

A FOCUS ON EUROPE

Key European territories require varying licensing strategies for kids' properties.

by **AXEL DAMMLER**, managing director, iconkids & youth

AT FIRST SIGHT, THE LICENSING BUSINESS IN Europe is straightforward and easy: Minions are the No. 1 Hype License among 4 to 12 year olds in the UK, France, and Germany. But the second rank in the national lists shows what makes Europe so tricky, because this is where the simplicity comes to a sudden end. German children put Ice Age second, which is a license that doesn't even crack the UK's top 10 anymore. French kids placed Raving Rabbids in the No. 2 spot—a license most British and German kids probably have never even heard of. In the UK, second place goes to the all-time classic Scooby-Doo, but that failed to engage German kids ever since it was aired for the first time in the 1980s.

On one hand, there are obvious similarities between the countries (Minions, Spider-Man, and LEGO Ninjago all appear in the top 10 of all three markets, while Disney Frozen, Star Wars, or the Simpsons land in at least two.) But on the other hand, there are striking differences that make the pitfalls of a globalized license business tangible.

Respect Local Heroes

First, the license business isn't just about global blockbusters. "Local heroes" need to be considered and respected. The Raving Rabbids made it into the French top 10, and the Mannschaft, i.e. the successful German national soccer team, scores the third rank in Germany. It is a lesson many companies refuse to learn: License success is also rooted in relevance, and local licenses are often one step ahead and can build a relationship with the customer that globalized franchises can't even dream of. This is why we always include a national section in each wave of our quarterly study Kids License Monitor. The license selection is dominated by the global players, of course, but 25 percent of the covered licenses are reserved for Hexe Lilly, KIKAN-INCHEN, T'choupi, and the like. The younger the target group, the more evident the national impact becomes, because parents share with their kids what they love from their own childhood. In the UK, Thomas & Friends is a good example. Most of these local themes

come from the book market before entering the TV screen or cinemas, thus they can build on high involvement in their stories and characters among children, and they are considered by parents to be more valuable.

License Life Cycle

Secondly, the national markets simply ignore the requirements of global business plans. Some markets are much quicker in adapting new trends and fads, while others warm up slowly and need more time before embracing a new franchise. For example, Trolls achieved higher ownership of merchandise in December 2016 in the UK with 21 percent compared to only 14 percent in Germany and 11 percent in France. We saw the same phenomenon for The Secret Life of Pets, where we measured more merchandise ownership in the UK (23 percent) than in Germany (16 percent) and France (7 percent). On the other hand, Disney•Pixar's Cars has only 21 percent product ownership in the UK, compared to 41 percent in Germany and 39 percent in France. The latter two markets stay with licenses much longer after they've been established, and they also remain more devoted to the classics, such as the Smurfs.

Most franchises need to exist for up to two years before being rooted in markets like Germany, but many don't get that much time. Quite the contrary, we saw examples like Disney's Kim Possible, where the plug was pulled just as the franchise began to see success in Germany. The explanation for this lies in different consumption habits: Germans expect longevity. For example, a toy is expected to be used for a couple of years, so Germans buy into "system toys" like LEGO or Barbie. UK parents, however, are happy when a toy excites their child for a few weeks, and then are prepared to buy something new. Therefore, LEGO Star Wars was a killer combination from a German perspective—a long-living system toy combined with a classic theme. In other markets, LEGO faces much more competition from other, short-lived action franchises.

Local Age Recommendations and Media Exposure

It is one of the basic rules in licensing that most franchises need substantial media exposure to become successful (the design-driven Hello Kitty would be one of the few exceptions to this rule). A TV series won't be a winner without the right slot on a fitting TV channel, and

TOP 10 HYPE LICENSES

U.K.		GERMANY		FRANCE	
1	MINIONS	1	MINIONS	1	MINIONS
2	SCOOBY-DOO	2	ICE AGE	2	RAVING RABBIDS
3	FINDING DORY	3	GERMAN NATL. SOCCER TEAM	3	SPIDER-MAN
4	SPIDER - MAN	4	PENGUINS OF MADAGASCAR	4	ICE AGE
5	BATMAN V. SUPERMAN	5	DISNEY FROZEN	5	DISNEY FROZEN
6	CAPTAIN AMERICA	6	DREAMWORKS DRAGONS	6	STAR WARS
7	POKÉMON	7	ANGRY BIRDS	7	BATMAN V. SUPERMAN
8	LEGO NINJAGO	8	SPIDER-MAN	8	LEGO NINJAGO
9	MINECRAFT	9	STAR WARS	9	THE SIMPSONS
10	THE SIMPSONS	10	LEGO NINJAGO	10	VAIANA (MOANA)

Source: iconkids & youth—Kids License Monitor (waves III/2016, IV/2016, and V/2017)

even the best movie can fail if the weather keeps families from going to the cinemas. This is common sense, but we are surprised again and again how little thought is spent on local regulations such as age recommendations—which is the third variable to be considered.

We met this issue for the first time with Pirates of the Caribbean, and the problem remains highly relevant for all action franchises, be it the countless superheroes from Marvel or DC, Star Wars, or Jurassic World. It is no surprise that awareness, appeal scores, and ownership are much higher in the UK than in Germany. The simple explanation behind this consistent difference is that all these movies are rated 12+ years in Germany, because German society is still strongly opposed to all forms of violence and action-only, specifically regarding children. From the UK or the U.S. perspective, these concerns of parents may seem over-protective, but many German parents take the age recommendations for movies or games very seriously. In consequence, their children don't get access to the content of Iron Man, Spider-Man, or wrestling. If they don't know the stories or the characters, they can't be interested in merchandise, either.

Leverage Localization

Only a few licenses manage what the Minions have achieved: success in almost all markets at the same time.

Most franchises fall victim to at least one of the three described intervening issues—they suffer from local competition, their launch strategy is not adapted to the national license life cycle, or they have trouble reaching their target group properly. Europe may seem homogeneous from a global perspective, but it isn't. We often had to report in our studies that franchises were suffering severely from not following the local rules, but we could also support licensors and licensees substantially by leveraging the benefits of localization—always within the franchise's DNA. The advantages of global franchise strategies are clear, but at the end of the day, the need for a local adaptation is answered by one simple question: How successful is a license expected to become in each market? ★★★★★



Axel Dammler is managing director of iconkids & youth, Germany's leading kids and youth research agency. He has worked extensively as researcher and consultant for both licensors and licensees in categories ranging from fragrances to toys and food. The quarterly study Kids License Monitor provides detailed data for key European markets UK, France, and Germany and is available for LIMA members at a substantial discount.

