



LICENSING THE NEXT GOLD RUSH

Licensing is gaining momentum in India and expected to increase sharply as millions of consumers are keen to embrace new innovations and trends



India has become one of the world's foremost destination markets for brands, characters, entertainment, fashion, sports, and art properties. This, in turn, attracts growing numbers of multinational companies, and smaller and medium sized Indian retailers and manufacturers, who now know the value of licensing. As a result, licensing of all kinds, is gaining momentum in India. The big reasons for this growth include an improving IP legal infrastructure, booming Indian economy, the retail industry becoming more organised and the explosion of media. The outcome is a nation of more than a billion people increasingly exposed to international trends and brands.

India is improving its IP law infrastructure to comply with World Trade Organisation regulations. It has adopted a number of key international trademark classifications and registration structures that now include registration for service

marks. The new legislation gives brand owners increased protection and makes it easier for them to enforce their rights. Indian courts now recognise the need to impose financial penalties to deter law breakers from infringing on IP rights' holders.

Current scenario

While the developed world faces an aging population, more than 65 per cent of the population in India is below the age of 35, and out of this, 50 per cent is under the age of 25. This young population has a tendency to drop more money on material goods than previous generations. This is creating a gold rush in the consumption level of not only basic items, but also,

for discretionary items. Younger people now have cash and this mixed with increasing brand awareness has resulted in a great deal of spending for leisure and personal satisfaction.

The development of the licensing industry in India is closely linked to organised retailers. Licensors prefer to deal with big retail chains with a national or a significant regional presence. Today, big retail giants such as Shoppers Stop, Pantaloons, Westside, Lifestyle and Spencer's are already selling branded and licensed merchandise.

Emerging trends

The entertainment and media industry is one of the fastest developing sectors in India, and is a large factor in the growing licensing business. Spending on leisure and entertainment is growing faster than the economy itself. Enticed by economic liberalisation and the immense bulk of demand for leisure and entertainment, many of the global media giants are increasing their market presence. The growth of cable and satellite television in India has vastly increased the number of channels and programming choices. And

India's mobile phone user base of more than 750 million subscribers is creating tremendous demand for digital media capacity. The size of the consumer product licensed merchandise market in India is estimated at US

\$135 million in 2013. Licensed product sales are expected to increase to over US \$500 million over the next five years, due to increased product loyalty, developing awareness of merchandised products, creation of demand and building loyalty for branded merchandise. Indian consumers are showing their individuality everywhere and licensing is providing all sorts of chances to customise their self expression. There is a growing diversification of product licensing, and it's spreading into new distribution channels and price points. Credit cards, desktop stationery, mobile phones and housewares, are just

a few examples, of the growing number of licensed products in unusual categories in India. International brands catering to the Indian market are making their presence felt in a big way. Licensing is the route taken by many international brands such

as Nike, Reebok, Adidas and Puma to enter the Indian market. Well-known Indian fashion designers are also licensing their products in overseas markets on a large scale. These brands are capitalising on the latest consumer trend to wear branded and licensed products.

Another popular licensing segment is children's TV. Major players offering character licenses include Disney, Nickelodeon, Cartoon Network and Doraemon. The success of these kids' brands is driven by the popularity of the movie or TV series. Clothing, toys, home durables, personal care, and many kid's school accessories and educational products are some of the most popular licensed product categories.

Sports licensing has also recently become a multi-million dollar business. The emergence of sports leagues such as the IPL and the World Series Hockey (WSH), in recent years, is giving a boost to the licensing industry. 'Formula One' has a huge fan following in India. Other popular teams cashing in on the growing demand for sports brands include, WWF, MotoGP, and football clubs like Arsenal and Manchester United.

Way forward

Licensing is the ideal way to tap into the potential of the booming Indian market. With the bulk of its population below the age of 25, India is one of the next great frontiers of consumer spending. Increasing numbers of multinational companies are venturing into the Indian markets and are thriving through their licensing partners. Licensing is expected to increase sharply as millions of consumers embrace new innovations and trends. This will change the very face of licensing in India, and will make it one of the largest and most lucrative markets, for licensors and licensees alike. ©R

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Licensing of all segments is gaining momentum in India and the 'young' population is fuelling this growth

