The POWER of LICENSING

HARNESSING BRAND EQUITY

QUICK GUIDE

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MITIGATING RISKS
Dormant Brands
CREATIVITY
Authentic
Pop-Ups
Engaging Consumers
Retail Exclusives
Shopping Battlefield
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DNVBs
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EXPERIENTIAL MARKETING
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Bloggers,
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VIRTUAL REALITY
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GenZ
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Brand memory
Connected Shopping Journey
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The blurring of online & offline retail
DATA

Brand licensing, legally, is when a brand owner permits—or licenses—another company, typically a manufacturer or service provider, to create, market and sell a product or service that features its brand name and logo.

But, as you will learn, it is so much more. Licensing can play a vital role in today's ever-evolving connected shopping journey, from brand messaging to purchasing behavior.

It is a tool for brands to use in our complex marketing ecosystem, which is changing at an accelerated pace.

Smart brand owners already know this—and they are using licensing effectively.

A TOOL FOR BRANDS TO USE

What Brand Licensing Is...

When you purchase a Black & Decker toaster oven, a Westinghouse air conditioner, a quart of Hershey's chocolate milk, a can of Sunkist orange soda, a P.F. Chang's frozen meal, a Mr. Clean broom or an AT&T landline phone, you are purchasing a licensed product.

Black & Decker doesn't make toaster ovens. But it has licensed a third party to make them.

Why? ***Because Black & Decker wants to:***

- **BUILD** brand awareness and encourage consumers to buy more core product
- **CREATE** more consumer touch-points, engagement and brand experiences
- **REACH** new consumers and new demographics
- **REINFORCE** or redefine the brand's message
- **DRIVE** incremental revenue through royalties

Why Chief Marketing Officers Should Take Note – Today!

Consumers have access to an unprecedented amount of information about products. It means that, perhaps, they no longer need to rely on the good name of established brands or the traditional advertising that has supported those brands in the past to help them make purchasing decisions. Instead, they can simply use the Internet to research product information and reviews about both well-known brand names and those that are virtually unknown.

But…

The sheer volume and variety of information now available to consumers means that—*paradoxically*—they need precisely the kind of help that brands (including digitally native brands) can offer them: a simple, reliable and speedy way to make their purchasing decisions.

Also, with the decline of traditional advertising, CMOs are seeking other tools that can communicate their brand message and connect with consumers in powerful ways.

It's a shopping and communications battlefield out there. Brand owners have to deliver their brand message and their products where, when and how consumers want to receive *and* see them.

That's where brand licensing comes in…

Brand Licensing: The Analog Marketing Tool for the Digital Age

Brands remain important, but the traditional way of marketing them—with advertising—is becoming less effective in the digital age.

We are at a tipping point in the history of marketing and communications. After 150 years or so of traditional advertising domination, marketers must adjust to the new, transformative era where the Internet, technology and social media have gained the upper hand.

So how do brands most effectively *build* brand awareness in the digital age? How do they *communicate* with consumers? How do brands *persuade* shoppers to walk the so-called "final three feet" of their shopping journey—and *purchase* their product?

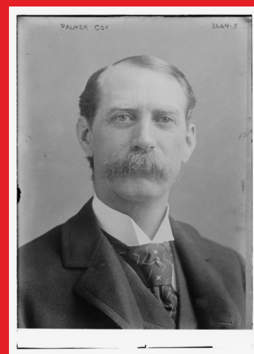
As always, brands have to tell a story. That's how brands win. But this must now be accomplished not only with words but also with products and services. It's not about pushing out a message, but about persuasion.

Hence brand licensing.

Brand licensing has actually been around for more than 100 years [see page 4]. But now, in the digital age, it's enjoying a renaissance as one of the content marketer's tools—alongside social media, public relations, experiential marketing and advertising.

With brand licensing, the product is the message—and translates the key features of a brand's equity and marketing goals.

Palmer Cox (1840-1924):
The "father" of modern day licensing



Licensing has a storied history, going back more than a century. It starts with Palmer Cox, a Canadian illustrator of children's books and the creator of The Brownies, a group of characters who engaged in adventures, mischief, curiosity and fantasy, always with a lesson about being kind and doing good for others.

The Brownies first appeared in a children's magazine, *St. Nicholas,* in 1883.

In the same year, Harley Procter, son of the founder of Procter & Gamble, spotted an opportunity to use the Brownies to advertise one of his company's new products: Ivory Soap. Why? Because he needed a way to break through the clutter, given that there were more than 300 soap brands in the United States. In those days, advertising was not a trusted source of information. The little characters—with their harmless, helpful and friendly reputation—helped P&G persuade customers to take notice of the product, engage with it in a meaningful way and, ultimately, purchase it. Cox developed a broad strategy to license his characters for a host of other products including toys, games, carpets, wallpaper, dinnerware, glassware and photo albums, among others.

A Timeline:
“The First 100 Years of Brand Licensing”

1890	**Palmer Cox's The Brownies** characters appear on a host of products.
1902	**Theodore Roosevelt** authorizes the use of his name for “Teddy's bear.”
1903	**Beatrix Potter** authorizes a soft toy based on Peter Rabbit.
1929	**Walt Disney** starts licensing Mickey Mouse for thousands of products. In 1934, General Foods paid $1M to put Mickey Mouse cut-outs on the back of cereal boxes. In 1937, Disney launches the first licensing program based on a motion picture: Snow White.
1932	**Superman** is created, and soon becomes the first superhero to be licensed. Also in the 1930s, the Looney Tunes characters, led by **Bugs Bunny**, are licensed.
1950s	**Peanuts** products (based on the newspaper comic strip created by Charles Schulz), Les Paul guitars **(Gibson)**, **Playboy** cuff links (based on the magazine) and **Elvis** and **Barbie** products are all licensed in this decade.
1960s	The owners of **“The Flintstones,”** the first successful prime-time animated TV series which debuted in 1960, licensed such products as chewable multiple vitamins and ready-to-eat cereals. Also, the **Beatles** licensed hundreds of products through their company Seltaeb (Beatles spelled backward), and the first **James Bond** products followed the third film: Goldfinger.
1970s	The **Ralph Lauren** and **Polo** brands were launched, and a series of licensed products were unveiled.
1980s	Several corporate brands and retailers began licensing programs, including **Harley-Davidson**, **The Coca-Cola Company, Hershey Foods,** while **Jaclyn Smith**, the star of hit TV series Charlie's Angels, launched at Kmart what is likely the longest-running celebrity license of all time and **Cheryl Tiegs** launched an exclusive program at Sears, Roebuck & Co.

One can study the arc of brand licensing through the history of The Coca-Cola Company. Asa Candler (who purchased the brand from the inventor in the 1880s) used non-beverage products to promote his message for the brand—ubiquity and lifestyle. That strategy can be followed through the decades right up to Coca-Cola's effective use of licensing today.

As is often the case with many brands, history—the backstory—matters.

1880s

Asa Candler purchased The Coca-Cola Company from the inventor and used non-beverage products to promote his message for the brand.

Don’t Just Engage Consumers—Entangle Them

Companies often aim to “engage” their consumers in a “conversation.” But with licensed products, brands can do so much better. They can “entangle” with them in a meaningful and enduring relationship. They can forge deeper connections.

How?

By offering more products—in multiple categories and multiple locations—licensed products give customers more opportunities to come into contact with the brand, to participate with the brand.

Consumers then have the option of *choosing* whether or not to purchase a branded product. If they select a particular brand, it’s a positive action. They elect to bring the branded product into their lives, and that serves to strengthen brand memory and turn them into new (or continuing) brand loyalists.

How Brand Licensing Works—as a Marketing Tool

Brand licensing builds brand awareness, inspires consumers to purchase a product and drives them to the core product.

CASE STUDY: Mr. Clean

Consumers who are satisfied with the quality and performance of their licensed Mr. Clean dishwashing gloves or sponges might be driven to switch from the liquid cleaner they've been using to the Mr. Clean core product: liquid cleaner.

Result: That's a big win for P&G and a great return on investment generated by the licensed product.

The "10" Steps for Brand Owners: How to Run a Brand Licensing Program—It's a Strategy, Not a Tactic

→ **1. Set** your licensing objectives to support overall marketing goals

→ **2. Understand** which brand equities are translatable to licensed products

→ **3. Prepare** a licensing positioning statement

→ **4. Identify** your target consumers

→ **5. Carefully select** potential product categories where the brand can win

→ **6. Research** the competitive landscape and understand market dynamics and trends

→ **7. Develop** a distribution channel strategy

→ **8. Consider** the pros and cons of a retail exclusive

→ **9. Take** the necessary steps to mitigate risks

→ **10. Manage and support** the licensees and the licensing program. Stay vigilant

How to Run a Brand Licensing Program Outside the United States—It's a Big World Out There

1. **Understand your brand's fame,** meaning and the local perception of the brand
2. **Adapt to local market needs,** habits and customs
3. **Know the local competition.** Understand the local brands: how embedded they are, how successful they are
4. **Understand the consumer** in your different markets. Notice the differences in shopping behavior, country-by-country
5. **Recognize the available retail channels** in the various countries. There are different retail dynamics in virtually every major country, both online and brick and mortar
6. **Be careful to choose the right corporate partner.** Build trust and personal relationships. Put boots on the ground
7. **Consider different partnership structures** (such as distribution agreements, franchises or joint ventures)
8. **Address unexpected and unusual legal and contractual issues** (such as trademark ownership and local practices relating to human rights or environmental standards)
9. **Look for scale.** In general, take a country-by-country approach. But remember: you may only be able to achieve scale in a region by focusing on groups of countries
10. **Be patient.** Take the long view. Brand licensing overseas is a slow, sometimes misunderstood, process

A Story of Success: The Stanley Brand

Founded: 1843

Backstory: Frederick Stanley opened a small shop in New Britain, Connecticut, to sell wrought iron bolts. The business grew quickly. Stanley produced other hardware goods and named his company The Stanley Works in 1852. By 1919, it boasted $11.3 million in annual sales. After acquiring another tool company in 1920, it enjoyed a further growth spurt, buoyed by magazine advertising that extolled the virtues of do-it-yourself activities. It became known as a company that produced products for professionals and for people who think like professionals (while never losing its DIY origins). In 2010, it merged with Black & Decker, the leading power tool company, and in 2017 purchased the Craftsman brand from Sears.

Brand Equities: The Stanley brand is:

- Smart
- Empowering
- Experienced
- Reliable
- Innovative
- Tough

Licensed Products: An early adopter of licensing as an effective marketing tool, Stanley launched its brand licensing program in 1998 as part of an overall corporate goal to focus on professionals and those who think like professionals. Licensed products include: welding equipment, work wear, garden tools, how-to books, safes, ladders, fans and heaters.

Outcome: Stanley Black & Decker works with more than 60 licensees worldwide and sells licensed products in more than 90,000 retail doors. In 2016, retail sales of the licensed products exceeded $1.5 billion. Stanley has used licensing as a powerful strategy to "entangle" the brand with its consumers and drive brand loyalty.

Brand Licensing Benefits... Five Stories

Brand licensing helps brands communicate their message, market themselves and grow in many different ways. Not only that, what other marketing tool can directly generate revenue? [see page 17]

See how licensing has advanced the goals of five brands...

Break into businesses that have strategic value but fall outside the core business

1 Baileys

Baileys, one of the world's best-selling liqueur brands, launched in 1974, initially targeting women ages 25-50, and used primarily around holiday times. Licensing has helped transform the brand into an impulse and everyday treat. No longer just an alcoholic drink, Baileys has extended to new non-alcoholic categories, including chocolates, ice cream and coffee creamers. As a result, the brand is enjoyed by both men and women, throughout the year, on multiple occasions at different times of the day—a marketing objective of the brand owner, Diageo.

Build brand awareness and reach new retail channels

2 Febreze

Febreze, one of P&G's billion-dollar brands, is an air and fabric refresher famed for its pioneering odor elimination technology and fragrant scents. Launched in 1996, it is now associated with a range of licensed products, often co-branded, providing its unique odor-elimination equity to vacuum bags, spot and stain trigger sprays, trash bags and cat litter. This has engaged consumers and helped support its marketing goals by further building awareness of the brand qualities, while reaching new retail channels, such as pet and hardware stores.

Educate your consumers about the true meaning of your brand

3 Energizer

Energizer, a leading provider of batteries, launched in 1980. The brand wants to be seen as more than just a battery, but rather, a brand that delivers power and light in reliable and innovative ways. It did this by licensing "close-to-core" products that opened the door to future expansion: notably, camera batteries, which paved the way for other photography products like tripods, flash attachments and drone accessories, as well as mobile generators.

Strengthen your brand's bond with existing customers by increasing consumer touchpoints

4 Weight Watchers

Weight Watchers (recently re-branded WW), a health and wellness company, launched in 1963. It offers a food plan plus the experiential benefits of meetings, where members can share their stories, receive personal coaching and hear motivational speakers. But the brand wanted to reach consumers in other venues, recruiting new ones and retaining the ones it already had. It started licensing products to strengthen its bond with customers by increasing the number of consumer touch-points. By 2013, it offered hundreds of different licensed products in 15 categories both domestically as well as outside the U.S. These ranged from food products such as yogurts, chilled meats and ready-to-eat meals to weighing scales and approved restaurant menus. By 2014, these products generated $2.6 billion in retail sales. Consumers could now find and connect with the brand in new and authentic ways.

Extend into new distribution channels

5 Briggs & Stratton

Briggs & Stratton, a renowned manufacturer of small engines, was founded in 1907 to service the rapidly growing automotive industry. It has always operated inside other products—lawn mowers, pressure washers and various outdoor power equipment manufactured by other companies using their own brand names. But the company decided it needed to reach consumers directly with its brand message and products and extend into new distribution channels. Using licensing, now consumers can buy Briggs & Stratton-branded engine oil, garden hoses, air conditioning tools and even work gloves.

How to Make Money While You're Marketing

Most marketing costs you money. But not brand licensing. It's the one marketing tool that can actually make you money. Here's how it works. Typically, the brand owner is paid royalties by the licensee, and these are normally calculated on wholesale sales. So, if licensee company ABC is generating $500 million in wholesale sales, then assuming an average royalty rate of seven percent (royalty rates can range from one to two percent to 15 percent), the brand owner would receive $35 million in royalties (7% x $500 million).

Of course, for a big multi-billion dollar company, this sum might seem significant. But the value of the incremental revenue depends on how companies choose to use it.

For example, as a charitable contribution or to support the licensing program, $35 million is substantial. As profit, it is also significant. It is not unreasonable to assume that licensing revenue operates at around a 75 percent margin. For the brand owner, the $35 million would therefore contribute $26.25 million to the bottom line. How much would the company have to sell of its core product, operating perhaps at a 15 percent profit margin, in order to generate $26.25 million? The answer is $175 million.

Viewed this way, the numbers start grabbing attention.

$500m	x	7%	=	$35m
Licensee wholesale sales		Royalty rate		Royalties

$26.25m

Bottom line profit
based on $35m in royalties
at a 75% margin

$175m

Core product sales
at a 15% profit margin
needed to generate a
profit of $26.25m

How Brand Licensing Can Help Resurrect a Dormant Brand: The Polaroid Story

Polaroid

Famous brands can disappear for any number of reasons that are not necessarily linked to their intrinsic equity value, but they don't easily disappear from our memories. Amoco, Oldsmobile and Woolworth's are three examples. But some have been revived—thanks to brand licensing. One is Polaroid.

Here's how it happened...

Founded: 1937

History: Started by Edwin Land, it was first known for its polarizing sunglasses. But, in the 1940s, it introduced the world-famous Polaroid Instant Camera, which earned Land his reputation as the father of instant photography. Other advanced products followed, including Polacolor, the first instant color film (in 1963), and the SX-70 Land camera, the first automatic, motorized and folding camera (in 1972). By 1991, the company generated $3 billion in sales—its best ever year. But its leaders failed to anticipate the impact of one-hour film processing, single-use and digital cameras and video camcorders, and in the early 2000s, it suffered two bankruptcies and eventually went out of business.

$600m

2016 retail sales of Polaroid licensed products

Strategic Challenge: The new owners of the intellectual property wanted to extract value from the brand, which was still remembered fondly for photography products that had been "instant," "easy to use," "fun," "affordable" and "innovative."

Solution: They began a brand licensing program, working with licensees to develop consumer electronics products, including digital cameras and video cameras (notably the Polaroid Cube), portable photo printers using Bluetooth technology and digital photo frames. By 2016, retail sales of licensed products reached $600 million. Polaroid was brought back from the dead based on brand memory, through licensing.

Bringing a Dead Brand Back to Life is Not Easy

→ **1. Make sure the brand has enough residual awareness, equity, emotional attachment and positive consumer "memory."**

→ **2. Maintain the relevance of the brand story. Bring it up-to-date.**

→ **3. Don't just repeat the product offering of the original brand. Try to stretch the brand to new types of products that are aligned with its equity – its fundamental characteristics: the things we remember or "mis-remember" about the brand.**

How Celebrities Become Brands and Lessons Learned for any Brand Owner

Some celebrities have become brands. The first was probably Teddy Roosevelt **[see page 23].**

They have managed to parlay their original celebrity fame into a recognizable, comprehensive line of products with market staying power. Their stories can illuminate the path for corporate brands to succeed with licensing.

Take the story of Kathy Ireland.

A famous *Sports Illustrated* swimsuit supermodel, she appeared on three covers and was featured in the magazine's renowned swimsuit issues for 13 consecutive years in the 1980s to 1990s. As her modeling career slowed down, she started a company and soon launched a full line of fashion apparel and accessories with Kmart.

When Kmart went into bankruptcy, she switched from fashion to the home category, choosing to distribute her branded products through independent retailers. Gradually, she broadened her product range so that by 2011, she was offering 17,000 SKUs—from home products, including furniture, to select apparel, children's publishing, educational games, pet products and diamond jewelry. This generated retail sales of more than $2 billion as reported by *Forbes*.

Over time, she also entered a series of co-branded partnerships (Nugene by Kathy Ireland, beauty products for aging skin) and collaborations (Andre Carthen, a.k.a. the Fit Chef, for ACafe cooking products).

Lessons Corporate Brands Can Learn from Successful Celebrities

1. Vision

A celebrity must have a strong product and/or aesthetic vision for a product category where there are volume opportunities.

Kathy Ireland had a strong vision when she started her home product line in 2003, and that vision remained constant even as she became a brand.

2. White Space

Retailers don't need more of what they already have. So a celebrity needs to be filling a gap in the retailer's product assortment.

Kathy Ireland uses her brand on products designed for everyday use by everyday consumers sold at independent retailers.

3. Time Commitment

A celebrity needs to put in the time and be involved in all areas of planning, product design and development, approvals and marketing. If they don't make that commitment, the products will likely lack authenticity and the consumer will "smell" it.

Kathy Ireland devotes significant and meaningful time to her consumer products programs.

4. Staying Power

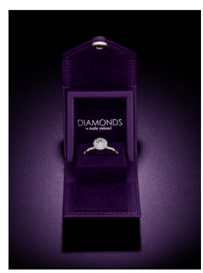
Celebrities must be able to sustain their fame long enough for products to be developed, reach the shelves and sell to consumers.

Kathy Ireland managed to stay famous, and she is now better known for her consumer products than for her pictures in Sports Illustrated.

5. Credibility

A celebrity must have credibility with the right consumers.

Kathy Ireland had some credibility in the fashion category as a swimsuit supermodel. She parlayed her success at Kmart into the home category. When she needed to boost her credibility in new categories (beauty products and food), she opted to partner with other brands.



kathy ireland®

Teddy Roosevelt: The first celebrity to license his name

In 1902, Teddy Roosevelt, U.S. president and famous outdoorsman, was invited by Andrew Longino, the governor of Mississippi, to go bear hunting. When the president couldn't find a bear to shoot, some members of the hunting party found an old, sick bear, tied the animal to a tree and invited Roosevelt to shoot it. But he couldn't bring himself to do this. That wasn't the kind of sportsman he considered himself to be. The story soon broke in the newspapers, and political cartoonists began featuring a nature-loving Roosevelt with bears.

Reading the newspapers one day, Morris Michtom, the owner of a candy shop in Brooklyn, came up with a brilliant idea. He asked his wife to stitch a couple of stuffed bear dolls and promptly offered them for sale in his store. They proved a hit, and so he then ventured to ask the President for permission to use his name to sell the bears. As told by Michtom's descendants, Roosevelt granted permission, on White House stationery (now a lost document), but remarked that he did not think they would sell very well.

As it turned out, Michtom sold a lot of "Teddy's Bears," eventually forming the Ideal Toy and Novelty Company in 1903.

The New Retail Age: What the Future of Licensing Looks Like

Brand owners have to keep up-to-date with how consumers are likely to engage with their brand. Not all of these rapidly growing paths to engagement feature examples of brand licensing yet, but they most surely will. And, brands would be remiss if they didn't keep an eye out for opportunities.

Some of the big trends to watch out for:

1. The Connected Shopping Journey

There is a blurring of online and offline commerce. The majority of sales still occur in brick-and-mortar retailers (less than 15% of total retail sales were done online in 2017). On the other hand, the smartest companies know that consumers are using digital tools as part of their connected shopping journey—and by 2023, online sales are predicted to account for 20% of total retail sales.

15%
Total online retail sales in 2017

20%
Total predicted online retail sales in 2023

80
Number of hours per month young people are spending on their mobile devices

Young people are spending 80 hours per month on their mobile devices, and these are becoming the channel of choice for them to research and purchase products. Online retailers are opening brick-and-mortar stores and offline retailers are getting increasingly better at ecommerce. By way of example, sit back and observe the Amazon versus Walmart battle. Any brand licensing program should take this into account, so that consumers have everything they need to make a decision about purchasing a licensed product—wherever they are and at any time of the day or night.

2. The Rise of Artificial Intelligence, Virtual Reality and Augmented Reality

These new technologies make it easier for consumers to get information, see and experience products and make purchasing decisions. Already, Amazon's Alexa (AI) can give consumer product information and make a purchase; IKEA has IKEA Place (AR) that allows consumers to place its products in their homes in an imaginary, virtual way; and similarly, Gap has DressingRoom (AR) that lets consumers try on clothes at home—again, virtually. In the future, companies will license these AI products and AR apps and licensed products and services will be featured.

3. The Demographic Factor: The Rise of the New Generations

Baby Boomers (1945-1964) and GenXers (1965-1980) remain important and should not be ignored. But brand owners need to understand the shopping behavior of younger groups of consumers: Millennials and GenZers.

The Millennial Factor

They are no longer the "future." Born between 1981 and 1997, they have come of age and they are now a powerful force in purchasing. They prefer to "discover" brands (they don't like being sold to by salespeople). Also, having grown up in the wake of the financial crisis, they are very price-sensitive. Licensing can help brands communicate with them in an authentic, real way.

The GenZ Factor

They are just reaching college status, having been born between 1998-2004. Already, they make up 25% of the U.S. population. They are digital natives, and can't remember a time before the Internet, smartphones, Google, Amazon and Facebook. Skeptical of brands, companies can engage with them directly with licensed products.

A Point to Remember: Take a Position. These younger consumers want brands to take a position—to be guided by a greater purpose. They want to purchase products that have a story and a mission with which they can identify. Increasingly, brand owners cannot remain on the sidelines of important debates happening in society.

CASE STUDY: Everlane

Everlane is a popular online fashion site. It promotes transparency, acceptable working conditions and sustainability by providing a great deal of information about how its products are, among other things, manufactured—the factories it uses and the working environment in those factories. In addition, the company encourages consumers to keep the garments for many years (instead of buying new ones every season), thereby reducing textile industry waste.

Sometimes companies are compelled to take a position as Dick's Sporting Goods and others did following the shooting at Marjory Stoneham High School in Florida in early 2018 by withdrawing discounts for NRA members. And sometimes companies simply adopt a worthy cause, such as Walgreen's Get a Shot, Give a Shot program in 2017. In any event, when brand owners or their licensees take positions it always affects the other.

4. Rental Sites and Subscription Services

Online rental sites (such as Le Tote for women's apparel and accessories, Rent the Runway for designer apparel and accessories and Gwynnie Bee for plus-size fashion) and subscription services (Gwynnie Bee and Stitch Fix for apparel, Rockets of Awesome for children's clothing and Dollar Shave Club for men's shaving) give brands and licensees the chance to test products, get real-time feedback from consumers and make the purchasing process easier. The core of the subscription service is the subscription box—a recurring delivery of curated specialized product. Such is their growing popularity that traditional brands are entering the market. Nestle, for example, offers a "ReadyFresh" box, with consumers creating their own pack of Nestle beverages and choosing the frequency of delivery. These boxes can be licensed in their entirety or contain licensed products.

STITCH FIX

5. Digitally Native Vertical Brands

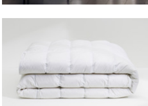
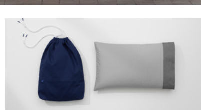
DNVBs are digital brands designed to sell their own branded products. They practice what is sometimes called "v-commerce," trading on social media (Facebook is a favorite launch site) and establishing one-to-one connections with consumers. A classic example is Casper, a mattress-in-a-box DNVB founded in 2014.

What is key is that Casper doesn't just sell mattresses. It also sells aspiration, values and better, healthier living. It does this through social media, contests, gifts to loyal customers, experiences and witty billboard advertising.

Why is it necessary to follow their progress? They are growing fast—and moving offline. For instance, Casper is starting to sell brand extension products (pillows, sheets, bed protectors) through Target. It is also opening its own stores. In a separate development, Unilever acquired the Dollar Shave Club—for $1 billion.

In the future, a DNVB could be launched by licensing the whole concept to a third party. Also, as Casper is showing, once established, a DNVB can be extended to other product categories through licensing.




6. The New Influencers: YouTubers, Bloggers and Vloggers

It's a fact that the new influencers—the people who can drive consumers to (and away from) products—are a young breed of "digital celebrities." They have pioneered a fresh, cool style of "unscripted" presentation that appeals to vast numbers of people. Many of these influencers are becoming "celebrity" brands in their own right and licensing their names for products. Getting licensed product into their hands should be an important element of a brand's licensing strategy. But choosing the right influencer requires careful research. Some have proved controversial and brands cannot only be burnished but also tarnished by association.

7. Pop-Ups and Other Experiential Marketing

Experiential marketing allows the consumer to participate in the brand—to "feel" it in a way that is not possible with traditional marketing. Brand immersive experiences are perfect for brand licensing, and range from hotels and theme parks to playgrounds and exhibits.

Back in 1993, Harley-Davidson, a pioneer in licensed experiences, opened a café. Others have recently followed including:

- Pepsi Cola (with the Kola Café, in New York City)
- Frito-Lay (with The Spotted Cheetah, based on the snack brand Cheetos)
- Kellogg's (with a cereal café)

Pop-up stores, another form of experience, are multiplying exponentially—for instance, a Birkenstock pop-up store designed to communicate a new brand message and offer a new range of products (separate from footwear), such as beds and creams for feet and hands.

Such is the growing popularity of these stores that Story, a specialist provider of pop-up stores for brands such as American Express and Cover Girl, was acquired by Macy's in 2018.

Further, almost as a protest against the onward march of all things digital, some consumers now want to discover and experience brands in a real, physical way, seeking a kind of "digital detox." This plays to the strength of a brand licensing program, since licensed products are, by definition, low-tech (analog) products.

8. New and Reinvented Product Categories

Long-term trends and short-term fads offer opportunities for brands to reach new consumers—and existing consumers in new ways. Back in the 1960s, a new concern for the environment sparked the Green movement and opened the way for niche product categories—such as granola—to go mainstream. Today, the technological connectivity trend is driving innovative product categories. So too are such cultural trends as diversity, individualism and gender neutrality: for example, the plus-size fashion category is gaining a lot of new attention. Here are two new categories to watch: cannabis and eSports.

- **Cannabis.** As this becomes legalized (nine U.S. states have legalized cannabis for recreational use, along with Washington, D.C.), more companies are looking for ways to develop products. Licensed cannabis products—associated with celebrities—include "Leafs by Snoop"

(Snoop Dogg), "Willie's Reserve" (Willie Nelson) and Marley Natural (the estate of Bob Marley). Meanwhile, Scotts Miracle-Gro, a multinational lawn and garden company, has introduced products that target cannabis growers, while Constellation Brands, which owns the Corona beer brand, has invested in a Canadian medical marijuana grower in order to develop cannabis-infused beverages.

- **eSports.** The growth of organized multiplayer video game competition for prize money has been staggering. In 2017, a single event on Twitch, the eSports site owned by Amazon, was viewed by more than one million viewers. It is now estimated that the global viewing audience is 385 million. As such, it can't be ignored as a cultural phenomenon attracting enormous fan and media interest. The NBA and FIFA are among the sports organizations partnering with specialist gaming companies, such as Take-Two Interactive Software and Electronic Arts. Red Bull, The Coca-Cola Company, PepsiCo and Gillette are among the big corporate brands attaching themselves to eSports. Licensing of teams, leagues and players is growing, as are licensed collaborations.

Brand Licensing – in Four Words

The hallmarks of brand licensing can be summed up in four words

1. Authentic

Although some might argue that licensing is not authentic because the product is made by a third party and not by the brand owner, they would be mistaken. Done properly, licensed products are developed with a great deal of over-sight and control by the brand owner.

2. Disruptive

Licensing can be used to redefine a brand message, help it stretch to encompass new product categories and ensure that it reaches new consumers or existing consumers in new ways.

3. Agile

Licensing can be used to reach large consumer groups or targeted segments, broad retail distribution or exclusive retail channels and specific countries or the whole world.

4. Creative

Licensing demands imagination and innovation. That's because it requires brand owners to understand the true essence of the brand's equity, dream up new products (or services) that will extend the brand, design those products and then think through the different ways they can be delivered to consumers.

To Learn More

If you want to get more insights, data and materials, look out for Michael Stone's blog entitled "The Power of Licensing" at **www.beanstalk.com/beantalk**.

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About the Author

Michael Stone is the chairman and co-founder of the leading global brand extension licensing agency, Beanstalk. The recipient of 23 LIMA International Licensing Awards, he has been instrumental in driving the evolution of brand licensing as a marketing tool used by many Fortune 500 companies. Stone has served as an adjunct professor of Brand Licensing at Baruch University School of Business and Long Island University Post. Stone is a member of the board of Year Up New York, a charitable organization committed to closing the opportunity divide facing urban young adults. He has a B.A. from Hamilton College and a J.D. from Emory University School of Law.

About Beanstalk

Beanstalk, a global brand extension licensing agency, works closely with its clients to unlock brand equity and create many of the world's most recognizable products and services. The agency helps leading brands, celebrities, media properties, manufacturers and retailers creatively find ways to strengthen their relationship with their most important stakeholder—the consumer.

Beanstalk offers a breadth of services including brand representation, manufacturer representation, icon representation, retailer partnerships, STUDIO B creative services, approvals management, legal and financial services, and royalty auditing. Blueprint—Powered by Beanstalk, its consulting division, advises clients through four key practice areas: brand extension + retail development, research + insights, design + identity, and operations + governance. Tinderbox, the agency's digital division, works with gaming and new media properties to realize their potential in the world of consumer products.

The company is headquartered in New York, with offices in London, Miami and Cincinnati and affiliates throughout the world.

For more information, please visit **www.beanstalk.com**.