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THE LICENSING LETTER

THE DEFINITIVE SOURCE FOR DATA, ANALYSIS, NEWS AND CONTACTS SINCE 1977

Retail Sales of Licensed Merchandise Worldwide Grow 1.6%, to \$153.2 Billion in 2012

Worldwide retail sales of licensed merchandise totaled \$153.2 billion in 2012, according to THE LICENSING LETTER. That represents an increase of 1.6%, from \$150.8 billion in 2011.

The U.S./Canada's \$95.4 billion in retail sales of licensed goods in 2012 accounts for 62.2% of the worldwide total, but the regions showing the largest annual rise in retail sales of licensed goods overall are the still-emerging regions of:

- ▶ Central and Eastern Europe, up 6.4% in 2012;
- ▶ Latin America, up 4.5%; and
- ▶ The Middle East and Africa, up 4.3%.

Asia also saw increases in retail sales of licensed goods of 1.7% in 2012, with strong sales in China, India, Southeast Asia, and Korea tempered by continued struggles in Japan.

Detailed 2012 retail sales estimates for licensed merchandise in 49 countries are now available in a newly published supplement to *International Licensing: A Status Report*.

In Australia/New Zealand, retail sales of licensed merchandise underperformed the economy as a whole, declining 1.6%, due to the market's maturity as a licensing territory combined with its small population and intensely competitive and difficult retail landscape.

Western Europe was down 0.3% for the year, with the fortunes of southern and northern countries within the territory differing significantly. Greece, Italy, Spain, and Portugal all suffered terrible economic times, making it difficult for consumers to have the confidence to purchase products outside of essentials and for manufacturers and retailers to have the confidence to support most licensed goods.

Northern Europe fared better, with the German-speaking and some of the Nordic countries among the pockets of strength. France also saw sales rise, although many licensing executives predict tough times ahead for that country.

As expected, the BRIC countries (Brazil, Russia, India, and China) rank among the top 10 as measured by their rates of growth in licensed

merchandise sales. (See sidebar.)

Driving Global Trends

The licensing community continues to face challenging economies in many regions. In mature licensing territories, retail consolidation and an ultracompetitive market for licensed properties are key issues. And in emerging territories, licensing executives are dealing with a lack of organized retail infrastructure and ongoing dominance of global licensors.

Many territories worldwide saw success for

Continued on page 3

BETTING ON GAMBLING

Adult-Skewing Properties Try Their Luck on Slots and Lotteries

The casino and lottery gaming industry—including slots, lotteries, bingo, skill-based games with prizes, and nonwagering games of chance—has seen its share of licensing in the last 10 years or so. While the technique has ebbed and flowed, licensing remains a key factor.

“Both [lotteries and slot machines] went a little licensing-crazy five to 10 years ago,” explains Mark Blecher of Hasbro, which licenses one of the leading properties in the industry, Monopoly, among other properties. “So many different brands came into the business. Some were a bit of an awkward juxtaposition, and some would just stun you.” He believes companies are as enthusiastic as ever about licensing but are more conservative and thoughtful in their choice of properties now.

Odds on Increased Exposure

For brand owners, the category can generate revenue, but it also brings strong marketing advantages. “The greatest benefit is the exposure,” argues Ita Goltzman of King Features, whose “Betty Boop,” “Popeye,” and other comic strips have long had a presence in slots and

Continued on page 9

Inside This Issue

Madden, Brown License the Other Foot.....	2
Chesney's T's Close to the Vest.....	2
Retail Sales of Licensed Goods Worldwide, by Territory.....	3
BRIC(T) Country Growth.....	4
Licensing News.....	5
Contacts & Connections.....	8
Royalty Structures for Lotteries, Slots.....	10
Global Opportunities.....	12

in short

Champion C9 100% cotton solid V-neck T-shirts are \$6.99 at Target; a Mossimo 100% cotton V-neck T-shirt is \$9.99.



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Licensing Ledger

LICENSING THE OTHER FOOT

Steve Madden's in-house accessories business is the fastest-growing segment of the company, says CEO Edward Rosenfeld, speaking at the Citi 2013 Global Consumer Conference. The brand is also lining up licensees in several new categories, including Betsey Johnson dresses and Steve Madden intimate apparel. This fall, the company will add Steve Madden watches and jewelry, both via licensing agreements. Madden has launched seven new brands since 2010, including Mad-Love, a surf-inspired DTR line at **Target**.

Brown Shoe Management, owner of footwear brands including **Dr. Scholl's**, **Naturalizer**, **Sam Edelman**, and **Fergie**, is not renewing its **Vera Wang** license, which expires after five years at the end of 2013. "We felt our resources could be better focused on our contemporary fashion business against brands like Sam Edelman or **Vince [Camuto]** and where we could get more significant growth," says Brown Shoe's Diane Sullivan. The company forecasts that Vince Camuto will be a \$30 million to \$40 million business for Brown in the next three years.

CHESNEY SELLS THOSE T'S

In his first year as an opening act for George Strait in 1998, country singer Kenny Chesney racked up merchandise sales averaging 15 cents per concertgoer. In his third year on the tour, with a hit country single behind him, sales jumped to \$1 a head. Sales today—with Chesney the headliner—average \$8 to \$12 per capita, according to *The Wall Street Journal*. "Fans in Dallas bought 8,200 T-shirts, 1,200 hats and sundry gear for a total of \$379,885. About 20% of that revenue went to the house. The rest went directly into Mr. Chesney's coffers, whereas many artists farm out merchandising rights to third parties." Chesney "thanks God every day" that he never gave up those rights. The Rolling Stones pulled in an average \$40 per head for the first three concerts on their 50th-anniversary current tour.

DISNEY PROFITS MARVEL-OUS

With Lucas now part of the picture, **Disney** reports second-quarter 2013 consumer products revenues, including both merchandise licensing and retail operations, up 12%, to \$763 million, and segment

operating income up 35%, to \$200 million. However, "on a comparable basis" (Disney's words for before the Lucas acquisition and without a one-time settlement of a licensee audit), the revenue increase was "in the low single digits." Disney credits Disney Junior's "Sofia the First," "Jake and the Neverland Pirates," "Doc McStuffins," and "Mickey Mouse Clubhouse" for "beating Nickelodeon in most important sectors." The company forecasts retail sales of licensed merchandise based on these properties will increase 80% this fiscal year, to \$1.5 billion.

PETSMART LICENSES

PetSmart is introducing a limited edition **Marvel** apparel line this summer. This spring the retailer launched an exclusive clothing and toy line with **Tommy Bahama** Pets. Updates to existing brands in the store include a 1980s retro neon-themed line of apparel, toys, and accessories from **Bret Michaels** Rock and two new assortments—**Out at Sea**, featuring tropical sea creatures, and **Camp Martha**, with outdoor camping and travel gear—added to **Martha Stewart** Pets.

THAT'S NOT PEANUTS

Iconix earned \$80 million in royalties on **Peanuts** in 2012, reports CEO Neil Cole.

TOP 100 GLOBAL BRANDS

Millward Brown's BrandZ Top 100 Most Valuable Global Brands list is heavy on technology companies and financial institutions for whom licensing isn't much of a consideration. Still, all told, about 30% of the brands on the list have meaningful licensing programs, particularly when looked at in the global context. **Marlboro**, for instance, is No. 8 on the list and is categorized as a tobacco company but is considered an American apparel brand in much of the world (notably outside the U.S.). In the top 10, in addition to **Marlboro**, **Coca-Cola**, **GE**, and **AT&T** would be the standouts for licensing.

DICK'S DUMPS LANCE

Dick's Sporting Goods is "divesting or significantly reducing" the licensed **Lance Armstrong**-founded **Livestrong** brand in both fitness and apparel. Dick's will replace **Livestrong** by the end of the third quarter with an as-yet-unnamed brand—not a private label. **Livestrong** fitness equipment currently represents 50% of Dick's sales of treadmills and elliptical machines. **Nike** is also walking away from its affiliation with **Livestrong**.

DARE YOU?

Leaf Brands introduced **Farts Candy** at the **Chicago Sweets & Snacks Expo**. The candy, rolling out this summer, comes in **Fruiti Farts**, **Sour Farts**, and **Small Farts**. "Kids love them, because, well, they like to say the name," Leaf CEO **Ellia Kassoff** tells *Ad Age*.



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Licensed Merchandise Sales Grow

Continued from page 1

the big, global, powerhouse properties on the one hand and locally developed and popular niche properties on the other. Similarly, properties targeting the luxury end of retail, along with those reaching for the lowest price tiers, both did well around the world.

The properties and products facing the biggest challenges, in both cases and in almost every country, are those that fall in the middle range between the two extremes. This trend became apparent in 2011 and intensified in 2012.

“Consumers are increasingly shopping at the top and bottom ends of the market simultaneously, effectively squeezing the middle market, which has had to work harder to maintain its market share,” says Beanstalk’s Louise French.

Digital-origin properties came into their own as viable properties in 2012. Angry Birds was one of the top licenses in almost every territory (except Japan), and mobile games, virtual worlds, apps, blogs, Twitter feeds, YouTube channels, and other digital-origin properties took off locally in the U.S., the U.K., Northern Europe, South Korea, Japan, Mexico, and Brazil.

Direct-to-retail deals are still on the radar and growing in most countries, depending on the nature of their licensing and retail businesses. But some mature countries, such as the U.S. and U.K., saw slower growth or even a decrease in the use of this technique in 2012. This was the first time that DTRs have experienced a hiccup in their global growth trajectory.

“A number of retailers did DTRs on false expectations of margin-saving,” says Rob Corney of U.K.-based agency Bulldog Licensing. “But there’s a very good reason why licensees exist. Some of the big retailers that relied on DTRs in the last few years are less keen on them now.”

The Entertainment Paradox

The Entertainment/Character sector was an interesting one in 2012. In the U.S. market, this property type declined by 3.7%, making it the only sector (aside from Art, which declined very slightly) to contract during the year. In almost every other territory, however, Entertainment/Character was one of the fastest-growing property types. Retail sales of merchandise based on Entertainment/Character properties grew 1.1%, collectively, outside the U.S. and Canada.

The increases in this sector were due mainly to global and local nostalgic properties and classics. Another contributor was the fact that Entertainment/Character tends to be the first licensing sector to take hold in emerging

countries, which showed the highest growth rates in sales of licensed goods overall during the year and count Entertainment/Character merchandise as a significant portion of that.

On a global basis, however, Corporate Trademarks/Brands saw the most robust growth in 2012, rising 3.0%, to more than \$33 billion worldwide. That was followed closely by Fashion, with an increase of 2.8%, to more than \$36 billion.

With 62% share of sales of licensed products, the U.S. and Canada have a big influence on the direction of each property type globally, and that was the case in Corporate Trademarks/Brands, where the share is even higher.

Fashion, meanwhile, holds a relatively greater share of the licensing business in the world as a whole than it does in the U.S. and Canada. But the economic challenges facing Europe (where fashion licensing holds the greatest share of the overall licensing market) and Japan helped hold growth in this property type down outside the U.S. and Canada in 2012.

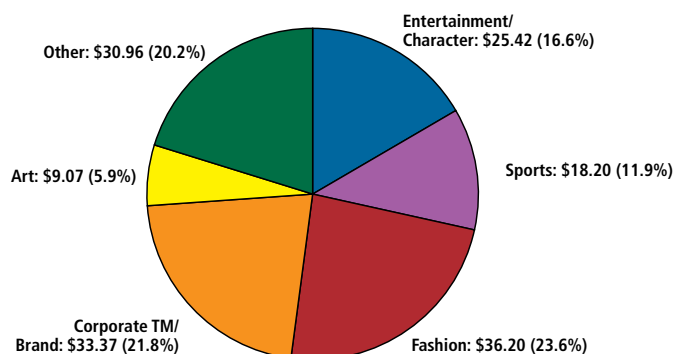
RETAIL SALES OF LICENSED MERCHANDISE, WORLDWIDE, BY TERRITORY, 2011-2012
(in millions of U.S. dollars)

CATEGORY	2012 RETAIL SALES	2011 RETAIL SALES	% CHANGE 2011-2012	2012 SHARE OF MARKET
U.S. and Canada	\$95,366	\$93,370	2.1%	62.2%
Western Europe	\$31,541	\$31,650	-0.3%	20.6%
Central and Eastern Europe	\$606	\$570	6.4%	0.4%
Asia	\$18,241	\$17,930	1.7%	11.9%
Australia and New Zealand	\$2,233	\$2,270	-1.6%	1.5%
Latin America	\$3,990	\$3,820	4.5%	2.6%
Middle East and Africa	\$824	\$790	4.3%	0.5%
Other	\$403	\$410	-1.6%	0.3%
TOTAL	\$153,205	\$150,800	1.6%	100.0%

NOTE: Numbers may not add up exactly due to rounding.

SOURCE: THE LICENSING LETTER

RETAIL SALES OF LICENSED MERCHANDISE, BY PROPERTY TYPE, WORLDWIDE, 2012



NOTE: Numbers may not add up exactly due to rounding.

SOURCE: THE LICENSING LETTER

Continued on page 4

Licensed Merchandise Sales Grow

Continued from page 3

Sports saw a slight increase of 1.6%, to \$18.1 billion, on a global basis. It still has a relatively small share of market (11.9%) overall, however; while soccer/football is popular worldwide, as are cricket, rugby, auto racing, and other sports in some countries, licensing activity hasn't followed to a large degree in many territories.

"Other" also was a growth area, driven by celebrity licensing in some countries (e.g., U.S.,

U.K., Brazil, and India) and digital properties.

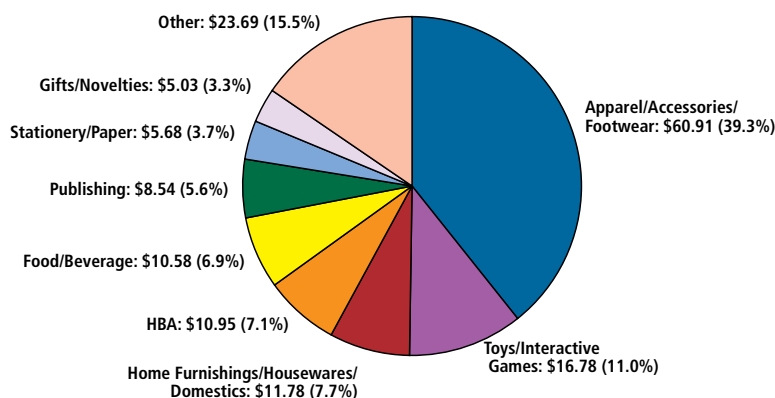
Core Categories Remain Strong

In terms of product categories, wearables (apparel, accessories, and footwear) continue to eclipse other categories in the global licensing market, commanding a 39% share of total worldwide retail sales of licensed merchandise up 4.9% over 2011. This tends to be one of the first categories to develop in emerging countries, and it remains significant in mature territories as well. In addition, it is one of the few categories that cuts across all property types, holding a significant share for all.

Other categories showing increases were health and beauty and food and beverage, up 5.3% and 4.3%, respectively. These two sectors are much smaller than apparel, accessories, and footwear on a global basis, however, with each commanding an approximately 7% share of the overall market. The first was driven by fashion labels globally and celebrities in the U.S., U.K., and select other territories; the second was driven mainly by restaurant and food brands in the U.S. and, to a lesser degree, the U.K. All other categories declined on a global basis

Purchasers of the 7th edition of *International Licensing: A Status Report*, published last June, can purchase the supplement for \$500. The full report including supplement is \$3,095 or \$2,795 for subscribers to THE LICENSING LETTER.

RETAIL SALES OF LICENSED MERCHANDISE, BY PRODUCT CATEGORY, WORLDWIDE, 2012



NOTE: Numbers may not add up exactly due to rounding.

SOURCE: THE LICENSING LETTER

BUILDING A FOUNDATION IN THE BRIC(T) COUNTRIES

Each of the BRIC countries (Brazil, Russia, India, and China) ranks among the top 10 as measured by their rates of growth in retail sales of licensed merchandise. Collectively, the four account for an increase in retail sales of about 8.0% between 2011 and 2012, far above the global average of 1.6%.

With just over \$8 billion in retail sales of licensed goods for all four together, their combined share of global retail sales of licensed merchandise is 5.3%, and counting.

Russia solidified its position in 2012 as one of the most vibrant of the four BRIC countries for licensing, a development that first became noticeable in 2011. A few years ago, it was thought to be the BRIC country that was furthest away from becoming a viable market. While the country is certainly not without its challenges, that perception has changed.

Some economic analysts are starting to refer to the world's fastest-emerging economies together as the BRICT block, adding Turkey to the other four. This can be applied to the licensing business as well, with Turkey joining the others among the top 10 countries in the world as measured by licensing growth. Its 6.9% rate of increase was a notch above Brazil's. Turkey has become a distinct area of interest for licensors, particularly in Europe and the U.S.

LICENSING IN BRAZIL, RUSSIA, INDIA, AND CHINA, 2011-2012

(retail sales in millions of U.S. dollars)

COUNTRY	RETAIL SALES, 2012	RETAIL SALES, 2011	% CHANGE, 2011-2012	SHARE OF GLOBAL RETAIL SALES, 2012	PER-CAPITA SALES, LICENSED MERCHANDISE, 2012	POPULATION	GDP GROWTH, 2012
Brazil	\$2,167	\$2,050	5.7%	1.4%	\$10.28	199.3 million	1.3%
Russia	\$292	\$270	8.1%	0.2%	\$1.89	142.5 million	3.4%
India	\$588	\$550	6.9%	0.4%	\$0.46	1.2 billion	6.5%
China	\$5,036	\$4,616	9.1%	3.3%	\$3.44	1.3 billion	7.8%
TOTAL	\$8,083	\$7,486	8.0%	5.3%			

SOURCE: THE LICENSING LETTER


PROPERTIES AVAILABLE OR RECENTLY ASSIGNED, U.S. (Canada as indicated)

PROPERTY	DESCRIPTION	CATEGORIES AVAILABLE	LICENSING CONTACT
Bark	Dog culture magazine celebrating more than 15 years in print.	All	Cynthia Hall Domine, Synchronicity
Cajohns	Maker of salsas, hot sauces, BBQ sauce, rubs, and spices.	All	Penny Wright, Act III Licensing
Chloe's Closet	Children's animated series about the title character and her friends going on adventures in her room. Airs on PBS Kids Sprout.	All	Eve LeMaster, Firefly Brand Management
Elite Football League of India	Going into its second season, with global publicity and broadcast support.	Sporting goods, apparel, toys	Allen LeWinter, Topkat
Emily The Strange	Rob Reger's dark female character featured on everything from posters to comic books. memBrain Licensing also serves as U.S. agent.	All	Steve Senk, Senks Circle
Food-ology	Juliet A. Boghossian's personal wellness program.	Food, home storage, social expressions, travel	Nora Wong, Consumer Strategies
Heartbreaking Dawns	Sauce and spice company known for use of all-natural ingredients.	All	Penny Wright, Act III Licensing
Hero of Color City	Upcoming children's film about a group of crayons trying to protect against a monster. Set for 2014 release by Magnolia Pictures.	All (U.S., Canada)	Bruce Auerbach, Exodus Film Group
Life and Adventures of Santa Claus	Rubicon's CGI animated film slated for release during holiday 2014.	Apparel, seasonal, toys	Travis Rutherford, Evolution
Magelica	Entertainment property for young girls featuring a 12-year old girl born into a magical world.	All	Cathy Malatesta, Lawless Entertainment
Mild To Wild	Hot sauce and spice company based out of Fort Wayne, Ind.	All	Penny Wright, Act III Licensing
Monster In My Pocket	Collectible monster series from MEG, set for an animated series.	Accessories, apparel, back-to-school, board games, home/housewares, home furnishings, novelty toys, paper goods, trading card games	Travis Rutherford, Evolution
Parenting Illustrated With Crappy Pictures	Humorous blog-turned-book featuring images of parenting in action.	All including apparel, calendars, giftware, infant/children's products, novelty items, social expressions, stationery, toys,	Cynthia Hall Domine, Synchronicity
Public Zoo in Tootsie Land	Pop artist Han Lee's crossover of The Public Zoo and Tootsie Roll brands in a series of images and scenes.	All	Cynthia Hall Domine, Synchronicity
Pussycat Dolls	All-girl singing/dancing group founded by choreographer Robin Antin.	Accessories, activewear, apparel, beauty, footwear, lingerie	Jennifer Sullivan, memBrain Licensing
Sabrina, Secrets of a Teenage Witch	Moonscoop's animated series set to air on The Hub this fall.	All	Eve LeMaster, Firefly Brand Management
Space Camp	Founded in 1982 as the U.S. Space & Rocket Center museum's education program to promote the study of math, science, and technology. Couples classroom instruction with hands-on activities.	Apparel, education, toys	Allen LeWinter, Topkat

LICENSES RECENTLY GRANTED, U.S. (Canada as indicated)

PROPERTY	GRANTED TO	PRODUCTS MANUFACTURED	GRANTED BY
Amylee Weeks	Wichelt Imports	Cross stitch kits	MHS Licensing
Bioshock Infinite	Wizkids	Collectible miniature game pieces	2K Games

*Extension or renewal.

Continued on page 6


licensing news *Continued from page 5*

PROPERTY	GRANTED TO	PRODUCTS MANUFACTURED	GRANTED BY
Boy Scouts of America	Buck Knives	Knives (READ THIS FIRST)	Boy Scouts of America
Breyers	Signature Brands	Ice cream toppings	Seltzer Licensing Group
Broyhill, Drexel Heritage, Lane	Boyd Specialty Sleep	Bedding	Furniture Brands
Butterball	Monogram Food Solutions	Turkey meat snacks	Butterball
Corbert Gauthier, Darrell Bush, Tina Higgins	Bradford Exchange	Checks, stationery, wall decor	MHS Licensing
Darrell Bush	Conimar	Coasters	MHS Licensing
Despicable Me 2	Hybrid Apparel	Apparel	Universal Partnerships & Licensing
	The Topps Company	Co-branded candy	
Goodnight Moon	Cloud9 Fabrics	Fabrics	Wildflower Group
	Mighty Fine	Apparel (infants', toddlers')	
	Precious Moments	Gift items	
Guinness World Records	IT'SUGAR	Confections	Guinness World Records
Hautman Brothers	Silver Swan Studios	Gift bags	MHS Licensing
	Stony Creek	Candles, electric lighted glass, lanterns	
IMPACT Wrestling	Georgia Lottery	Instant win lottery games	TNA Wrestling
Iron Man 3	Vandor	Clocks, drinkware, tin totes	Disney Consumer Products
Louise Carey	Design Design	Greeting cards, magnets	MHS Licensing
Marilyn Monroe	IT'SUGAR	Confections	Authentic Brands Group
Maxine	Vandor	Clocks, drinkware, tin totes	Hallmark Licensing
Original Penguin by Munsingwear	Delta Galil	Sleepwear, underwear (men's) (U.S., Canada)	Perry Ellis International/PEI Licensing
Peanuts	Vandor	Clocks, drinkware, tin totes	Peanuts Worldwide at Iconix Brand Group
Peppa Pig	TCG	Jigsaw puzzles, magnetic puzzles (U.S., Canada)	Entertainment One
Raggs	Fiesta Toy	Accessories, backpacks, plush toys, puppets (U.S., Canada)	Blue Socks Media
Rapala	Cranston	Fabric kits, fabrics, fleece	Wildflower Group
	Open Road Brands	Fishing accessories, housewares, wall art, wall clocks	
Seventeen (magazine)	IT'SUGAR	Confections	Hearst Magazines
Smurfs 2 (film)	IT'SUGAR	Confections	Sony Pictures Consumer Products
	Jakks Pacific	Activity toys, play sets, plush figures	
	Pressman Toy*	Board games, card games, puzzles	
	Thursday Friday	Handbags, scarves, totes	
	Trends International*	Bookmarks, posters, stickers, wall calendars	
Tootsie Roll brands	Fashion Playtes	Custom on-demand apparel	Synchronicity
	Funky Town	Cozies, glasswares, party supplies, pillows, stickers	
	Leading Edge Promotions	Bowling balls, bowling pins	
	Liquid Blue	Printed/tie-dyed T-shirts	
	MasterPieces Puzzle Co.	Jigsaw puzzles	
WWE	Cosrich	First aid, HBA (U.S., Canada)	WWE
	Kid Dangerous	T-shirts	

*Extension or renewal.

Continued on page 6

international licensing news *Continued from page 6*

INTERNATIONAL PROPERTIES AVAILABLE OR RECENTLY ASSIGNED

PROPERTY	DESCRIPTION	CATEGORIES AVAILABLE	LICENSING CONTACT
Dog And Friends, The	Artist's calendar and postcard line featuring images taken with a fish-eye lens.	All (Worldwide)	Bruce Foster, 4Licensing
Dumb Ways To Die	Metro Trains Melbourne's PSA campaign, which went viral over YouTube.	Accessories, apparel, gift, HBA, headwear, home décor, housewares, novelties, plush, social expression, stationery, tech accessories, toys (Worldwide)	Travis Rutherford, Evolution
FIBA	International Basketball Federation's 2014 FIBA Basketball World Cup takes place in Spain during August and September of next year.	All (Worldwide)	Nicola Thompson, Copyright Promotions Licensing Group Sport (CPLG)
Flo Rida	Hip hop artist known for singles "Get Low" and "I Cry."	Accessories, apparel, electronics, health/fitness (Worldwide)	David Elmekies, D3M Licensing
Gorjuss	Artist Suzanne Woolcott's collection of female characters, wildlife, plants, and other nature-oriented imagery, as well as childhood toys, pictured in pleasant scenes.	All (Italy)	Lorenzo Varra, Backstage S.r.l.
Hero of Color City	Upcoming children's film about a group of crayons trying to protect against a monster. Set for 2014 release by Magnolia Pictures.	All (Worldwide except U.S., Canada)	Cathy Malatesta, Lawless Entertainment
Krrish (film series)	Bollywood superhero film series, with Kid Krrish and Krrish 3 set for a near-future release.	All (India)	Jiggy George, Dream Theatre Pvt. Ltd.
LazyTown	Iceland-produced children's show featuring superhero Sportacus and his friend Stephanie.	All (Russia)	Anton Grishin, Megalicense
Versace 19.69	Luxury clothing and accessories brand founded in Milan, Italy, by Gianni Versace.	All (Central America, Mexico)	Fanny Salazar Mourre, P&L Global Network

INTERNATIONAL LICENSES RECENTLY GRANTED

PROPERTY	GRANTED TO	PRODUCTS MANUFACTURED	GRANTED BY
Adventure Time	Character Group	Collectible figures, plush, role play items (U.K.)	Cartoon Network Enterprises, EMEA
LEGO	TVMania U.K.	Apparel (U.K.)	LEGO
Looney Tunes, Superman (comics), Tom & Jerry	PT Madisa	Home furnishings (Indonesia)	Pacific Licensing
	PT Mitra Adiperkasa Tbk	Sporting goods (Indonesia)	
Man Of Steel	PT. Dadi Prima	Stationery (Indonesia)	Pacific Licensing
	PT. Kreasi Reksa Perdana	Apparel (Indonesia)	
Masha and The Bear	Panini U.K.	Sticker albums (Russia, Ukraine)	Ink Brands
Matt Hatter Chronicles	VMC Accessories	Fashion accessories (U.K.)	ITV Studios
Moshi Monsters	John Adams	Craft kits (U.K.)	Mind Candy
One Direction/1D	Bacup Shoe	Footwear (U.K.)	Global Merchandising Services
Plants Vs. Zombies	Character Group	Toys (U.K.)	Bulldog Licensing
Polaroid	Safilo Group*	Eyewear (Worldwide)	Polaroid
Smurfs 2 (film)	Haribo of America	Gummy snacks (Worldwide)	Sony Pictures Consumer Products
Superman (comics)	PT. Lanisantoso Setiabdi	Stationery (Indonesia)	Pacific Licensing
Terminator	Level Up Wear	Apparel (Europe)	Creative Licensing
Tweety Bird	PT Biginusindo Permai	Apparel (Indonesia)	Pacific Licensing

*Extension or renewal.



contacts & connections

Contacts & Connections is an alphabetical listing of the licensing companies in this issue.

2K Games, Steven Lux, VP Business Development, 646-536-2842, steve.lux@2kgames.com, P. 5.

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Act III Licensing, Penny Wright, Licensing Manager, 310-385-4041, pwright@actiii.com, P. 5.

Authentic Brands Group, James Salter, CEO, 212-760-2410, info@authenticbrandsgroup.com, P. 6.

Blue Socks Media, Toni Steedman Zelickson, President, 704-372-7400, tsteedman@raggs.com, P. 6.

Boy Scouts of America, Greg Winters, Manager, Licensing Programs, 800-323-0732 x332, gwinters@netbsa.org, P. 6.

Boyd Specialty Sleep, Denny Boyd, President, 314-997-5222, P. 6.

Bradford Exchange, Maura Kelly, VP Licensing, 847-581-8200, mkelly@bgetd.com, P. 6.

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Continued on page 9



international contacts & connections

This section refers to the International listings on Page 8. International calls from the U.S. and Canada must be preceded by the 011-prefix.

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Who's News

Lisa Silverman Meyers is promoted to SVP operations and business planning for Viacom International's Nickelodeon & Viacom Consumer Products (NVCP) division. Silverman Meyers has been with Nick since 2001.

Shelly Marchetti joins ACI Licensing in Los Angeles as VP/account executive. Marchetti has previously worked with the Agency for the Performing Arts and The Cherokee Group.

Dion Vlachos is named SVP retail sales and marketing at Nickelodeon. A 20-year Disney veteran, Vlachos was most recently VP franchise development and global marketing at Disney Publishing Worldwide.

Susan Meek is named VP International Licensing for Elvis Presley Enterprises. Meek was previously with Precious Moments (PMI).

Betting on Gambling

Continued from page 1

lotteries. "When you walk on the floor of some of the casinos, Betty Boop is front and center," she says. "And cities put the character on buses and banners to promote the lottery."

"States put some significant marketing dollars behind it," agrees Andy Topkins of Brandgenuity, which represents World Poker Tour and the Pink Panther, among others. "There's lots of incremental benefit to the brand owner."

"It's certainly lucrative, but it also gives our fans one more fun, engaging way to relate to our properties," adds Liz Kalodner of CBS Consumer Products, which has licensed brands ranging from "Star Trek" and "I Love Lucy" to "The Amazing Race" and "Judge Judy" for both lotteries and slots.

Some properties—especially those appealing to the core audience of women age 25 to 50

(and up)—lend themselves naturally to casino gaming and lotteries. Monopoly has three characteristics that make it a perfect fit, according to Blecher. "It's not only loved and well known, but it's about game play, the opportunity to win something, and the fantasy of wealth creation."

But a variety of adult-skewing licenses outside of gaming can work as well. Kalodner says properties across CBS's entire portfolio are viable, citing "CSI" as an example. "It took a lot to sell it [to the slot industry]," she says. "They were nervous about the crime aspect. But the slot audience and the audience for our TV shows are very similar."

Licensed Lotteries: Winning Combination?

"We want licenses that will attract new, younger players, but will also continue to appeal to core lottery players, who tend to be older," says Pat Schmidt of GTECH, one of three

Continued on page 10

Betting on Gambling

Continued from page 9

key players in licensed lotteries, along with MDI and Pollard Banknote. In addition to being appropriate for 18-year-olds or those 21-plus, properties that work well for GTECH tend to be global, long-term brands.

The company also seeks properties around which it can create customized marketing programs, such as unique prizes or sweepstakes. “We’re looking for licenses that add a lot of value in terms of marketing and promotions,” Schmidt explains. Examples include the chance to win an Ultimate Rock Star Party at the Rock & Roll Hall of Fame for an Aerosmith game, with band members in attendance; a seat at the main event of The World Series of Poker; or a VIP stay at Caesar’s Palace as part of the Caesar’s license.

KEY PLAYERS IN LOTTERY LICENSING

COMPANY	SELECTED LICENSES HELD
GTECH	3 Stooges, Bejeweled, World Series of Poker, Caesars, Plants vs. Zombies, others.
MDI	World Poker Tour, Univision, Wheel of Fortune, Major League Baseball, NBA, NHL, NASCAR, Deal or No Deal, Betty Boop, Pink Panther, Ford, Corvette, Monopoly.
Pollard Banknote	Star Trek, Calgary Stampede, Mr. Bean, Cadillac, Tetris, Dubble Bubble, Guinness World of Records, It’s a Wonderful Life, Keith Kimberlin.

SOURCES: THE LICENSING LETTER, company information

KEY PLAYERS IN SLOT MACHINE LICENSING

COMPANY	SELECTED LICENSES HELD
WMS Gaming	Star Trek, KISS, Dean Martin, Wizard of Oz, Lord of the Rings, Monopoly and other Hasbro game titles, Spiderman, Cheers, Willy Wonka and the Chocolate Factory, I Love Lucy, Bruce Lee
Bally	NASCAR, Pawn Stars
IGT	Phantom of the Opera, CSI, House, Star Trek, Wheel of Fortune, I Love Lucy, Sex & the City, Huevocartoon, Dolly Parton, Wyland

SOURCES: THE LICENSING LETTER, company information

UNIQUE PAYMENT STRUCTURES

Payment structures for lotteries and casino games follow a variety of formulas, but both are akin to a traditional licensing deal with a royalty (or equivalent) and a minimum guarantee.

For lotteries, the central remuneration is a fee per ticket printed, with the royalty equivalent usually somewhat less than licensing-business averages, due to the high volume of tickets. For example, a licensor might receive \$2,200 to \$3,000 per million dollars of face value; if a state orders 5 million \$5 tickets, with a fee of \$2,500 per \$1 million, the total royalty would be \$62,500. Multiplied by 40-plus states, with reorders possible, means total income can be significant, licensors say.

Payment for slot machines varies depending on the deal but often involves some sort of fee per machine. For example, there can be a straight payment per machine placed, a fee per machine with bonus payments tied to the number of players or amount of cash collected, or a fee based on each day’s take per machine.

“The opportunities within this segment are interesting,” says Kalodner. “It’s not just about the lottery.” She cites the example of players of a CBS-licensed “Star Trek” lottery game entering their nonwinning tickets into an online contest for a trip to a Star Trek Convention. “That’s something you could’ve never done before,” she points out. “Technology is really changing all of these businesses.”

Secondary prizes can be part of an instant-win game or structured as a second-chance drawing, where holders of nonwinning tickets can earn an experiential prize; some tickets give access to additional games for friendly, non-money-earning competition on the lottery website.

Schmidt explains that licensed lotteries are more expensive for the customer (e.g., a state or other jurisdiction) than a nonlicensed offering is, since the licensee passes along the royalty. “So it has to return more,” she says. “They have to be able to justify the expense. That’s why the marketing solutions are so important. You have to make sure you bring them the best package, the best-looking ticket, and the most appropriate license.”

Topkins notes that these additional opportunities for customers to play are a benefit to the licensor as well. “Enhancing customer loyalty is important,” he says. “They provide more touchpoints for the consumer, and that’s valuable for the brand.”

One trend to watch is privatization. Illinois and Indiana have privatized their lotteries, New Jersey has plans to do so, and Pennsylvania is considering such a move. Schmidt says the hope is that privatization will lead to a more successful operation and therefore more money to the state. If that happens, licensors will benefit as well.

Taking a Chance on Slots

The landscape for slot machines is more fragmented than for lotteries. Key players on the licensing front include WMS Gaming, Bally, and IGT, but others, such as LP Gaming, SHFL Entertainment, Aristocrat, Konami, American Gaming System, Ameristar, Atronic, and many more, also acquire licenses. Smaller companies often serve in a role similar to that of video game developers, creating the game under license and then bringing it to a larger company to take to the casino floor.

“With a license, we look for themes or personalities that resonate with the audience,” says WMS’s Roger Sharpe. “We want the core elements within a given property to lend themselves to a compelling game, and we also look at whether we can get the assets we need. This is a

Continued on page 11

Betting on Gambling

Continued from page 10

multimedia environment now, and it's the total choreographed experience that brings fans in."

WMS hopes to be able to create at least three to four different versions of a licensed machine. "We look for longevity and sustainability," Sharpe explains. "We need to offer it in a fresh way to the public over time, so there has to be some depth to the license itself. Then it's the creative execution by the manufacturer. We want to provide an entertainment-rich experience for our frequent players."

Long lead times—about one and a half years to develop a game and another three to six months for regulatory approvals—help make classic and retro brands attractive as well. "By the time they actually launch the product, the property still has to be viable and vibrant," says Topkins.

Slot machine makers, like their lottery counterparts, are looking for licenses with wide appeal that both satisfy core audiences and bring in new players. "A license can get the first coin in, potentially," Sharpe says, noting that a variety of attributes, whether sound, color, image, or theme, can attract a player to a particular machine. "It might be, 'I can't believe they have 'Cheers,' I love that show.'"

While the slot business is a key area of interest for licensors of appropriate properties, it remains a small slice of the slot business as a whole. "Licensing is a nice add-in ingredient to our portfolio, but it represents only 5%-7% of all the content we create," Sharpe reports.

High Probability for Growth

The lottery and slot machine categories are associated with some unique challenges for licensors and licensees. Gambling is heavily regulated, with rules varying from territory to territory, state to state, and even within states. This affects everything from minimum payouts to the legality of online wagering.

For licensors of live-action properties, talent restrictions can be a challenge. "Talent contracts often exclude certain things, like tobacco or personal products, and gambling is one of those," says Kalodner. "So we have to negotiate separately to get it done."

The nature of the business excludes many licenses, of course. "It's unique because you're only targeting adults, and that drives the type of brands in the industry," Blecher notes.

Meanwhile, there has been a stigma associated with gambling among some licensors. "Some brand owners are still skeptical," says Topkins.

TRANSITION TO INTERACTIVE GAMING

Interactive lotteries, where purchasers conduct the transaction online rather than with a printed ticket, are on everyone's radar, having been legal in many international jurisdictions for some time and recently allowed in Illinois, with other U.S. states considering it.

"Interactive lotteries are definitely becoming more of a focus, and branded, licensed games are a part of that," says Pat Schmidt of GTECH, noting that her company asks for interactive rights, although not all licensors are ready to grant them.

Online slots and wagering, which are legal in the U.K. and some other territories around the world and are being considered by some U.S. states, also comprise an up-and-coming trend in the slots and gambling industry. Another is social games of chance that look like online wagering, but in which users pay for chips and time to play, winning points or more time rather than money.

WMS operates the social game Jackpot Party Casino on Facebook in the U.S. and has integrated some licenses, such as "I Love Lucy" and Bruce Lee. It uses the Jackpot Party brand for online wagering internationally. IGT, meanwhile, is involved in social gaming with its Double Down brand and online gambling with WagerWorks.

Some licensors are involved in these new channels, while others are taking a wait-and-see approach, especially toward online wagering.

"We have to convince them that it's not going to have a negative impact on their brands and that their customer is playing the lottery and the slots. As more wholesome brands are comfortable entering the category, that has spurred some recent growth."

Licensors and licensees note that the industry is changing. For one thing, it is consolidating, as companies merge or acquire to position themselves in all sectors, from lotteries to slots, to online wagering. Scientific Games, owner of MDI, recently acquired WMS; GTECH is involved in both lotteries and slot machines. These changes are ultimately likely to streamline the licensing process, with one partner able to cover all aspects of the gambling industry.

The move to online gambling and interactive lotteries is also a big change (see "Transition to Interactive Gaming" sidebar). "Like video games, there's a transition from physical to online," Kalodner says. But balancing that is the fact that some states are looking to raise revenue by installing more slot parlors or otherwise expanding gambling. "So there's more opportunity for placement of machines."

"Access to gambling and gaming is more pervasive than 10 to 20 years ago," Sharpe says.

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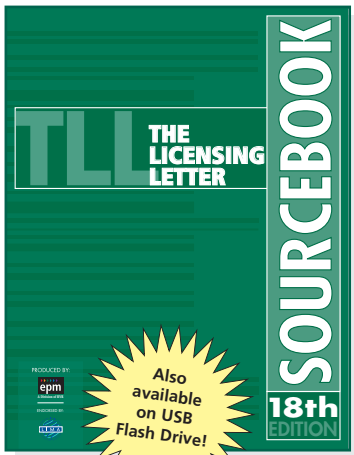
All The Licensing Contacts You Need In One Reliable Directory

The Licensing Letter Sourcebook

This comprehensive "who's who" of the licensing business saves you time and money by putting 3,845 licensing decision-makers at your fingertips.

The **Sourcebook** is easy to use and thoroughly indexed. Browse the print edition to find companies with the right profile to match your needs; use the fully-searchable Flash Drive database to find specific companies, properties, and products. You'll refer to **The Sourcebook** repeatedly to locate potential business partners and track what your competitors are doing.

Regarded as "the very best reference book in the licensing business" by noted industry consultant Gary Caplan, **The Licensing Letter Sourcebook** is the only directory of licensing executives you need.



YOU'LL INSTANTLY PINPOINT:

- ▶ Who holds the rights to 11,634 trademark/brand, entertainment, sports, fashion, and other properties.
- ▶ What products are made by 1,581 manufacturers, from action figures to zipper pulls, air fresheners to watches.
- ▶ Which of 506 agents represent which properties.
- ▶ Which manufacturers hold licenses for which properties.
- ▶ Areas of expertise for 453 consultants, attorneys and other service providers.

Licensor listings report properties owned and agents who represent them

Licensee listings spotlight licenses held and products manufactured

Agent listings feature properties represented

Agent Listings
Michael Stone
 President
 220 E. 42nd St.
 New York, NY 10017
 Phone: 212-421-6060 x116
 Fax: 212-421-6388
 Email: michael.stone@beanstalk.com
 Web: www.beanstalk.com
Properties represented: Acura, Airheads, Ambi Pur (Europe), Aquascutum, AT&T, Bag Snobs/Snob Essentials, Big John (Asia), Bigelow, Black and Decker, Blake Griffin, Bounce, Carmindy, Chambord (Europe), Chewits (UK), Chiquita, Copperhead, Dawn, Delta, DEWA

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THE LICENSING LETTER SOURCEBOOK

Save Time And Money Finding The Right Licensing Contacts



Table of Contents

SECTION ONE: LICENSORS

Apparel & Accessories
 Art, Artists & Museums
 Celebrities, Athletes & Estates
 Corporate Trademarks & Brands
 Digital, Online & Video Games
 Entertainment & Character
 Fashion & Home Furnishing Designers
 Food, Beverage & Snack Brands
 Footwear
 Home Furnishings, Domestic & Housewares
 Music
 Non-Profits
 Publishing
 Restaurants & Retail
 Sporting Goods
 Sports Leagues, Colleges & Sporting Events
 Toys & Games

SECTION TWO: LICENSING AGENTS

SECTION THREE: LICENSEES

Accessories

Apparel
 Automotive
 Domestic
 Electronics
 Food & Beverages
 Footwear
 Furniture & Home Furnishings
 Gifts & Novelties
 Hardware
 Health & Beauty Aids
 Housewares
 Infant Products
 Music & Video
 Publishing
 Sporting Goods
 Stationery & Paper Goods
 Toys & Games
 Videogames & Software

SECTION FOUR: SERVICE PROVIDERS

Business Publications
 Consultants & Service Providers
 Licensing Attorneys

SECTION FIVE: TRADE ASSOCIATIONS

SECTION SIX: RETAILERS

SECTION SEVEN: CROSS REFERENCED INDEXES

Index By Company Name
 Index By Individual Name
 Index of Licensors & Licensing Agents, By Property
 Index of Licensees, By Property
 Index of Licensees, By Products Manufactured

SECTION EIGHT: INTERNATIONAL LICENSORS & LICENSING AGENTS

SECTION NINE: INTERNATIONAL LICENSEES

Accessories
 Apparel
 Automotive
 Domestic
 Electronics
 Food & Beverages
 Footwear
 Furniture & Home Furnishings
 Gifts & Novelties

Health & Beauty
 Housewares
 Infant Products
 Music & Video
 Publishing
 Sporting Goods
 Stationery & Paper Goods
 Toys & Games

SECTION TEN: INTERNATIONAL SERVICE PROVIDERS

Business Publications
 Consultants & Service Providers
 Licensing Attorneys
 Retailers
 Trade Associations

SECTION ELEVEN: INTERNATIONAL CROSS REFERENCED INDEXES

Index By Company Name
 Index By Individual Name
 Index of Licensors & Licensing Agents, By Property
 Index of Licensees, By Property
 Index of Licensees, By Products Manufactured

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What's Your Share Of The \$153.2 Billion Worldwide Licensing Business?

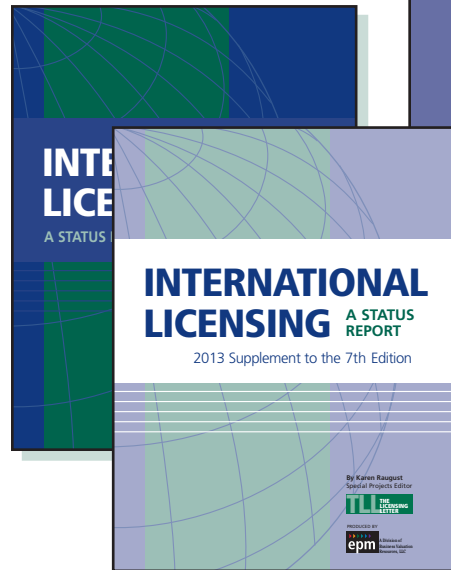
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- ▶ The five fastest growing markets for licensed products are Macau, China, Russia, Indonesia, and Thailand.
- ▶ Apparel, accessories, and footwear combined account for 39.3% of worldwide retail sales of licensed merchandise.
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Partial Table of Contents

Part I: Overview of International Licensing

Trends in International Licensing
Retail Consolidation
Globalization of Properties
Worldwide Licensing By Property Type for Entertainment/Character, Fashion, Trademark/Brand, Sports, and Other Sectors
Licensing Activity by Product Category
Manufacturing and Location of Licensees

Part II: Factors Affecting the Licensing Business Environment

Population, Economy, Politics, Pricing, Legal Issues, Retail Infrastructure, Tariffs/Duties & Quotas
Dominant Retail Channels
Changing A Property to Fit A Market

Part III: Practical Considerations Affecting Licensing

Trademark, Intellectual Property and Other Laws
Copyright
Counterfeiting and Enforcement
Customs
Grey Market Goods
Subsidiaries/Joint Ventures
Licensing Agents
Sublicensing
Agency Commissions
F.O.B. Pricing
Contracts

Part IV: Licensing Trends in Key Markets

The following subjects are covered for each country below: Retail Sales of Licensed Merchandise, By Property Type and Product Category; Geographic Source of Properties, By Territory; Media and Communications; Retailing and Distribution; Licensing Activity; Demographics; Media Penetration

United States	Finland	Malaysia
Canada	Spain	Thailand
UK	Portugal	Indonesia
Eire	Greece	Philippines
Germany	Turkey	Australia
Austria	Poland	New Zealand
Switzerland	Hungary	Brazil
France	Czech Republic	Mexico
Italy	Russia	Argentina
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