



Joined-up thinking

Don't be put off by the many pitfalls in brand licensing – with a little know-how it could breathe new life into your product, says Ian Whiting

Brand licensing has its obvious benefits: it can create instant recognition among both retailers and consumers and widen a product's appeal by tapping into the brand's pre-existing fan base. But it's not a guarantee of success; it is not as simple as plucking a strong brand out of the air and slapping its logo on your product.

"A carefully chosen license can give a product a distinct point of difference, resulting in increased exposure and sales," says Copyright Promotions chief executive Kirk Bloomgarden. "It can give a product new values and positioning."

Anne Bahr Thompson, founder and managing partner of strategic business consultancy Onesixty-fourth, cites a money-saving benefit. "Marketing costs for licensed properties are less than those for newly developed brands. Much of the costs behind new product launches are associated with building awareness: by licensing a brand you acquire built-in awareness."

But get it wrong and the drawbacks can be disastrous – the brand loses credibility, the product fails and the retailer misses out on sales. The relationship that sustains a successful brand-licensing agreement collapses, not only killing off the agreement in question, but also causing long-term damage to the brand and destabilising future relationships with retailers.

"In the brand-licensing field, the retailer is king," points out Key-line Licensing president Sariah Smalley. "No matter how fantastic a product is perceived to be by those involved in the agreement, if retailers are not convinced of its salability, it won't get off the ground."

To ensure success, companies wanting to license brands must ask themselves a number of questions. "The first and most important is: does the licensed property really fit with the product?" says Janet Woodward, managing director of brand licensing company Coolabi.

Don Williams, chief executive of branding consultancy pi global adds: "Does the relationship create something new, something credible? If so, it's answering a consumer need."

"For example, Galaxy licensing its chocolate to McVitie's has created a highly credible range of cake bars. Both sides bring their own strengths to the relationship, the brand extension is supported by clear use of each brand's visuals and it extends into categories that are different but related. To the consumer, these are not 'licensed products' but simply the brand – the licensing is invisible."

A perfect fit

This is what every brand-licensing project should be striving for, says Angela Ferrugia, joint managing director of The Licensing Company. "Seamlessness, relevance and legitimacy." Ferrugia's company has pushed the boundaries of brand licensing further than most, moving it out of the core areas of entertainment and consumer goods and into the lifestyle arena. Her work with Michelin shows that if the fit is right, brand licensing can work anywhere.

"The key is relevance," she says. "From this flows legitimacy."

There's no point considering Michelin yoghurts because it asks the consumer to make too big a leap from the brand's core association. Instead we developed a range of car accessories. The range has been very successful, for example, the Michelin snow chain, launched four years ago, achieved 30 per cent market share in its first year."

Creating credibility

One brand licensing that has failed because it created a credibility gap that was too wide for consumers to jump was Virgin. Planes, credit cards, phones and even trains, yes; cosmetics and cola, no.

A recent brand licensing success is Mini Cheddars' tie-up with Peperami. It produced the best-selling limited edition snack of last year. Brand design consultancy Zigurat was involved in the project and its managing director, Adrian Collins, highlights another key factor to successful licensing: both brands' positioning, as reflected in brand and packaging design.

Collins explains: "These are two very strong brands. Both have a group of very loyal customers, and a group that strongly believe the products aren't for them. The licensing agreement encouraged consumers to reappraise their rejection of each brand, while rewarding existing customers with something new. Key to this was the presentation of the brands on the pack. The visual was the Peperami man grabbing a Mini Cheddar. Too often, the parties involved are so worried about brand equity that on-pack visuals are forgotten."

It is different for breakfast cereals, where the licensed brand dominates the cereal box. "It is right for Nestlé cereals, for example, that they get 'freshened up' with contemporary culture, such as through Shrek endorsements," says pi global's Williams. "The motivating factor here is pester power, not the strategic synergy between brands. Mum isn't buying Nestlé, she's buying Shrek – Nestlé merely tells her it's ok to feed it to her children."

A brand licensing agreement's longevity is another important factor, says Coolabi's Woodward. "So many companies pay massive advances for licences that are incredibly fleeting," she warns. "If you're going to invest in a licence, you need to know it's there for a pre-specified period, and that you have an agreement that reflects this."

"What's more, beware what the licensor/agent tells you," she continues. "Watch out for terms such as 'pending', 'in development',

'looking for the right broadcaster'. Being broadcast doesn't mean a project will be a success."

Also check the approval procedures for a brand-licensed product. If they are long and arduous it could lead to you missing your perceived marketing date – if that's seasonally sensitive it could set you back a whole year. What's more, licences where the creators/artists have final approval over the product should be avoided.

Brand licensing is a great way to enhance your product and



Team spirit: Bahr Thompson (top) says licensing can save marketing costs; Collins (below) warns brands not to overlook packaging design



increase sales, but it takes a firm commitment to build strong, long-term relationships that form the bedrock of success. The key is to look closely at the licence, the resources behind it and the synergy between it and the end product. ●

Brand Licensing London

Brand Licensing London, Europe's biggest licensing exhibition, takes place on October 26 to 27 at Earls Court 2, London. The show brings together brand owners, licensing agents, artists' representatives, TV and film production companies and publishers of books, CDs and computer games.

Three key areas of the show this year, are:

Fresh Concept Zone, where exhibitors new to licensing can meet visitors who want to uncover new licensing opportunities;

Art and Design Zone, where the latest ideas are showcased – from wallpaper to greetings cards, posters to decor;

Fashion Zone, a new area dedicated to fashion brands that incorporates catwalk and apparel shows.