

TLL THE LICENSING LETTER

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U.K. Market Has Appetite for Licensed Brand-Extensions in the Grocery Aisles

In the U.S. and Canada, food and beverages represent the third largest product category for licensing, accounting for \$8.9 billion, or 9.3% of retail sales of all licensed merchandise in 2012, according to THE LICENSING LETTER. Corporate brands, mostly from the arenas of food, beverage, and restaurant marks, were associated with 87% of that activity.

In the U.K. and Ireland, in contrast, the food and beverage category overall ranked as the sixth largest category in 2011 (the latest data available), generating \$250 million in retail sales, or 3.6% of all licensed goods in that region.

Over the last three years or so, however, licensing into the food and beverage category—particularly brand-extension initiatives focusing on food, beverage, and restaurant names—has emerged as a significant area of dealmaking in the U.K. “Volumes are high and success is rewarded with significant revenues,” says Adam Bass, managing director of U.K. brand specialist agency Golden Goose, which represents tea brand Tetley and restaurant chain Maison Blanc.

That said, it is difficult, just as in the U.S., to secure space in crowded U.K. grocery shelves, even for a well-known restaurant or established food brand. “You need to know where the product fits and who you might be displacing on the shelf,” stresses Ian Downes of Start Licensing, which represents British beverage company Britvic. “You’re subject to retail being very forensic about how they judge their products. If a brand is getting good results for that bit of shelf space, it’s tough to delist them for a new licensed brand.”

Restaurants Raise Retail Profile

About a year ago, the U.K. office of global brand agency Beanstalk began to follow in the footsteps of its parent company, which represents several food and restaurant brands—especially after its acquisition of Nancy Bailey

& Associates—in North America. “We decided to make an effort to ramp up that part of our business in the U.K.,” explains Beanstalk’s Louise French.

Since then, it has signed two restaurant owners, Hummingbird Bakery, a chain specializing in American-style treats such as cupcakes and pies, and La Tosca, a chain of tapas restaurants. It will extend the former into nonbakery categories such as chocolate, biscuits (cookies), and ice cream, including items with Hummingbird’s signature red velvet flavor, but not baked goods. “You couldn’t replicate the taste and texture and put it on shelf,” French says. Beanstalk plans to extend La Tosca into chilled and shelf stable tapas, as well as meats and cheeses.

Pizza Express, a chain of 400 stores, was one of the pioneers in restaurant-based supermarket

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TLL TREND WATCH

Licensed Toys Are Among U.S., U.K. Holiday Favorites

Examining top holiday toy lists from three chains each in the U.S. (Toys “R” Us, Walmart, and Kmart) and U.K. (Tesco, Argos, and Hamleys) finds five out of 14 licensed items in common on both sides of the pond, with two toys—the Doc McStuffins Get Better Check-Up Center and Big Hugs Elmo—on four of the six lists, perhaps portending the fourth-quarter’s leading products. In the U.S., those two items are on all three of the store lists examined.

See the exhibit for a comparison table.

There are no licensed toys in common on the holiday toy lists of U.K. retailers Hamleys, Argos, and Tesco. However, the same Planes remote control toy on the Argos list is also

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in short

A licensed Mariano Rivera T-shirt by Majestic was \$35 inside Yankee Stadium the day of Rivera’s retirement tribute; the same shirt was \$30 in the Yankees store in Times Square.



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➔ Licensing Ledger

LICENSING BY THE NUMBERS

"If you look at a typical entertainment-backed brand, which did not start as a toy, 70% of the consumer spend at retail is on licensed goods outside of toys and games," Hasbro's Deborah Thomas noted during the company's 2013 Investor Day last month. "For Hasbro, it's nearly the opposite, with approximately 65% of the consumer spend going toward toys and games and only 35% in licensed goods. While we aren't targeting the 70% to 30% split of the brands we've seen, we do believe we could achieve a 50/50 split between consumer spend at retail and toys and games and other categories."

Cherokee registered a 47% year-over-year increase in revenue from **Tesco** in the fiscal year 2014 first quarter, which ended August 3, and a 32% gain in royalty revenue from its exclusive U.S. retail partner, **Target**. Overall, revenue for the quarter was up 19%, including the addition of the **Liz Lange** brand and new distribution through **Target Canada**. The gains were offset by losses from currency conversion and a decrease in royalty revenue at **Zellers Canada**.

Toys "R" Us reports year-over-year comp store sales for its 2013 second quarter down 3.5% domestically and 3.8% internationally. The company cites decreases in juvenile and entertainment (electronics and video game hardware and software), as well as unfavorable currency conversion rates.

Licenses contributed mightily to a strong fiscal year for **Coty**, with the company singling out fragrance brands from **Marc Jacobs**, **Chloe**, **Playboy**, **Lady Gaga**, and **Roberto Cavalli** and nail care offerings from **OPI** (which does a lot of licensing) and **Sally Hansen** as contributing to an increase in net income of 7% and an increase in net revenues of 2%.

ShopperTrak forecasts that retail sales for November and December will rise 2.4% year over year; the gain last year was 3%—though **ShopperTrak** had forecast a 2.5% increase. **ShopperTrak** has historically lowballed its estimates.



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SHOWROOMING AND SHOPPING BEHAVIOR

Mobile devices can drive in-store purchases by helping consumers find online reviews, information, or advice while shopping, according to *Showrooming and the Rise of the Mobile-Assisted Shopper*. The study, from **Columbia Business School** and **Aimia**, also finds that, while mobile device owners use their smartphones above all to check prices, they will buy in-store for reasons of convenience, urgency, and immediacy, even if they find a cheaper product online.

NOTHING RETIRING HERE

Majestic and **New Era** had a field day, so to speak, at Yankee Stadium for the team tribute to retiring relief pitcher Mariano Rivera. The Yankees lost the game, but the **New Era Team Shop** and other in-stadium vendors did very well, with some of the merchandise touted as "stadium exclusive." (Of course

there was no dearth of counterfeiters with their own versions of Rivera-tribute shirts as you left the stadium.) T-shirts, fitted caps with a tribute patch, and jerseys, along with programs (the standard season program) with a special Rivera cover, appeared to be the hot sellers.

T-SHIRTS WITH SQUAREPANTS

SpongeBob is the latest character to get the Ice Cream treatment. **Nickelodeon** is joining with musician **Pharrell Williams'** fashion brand, **Ice Cream**, for a limited-edition capsule collection of T-shirts and sweatshirts inspired by **SpongeBob SquarePants**. The brand tied in with **Universal** earlier this summer for a similar line featuring *Despicable Me 2's* minions.

FANTASTIC SPIN-OFFS

Warner Bros. gains the rights to J.K. Rowling's **Harry Potter** spin-off novel, *Fantastic Beasts and Where to Find Them*, as part of an

extensive deal with the author. The book will be adapted into a film series by Rowling, while **Warner Bros.** will broker licensing deals based on the property through its consumer products division and develop video games via **Warner Bros. Interactive**. **Warner Bros.** will also distribute the television miniseries based on Rowling's *The Casual Vacancy* outside of the U.K. (where it will air on the **BBC**).

BOO

Thrift store chain **Savers** released its annual list of the year's top inspirations for Halloween. It finds that nearly 50% of respondents will be inspired by movies and TV shows for their Halloween costumes. The top choice for a group costume is "Duck Dynasty," while the top-cited TV show overall, for the third consecutive year, is "The Walking Dead." Top film-based choices are *Wolverine*, *Iron Man*, *Superman*, and other superheroes.

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U.K. Food

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brand extensions in the U.K. It signed licensee All About Food in 1998 for a line of salad dressings, pasta sauces, and fresh pizzas, which is still on store shelves. Its packaging was refreshed last year to reflect an in-store rebranding effort. All About Food also makes sauces and salad dressings for Nando's chicken restaurants, Wagamama noodle bars, Wahaca Mexican cafes, and Gourmet Burger Kitchen.

Other restaurants that have a presence in grocery stores in the U.K., or have announced their intentions to enter the market through licensing, include:

- ▶ Maison Blanc, a coffee shop chain that Golden Goose plans to bring into sweet treats;
- ▶ Carluccio's, a chain of Italian restaurants that has lent its name to chilled meals with licensee Bakkavör since 2012; and
- ▶ Costa Coffee, which launched an in-house division to market products, also in 2012.

In addition, Starbucks and a few other global names are present in grocery stores in the U.K.

Food Brands Extend to Adjacent Aisles

Food and beverage brands have been similarly active. Beverage company Britvic retained Start Licensing three years ago to represent its soda, squash, lemonade, and other drink brands including Fruit Shoot, Robinsons, R. White's, Tango, and J2O. The brands collectively have 15 licensees (in foods and nonfoods), including Frederick's for frozen ice lollies (like Popsicles), Kinnerton for chocolates, Rose Marketing for candies, and Maxilin for liquorice.

Golden Goose has represented Tetley since 2011, extending it into biscuits/cookies, cakes, and scones, all products tied to the tea occasion. "Most consumers have no

perception they're licensed products," Bass says. "These are the products Tetley would make if they wanted to expand their footprint beyond tea."

Guinness, handled globally by U.S.-based Broad Street Licensing Group, has extended into a number of food categories, including a successful line of snacks with Burt's Crisps; other categories include chocolates, nuts, and marinated meats.

Meanwhile, Beanstalk U.K. has expanded its business in food and beverage brands as well as restaurants, adding representation of confectionery brand Chewits earlier this year. It has long handled Jack Daniel's for licensing in Europe, for which licensees include Baxter's, signed for barbecue sauces three or four years ago, and Goldkenn, signed for chocolate and fudge.

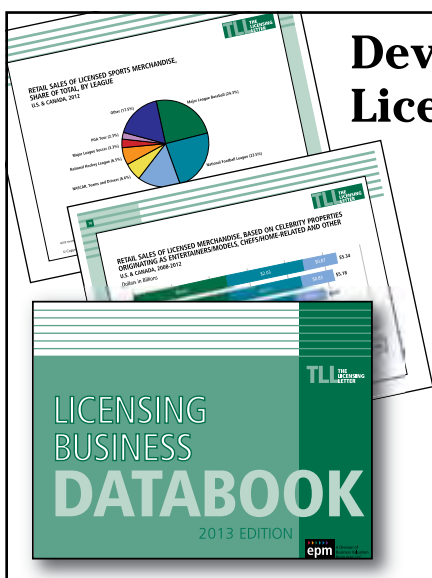
Other food and beverage brands embarking on brand-extension strategies within supermarkets include:

- ▶ Mondelez's Cadbury, which renewed its license with Premier Foods for cakes in 2013;
- ▶ Soft drink Vimto, which has a line of fruit drops with Newbridge Foods;
- ▶ Haribo, whose licensees include ice push-ups with Unilever;
- ▶ Unilever's Marmite spread, which has been extended into a line of crisps with Walkers, and its Magnum, Cornetto, and Mini Milk ice cream brands, which have been licensed to Kinnerton for chocolates; and
- ▶ Premier Foods' Hovis bread brand, which has a license with United Biscuits' Jacob's brand for digestive cookies.

The U.K. Licensing Landscape

While still fairly early in its lifespan compared to the U.S. market, the U.K. is much more advanced in terms of brand

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U.K. Food

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licensing in the food industry than continental Europe, where the technique is still a rarity.

Agents say there are a number of reasons for this:

- ▶ Brand-extension licensing in general is more developed in the U.K. than in other parts of Europe, and food brand owners are more likely to be willing to license into new categories.
- ▶ “Consumers are more likely to try new things in the U.K.,” Bass says. “Other countries are more conservative in their consumption.”
- ▶ Manufacturers also tend to be more willing to look at licensing a brand. “Continental companies feel paying a royalty to license a brand is not a good return on investment,” explains Broad Street’s Bill Cross.
- ▶ Consumers tend to be more brand-driven and convenience-oriented in the U.K. Beanstalk’s French notes that many countries, such as Italy, have a culture of home cooking rather than convenience.

A few brands and their licensees have expanded into continental Europe from a U.K. base, but exporting can be difficult. Many categories within foods do not cross borders well due to freshness and logistics issues. And some brands have different names in different countries within Europe, as with Unilever’s ice cream products, sold under the Wall’s brand in England, Good Humor in the U.S., and Langnese in Germany, for example. “That requires a piecemeal approach,” says Cross.

Aside from the fact that brand licensing in foods is more mature and saturated in the U.S. than the U.K., other

differences exist between the two markets. Food safety seems to be more of a concern in the U.K., for example, although it is an issue in both countries. And payment structures can differ. “U.K. licensees are very resistant to paying upfront dollars and guarantees on the back end,” says Cross, noting that only the top brands can command such terms from licensees, and only after an education process.

Of course, there are differences in consumer tastes as well. French points out that the U.K. is a leader in chilled ready meals, which is a key target category for food and especially restaurant brands, while in the U.S. licensing into frozen foods is common, while licensing into chilled meals is rare.

Individual items also are unique to each country, of course. Golden Goose took Harry Ramston’s fish and chip shops into pickled onions at one time, while Start Licensing assisted Britvic’s Tango, an orange-flavored carbonated beverage, in extending into flapjacks (cereal bars made from rolled oats and syrup or honey, sold in the fresh bakery section) with licensee The Fabulous Bakin’ Boys. Guinness once expanded into meat pies.

A Universal Language

The U.S. and U.K., and countries the world over, have many characteristics in common when it comes to brand extension into the food and beverage category. One is the targeted nature of the business. “It’s not about the volume of licensees, it’s about the quality,” says Downes, noting that Britvic’s R. White’s brand has just one licensee, for ice lollies. “You have to be tuned into the fact that having one successful licensee is good enough. You don’t need to force it into other areas. The metrics are different.”

Patience is also key, from setting strategy, through product development, through the launch cycle—especially for seasonal categories such as frozen ice. “It requires a slower, more considered approach, and it can take a while to get it established,” Downes says.

And, as in the U.S. market, some food companies, thanks to their expertise in the industry, reject licensing outright when it comes to consumables, choosing to develop new products in-house or handle licensing internally rather than through an agent. Start Licensing represents several of Unilever’s brands in the U.K., including Pot Noodle, Peperami, PG Tips, Bovril, and Colman’s, for nonfoods categories, for example, while Unilever oversees food-related licensing in-house.

Cross of U.S. agency Broad Street reports that three out of four deals he does in the food and beverage category these days involve territories outside North America. As the U.S. licensed food and beverage market continues to mature and close in on the point of saturation—although many deals are still being forged—global food and restaurant brands are likely to look outside the U.S., including at the U.K., for licensing growth.

Who’s News

Alan Kravetz is named president/COO of licensing agency LMCA, reporting to CEO Allan Feldman. Kravetz joined LMCA in 2007 following stints at Cherokee, Frye Boot, and Rockport.

Steve Scebelo joins NFL Players as VP licensing and business development. He was most recently principal at TM317, a division of Strategic Marketing Affiliates, a licensing agency specializing in the collegiate market. Earlier in his career, he held positions at MLB, the Atlanta Committee for the Olympics, and the NBA, among others.

Amy Steinfeldt is promoted to manager of global licensing at the Trump Organization, reporting to Cathy Hoffman Glosser. Steinfeldt joined Trump in 2009.

Sondra Seecharan is promoted to manager, creative and product development at Big Tent Entertainment. Seecharan joined the company in 2010 following positions at *O*, *The Oprah Magazine*, and Interactive One. Also at Big Tent, **Justina Tang** joins as marketing associate. Tang comes to the company from La Fiorentina and Tommy Hilfiger.

Licensing News

Properties Available Or Recently Assigned, U.S. (Canada as indicated)

PROPERTY	DESCRIPTION	CATEGORIES AVAILABLE	LICENSING CONTACT
Christine Adolph	Pattern-focused artist who previously broke into the craft and hobby market.	Stationery, greeting cards, party goods, gift wrap, kitchen/bath textiles, tabletop, melamine, room decor, bedding	Marty Segelbaum, MHS Licensing
Junk Food Clothing	Apparel brand known for both licensed designs and original concepts.	Footwear, outerwear, home decor, bedding, housewares, sporting goods, back-to-school, stationery	Anastasia Kouriatova, Artestar
Nambe	Home and giftware brands founded in 1951 and currently featured in the Museum of Modern Art	Jewelry, watches, lighting, office accessories, kitchen accessories, bath accessories, home decor	David Milch, Perpetual Licensing
Patrick Reid O'Brien	Artist who worked with Jimmy Buffett on the Margaritaville lifestyle brand.	Bedding, stationery, greeting cards, party goods, gift wrap, kitchen/bath textiles, tabletop, melamine, room decor	Marty Segelbaum, MHS Licensing

Licenses Recently Granted, U.S. (Canada as indicated)

PROPERTY	GRANTED TO	PRODUCTS MANUFACTURED	GRANTED BY
Amylee Weeks	Loloi Rugs	Loop rugs	MHS Licensing
	Momenta	Paper crafting, scrapbooking stickers	
Amylee Weeks, Corbert Gauthier, Darrell Bush, Terry Doughty, Victoria Schultz	Designs Combined	Tin buckets, wooden blocks, wall art	MHS Licensing
Anne Geddes	Fine Art America	Canvas prints, framed prints	Geddes Group USA
Audrey Jeanne Roberts	Conimar	Coasters, trivets, cutting boards, placemats	MHS Licensing
Carribbean Joe	Home Fashions Int'l.	Outdoor textiles	Sequential Brands
Curious George	Stride Rite	Footwear	Universal Partnerships & Licensing
Domo	Magnote	Games, puzzles	Big Tent Entertainment
	Skinlt	Electronic skins & cases	
Guardians of the Galaxy	Hallmark Licensing	Stationery, social expressions	Disney Consumer Products
I Love Lucy	Aquarius Entertainment Merchandising*	Playing cards, puzzles, games, posters, magnets, barware, drinkware, coaster sets, tin signs	Unforgettable Enterprises
	Duke Imports	Bedding	
	Kurt S. Adler*	Ornaments, holiday decor, holiday collectibles	
	Sun Star Models Development	Die-cast replica vehicles	
	Westland Giftware*	Kitchenware, glassware, drinkware, collectibles	
Legends of Oz: Dorothy's Return	Added Extras	Cosmetics, hair accessories, belts, bath products, first aid	Evolution
	Bandai America	Toys, electronics, electronic games, novelty toys, activity & craft sets, trading cards, collectible game cards	
	Culturenik	Posters, canvas prints, magnet sets, badge sets, mugs, bookmarks, journals, puzzles, postcards, key rings	

*Extension or renewal.

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Licensing News *Continued from page 5*

PROPERTY	GRANTED TO	PRODUCTS MANUFACTURED	GRANTED BY
Miramax Film Library	BMF Media	Keychains, wallets, mobile device cases	Evolution
	FunKo	Vinyl figures, bobbleheads, T-shirts	
	Rabbit Tanaka	Lamps, wall decor, clocks, throws, pillows, barware	
Muhammad Ali	Browntrout Publishers	Calendars	Muhammad Ali Enterprises
	Uncommon	Mobile accessories, mobile device cases	
NFL	Alex and Ani	Bracelets, charm bracelets	NFL Properties
Pink Cookie	Global Design Concepts	Bags, backpacks, handbags	CopCorp Licensing
		Bags	
QUBI	Topps	Co-branded collectibles	Liebmann Licensing
Shell Rummel	Bacova	Bath items	Jewel Branding & Licensing
	Ivy Hill Home	Bedding	
Sons of Anarchy	Meier & Duth	Cigars, cigar accessories	Twentieth Century Fox Consumer Products
Tickety Toc	Toys "R" Us	Toys	Zodiak Rights
Valiant Universe	Cinder Block	Apparel	Valiant Entertainment
	Comic Images	Plush	
	Custom Wall Scrolls	Wall scrolls	
	Dynamic Forces/Dynamic Entertainment	Resin statues, bookends, dioramas, busts	
	Rittenhouse Archives	Trading cards	
Wizard of Oz	National Entertainment Collectibles Association (NECA)	Lamp	Warner Bros. Consumer Products
	PaperStyle	Stationery, greeting cards	

International Properties Available or Recently Assigned

PROPERTY	DESCRIPTION	CATEGORIES AVAILABLE	LICENSING CONTACT
12 Guardians	Media franchise about 12 characters, each representing one part of the Chinese zodiac.	All (Europe)	Andrew Maconie, Licensing Management International
American Trucker	Reality show on the Speed network hosted by Robb Mariani and centered around the truckers of America.	All (Worldwide)	Cathy Malatesta, Lawless Entertainment
Driftwood Bay	Sixteen South's animated preschool series about a five-year-old and her dad living in a beach hut on an island. Set to air on Sprout in the U.S. next year.	All (Worldwide except U.K., Ireland)	Melissa Segal, Jim Henson Company/HIP Brands
Elias	CGI-animated series based on the children's book about a rescue boat. Produced by Caoz Animation.	All (Worldwide)	Melissa Segal, Jim Henson Company/HIP Brands
Kim Norlien	American artist and his 40+ collection of paintings, featuring scenes of nature, wildlife, and tranquility.	Giftware, houseware (Worldwide)	Adam Meiklejohn, MGL Licensing
Larva	Korean animation company Tuba n Co's CGI-animated cartoon series featuring the lives of insects.	Stationery, apparel, back-to-school (Turkey)	Hakan Tungac, KAYNAK Copyright & Licensing Agency
Matt Hatter Chronicles	Platinum Films' adventure/comedy series about a boy traveling through dimensions. Set to premiere on Disney XD.	All (Benelux)	Daphne Kellerman, License Connection

*Extension or renewal.

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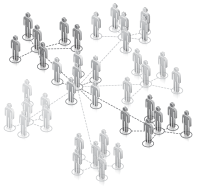
Licensing News *Continued from page 6*

PROPERTY	DESCRIPTION	CATEGORIES AVAILABLE	LICENSING CONTACT
Mimi & Bibi	Fashion brand for girls ages five to nine. Set for a 2014 launch.	All (Worldwide)	Helen Howells, HoHo Entertainment
Panama Jack	1970s sun care brand, later appearing on T-shirts.	All (Europe)	Andrew Maconie, Licensing Management International
Subway Surfers	SYBO Games and Kiloo Games' mobile game featuring graffiti artists fleeing a security guard and his guard dog.	All (U.K., Ireland)	Dave Collins, Rizon Studios Ltd.

International Licenses Recently Granted

PROPERTY	GRANTED TO	PRODUCTS MANUFACTURED	GRANTED BY
Boo - The World's Cutest Dog	Caprice Footwear	Bedding, bags, luggage, footwear, headwear, underwear, swimwear, sleepwear, outerwear (Australia)	Grahame Allan Company
	Jasnor	Plush (Australia)	
	Outliving	Gift items, housewares (Australia)	
Care Bears	Licensing Essentials	Accessories, stationery, housewares, showbags (Australia)	Wild Pumpkin Licensing International
Chewits	Kimm & Miller	Gift items, gift sets (U.K.)	Beanstalk Group U.K.
Debra Valencia	Landy International	Health & beauty aids, bath accessories (Worldwide)	Brand Liaison (The)
Doctor Who	PPW Toys	Collectible figures (U.S., Europe, Australia)	BBC Worldwide Americas
Geronimo Stilton	So.di.co	Perfumes (Italy)	Atlantya Entertainment S.p.A.
Last of Us (The)	Cook & Becker	Art prints (U.S., Europe)	Dimensional Branding Group
Matt Hatter Chronicles	University Games UK	Games (U.K.)	ITV Studios Global Enterprise
Maurers Celebrity Icons	Webwear	Apparel (U.K.)	Licensing Management International
My Cat Pip	Aurora World*	Plush (U.K.)	JELC
Pac Man and the Ghostly Adventures	Banter Toys and Collectibles	Toys, collectibles (Australia, New Zealand)	Gaffney Global Licensing
	Caprice Australia	Outerwear, sleepwear, underwear, socks, swimwear, footwear, bags (Australia, New Zealand)	
	Cel Aragon	T-shirts, sweatshirts, pajamas, sweaters, hats, gloves, scarves, swimsuits, hosiery (Iberia)	
	Indeca Business	Tablets, video consoles (Iberia)	
	Panini España	Albums, stickers, trading cards (Iberia)	
Pokemon	Sun City	Daywear, nightwear, underwear, swimwear, accessories (Europe)	Pokemon Company International
Sendokai Champions	Dracco	Confections (Spain)	Enjoy Brand Licensing
Sonic the Hedgehog	Mask-arade	Masks (U.K., Eire)	Sega Europe
	Peelze	Vinyl wall stickers (U.K., Eire)	
Sooty	Fashion Lab	Apparel (U.K.)	Redan Alchemy
Sparkle World	Horses With Attitude	T-shirts, hoodies, bags (U.K.)	Redan Alchemy
Superman	Royal Canadian Mint	Collectible coins (Canada)	Warner Bros. Consumer Products
Tim Gunn	InDecor/Bentex	Master textile (U.S., Canada)	Creative Artists Agency

*Extension or renewal.



contacts & connections

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BrowntroutPublishers, Gray Peterson, Director Sales & Marketing, 310-607-9010, P. 6.

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National Entertainment Collectibles Association (NECA), Joel Weinsanker, President, 908-686-3300 x206, joelw@necaonline.com, P. 6.

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NFL Properties, Leo Kane, VP Consumer Products, 212-450-2000, leo.kane@nfl.net, P. 6.

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Westland Giftware, Kenneth Kim, President, 510-477-9900, kkim@westlandgiftware.com, P. 5.



international contacts & connections

This section refers to the International listings on Page 9. International calls from the U.S. and Canada must be preceded by the 011-prefix.

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Webwear, Gavin Wise, 44-845-880-2820, P. 7.

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Trend Watch

Continued from page 1

found on the lists of Kmart and Walmart, though with a slightly different name.

Four of the 14 licensed toys are play sets for use with figures, while licensed figures are only featured once on the list. Two licensed vehicles make the holiday list, with both toys selling at Kmart.

Monopoly Empire, made by USAOpoly under license from Hasbro, features a variety of licensed brands on the game's board, including Intel, Microsoft, and others.

Overall, the 14 toys on the six lists are based on nine properties (not including Monopoly). As would be expected, toys based on Disney properties lead the listings, with "Sofia the First" notching three of the 14 items on our table (the other toys on the stores' lists are not licensed).

Toy Hot Lists, 2013, U.S. and U.K.								
Toy	Licensor	Licensee	U.S.			U.K.		
			Kmart	Toys "R" Us	Walmart	Argos	Hamleys	Tesco
Disney Doc McStuffins Get Better Check-Up Center	Disney	Just Play	√	√	√	√		
Disney Planes Pilot Pals Dusty Crophopper Remote Control Plane	Disney	Mattel	√		√	√		
Disney Sofia the First Transforming Dress and Trunk	Disney	JAKKS Pacific	√					
Disney Sofia the First Royal Talking Enchanted Vanity	Disney	JAKKS Pacific		√	√			
Disney Sofia the First Talking Sofia and Animal Friends	Disney	Mattel					√	
Star Wars R2D2	Disney/Lucas	Lego				√		
Star Wars Duel on Geonosis	Disney/Lucas	Lego				√		
Teenage Mutant Ninja Turtles Secret Sewer Lair Play Set	Nickelodeon	Playmates Toys			√			
Teenage Mutant Ninja Turtles Shellraiser	Nickelodeon	Playmates Toys	√					√
Despicable Me 2 Minion Dave, Agnes, and Gru Collector's Edition Figures	Universal	Thinkway Toys		√				
Imaginext DC Super Friends Batcave	Warner Bros.	Fisher-Price			√			
Monopoly Empire	Hasbro	USAOpoly		√			√	
Monsters University Sulley Monster Mask	Disney/Pixar	Spin Master				√		
Sesame Street Big Hugs Elmo	Sesame Workshop	Playskool	√	√	√		√	

Source: *The Licensing Letter* based on store reports

Hasbro Extends Disney Relationship; Analyzes Entertainment Toy Sector

The traditional toy business may be struggling, but Hasbro CEO Brian Goldner did his best during the company's 2013 Investor Day last month to provide context as well as optimism. Goldner also used the forum to announce that Disney was extending its relationship with Hasbro to cover global rights "for gaming and other play experiences based on major Disney properties, including Disney Princess and Disney Junior."

The following remarks are drawn from Goldner's presentation last month:

- ▶ "On the surface, as you look at the \$20 billion U.S. toy business, 25%, or \$5 billion, are entertainment based; 44%, or \$8.8 billion, are branded toys like Furby and Nerf; and the final 31%, or \$6.2 billion, are non-branded or generic."
- ▶ "Entertainment toys, we know, carry a much higher price point than non-entertainment toys. But if you take non-branded toys out of the equation and you look at the available universe today, you'll see that entertainment-driven brands represent 36% of the \$13.8 billion branded toy business in the United States."
- ▶ "From 2006, which is before our first major motion picture, to 2012, entertainment-based properties have delivered a 19% growth rate for Hasbro, bringing the total entertainment-backed revenues for Hasbro and our partner brands to 38% last year. And TV was the biggest driver of this growth."
- ▶ "Over this 5-year period, our strategic partnerships represented just a little bit less than 20% of our total revenue and slightly less than that in profits. Our partnership with The Walt Disney Company is extremely important to us. And we're very happy to extend our agreements. Since Disney acquired Marvel in 2009, we shipped over \$2 billion in net revenue in Marvel, Disney and Lucas-branded products; 2012 was our biggest year yet."

Magazines Step Up Activity in Licensed Brand Extensions

The amount of licensing surrounding magazine brands—whether they are expanding their activities or trying merchandise extensions for the first time—is growing quickly. Just since June of this year:

- ▶ Rodale appointed London agency Golden Goose to represent *Men's Health* in Europe.
- ▶ Time Inc.'s *InStyle* paired with TrioFit to launch its first branded product, the Instyle Essentials Perfect White Shirt.
- ▶ *Marie Claire* and its agent PrivateCollection&Co. secured a deal with Versa Licensing to manufacture and distribute a line of apparel, accessories, and home

goods in Mexico, following a deal this spring with Richline for jewelry in the U.S.

- ▶ Condé Nast, with agent FreemantleMedia, signed CAP Barbell for a line of *Self*-branded exercise equipment.
- ▶ General Media and licensee Amalthea Investment Fund opened the first Penthouse Club in the Ukraine.
- ▶ Bonnier licensed Identity Group and Randa Luggage for Outdoor Life sunglasses and casual bags for men, available at Sears.
- ▶ Playboy Enterprises and agency Broad Street Licensing expanded their agreement with VuQo, adding territories and categories to the deal, which now encompasses tequila, vodka, and gin worldwide.
- ▶ Hearst secured IMG as its agency outside the U.S. and Canada for *Cosmopolitan*, *Esquire*, and *Harper's Bazaar*.
- ▶ Source Interlink partnered with Surf Concepts to open a chain of bar/restaurants tied to *Surfer* magazine.

These join a raft of other initiatives since the beginning of this year from the likes of *Popular Mechanics* (science toys), *Maxim* (fragrance), *Teen Vogue* (apparel at Macy's), and *Brides* (stationery), among others.

Kids' Favorite Brands

Trying to figure out where the licensing opportunities are for kids apart from movies and TV? Smarty Pants' 2013 Kids' Top 50 Brands suggests food, snacks, and restaurant brands are the place to look, with 29 of the top 50 in that category. No. 1 this year: Oreo, followed by Cheetos, M&Ms, and Hershey's. According to the research and consulting firm, Wii is losing popularity as kids opt for tablets and mobile devices; Netflix is becoming "a formidable competitor (or complement) to kids' traditional TV viewing patterns"; and YouTube is kids' go-to source "for everything from instructions on how to make a Rainbow Loom bracelet to getting a forbidden peek at the 'Blurred Lines' video."

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Licensors and Licensees Get M&A Dealmaking Fever

DHX Media has acquired Ragdoll Worldwide from BBC Worldwide and Ragdoll Ltd. Ragdoll Ltd. founder Anne Wood is the creator, along with Andrew Davenport, of Teletubbies; also included in the \$17.4 million deal is Davenport's "In the Night Garden," which was produced by Wood, and 10 other series. Wood and her son Christopher will continue to run their own company, Ragdoll Productions.

DreamWorks Animation adds the Chapman Entertainment library to its holdings. Chapman includes "Fifi and the Flowertots," "Roary the Racing Car," "Raa Raa the Noisy Lion," and "Little Charley Bear." (Chapman founder Keith Chapman developed "Bob the Builder," but that is part of Mattel's HIT Entertainment unit.) The programs will be distributed through DreamWorks Animation's U.K.-based TV distribution operation.

In a different context for a licensor, Iconix Brand Group anticipates leveraging a \$25 million investment in Complex Media, a multimedia platform consisting of a network of digital publications geared toward millennial men. Complex will use the funds to jump-start an e-commerce platform that would include sales of Iconix's portfolio of men's brands. Iconix lines include Ecko Unltd, Marc Ecko Cut & Sew (Marc Ecko is a founder of Complex Media), Rocawear, and Billionaire Boys Club. Iconix CEO Neil Cole is joining the Complex board.

Licensors aren't the only ones making deals: Cosrich

Group, which specializes in licensed health and beauty products, first-aid items, and gummy vitamins for kids, has acquired Ouchies bandages to expand its first-aid product line. Ouchies will continue to concentrate on specialty distribution, while Cosrich will remain focused on mass, value, and drug chains. Also on the merger side among licensees over the past year:

- ▶ ConAgra, which holds a number of licenses in frozen foods and other consumables, purchased Unilever's North American frozen meals business in 2012, including its Bertolli and P.F. Chang licensing rights in the category.
- ▶ Two sporting goods retailers and licensees/distributors of major league merchandise combined, as Lids Sports Group purchased JAS Sports.
- ▶ NFL accessories licensee Concept One acquired Denco, which holds rights for Major League Baseball, collegiate sports, NBA, and NHL luggage.
- ▶ Licensed publishing has been a hotbed of activity with Penguin and Random House's merger, Kappa's purchase of Modern Publishing, Houghton Mifflin Harcourt's acquisition of Wiley's cookbook business (including Betty Crocker and *Better Homes and Gardens* titles), and, most recently, Bendon's purchase of Dalmatian.

Investment firms have been active as well with licensee deals; Crofton Capital and Gladstone Investment announced their purchase of Schylling Associates, a marketer of licensed toys and gifts, in August of this year.



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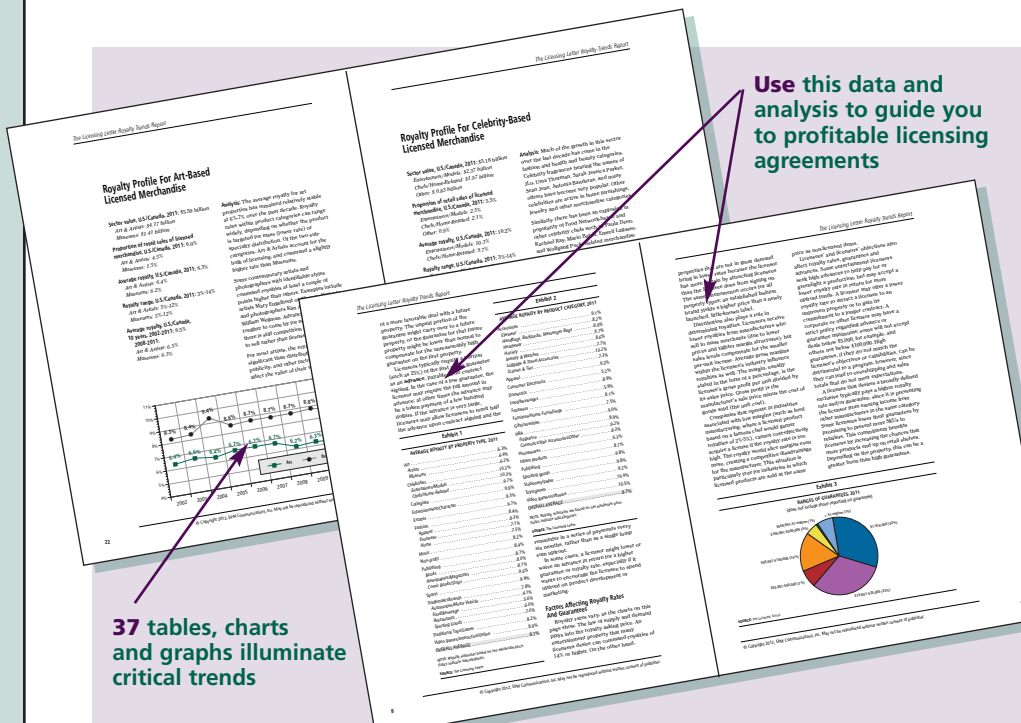
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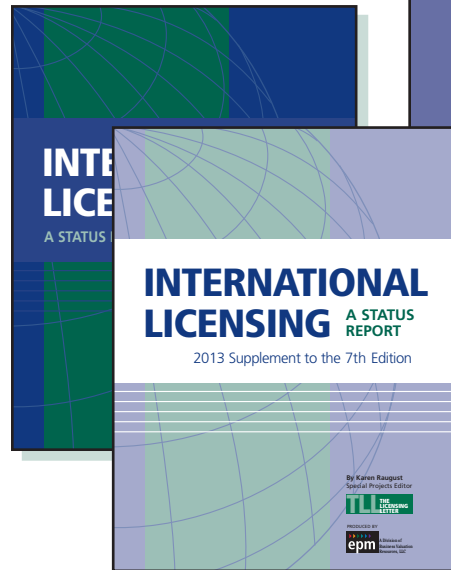
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