

How to Make a Brand More Attractive to Licensees and Retailers

By Allan Feldman, President, LMCA

It can be done! There are at least three key dimensions in assessing a brand's attractiveness to a licensee and/or retailer. And each can often be improved on.

One deals with brand awareness and equity ... do consumers know the brand, do they have a regard for it. Does the brand have some kind of relevance and value in their life? Does that equity transfer to the target category?

A second focuses on the benefits of joining a licensee family. Pooling ad and promotional resources, sharing trade contacts and good ideas, making joint sales calls, expanding the retail footprint (opportunity) of your brand's product offering ... these can be as important as the brand itself.

And the third deals with the licensor. Any company that has ever been a licensee would prefer a simple, constructive and positive relationship with the brand owner ... not an adversarial one. It's hard enough battling with your competitors let alone the brand owner ... and paying royalties for the opportunity adds injury to insult.

Accordingly, here are four important things that you as a brand owner can do to enhance the licensability of your brand. It will help you get and keep better licensees and in turn achieve stronger market success.

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Do your homework. Put yourself in the shoes of a prospective licensee or retailer and provide them with a compelling logic for how they win, and why your brand will succeed against other brands in the category. Third party market research results can often go a long way in making your argument ... and helping others sell up the ladder.

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Be sure to sell both points of leverage in brand licensing, not just one. In addition to leveraging brand awareness, you would strengthen your sales pitch by also selling the relationship side of licensing. Technology transfer, combined trade show presence, combined retailer presentations / sales calls, co-op ad spending, etc have a lot to offer prospective licensees and retailers. Sometimes the benefits here can be just as strong as the awareness and equity of buying into a brand ... sometimes even stronger.

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Offer long term licenses. Iconic brands are not hot properties. They are stable and long-term ... and you want licensees that are motivated to take a long view at building the brand in its new category. Long-term, performance-based, licenses are important in finding the right licensees. We at LMCA have licenses in place today that were first signed over 20 years ago. We've always sought licensees that are deeply committed to our client brands, that continually invest in new technology and brand building, and that slowly and deliberately expand their product scope and territory. We think the financial and brand building pay-off is better for all and that the cultural match between licensor and licensee is made stronger.

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Be responsive and respectful of your licensees. Ideally, licensees should be as good in their business as you are in yours; they are the real experts in their product categories. Licensees and licensors should be partners, and while not all partners are equal, there needs to be a level of mutual respect and communication sufficient to maintain a long-term and real business relationship. Unless your brand is a sizzling hot property that every retailer must stock and every consumer must own, a lot of the heavy lifting will be borne by the licensee. So, it only makes sense that marketplace results will excel when licensee and licensor see and treat each other as partners instead of nuisances that have to be tolerated. Being treated like a valued member of the family will attract and keep better quality and better performing licensees. Everybody wins this way ... licensee, licensor, retailer and, not least of all, the licensing manager.

We have seen success in improving the results of our client programs ... and so can you. More and more licensees have withstood the test of time (some are 15--20+ years old) and they increasingly rank within the top three of their respective categories.