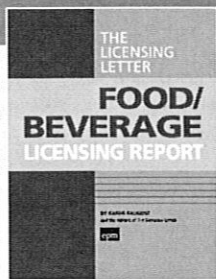


There's \$8 Billion On The Food And Beverage Licensing Table



DID YOU KNOW:

- Of the top 25 food and beverage processors in the U.S., 64% are licensees.
- 51% of retail sales of licensed food/beverage products are food-based brand-extension programs.
- Supermarkets account for 54% of retail sales of licensed food and beverages, mass merchants/discounters for 16%.

Use the data-packed **Food/Beverage Licensing Report** for business development, forecasting, and strategic planning.

Order your copy now!

www.epmcom.com/foodbev
(212) 941-0099

Members pay just \$695

SAVE \$100

(\$795 for others)

Licensing Iconic Safety Characters Builds Awareness, Raises Revenue

Manufacturers are exploring the opportunities in licensing government and non-profit safety icons including Smokey Bear, Woodsy Owl, Sparky the Fire Dog, and McGruff the Crime Dog, among others.

Those who oversee these characters, in turn, are eager to seek out licensing deals to help ease funding cuts. Some 61% of D.A.R.E.'s total 2009 revenue (its most recent figures) comes from royalties earned based on sales of licensed merchandise. McGruff licensing and related educational products comprise 7% of the National Crime Prevention Council's revenues. Mr. Yuk accounts for 5% of the Pittsburgh Poison Center's income. "We don't make too much money off of Mr. Yuk, but at the same time, every bit helps," says the Center's Edward Krenzelo.

Royalty rates for non-profits run slightly below the overall average (8.4% vs. 8.6%, according to The Licensing Letter's *Royalty Trends Report*). But given the current economy there are often no advances or guarantees, though "we hope to reverse that," says Libby Kavoulakis of the Metis Group, which handles licensing for U.S. Forest Service's Smokey Bear and Woodsy Owl.

Benefiting From The Retro Movement

Educational icons, some which have been around for 30, 50, and in the case of Smokey, 65 years, align perfectly with those seeking to capitalize on all things vintage. "We've really benefited from the retro movement," says Kavoulakis. "The Gap, Old Navy, and Kohl's all like [our Smokey Bear and Woodsy Owl] t-shirts."

Apparel, by far, is the most popular category. Nearly all of these characters are available on t-shirts, which sell online and at a variety of mass and specialty retailers.

After demonstrating strong sales in t-shirts at Old Navy and Kohl's, Smokey Bear and Woodsy Owl are now expanding into additional categories, including bobbleheads, home decor and throw blankets, gardening, DVDs, children's books, and bird feeders. There's also a Smokey movie in the works.

McGruff and his nephew Scruff are ramping up their exposure in 2011 through an updated website that will showcase more than 800 different products from 19 licensees. One McGruff licensee produces more than one million trick-or-treat bags for Halloween. Licensee Local Celebrity's Daniel Ballard adds its line of McGruff t-shirts was a strong seller for Urban Outfitters.

While The National Fire Protection Association (NFPA) licenses Sparky the Fire Dog for

numerous educational products, its first large scale consumer deal is with Imagine Publishing for a children's book coming out fall 2011.

Unofficial Seal Of Approval

One key asset in licensing these properties is the characters' direct or implied endorsement of the product. Since these characters can only be affiliated with pro-social messages, the licensee benefits from the association with an unofficial seal of approval. "You cannot use these characters for purely commercial use," says Kavoulakis.

The message also has to perfectly align with the character. One potential Smokey licensee, for instance, was interested in licensing the bear for fire retardant paint. "Smokey is about preventing forest fires, not structural fires. His image on a paint can doesn't further his message so we had to turn that licensee down," she says.

Plus, since the royalty funnels back to the parent organization, the purchaser feels the t-shirt (or other) purchase supports a good cause.

The characters' appeal also spans generations. Parents who grew up with these characters embrace the wholesome image, teens enjoy the irony, and younger kids just enjoy the personalities. Three in four kids 9-11 (76%) can identify McGruff, a percentage that places him close to Shrek (84%) and Alvin & the Chipmunks (83%) in character awareness, according to e-Poll.

Several of these characters are active in social media. The NFPA set up a Facebook account to celebrate Sparky the Fire Dog's 60th birthday. Smokey regularly posts on his Facebook page and has more than 34,000 fans.

"Retail Is Not Our World"

A significant downside in licensing these characters is a lack of exclusivity: The characters can appear on any number of products within the same category.

There is also the lack of licensing expertise within many of the organizations controlling the properties. The U.S. Forest Service outsources its programs to the licensing agency The Metis Group, but most of the others handle licensing in-house. This means some are more accessible or savvy to licensing fundamentals than others. "We deal with the fire service and schools. Retail is not our world," admits NFPA's Steve Dornbusch.

Potential inter-agency conflicts also impact the licensing environment. A deal for a Smokey line of tree and seed packaging was dismissed due to the possibility of invasive species. It wouldn't look good if a Smokey-affiliated tree sapling native in the Northeast was planted in the Southwest and damaged the forest.