

expert speak

Rand Brenner
President and CEO,
Licensing
Consulting Group



MICKEY AND MIFFY ARE 'FRIENDS' WITH RETAILERS

Character-based licensing helps consumer-centric brands to easily differentiate themselves in a category, but there are certain limitations with this strategy, too.



Character-based licensing including celebrities, entertainment, TV, and movies, is growing aggressively on a global basis, with retail sales from this segment estimated at \$ 48 billion during calendar year 2012, and royalties of \$ 2.5 billion, according to International Licensing Industry Merchandisers' Association (LIMA).

And, some of the key properties in this segment include *Star Wars*, *Power Rangers*, *Batman* and *Winnie The Pooh*, which have grown to more than a billion dollars, in terms of retail sales. A recent study by *The Licensing Letter* also highlighted that character-related licensing has been built over decades of exposure across multiple media including TV, film and publishing programs.

In addition, the digital entertainment segment is also a growing medium for an increasing number of licensing programs. And, some of the key web-based properties include *Annoying Orange* and *Smosh*, mobile game-based *Angry Birds* and *Moshi Monsters*, as well as a combination of video game- and toy-based *Skylanders*.

Format of Characters

Character-based licensing is in various forms including animation and puppets, but animation is the most common format, with classics like *Looney Tunes* and *Mickey Mouse*, appealing to children ranging from pre-school to pre-teen.

Apart from that, live action characters such as *Star Wars*, *Batman* and *Power Rangers*, amongst others, are also gaining in popularity, and the key aspect related to these formats, is to develop

an appropriate licensing programme.

Versatile applications

In several cases, licensors have expanded character-based licensing to a wide range of products. For instance, popular characters placed on credit and debit cards increases their applications, such as prepaid *Batman* cards targeted at teenagers and young adults.

Similarly, retailers can also use such a strategy for gift cards, in a bid to boost sales with younger consumers. It does not end there. Character-related licensing can also be leveraged for launching clothes or apparel for children and young adults, as well as for stationery, gift cards, novelties and certain toys.

Licensing can be beneficial for both the owner of the character, as well as marketing managers at consumer-centric brands, but many businesses are unaware of the potential benefits from such a strategy.

Clearly, the advantages of such a strategy include boosting sales of a particular brand or product, along with greater visibility and recognition amongst consumers, at a time competition is getting intense in most categories.

Formula for Success

The key question for any licensor, what makes a character commercially viable? And, while there is no straight forward answer to the above,

CHARACTER-BASED LICENSING CAN BE UTILISED FOR LAUNCHING APPAREL FOR CHILDREN.

BIRD'S-EYE VIEW

- Character-related licensing accounted for \$ 48 billion in global retail sales during CY '12
- Success of character depends on its 'likeability' with target audience
- Senior managers need to understand limitations of character-based licensing strategy

but there are several attributes that help make a successful character .

For instance, the character and the related storyline should quickly 'strike a chord' with the target audience, and in the case of children, this character should also be relevant to their play-related activities. In this regard, the audience easily relates to *Snoopy* and his alter ego and hidden talents or *Homer Simpson* and his struggle with male midlife.

It also helps if a character is 'loveable' and 'witty', as is the case with *Winnie the Pooh* and *Miffy*. Apart from that, frequency of exposure of the character, either of the TV show or movie or on the Internet, plays a key role in expanding the potential for merchandising and allied activities.

Roadblocks in strategy

No doubt, character-based licensing helps brands and products, but senior managers in any organisation need to be aware of the potential problems arising from an association with an inappropriate character or a very 'successful' character dominating their brand. In addition, one needs to ensure that the retail and distribution network for a product gives adequate support and store space to a character-based marketing strategy. ©R