

# The Commandments of Being an Excellent Licensor

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While licensed products garner over \$100 billion per year in sales worldwide, the globe is a very small place when it comes to licensor reputations. Licensee word spreads very quickly on the quality and integrity of a licensor, i.e. how the licensor is to “work-with.” This important rumor mill can either make a license desirable and realize growth in licensed categories, or give it a poor reputation, spelling the long-term demise of a program.

When a licensor runs its licensing program well, licensee retention and renewals will be very high. A poorly run program will see a 45% annual turnover in licensees, while a well-run program will realize virtually no licensees allowing their relationship to expire. This lack of turn-over is key in keeping licensed products in the market, thereby retaining shelf space. Also, it can help ensure a high quality and consistent product offering appearing at retail season-after-season.

Another important aspect of licensee retention is in receiving higher aggregate royalty income, since there is no delay in royalty build-up due to new replacement licensee start-up and test market time requirements.

When a licensee trusts a licensor, and vice versa, product innovation can be maximized. Licensor trust of a licensee’s product styling, efficacy and quality of offering, both parties will accept more risk in terms of product innovation. Product is king while the trademark is president. The combination of an excellent product with a winning trademark helps ensure market success.

There are a number of components to being a full-service licensor; here are a few important ones:

- Write and submit contracts and amendments quickly – this shows responsiveness and captures momentum from motivated potential licensee companies. Waiting a long time to submit a first contract can cause a loss of momentum and interest from the potential licensee.

- Impart the licensor company’s vision, mission and objectives fully to the licensee and keep this information updated. It is important for the licensee to follow the same consistent direction and design as the trademark owner to meet the licensor’s objectives and to keep all licensees “on the same page.”



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- . Turn-around approvals quickly! Keep the licensee on time for market introductions and to meet buyer expectations of market timing. Also, this gives flexibility for style and trend changes during the course of product development.
- . Share licensee successes consistently – Success is infectious among licensees; this information gives licensees ideas and helps in their breaking into new distribution (i.e. – if one licensee opens a retailer, the others can follow).
- . Keep and furnish a licensed product retailer distribution grid – Always keep licensees updated on where the licensor sells and the retailers at which each licensee is selling.
- . Update licensees on all licensor (and other licensee) advertising creative and media plans to share with retailers and to meet spikes in consumer demand. Buyers WANT this info.
- . Include licensees in all licensor events, whether they have a consumer orientation or it's a trade show or sales meeting.
- . Provide licensees with monthly newsletters updating them on the latest news from the licensor and other licensees.
- . Maintain and share a current licensee list with each licensee and retailers.
- . Furnish market research data to licensees, including aided and unaided research numbers and brand attribute information.
- . Give licensees brand literature and prepare a licensed products brochure annually.
- . Share target market information, including psychographics for the brand and current consumer profiles.
- . Hold annual or semi-annual licensee meetings, at which licensees receive updates on the licensor's efforts and share their own developments with each other. Further, NETWORKING among licensees pays dividends!
- . Include licensee products and opportunity to sell in the licensor's booth at trade show events.
- . Introduce licensees to the licensor's top retail customers. If possible and relationships allow, have a brand fair with the buying group from a large retailer, at which all of the licensees would be in attendance along with the licensor's top executives.
- . Link the licensee to the licensor's consumer and trade websites.
- . Coordinate licensee packaging to look like licensor's own packaging: offering a seamless view of all



Being a full-service licensor pays big dividends in reaping royalty revenues from licensees as well as increasing brand prominence in the marketplace. Service levels of licensors to licensees can “make or break” a trademark licensing program.

merchandise produced by the licensor and licensee is another key to successful retail sell-through.

- . **Furnish licensees with licensor press releases (on all topics) immediately, simultaneous with issuance to the press. Never leave a licensee “in the dark” as they will be receiving questions on press releases from their customers, employees, bankers and/or share holders.**

- . **Provide licensees with complete style guides – these should be given to licensees upon signing a license and updated annually, at minimum. It should include fonts, logos, logo usage rules, trade names, letterhead layout, business cards, trademark registration language, etc.**

- . **Make photos available to licensees; they should have a wide range of licensor photos available for use at no charge; especially lifestyle shots.**

- . **Prepare a licensee website and keep it available and updated at all times – for downloading logos, photos, type fonts and all materials available to licensees. Also, this is an excellent spot for updates, newsletters, and new product launch information.**

If a licensor provides all of the support listed above, the trademark licensing program can be maximized to realize the full strength of the brand. A licensee can only be handicapped by a lack of support

from the licensor; this will not be the case if the licensee is treated as “part of the family” and provided with all of the help a licensor can provide.

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