, offer to test in a small number of stores or online.



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Be careful not to spend too many resources until the deal has been approved in writing.

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The Business of Licensing

Once you've identified prospective licensing partners, it's essential to sit down at the earliest opportunity to discuss a vision for the products, determine how they will be sold and outline a sales forecast.

ONCE BOTH PARTIES have agreed on the broad terms, you'll sign a “deal memo” or “heads of terms” agreement that summarizes the top commercial points of the partnership. Once you have approval, you'll receive a long-form contract that has been reviewed by your partner's legal team and upper management. Be careful not to spend too many resources until the deal has been finalized in writing.

When you receive the license agreement, it will most likely be broken down into two parts:

- ▶ General legal terms
- ▶ Commercial points specific to your deal

We'll discuss the commercial aspects particular to a contract in the next section. For this portion about the legal terms of the agreement, it's important to note that

you may need input from your legal team or a private lawyer.

There are three principal types of license agreements:

1. Standard license:

The most common type

The contract outlines that the licensee is free to sell the products to any customers within the agreed parameters of the deal, and will want to maximize the numbers of customers who list the merchandise. This works well for most businesses with a broad client base. If you're a manufacturer and only sell to four retailers, you might consider having your contract limit you to selling to just those four. A basic rule of thumb is: the more product categories you have, the broader your customer base, and the more countries you sell to, the greater your sales and royalties.



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Remember, companies change their minds all the time and contracts can be amended.

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2. Direct-to-Retail (DTR):

An emerging trend

These deals are those in which a licensor has an agreement directly with the retailer, which will then source products directly from its supply chain and pay the licensor any royalties due. Retailers benefit from using their existing supply chain, helping to optimize margins, while licensors have some security in knowing the products will be available at brick-and-mortar stores.

3. Triangle sourcing:

Newer agreement that shares risk

Here, the retailer and supplier (licensee) effectively agree to an exclusive arrangement. The supplier may take on the legal responsibility (the contract is probably in its name), but the retailer will be equally bound to buy their merchandise. Triangle sourcing agreements minimize risk for the supplier and allows them to give the retailer a little bit more margin. A variant of these deals is one in which

the licensee works with different retailers and their nominated suppliers.

Ultimately these license agreements aim to put products onto shelves and ensure all sides are clear about what they can and can't do.

Now, let's consider and expand on some key commercial contract terms you can expect to see in a license agreement:

- ▶ Is there an obligation or expectation to provide marketing support for the product and to the brand owner?
- ▶ What is the approval process and does it factor in sufficient time for product development?

There is much to consider, so it's worth doing some wider research beyond this handbook as well by reading the licensing industry's leading business publication LicenseGlobal.com and attending one of the Global Licensing Group events held around the world each year. Visit The-



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Start with an annual forecast: how many units are you going to sell and at what price point?

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GlobalLicensingGroup.com to find out more about an upcoming event near you.

Exclusive vs. Non-Exclusive vs. Sole License Agreements

Unless you're paying a very high guarantee, most agreements are non-exclusive – which means, in theory, they could grant the same or similar rights to more than one company. In practice, they won't, but this is often a point of frustration in any legal negotiation, it ultimately tends to work well in reality. Exclusive agreements are rare because they stipulate that only the licensee is able to produce the products agreed on your license. Sole agreements require both licensee and licensor to produce, these products but no one else is permitted to do so. For some companies, sole agreements are as good as exclusive deals and provide a satisfactory compromise for all parties involved.

The Articles

The articles refer to what products/services are being produced using the IP. It is better to make the articles specific because the broader the category, the more you'll pay. That is why licensors want to have a product plan and see samples and examples of what you envisage creating, even if it's inspired by something else on the market.

Contracts can be incredibly specific depending on what you can produce. For instance, clothing is far too broad a term, so be specific when in defining the product. For example, instead of “clothing,” you would draft a contract for: “100 percent cotton, short-sleeved t-shirts, adult, size S/M/L only.” This is an extreme example because if you produced a long-sleeve variant, you would technically be in breach of your license, but it still conveys the general point about the importance of clearly defining your product. Remember, companies change

their minds all the time, and contracts can be amended, so work closely with your licensor and expect things could change.

Royalty Rate

The licensee will pay a royalty on everything it sells. Rates are normally expressed as a percentage of the wholesale price or invoice value but can be expressed as a percentage of the retail price, free on board (FOB) or other measure. Rates can even be represented by a specific sum per article sold, in rare instances. Remember, if you are proposing FOB, the rate will be 2-4 percent higher because product is leaving the overseas manufacturing source free of any duties and taxes, so the ex-factory price is lower.

Be clear how the royalty is defined when you're negotiating the agreement. The standard agreement generally allows for certain and reasonable deductions, but make sure they include your normal business practices, such as returns if you operate in a sale or return market, and marketing spend, promotional allowances or deductions that help sell more product to benefit the licensor. Deductions for the likes of early settlement will also probably be forbidden because the benefit, in this instance, is confined to the licensee's cash flow.

Royalty rates vary depending on the product category, the importance of the licensed property and the profile of the licensor, as well as your relative negotiating powers. Rates typically vary from 2 percent to 18 percent, but generally, you should be expecting to pay:



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Licensors and agents vary in their approach but it's rarely just all about the advance these days.

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- ▶ **10-12 percent** for entertainment or character merchandise such as toys, games or clothing;
- ▶ **3-6 percent** for food and grocery licensing; and
- ▶ **4-12 percent** for design brands and fashion brands.

Some licensors operate a Common Marketing Fund. The fund, which supports the property's retail and promotional activity, is established via an additional royalty (about 2 percent) paid by the licensee.” If the CMF is run well, the licensee should benefit from promotional activity within certain retailers, leading to enhanced sales. The key is to work with the licensor to ensure your retail buyers are part of the bigger picture.

At the end of every financial quarter, and within 30 days, you will generally supply a statement of royalties to the licensor. The statement of royalties is often shared directly through their royalty management system, which shows what you've sold and at what price. Sometimes, different products might have different royalty rates, so it's important to ensure that the finance department crunches the correct numbers. If licensed product is sold outside of the home territory, these will need to be detailed in the statement. Once the statement is submitted, the licensor can determine how much royalty is due and send you an invoice.

Advances, Guarantees and Fees

Licensors will typically want an advance on projected royalties. Yes, the advance helps the bonus, but it's also a show of commitment from the licensee to actually develop the products.

Start by working out a projection on likely net sales. Annual forecasts start with how many units will be sold and at what price point? You may have a range of products

to consider, therefore, build the model to cover years one, two and three. Use this simple calculation to build your models:

Net sales (in \$ or any local currency) x royalty rate = projected income for licensor

Let's look at an example: You're projecting net sales of \$1 million over two years, and both sides would be happy with a 10 percent royalty, so the licensor's projected income is \$100,000. The licensor asks you to guarantee 50 percent of that. In this scenario, it may ask for this \$50,000 as an upfront payment or a split payment: \$25,000 upon signing the agreement and \$25,000 upon launch of the products. But if your projected net sales are \$50,000, using the same model, the net royalties are \$5,000, and likely returns would only be in the \$2,500-\$5,000 range. Licensors and agents vary in their approach, but it's rarely all about the advance these days.

Taking a risk on a new or less popular property might mean you'll play a lower advance, but a hot brand with many companies bidding for rights will require a bigger check. Luckily, some brand owners may be open to having an advance be paid in periodic installments throughout the life of a contract, rather than all upfront.

The minimum guarantee is the minimum total amount payable over the life of the agreement. This amount may be the same as the advance but may require further stage payments throughout the term. Again, it's important to be realistic in your forecasting of royalties: if the licensed product fails to sell, then, in theory, you may have to pay the total fee.

LICENSING INTERNATIONAL

WHAT IS LICENSING INTERNATIONAL?

Licensing International has been at the center of the multi-billion dollar worldwide licensing industry for 35 years, helping companies grow their businesses through an unparalleled network of information and membership.

Smart licensing is the fastest and most profitable way to grow a business and maximize brand value in any industry. Licensing International works to foster the growth and expansion of licensing around the world, raise the level of professionalism for licensing practitioners and create greater awareness of the benefits of licensing to the business community at large.

Some deals are done with a flat fee or a one-off payment. This is typical if you're using the brand in a promotion or TV campaign or can't easily assign a royalty to an item produced term.

The Agreement Terms

Typical terms run two-to-three years for entertainment brands as the lifecycle of a property may be shorter. In extreme cases – for instance, a movie with huge sales that span only over a three-to six-month period – managing the exit can be as crucial as deciding when to launch. Corporate trademarks, lifestyle brands and art and design brands generally last three-to-five years or longer as both sides tend to favor a longer-term relationship, which allows time for new designs in what is typically a design-led market.

Bear in mind that the agreement will start well before you're ready to sell the products as it may take one year in new product development, so ensure you have enough time to actively sell and make some money.

Territory and Markets

This refers to where you can sell your licensed products. Your contract may also specify sales to a particular channel or type of retailer – such as toy stores, discounters or specific retailers you can/cannot sell to.

Other Key Points

- ▶ **Dates** – There may be dates restricting sales to a specific launch period (marketing date) or penalties if products aren't launched in time.
- ▶ **Sell-off** – 90 days is typically the time period in which you can sell off inventory at the end of a contract, but you can't manufacture any more

during this time. To protect the brand and other licensees, the license agreement will typically contain a clause forbidding stock dumping during or at the end of the sell-off period.

- ▶ **Minimum orders** – There may be a requirement to produce a certain minimum amount of the licensed product.
- ▶ **Audit rights** – Licensors have the right to audit and will often find discrepancies – more often due to mistakes in calculating net sales values and other points.
- ▶ **Reporting** – In addition to royalty statements, licensors sometimes want forecasts and re-forecasts through the year. This is beneficial for both sides; everyone wants to know how things are selling four times a year, and no one wants any surprises.

Advice to Manufacturers and Retailers:

Licensing is about working with someone else's brand. There should be no real horror stories as long as you plan well and execute with common sense. The deal negotiation and contract execution are actually the easiest part of the process.

The real area of focus should be in product development: making sure the items you're selling are on brand, ensuring that both sides listen to each other during the design and pre-production stages and, of course, working with retail customers and any consumer marketing. Try to meet the licensor's team that is tasked with handling retail and product development as soon as you can, so all sides can work smoothly together.





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All parties should understand the preferred launch date for licensed product and build sufficient time into the critical path to meet this target.

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Designing the Product

ATTENTION TO DETAIL and following correct procedure is fundamental to having a problem-free process. It is important that all three parties – licensor, licensee and retailer – work together to create the most suitable licensed product possible for both property and customer. It is also worth remembering that while licensees and retailers are experts in their respective fields and fully understand what sells to whom and why, it is unlikely they will have a licensor’s in-depth knowledge of a property.

Planning to Launch

All parties should understand the preferred launch date for licensed product and build sufficient time into the critical path to meet this target. This might sound obvious but in some instances, a property might be represented by a licensing agent who needs approval for design submissions from the licensor. This becomes more complicated still if the licensor is in a different time zone, causing a delay in communication.

Consider that the license agreement will specify a time by which all approvals must be processed. There is no indus-

try standard here, and the licensor might specify as few as seven days or as many as 21 days. In many cases, common sense prevails, and product approvals are turned around in a much shorter window – in some cases, on the same day. It’s key to never assume the production deadline window because the licensor has the right to have any unapproved product destroyed. To ensure that does not happen, stay in regular contact with the licensor from the start and flag any issues at the earliest opportunity.

The Approval Process

The approval process will vary slightly by product category, but in general, product must be approved by the licensor at each of the following stages:

1. CONCEPT – Outline drawings, sketches or mock-ups of proposed licensed product(s) or range. Remember, if a range is intended, include all products so the licensor can determine if the range works as a whole.

2. ARTWORK – To show in greater detail exactly how the product(s) or

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Remember, companies change their minds all the time, and contracts can be amended.

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range will look, referencing the Pantones used to create the design.

3. STRIKE-OFF – Typically the first sight of physical elements to the product(s) or range to show color reproduction against artwork and quality of any detailed elements including embroidery, stitching or mechanics.

4. PRE-PRODUCTION SAMPLE – Exactly as the name suggests, a sample of the finished product ahead of full production to show that approved strike-off elements can be accommodated on the final and complete product.

Of course, you cannot create anything without access to the property's assets, which are taken to mean the style guide, logo, title, illustration, name, voice, likeness or clip.

The Style Guide

As recently as three years ago, the style guide was a resource provided by a licensor to allow licensees to solely create licensed product. It would specify the exact design look for a brand including the font, Pantone references for characters, key elements and backgrounds, size charts of the characters, packaging guidelines and the legal copyright notice.

Today's style guides still do this and are a fundamental tool for product development, but are now considered an integral part of a property's sales and marketing. A style guide will also incorporate ideas on product, fashion packs and a host of graphic placements and repeat patterns so the licensee can bring the property alive in a way that sits squarely with its core brand values and visual identity.

NURTURING RELATIONSHIPS LAYOUT PRINCIPLES



BASIC COMMUNICATION ELEMENTS COLOR

Our distinctive RNLI color palette has been created to build instant recognition across our communications.

It's inspired by the world the RNLI inhabits – the vivid orange of our boats. The red of our lifeguard uniforms, the yellow of our distinctive boots and the reliability of the blue from our logo. This palette is complemented by the gray and blue tones of the sea and the sky.



Bringing Licensed Goods to a Digital Market

**Perry Ellis International
shares how the company
leveraged e-commerce for
their licensed apparel.**

PERRY ELLIS INTERNATIONAL, the brand behind labels such as Penguin, Farah and Gotcha, is a complex cocktail of licensee, brand owner and retailer which provides fashion solutions to men across the globe.

License Global spoke with the company to find out how to build engagement with style-driven consumers in an increasingly digital retail landscape.

“Above all else, today’s consumer wants convenience,” says Vincent Panzanella, vice president, marketing, Perry Ellis International. “In a time when digital e-commerce has changed the way in which we view and purchase products, we as an industry need to create the quickest and easiest path from product desire to product purchase.”



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Today, 97 percent of consumers back out of online shopping processes due to inconvenience, while 83 percent of people believe convenience has become more of a priority in comparison to five years ago (Source: National Retail Federation). Convenience is dictating trends and the way retailers craft the buyer journey – both online and in-store – is now an integral part of retail strategy.

“This manifests itself in several ways,” adds Panzanella. “For example, one’s mobile app experience must be simple and fast; one-click purchasing and fast delivery are of paramount importance. Additionally, the way in which the product is presented in a digital and social environment has an impact on purchase intent.”

With global e-commerce sales set to reach \$4.1 trillion next year, the significance of social shopping forecasted to

rise and mobile transactions set to dominate 73 percent of all online sales in 2021 (Source: *Statista*), the user journey for Perry Ellis International is paramount. But instead of simply targeting consumers, the secret is to merge product with lifestyle.

“In the social space, the products and the way in which they are shot must be organic to the brand’s page, but also to the users feed,” adds Panzanella. “Targeted advertising in the digital space, whether through social or traditional means, must work in such a way that the consumer’s desire is predicted. If they need to search for a product, there’s a very good chance that we may already have lost them.”

Digital plays a vital role in the consumer experience, and getting brands or new products in front of buyers is no longer a straightforward task as the world of retail becomes controlled by the busy consumer. Now, the art

of translating data into assistance and personalizing the digital journey from desire to purchase is a combination of both art and science.

“Overall, whether through digital, traditional or guerrilla marketing, we use micro-segmentation to speak to the consumer where they live and work,” says Panzanella. “At a grander scale, we have some upcoming brand collaborations that will allow us to break through the noise and, ultimately, connect with our target audiences.”

With Penguin, Farah and Gotcha, as well as licensed lines with Nike Swim and Callo-way Golf, Perry Ellis International combines its view on the consumer experience with cutting-edge marketing to recommend launches to those who want them most, increase consumer satisfaction and future-proof against the incredible growth potential behind the e-commerce wave that’s soon to break.



Case Studies: How Brands Are Capitalizing on New Consumer Trends

From Funko to V&A, the following are some of the best brands to learn from as you embark on your licensing journey.

Funko

Funko has redefined what a collectibles company can do in the marketplace and proven that retail is very much alive, so long as you have what's in demand. Aptly described as “fast fashion of pop culture” by Brian Mariotti, chief executive officer, Funko, the company deals primarily in bringing beloved licensed properties – from entertainment, sports and music to familiar, nostalgic corporate brands and mascots –

to market largely via its Pop! vinyl figurines range, a core product offering and the company's No. 1 seller.

“We truly believe that our business model is running unopposed,” says Mariotti. “We do not have competition. When you look at what the bigger companies are doing – everyone from Spin Master to Hasbro and Mattel – all are great companies, but they all have very small licensing portfolios. They are all also very toyetic and aimed at younger people, [with products that] require longer lead times. We're not that. We are fast fashion.”

This fast fashion mindset is the crux of Funko's success and at the heart of all that it does – it delivers goods that are of-the-moment, capitalizing on the most current



fads and trends in pop culture that deliver surprise and delight to a very diverse range of retail doors. Enter any store and you can find a truly massive array of Funko product, from Pop! figures that sport Freddie Mercury or Notorious B.I.G. iterations to “The Little Mermaid”-branded apparel or “Star Wars” on-model figurines.

V&A

Award-winning conceptualists of licensed consumer products, the V&A works with licensees across Europe, the U.S., Japan, China and South Korea to spread the core values of the institute: making art accessible to all. It's this core theme that drives the V&A's work with designers and licensees to create valued, consumer-focused products.

“As an internationally renowned institution with an in-depth understanding of art, design and extensive international activity, the V&A has a very different proposition to offer the licensing industry,” says Lauren

Sizeland, head, licensing, business development, V&A. “As guardians of important national collections, it is our duty to ensure all product development and promotion is carried out with integrity and respect befitting such a revered institution.”

Taking inspiration from the archives and bringing the best products to the market for more than 20 years, the V&A creates value first and foremost, earning its place among the leading contributors to changing trends in perception and market demand with around 80 licensees in its working portfolio. Working with leading interior experts, craftsmen, designers and fashion creators, the V&A has produced innovative products such as children's fashion lines with Little House of Hackney, paperback products based on English chintz fabrics with Pimpernel Press, tableware products with Caspari, Japanese textile-inspired needlepoint kits with Ehrman Kits and a range of gardening tools with Wild & Wolf.



Ford Motor Company

Whether its apparel, toys, novelties or collectibles, the licensed product categories for auto brands run the gamut. Iconic, classic American brand Ford and its top-rated licensing program is successfully exploiting all categories. Ford is a renowned, award-winning licensor that is thinking outside the box to effectively reach its vast legion of brand enthusiasts.

“Ford Brand Licensing has a process in place to review license applications and also works with a variety of internal teams to determine key categories and growth opportunities in which we’d like to seek new partners for,” says Casie Ocaña, global brand licensing manager, Ford Motor Company. “When it comes to picking those partners, Ford looks to ensure the company shares the same values as well as passion for our products and consumers.”

This fan-focused, business savvy approach has earned Ford recognition and awards in licensing. Ford won Best Licensing Product at the 2019 International Licensing Awards in the appliance/automotive/housewares/electronics category for the Ion Audio for the Ford Mustang LP record player.

Peter Rabbit

Penguin Ventures, part of Penguin Random House U.K., manages a portfolio of global brands, but undoubtedly, its most established property is Peter Rabbit.

The Tale of Peter Rabbit by Beatrix Potter was first published in 1902 and was an instant success. The following year, Potter designed and patented a Peter Rabbit doll, initiating a merchandise program and making it the oldest licensed literary character in the world. A range of





products including slippers, handkerchiefs and tea sets were developed with Potter's approval and licensed by her publisher Frederick Warne & Co.

The World of Beatrix Potter is now one of the longest-running and largest international literature-based licensing programs. *Peter Rabbit* and other Potter characters have appeared on thousands of different licensed consumer products and in various digital media around the world. Frederick Warne & Co., now part of Penguin Random House Children's, remains the publisher of Potter's original *The Tale of Peter Rabbit*, while Penguin Ventures continues to grow and protect the Beatrix Potter brand through the creation of new consumer products, film and

television production, digital media, live events and original art exhibitions.

Iconix Brand Group's Starter Brand

As society continues to become more health and fitness conscious, athleisure apparel like yoga pants, hoodies, sneakers and sweats will continue to be go-to staples

in most people's wardrobes. According to the Future of Apparel study released by The NPD Group in 2018, activewear represented 24 percent of total apparel industry sales and was forecast to grow throughout last year. Starter, an Iconix Brand Group-owned athletic brand with decades of streetwear cred, is a brand thriving amid the explosion of retro athleisure.

"It's really beneficial to partner with a brand like Starter because you have a wonderful legacy brand with a great heritage, a great following, and you're not having to, no pun intended, start from the beginning," says Bob Galvin, chief executive officer, Iconix Brand Group. "You've got a great base of product and a wonderful library, and it resonates with the consumer when you have a story to tell. That's one of the biggest benefits. You don't have to restart a brand or start a brand from scratch. You've got this wonderful legacy with great athletes and great product, and it makes it much easier when you enter the market."

Starter's licensing program is expected to balloon in 2020 and into 2021, when the brand will celebrate its 50th anniversary.



Hamilton Beach

A leading distributor of small kitchen appliances, Hamilton Beach sells a whopping 34 million appliances each year. Hamilton Beach designs, markets and distributes a wide array of products that include food processors, slow cookers, coffee makers, blenders, rice cookers, irons, mixers and more. One of the main pillars of Hamilton Beach's success is its intense focus on identifying consumer needs and standards – and working tirelessly to meet those demands. As a licensor, this translates to extreme vetting of licensees to ensure product quality.

“Hamilton Beach seeks partners that we can entrust to represent our brands,” says Wendy Reid, manager, global brand licensing, Hamilton Beach. “This means honoring the integrity of our brands and build-

ing upon their value. To qualify, licensees must demonstrate how our brands add value to their product and how their product(s) will complement the offering we currently have at retail. We have an established vetting process meant to ensure our consumers are buying the same trusted, quality products they expect – whether it's a licensed product or not.”

To further drive success in international markets, the company enlists the help of licensing agents in various regions. The newest markets to receive Hamilton Beach products include Brazil, India and China. Hamilton Beach's expansion is largely due to its impressive array of product offerings that span several categories. The home-ware's giant strategically and thoughtfully uses its licensed partnerships to move into adjacent and new product categories.



“

At BLE, you have the attention of the entire industry for three days a year. Retailers are looking for what's hot, and licensees are looking for new opportunities within their brand portfolio. It is a great place to showcase what's new within our roster of world class clients.

”

Lisa Reiner,
managing director,
Europe and Asia
Pacific, Beanstalk

How to Get the Most From GLG Events

The Global Licensing Group is the worldwide licensing industry's leading trade show organizer and media partner. Its mission is to provide licensing opportunities around the world to bring brands and products together through its international tradeshows and publication focused on the best in licensing.

Licensing Expo

The largest, most influential licensing trade show in the world, featuring more than 5,000 brands from a wide range of categories and attracting more than 16,000 retailers, manufacturers and licensees.

Brand Licensing Europe

The only licensing event for the pan-European market, showcasing more than 2,500 brands and bringing more than 8,000 licensing professionals to London annually.

Licensing Leadership Summit

An executive-level conference and networking event featuring in-depth analysis of today's shifting retail landscape and competitive licensing marketplace.

Licensing Expo Shanghai

An all-new event in the world's third-largest licensing market that takes place alongside the Tokyo International Gift Show at the Tokyo Big Sight.

Licensing Expo Japan

Taking place alongside the Children Baby Maternity Expo (CBME) at the NECC in Shanghai, our newest event is located in the world's fastest-growing licensing market.

License Global

Reaching more than 150,000 professionals, *License Global* is the leading news source for the brand licensing industry and the official publication of the Global Licensing Group.



VISIT THEGLOBALLICENSINGGROUP.COM to learn more about the group's portfolio and register to attend an upcoming event.

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