



PRESS RELEASE

When a Retailer Becomes a Brand, and a Brand Becomes a Retailer

Michael Stone Unearths Trends from Day 2 of the Licensing Show

By Michael S. Stone (AdAge.com), New York, NY – June 11 2008

It's now day two at the Licensing Expo and the wheeling and dealing is in high gear. On the entertainment front, American Greetings debuted Strawberry Shortcake's new look and feel (again), and Nickelodeon and Viacom Consumer Products announced the October U.S. retail debut of "Ni-Hao, Kai Lan," the first preschool animated series to incorporate Chinese culture and Mandarin Chinese.

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But in between the big entertainment announcements, there was a new variety of creativity on display.

Retail game-changers

Traditionally retailers, if they engage in licensing at all, are licensees, manufacturing products under a licensed brand or celebrity name. Steve & Barry's is an excellent example of retailer as licensee, with its Sarah Jessica Parker Bitten, Amanda Bynes Dear and Venus Williams EleVen licensed lines.

But at this year's show, the hip Los Angeles boutique Kitson, Brookstone and L.L. Bean all attended as licensors (full disclosure: The Beanstalk Group is working with L.L. Bean).

These retailers, which are brands in and of themselves, are exploring licensing and brand extensions to create new products that could be sold within their stores or distributed through new retail channels and outlets.

By placing branded products in new retail channels, a retailer is not only identifying new revenue streams, but also injecting its brand messaging into a highly desirable space: a potential competitor's. This is a fresh and innovative strategy (and different from when a fashion brand like Ralph Lauren sells its product through its own retail outlets and others, because at its core Ralph Lauren is primarily a designer and only secondarily a retailer). For consumers, it puts the brand in unexpected places, allowing those familiar with a brand but unable to access it through traditional means, an opportunity to experience it. It also introduces the brand to entirely new audiences. It's the ultimate form of guerilla marketing, achieved through licensing.

For the new retailer, the reward of being associated with a super-hot and chic brand like Kitson is greater than the risk. And of course it is unlikely that the new retailer in question would be a true direct competitor. Take the recent Target-Barney's relationship (Barney's sold Target's new Rogan line for a

limited time) as an example of how this can work. This emerging trend holds the potential to upend the current retail landscape and traditional notions of competitor/partner.

Kitson stamps brand on 'lifestyle'

Of all the retailers at the show, Kitson has taken this concept the furthest, working with its agency partner, Creative Brands Group, to create "Kitson LA Apparel." The line, exclusively created by Gerard Guez of Seven Licensing, is designed to exemplify "the Kitson LA lifestyle" and will ship to department stores this summer. Kitson is also working on a branded home line.

But it's not just retailers challenging the "rules" of licensing. Some brands are actually becoming retailers through licensing. As I type this, the national daily newspaper USA Today is breaking ground (literally) at New York's LaGuardia Airport on a licensed retail store in the Delta terminal. The idea behind the retail outlet, dubbed USA Today TravelZone, is to reinforce the brand's positioning as the newspaper of choice for travelers, while enabling them to experience the brand beyond the confines of the newspaper or web. Working with licensee HDS Retail, the next three TravelZones are planned for the Detroit International Airport, with more to come throughout the country.

Tomorrow, I'll wrap up the Expo with my final observations ...

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