

Book: 'The licensing business handbook'

Before reviewing *The Licensing Business Handbook* we should note that it should actually have been titled *The Licensing Brand Handbook*. The book is, namely, all about brands. *The Licensing Business Handbook* is made up of three parts: (1) one part on licensing in general, dealing with the question what kinds of brands are suitable for licensing, among other things, (2) a part on licensing strategies for licensors and licensees, and (3) a part with a number of specific matters to consider, such as royalties, contract specifications and the like.

The 2008 edition of *The Licensing Business Handbook* is the eighth edition of Karen Raugust's book; the first was published in 1995. The book has a clear structure, and contains a range of different examples of, mainly American, licences. When reading Chapter 1, it seems as if the phenomenon of licences was actually invented in the US. In the twentieth century, Charlie Chaplin, Walt Disney, Betty Boop, Popeye, Tom & Jerry, The Flintstones and Ghostbusters, among others, were all used for licensed products. But foreign licences also performed well in the US; Belgium's finest, the Smurfs, could in the 1980s boast over 1 billion dollars in realized sales. Within a 30-year time span (1977-2007), this industry grew from \$ 4.9 billion to \$ 68.7 billion! For example: In 2007, Playboy raked in \$ 800 million worldwide by licensing products; Sponge Bob SquarePants managed \$ 450 million, with Disney's Cars registering a whopping \$ 4 billion in revenue through licensed products.

Chapters 2 and 3 of *The Licensing Business Handbook* have a strong focus on the licensor and the licensee respectively. In the case of licensors, Raugust notes that most of them fall into the category of 'corporate trademarks' and brands (such as Coca-Cola, Jeep and M&M's) (i.e.: 4% of the total turnover of \$ 68.7 billion), followed by sports (20% of all sales). The one that really sets pulses racing is entertainment & character licensing, which accounts for 18% of all licensing revenue). Raugust claims Mickey Mouse is the oldest source of licensing (since 1928). In Chapter 3 of her book, Raugust lists product categories licensees are active in. Most licences are issued in the clothing sector (\$8.2 billion in retail sales), closely followed by food and beverage (\$8.15 billion). Licensing in the realm of clothing can include characters on t-shirts, whereas in the realm of food and beverage there is, for example, the restaurant chain, such as T.G.I. Friday's, which has licensed its brand to a frozen food manufacturer. In Chapter 4, Raugust outlines in what types of outlets licensed products tend to be sold.

The second part of the book provides a detailed explanation of how both licensor (Chapter 5) and licensee (Chapter 6) can pursue their respective licensing strategies. Apart from structure, Raugust also comes up with very clear and targeted advice, filled with recognizable examples.

In the third part of the book, Raugust deals with the practical side of licences. Chapter 7 focuses on questions such as: how much should we charge in royalties, should these charges be variable or would a flat fee make more sense, what arrangements should we make regarding advertising and marketing, and how do we deal with sub-licences? Chapter 8 is all about trade names, trade mark rights and copyrights, and Chapter 9 flags things to consider when drawing up a licensing contract. The last four chapters (10 to 13) deal with, among other things, counterfeit products, international licences and promotional licences (mainly short-term licences, for which sporting heroes, for example, are used in advertising).

When licensing a brand or buying a licence on a brand, *The Licensing Business Handbook* provides a wealth of essential information. The book is set up along a clear and comprehensive structure, contains plenty of real-life examples, is littered with figures to back up claims, and even has an extensive licensing glossary. But most importantly, this book does not get bogged down in dense legal jargon, but is actually an excellent read. The only downside is that this book is quite hard to get hold of.

Reference(s)

Raugust, K. (2007), *The licensing business handbook*. Published by EPM Communications, New York, N.Y. *

* : available in the EURIB library.