

# Unit 6

## Branding & Licensing

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### OVERVIEW

Unit six addresses the concepts of branding and licensing, two very important principles in the sports and entertainment marketing business. Branding, as a function of marketing, contributes to the overall perception consumers carry with respect to a particular company or its products. Successful branding strategies can be seen all over the sports and entertainment industry, with examples like ESPN, Sports Illustrated, MTV, Gatorade and the New York Yankees. Licensing has become a critical revenue producer for all properties in the sports and entertainment industry and continues to grow at an astounding pace. Unit six explores the factors contributing to that growth.

### OBJECTIVES

1. Define branding
2. Define brand equity and brand extension
3. Differentiate between corporate brand, product brand and store brand
4. Determine the characteristics of an effective brand name
5. Define licensing
6. Discuss the licensing process
7. Distinguish between licensor and licensee
8. Explain the advantages and disadvantages to a licensee
9. Identify the four key considerations of on-site merchandising

### LESSONS

- [LESSON 6.1](#) [Branding](#)
- [LESSON 6.2](#) [Brand Building](#)
- [LESSON 6.3](#) [Licensing](#)
- [LESSON 6.4](#) [Licensing Process](#)
- [LESSON 6.5](#) [Merchandising](#)

### KEY TERMS

*Brand Extension*

*Branding*

*Corporate Brand*

*Licensee*

*Licensing*

*Licensor*

*Product Brand*

*Slogans*

*Store Brand*

*Trademark*

## WHAT IS BRANDING?

**Branding** is the use of a name, design, symbol, or a combination of those elements that a sports or entertainment organization uses to help differentiate its products from the competition. It describes a company's or event's efforts to develop a personality and make its products or services different from the competition. In sports and entertainment, a brand could be represented in a variety of forms.

**Examples include (but certainly not limited to):**

- Athletes (Kevin Durant, Canelo Alvarez etc.)
- Celebrities (Ariana Grande, Kylie Jenner, Lin-Manuel Miranda etc.)
- Sports teams (MiLB's St. Paul Saints, MLB's Atlanta Braves etc.)
- Streaming platforms (Netflix, Hulu, Apple+, Peacock, Paramount+)
- Apparel companies (Under Armour, Puma etc.)
- Sports leagues (NFL, UFC etc.)
- Mascots (Phoenix Suns' Gorilla, Philadelphia Flyers' "Gritty" etc.)
- Broadcast companies (ESPN, DAZN etc.)
- Sporting Events (Kentucky Derby, Indianapolis 500 etc.)

## Brand Types

There are three primary types of **brands**:

1. Corporate brand
2. Product brand
3. Store brand

A **corporate brand** represents an entire company or organization

- Walt Disney Company
- National Football League
- Apple

A **product brand** represents a particular product of a company or organization

- World of Warcraft video games
- Harry Potter
- iPod, iPhone, iPad

**Store brands** (also called private labels) are the products retailers sell as their own brands

- Gander Mountain, an outdoor sports store, carries brand name merchandise from Columbia Sportswear and Wrangler, but also offers many products under the label of Gander Mountain
- Athleta activewear for women (apparel primarily targeting the niche yoga and pilates consumer) is actually a store brand under the Gap, Inc. umbrella



## Branding Mechanisms

There are a lot of mechanisms that an organization might consider when developing, establishing or repositioning its brands.

### Examples include:

- Brand mark
- Logo
- Trademark
- Graphics
- Slogans and taglines
- Phrases
- Mascots

## Brand Mark

A **brand mark** is a symbol, artwork, design element, or other visual that helps consumers to identify a company.

## Logo

A **logo** is a graphic mark, emblem, or symbol used to aid and promote public identification and recognition. It may be of an abstract or figurative design or include the text of the name it represents as in a wordmark.



## Trademark

When a brand name or trade name is registered through the federal government, it also becomes a **trademark**. This legally identifies ownership of a registered brand or trade name and allows for the owner of the trademark to protect their brand. That little “TM” symbol you see next to the logo of your favorite sports team? That means it has been trademarked.

Logos and brand marks aren’t the only things that can be trademarked. Words and phrases also represent intellectual property that can be protected through the trademark process. For example, the NFL owns the rights to the phrase “Super Bowl”, “The Big Game” and the NCAA owns the rights to “March Madness.” The only way a brand can use those phrases in their marketing is with permission from the league who owns the trademark. The NCAA paid \$17.2 million to secure the registered trademark for the phrase “March Madness”.<sup>1</sup>



### Additional examples of trademarks in sports and entertainment:

- 2020: A group in [Nashville](#), in an effort to bring Major League Baseball to Nashville, filed a federal trademark application to register a trademark consisting of three red stars – a large one with two smaller ones on each side – as a logo.
- 2020: [CBS Sports](#) reported that Tom Brady’s company, TEB Capital Management, filed new trademarks for TOMPA BAY and TAMPA BRADY soon after the star quarterback signed as a free agent with the Tampa Bay Buccaneers, with the goal of using the nicknames on clothing.
- 2021: PGA professional Phil Mickelson and Mickelson, Inc. recently [filed](#) for a “Hit Bombs” trademark with the U.S. Patent and Trademark Office, with the intent of expanding his brand to potentially sell a wide range of products, including golf shirts, shirts, golf caps and hats.
- 2022: WWE [filed](#) a trademark for the term “Smackadillas” with the intent of, according to the filing, “promoting and marketing the goods and services of others in the field of restaurants and food.”

As the demand for digital goods like NFTs and digital fashion grows, including the future of the metaverse, more sports and entertainment companies are beginning to file for trademarks in the digital space.

- 2022: New Balance filed a trademark for a variety of virtual products in the metaverse, including “downloadable virtual goods” like apparel, footwear, accessories and even sports equipment, according to a [tweet](#) from trademark attorney Josh Gerben.

## Slogans & Taglines

**Slogans** are short, memorable catch phrases used in advertising campaigns designed to create product affiliations among consumers. For example, Dick’s Sporting Goods advertising often features the slogan “Every season starts at Dick’s” while NBA teams often feature slogans as part of their season-long or playoff marketing campaigns.

<sup>1</sup> <http://www.indy.com/posts/ncaa-pays-17-2m-to-secure-march-madness-trademark>

### Slogans **introduced** by NBA teams for the 2022 Playoffs:

1. Boston Celtics: "Celtic Pride"
2. Dallas Mavericks: "Dallas In"
3. [Golden State Warriors: "Gold Blooded"](#)
4. Memphis Grizzlies: "MemThis"
5. Miami Heat: "White Hot Playoffs"
6. Milwaukee Bucks: "Fear the Deer"
7. Philadelphia 76ers: "Phila Unite"
8. Phoenix Suns: "Rally the Valley"

Through social media, sports teams will also promote slogans and taglines through the use of hashtags. In some cases, using the hashtag that the team is promoting will unlock team-branded emojis. For example, the NBA unveiled hashtag emojis for every team at the start of the 2020-21 season.



## Protecting the Brand

Sport organizations will go to great lengths to protect their brand from a legal perspective. Adidas regularly files lawsuits against other brands whenever they feel another product's design infringes on the trademark "three stripes" design that has historically been synonymous with the brand. Major League Baseball spends millions of dollars per year on legal fees dedicated to protecting the league's trademarks. Without acting when another company or individual infringes upon intellectual property, an organization risks the potential for the brand being devalued. Taking necessary steps to protect the brand becomes paramount if the organization hopes to maximize profits.

- Because Texas A&M University trademarked the phrase "The Twelfth Man" in 1990, the school sued two NFL teams for using the popular phrase in their marketing, saying the lawsuit was "meant to protect its 12<sup>th</sup> Man trademark from infringement".
  - In 2016, the Aggies reached an agreement with the Indianapolis Colts that required the Colts to remove the "12<sup>th</sup> Man" phrase from the stadium's "Ring of Honor" and to stop all other uses of the trademarked phrase.
  - According to the [lawsuit](#), the Colts used the trademarked phrase to help sell tickets (one campaign urged fans to "Join the 12<sup>th</sup> Man") and merchandise.
  - Click [here](#) for more on the story from the Indy Star.

- According to an [ESPN](#) report, Texas A&M also reached an agreement with the Seattle Seahawks in 2016 which gives the NFL franchise limited rights to use the trademark in exchange for an annual licensing fee.<sup>2</sup>
  - The Seahawks will pay \$18,000 per year to use the phrase and \$10,000 to help Texas A&M continue fighting to protect the trademark.
    - Despite the annual licensing fee, the Seahawks will not be allowed to use the “12 Man” phrase in their stadium’s Ring of Honor or as its handle through any of their social media platforms.
    - Click [here](#) for more on the story from espn.com.
- When asked by ESPN in a live interview immediately after being selected #1 overall by the New Orleans Pelicans in the 2019 NBA Draft, if he had a message for New Orleans, Zion Williamson simply said, “Let’s Dance”.
  - Within 24 hours, both the Pelicans and Williamson had applied for a trademark to the phrase, with the Pelicans eventually withdrawing their application.
  - The trademark request includes merchandising opportunities like bed linens, glassware, children's books, jewelry, non-alcoholic beverages, key chains toys, clothing and athletic wear, bags and luggage, computer games, mobile applications, and various other items according to [nola.com](#).

Trademark and copyright battles often play out in the court of law with companies spending millions in pursuit of intellectual property rights. For example, the NCAA once pursued legal [action](#) to keep a car dealership from using the phrase “Markdown Madness” in their advertising during the NCAA men’s basketball tournament, suggesting the dealership was wrongfully exploiting its March Madness mark.

#### **Additional examples of brand protection include:**

- Since 1967, Chapman High School in Kansas had been referring to its sports teams as the “Fighting Irish” and featuring a mascot bearing a similar resemblance to the fighting leprechaun logo used by the University of Notre Dame. In 2012, the school received a cease and desist letter from Notre Dame, ordering them to discontinue using the logo. Unwilling to spend the money necessary to challenge the University in court, the school held an art contest to design a [new logo](#) for school athletics.<sup>3</sup>
- In 2019, Kawhi Leonard (formerly a Jordan Brand athlete, currently with New Balance) filed a lawsuit against Nike over the brand’s trademark of a claw logo, accusing the company of copyright infringement and fraud.
  - Nike filed a [countersuit](#), alleging the logo they trademarked was developed by a team of “talented Nike designers”, not Kawhi, and that the brand, not Leonard, had the rights to the mark.
- Milwaukee Bucks star Giannis Antetokounmpo [sued](#) a Philadelphia man for selling T-shirts with his trademarked “Greek Freak” nickname on them.
  - Matt Powell, senior industry advisor, sports for the NPD Group, said merchandise can often be as big a part of a top player's income as their team salary, telling Wisconsin Public Radio in an [interview](#), “Especially in the NBA, I think the league has really become a personality league now. We're seeing athletes moving from team to team. It's really critical that the athlete does not let their name, their logo, or their nickname get co-opted by somebody else.”
- Hollywood Weekly Magazine [sued](#) Netflix, CBS Studios, Paramount and Imagine Television in 2020 for a host of claims including trademark and copyright infringement (among other claims), stating they owned the rights to a “Tiger King” trademark and the unwanted association with the series injured the publication’s reputation.
- Last year, Disney cracked down on sales of unauthorized Baby Yoda merchandise being sold online on websites like Etsy on the grounds of copyright infringement.
  - Click [here](#) to read more from insidethemagic.com.

<sup>2</sup> [http://bottomline.msnbc.msn.com/\\_news/2012/06/26/12416824-anthony-davis-trademarks-his-fearsome-brow?lite](http://bottomline.msnbc.msn.com/_news/2012/06/26/12416824-anthony-davis-trademarks-his-fearsome-brow?lite)

<sup>3</sup> <http://www.seattlepi.com/sports/article/Column-Notre-Dame-wants-its-leprechaun-back-2228923.php#ixzz1cHhbO1wf>

## CRAFTING A BRAND

How do sport organizations develop their brands? A successful brand is not built overnight. Organizations invest heavily in carefully crafting a brand that resonates with consumers and helps advance its marketing goals and objectives. In this section of the course, we will review the components of brand building that are critical to the success of any sport organization.

### Characteristics of a successful brand:

- Positive, distinctive and generates positive feelings and association
- Easy to remember and pronounce
- Logo is easily recognizable
- Implies the benefits the sports or entertainment product delivers
- Consistent with the image of the rest of the product lines and company/organization and/or city
- Legally and ethically permissible

### Benefits associated with the development of a strong brand:

- Strong brands have the power to create business value and impact more than just corporate revenues and profit margins
- They can also help to establish competitive advantage, command price premiums and decrease cost of entry into new markets and/or categories
- Strong brands reduce business risk and attract and retain talented staff
- Strength of a brand can carry the brand in a tough economy

### Examples of a strong brand:

- The Harry Potter brand has morphed into one of the strongest (and most valuable) brands in the entertainment industry with estimates placing the value of the Potter brand to be around \$25 billion.<sup>4</sup>
  - The [LA Times](#) reports that "The Wizarding World of Harry Potter" attractions at numerous U.S. Universal Studios are responsible for gains in attendance as much as 38%.
    - "Harry Potter and the Forbidden Journey," the marquee attraction within "The Wizarding World of Harry Potter," reached one million riders faster than any other attraction in Universal history (according to [comcast.com](#)).
  - Click [here](#) to read a story from brandchannel.com about the many Harry Potter brand extensions.
  - In 2020, Vera Bradley, Inc. and Warner Bros. Consumer Products [introduced](#) a Harry Potter-inspired collection of products, including backpacks, handbags, travel duffels, accessories, cozy favorites, and more.
- The Star Wars brand is so strong that fans have created a national holiday surrounding the franchise (May 4<sup>th</sup>).
  - Despite unprecedented levels of unemployment due to the COVID-19 pandemic in 2020, Disney [created](#) a virtual "waiting room" for consumers hoping to purchase limited-edition "Star Wars Day" merchandise to keep its online store from crashing.

## BRAND BUILDING

Sports organizations invest a lot of time and money in strategically building brands. Logos are essentially the face of the company, and effective branding will build positive relationships with consumers, leading to opportunities for the business to grow.

<sup>4</sup> <http://www.statisticbrain.com/total-harry-potter-franchise-revenue/>



To build a successful brand, sport and entertainment organizations focus on the development of:

- Brand awareness
- Brand image
- Brand equity
- Brand loyalty

## Brand Awareness

Brand awareness refers to the process of maximizing the levels of recognition of a brand. Awareness describes the extent to which consumers are familiar with the name, image or other distinctive qualities of a brand.

For example, most sports fans around the country know who the NBA's Los Angeles Lakers are, regardless of where they live because the franchise enjoys an extremely high level of brand awareness. The average sports fan living in Iowa, however, likely has never heard of the G-League's South Bay Lakers. In the entertainment industry, many comic book fans associate comics with Marvel because of brand awareness. Because Marvel Entertainment has such a strong brand, the Walt Disney Company purchased the Marvel franchise for \$4 billion.

## Brand Image

Consumer perceptions linked to a particular brand (health, excitement, fun, family etc.) describe its brand image.

The Disney brand is associated with family fun and entertainment. The brand image is one that makes consumers think of family vacations or family movie nights and being transported to a fun environment.

In sports, the image fans have of the Cincinnati Bengals or Detroit Lions brand differs significantly from how fans view a franchise with a long history and tradition of success like the Pittsburgh Steelers or Dallas Cowboys.

- A story published on [NJ.com](https://www.nj.com) called the New York Jets "Now and Forever an NFL Joke" while a popular national radio host, Colin Cowherd, [described](#) the Detroit Lions the worst franchise ever
  - While those are just opinions, when the media shares polarizing opinions like these, it can have a significant impact on brand image

Brand image is not limited to just sports and entertainment properties but also to athletes and celebrities. For example, Billie Eilish [ventured](#) into a collaboration with fashion brand H&M for a collection aimed at promoting sustainability. The collection, made entirely from sustainable materials, is made up of items inspired by Eilish's signature style, one that defines her brand image.

## Brand Equity

**Brand equity** is the value placed on a brand by consumers.

Nike has strong brand equity because consumers have long associated the brand with top level athletes and quality products. Thanks to its brand strength, Nike can charge \$300 for a pair of soccer shoes. Compare that to soccer shoes made by Diadora, one of Nike's competitors that focuses on soccer shoes and apparel, that top out at \$120 for a pair. Typically, a good pair of cleats from any brand can run \$150, but Nike's brand equity allows them to sell them at a higher price point.

## Brand Equity vs. Brand Value

Brand equity describes the level of swagger and legitimacy the brand has in the minds of consumers while **brand value** is the financial significance the brand carries. Both brand equity and brand value provide an estimate of how much a brand is worth.

In the example below, [Forbes](https://www.forbes.com) ranks the world's top event brands using the brand valuation method.





## The World's Top Brands Of 2022

A brand analyst and strategy company (Kantar Millward Brown) annually ranks the world's most powerful brands measured by their dollar value.

### Top global brands of 2022:

1. Apple
2. Google
3. Amazon
4. Microsoft
5. Tencent
6. McDonald's
7. Visa
8. Facebook
9. Alibaba
10. Louis Vuitton

Click [here](#) to download the full report.

### Top sports/entertainment industry related global brands of 2022 (overall rank listed in parenthesis).

1. Apple (1)
2. Google (2)
3. Amazon (3)
4. Microsoft (4)
5. Nike (13)
6. YouTube (24)
7. Netflix (30)
8. Disney (38)
9. Xbox (56)
10. Adidas (89)

### The latest Forbes magazine ranking of the most valuable sports business brands based on overall brand value:

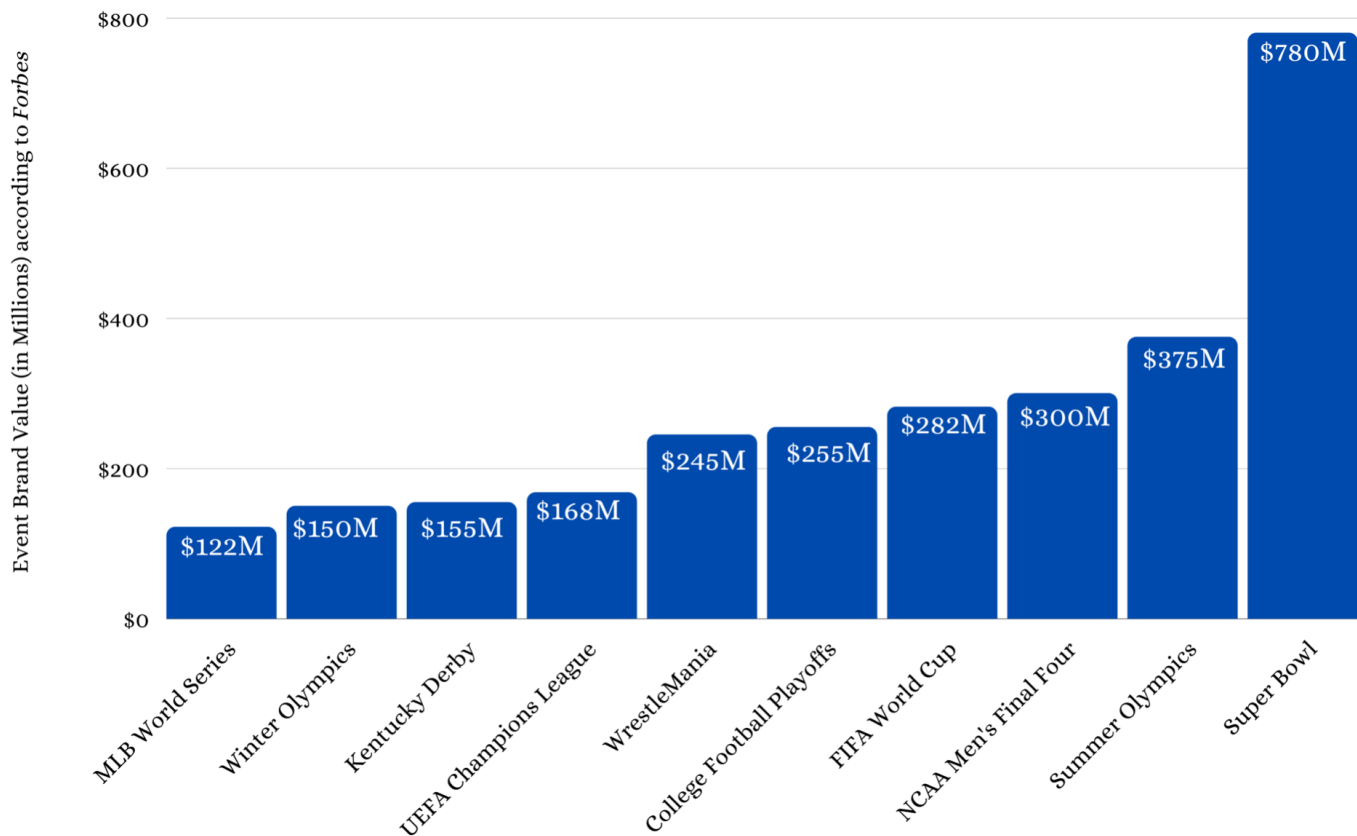
1. Nike: \$36.8 billion
2. ESPN: \$13.1 billion
3. Adidas: \$11.2 billion
4. Gatorade: \$6.7 billion
5. Sky Sports: \$4.4 billion

■ Click [here](#) to see the top ten list of most valuable sports business brands according to Forbes.

### The latest Forbes ranking of the most valuable event brands based on overall brand value: <sup>35</sup>

1. Super Bowl: \$780 million
2. Summer Olympic Games: \$375 million
3. NCAA Men's Final Four: \$300 million
4. FIFA World Cup: \$282 million
5. College Football Playoffs: \$255 million

■ Click [here](#) to see the top ten list of most valuable event brands according to Forbes.



## Brand Loyalty

Brand loyalty describes consumer preferences for a particular brand as compared to competitor products or services. It is a critical factor influencing the concept of fandom, the higher the level of brand loyalty, the greater likelihood of an increased level of intensity in fandom.

For example, NASCAR fans are extremely brand loyal. According to a [study](#) conducted in 2021 by MarketCast (formerly Turnkey Intelligence) shows that NASCAR ranks #1 in fan loyalty to sponsors, beating out the NHL, NBA, MLB, and NFL. Because its fan base is fiercely loyal to the brand, NASCAR sponsorships offer a lot of value to sponsoring companies.

## Brand Extension

Brand extension refers to the use of a successful brand name to launch a new or modified product or service in a new market. Organizations, athletes and celebrities with strong brands are in position to develop natural extensions of the brand. Forbes magazine Senior Editor Matthew Miller says “Celebrities are brands, and they are marketing to us and there's stuff we consume off of them, from movies to albums to concerts to books to speaking tours to everything in between, and we sort of all buy into it.”<sup>5</sup>

Musician Jimmy Buffett’s list of brand extensions is expansive; from restaurants (Margaritaville cafes), casinos and footwear (Sole of the Tropics flip-flops) to his own radio station on Sirius and a complete line of Margaritaville-branded food and beverages.

In sports, Shaquille O’Neal’s business empire includes brand extensions like Shaq-branded suits, sneakers, a Shaq jewelry line, and even his own children’s books called ‘Little Shaq.’ In 2020, Papa John’s (a company for which Shaq is an investor and brand ambassador) [introduced](#) the larger than life Shaq-a-Roni pizza, a product conceived by the NBA hall-of-famer.

<sup>5</sup> <http://www.cnn.com/2009/SHOWBIZ/06/03/forbes.celebrity.list>

### More brand extension examples in sports and entertainment:

- Celebrities use their star power to launch product brands, like Boston Red Sox star David Ortiz (Big Papi En Fuego Hot Sauce) and Usain Bolt (Bolt branded SOUL headphone line), popular music stars Kanye West, Rihanna, Jay-Z, Taylor Swift, Justin Bieber, Tim McGraw (fragrance lines), Actress Emma Watson (teen clothing line), American Olympic gold winning gymnast Nastia Liukin (girls' clothing line for JCPenney).
  - Iconic tennis star Serena Williams, also known for her fashion sense, launched her own "[S by Serena](#)" clothing line featuring motivational messages and "feel good" fashion.<sup>6</sup>
  - In 2019, DJ Khaled decided to get into the furniture business when he [launched](#) the 'We The Best Home' furniture line.
  - In 2021, Dwayne "The Rock" Johnson [announced](#) plans to enter the energy drink business with the launch of ZOA, positioned as a healthier alternative to traditional energy drinks, made with natural caffeine and superfoods.
- Athletes and celebrities also leverage their popularity to open restaurants (according to an article in ESPN the Magazine, over 200 athletes are also restaurant owners), such as John Elway's "Elway's Colorado Steakhouse" in Colorado or Aerosmith's "Mount Blue" in Massachusetts.<sup>7</sup>

### Brand extension is not limited to individual athletes and celebrities:

- The University of Notre Dame sold a [Notre Dame branded cologne](#), with 3.4-ounce bottles retailing for \$62.
- The entire Pirates of the Caribbean film franchise is an extension of a Disney brand (originally a theme park ride) that has been around for years and the films have now made nearly \$3 billion at the box office (that is the booty from the films alone, not including licensed merchandise sales, which range from Halloween costumes to nail polish to lamps).<sup>8</sup>
- Stance introduced its first brand extension last season, expanding their product offering from niche socks to MLB-licensed underwear.<sup>9</sup>
- Rovio, creator of the wildly popular Angry Birds video game app, announced a brand extension into education in which they will be marketing an early childhood curriculum worldwide.
- The popular Warcraft brand, known originally for its video games and novels, expanded into movie theatres and was the #2 films during its opening weekend.
- ESPN has grown to include ESPN2, ESPN News, ESPN Classic, ESPNU, ESPN Deportes, ESPN Films, ESPN+, 47 international channels; the largest sports-radio network in America; a magazine (ESPN the Magazine), restaurants (ESPN Zone), and a website that clocks 52 million unique visitors a month; and its own \$100 million theme park in Florida.<sup>10</sup>
- Disney announced a 'Frozen' themed cruise on the company's cruise line would make a stop in Norway that would include on-board meet-and-greets with popular characters from the film and other activities based on the popular film.
  - Click [here](#) for more on the Disney Cruise line.
- Reebok launched a unique brand extension in an effort to continue to connect with cross fit brands by introducing a [Reebok branded bacon](#) product.
- The Chicago Bears, Dallas Cowboys and San Francisco 49ers extended their brands with the [launch](#) of branded health/fitness clubs.
  - Memberships at the 'Bears Fit' club in Vernon Hills, Illinois feature the names of legendary players — prospective members can buy the Brian Urlacher package, \$54 per month, or the Mike Ditka package, \$89 for couples.

<sup>6</sup> <https://www.harpersbazaar.com/uk/fashion/fashion-news/a20959715/serena-williams-launches-own-clothing-line/>

<sup>7</sup> Assael, Shaun. "Eat at the Pro's". ESPN the Magazine, Aug 10, 2009: p. 48-51.

<sup>8</sup> <http://www.brandchannel.com/home/post/2011/05/23/Brandcameo-Pirates-of-the-Caribbean-On-Stranger-Tides.aspx>

<sup>9</sup> <http://www.sportsbusinessdaily.com/Journal/Issues/2016/05/30/Marketing-and-Sponsorship/The-Lefton-Report.aspx?hl=brand%20extension&sc=1>

<sup>10</sup> <http://www.thedailybeast.com/newsweek/2012/01/15/espn-is-bigger-than-ever-and-that-might-not-be-a-good-thing.html>

- In 2022, global footwear and apparel brand Fila, in partnership with Hyatt, [opened](#) a branded hotel in Shanghai called “Fila House”
- A Nintendo-branded theme park will [open](#) in 2023 at Universal Studios, called “Super Nintendo World”, the first of its kind in the United States
  - According to [Travel+Leisure](#) magazine, the new Super Nintendo World, which will open in a newly expanded area of the park, will include both rides and interactive areas, promising an immersive jump into the world of Mario, Luigi, Princess Peach, and more. In addition to the attractions, Super Nintendo World will offer themed shopping and dining experiences.

## Co-Branding

Opportunities exist for two strong brands to collaborate on a marketing initiative. **Co-branding** is the practice of using multiple brand names to jointly promote or market a single product or service.

### Co-branding examples include:

- Texas Tech University's licensed retail store, Red Raider Outfitter, partnered with the Texas Rangers and Houston Astros in 2016 through a cross-licensing agreement to create co-branded apparel.<sup>11</sup>
  - Click [here](#) to see a sample of the t-shirts.
- A few years ago, five Australian rugby league teams suited up as Marvel Comics superheroes: Thor, Wolverine, Captain America, Iron Man and Hulk.
  - The uniforms were licensed by Marvel Comics and replica jerseys were available to fans for a retail price of around \$150.
- Fashion brand Michael Kors created golf polos in conjunction with the U.S. Golf Association, allowing fans to purchase the co-branded merchandise on-site at the 118th U.S. Open at Shinnecock Hills Golf Club in 2018.
  - According to a [release](#), the collection featured eight to ten shirts and two outerwear options. The shirts had an average price point of \$86 and the outerwear cost \$120.
- This season, the Portland Timbers (MLS) and Portland Thorns (NWSL) teamed up for a giveaway featuring co-branded scarves in celebration of Pride Month (they would also make them available in the team's online [stores](#)).
- With a visit to his hometown in 2019, rapper Wiz Khalifa partnered with the esports franchise Pittsburgh Knights to offer a co-branded t-shirt during his tour stop in Pittsburgh.
- A popular trend with Major League Baseball teams is to offer co-branded merchandise featuring collegiate athletic programs as part of college theme-night promotions.
  - The Miami Marlins offered co-branded University of Miami Hurricanes hats [exclusively](#) available at a Marlins game for the team's “UM Night” theme-night promotion in 2019.
  - The Atlanta Braves hosted several “[College Nights](#)” theme-night promotions that featured giveaways of co-branded gear in partnership with college athletic programs like the South Carolina Gamecocks, Auburn Tigers, Alabama Crimson Tide, Georgia Tech and Clemson Tigers.
- Last year, the Indiana Pacers [introduced](#) a series of ten different “College Nights” promotional game dates in which the team gave away co-branded hats featuring both the Pacers logo and the logo of colleges like Indiana University, Purdue University and Notre Dame.



<sup>11</sup> <http://www.licensemag.com/license-global/red-raider-plans-mlb-texas-tech-crossover>

## Rebranding

One strategy for re-establishing or strengthening a brand is the process of rebranding. Rebranding is the updating or creation of a new name, term, symbol, design, or a combination thereof for an established brand with the intention of developing a differentiated (new) position in the mind of stakeholders and competitors.

Often, a rebranding effort includes the development of a new logo, introduction of a secondary logo or mark, and/or the alteration of an existing logo.

Rebrands have been popular with Minor League Baseball teams in recent years, helping a franchise to create a connection with local communities while boosting ticket sales, concessions and merchandise. In some cases, the rebrand is long-term. In others, a team might rebrand for just a single game as a promotional stunt.

Rebranding, however, can come with some risk, and can be expensive and very time consuming. In many cases, a rebrand will take years and could cost millions of dollars.

- Gatorade determined it needed to see more growth within the teenage segment of its customer base.
  - In a rebranding effort aimed at recapturing the attention of the high school athlete demographic, Gatorade launched a “G Series” of sports drinks.
  - The G Series campaign targets not only mainstream sports but also emerging sport athletes like skateboarders, surfers, and other non-traditional sports participants.<sup>12</sup>
- In an effort to forge a better connection with the community, a Minor League Baseball franchise in Akron, Ohio changed their team name from the “Aeros” to the “RubberDucks”, a tribute to the city’s longstanding connection to the rubber industry (not to mention that the rubber duck was invented in Akron).
  - As a result, the team won “logo/branding of the year” honors from Ballpark Digest.<sup>13</sup>
  - Click [here](#) to read the full story and the backstory for the strategy behind the rebranding effort from ballparkdigest.com (along with coverage of several other minor league teams with honorable mentions for their rebranding efforts).
- Prior to the 2020 season (before many leagues were shut down because of the pandemic), several Minor League Baseball teams rebranded.
  - According to [Ballpark Digest](#):
    - The former Mobile BayBears became the Rocket City Trash Pandas
    - A move to Wichita, Kansas prompted the New Orleans Baby Cakes to become the Wichita Wind Surge
    - The Kannapolis Intimidators (Indiana) became the Kannapolis Cannon Ballers
    - The Fort Myers Miracle did away with their long-time identity that dated back to the franchise’s time in Miami, becoming the Fort Myers Mighty Mussels
    - The Connecticut Tigers became the Norwich Sea Unicorns
    - The Missoula Osprey became the Missoula PaddleHeads
- After a major reorganization for minor league teams affiliated with Major League Baseball, another rebrand was in play for the 2021 season when The Lakewood BlueClaws' shifted its geographical namesake to Jersey Shore.
  - As part of the rebrand, the Jersey Shore BlueClaws [unveiled](#) a new set of beach and boardwalk-themed logos
- In 2022, a Minor League Baseball team in Springfield that had been known as the Sliders since 2008, [rebranded](#) to become the “Lucky Horseshoes” in time for the 2022 season, featuring a variety of different logos

<sup>12</sup> <http://www.brandchannel.com/home/post/2010/04/13/Can-Gatorade-Re-hydrate-Its-Image.aspx>

<sup>13</sup> <http://ballparkdigest.com/2014/11/03/2014-logobranding-of-the-year-akron-rubberducks/>



Oftentimes a rebranding effort includes the development of a new logo or the alteration of an existing logo. Because rebranding can be such a valuable marketing tool, many sports teams have recently included a logo update or, in some cases, a complete brand overhaul to include an entirely new design. In this case, the rebrand could include new color schemes, logos, and uniforms.

### Recent examples of sports and entertainment industry rebranding initiatives:

- 2019: The New York Jets introduced the team's first uniform change in 20 years along with an altered logo with a "Gotham Green" color scheme.
  - Jet's team president explained to the [Associated Press](#) in an interview: "We wanted to create something that we think today's fans and traditional fans will like, and something that the players will like. And we also kind of were looking for that gritty, resilient New York City-area look. So, you're trying to accomplish a lot of different things."
- 2020: The Charlotte 49ers (UNC-Charlotte) [unveiled](#) their new logos around campus, in athletic facilities, on uniforms and merchandise.
  - However, the 49ers athletic director wants the rebranding to go much deeper than logo design and uniform change as told to the Charlotte Observer: "The whole concept, the whole design is to evoke an image of strength and boldness. "That we're embracing momentum. We really feel that the competitive rise we're experiencing coincides with the launching of this brand."
- 2022: Minor League Baseball's Frontier League completely rehailed the league's branding.
  - The initiative included the introduction of a new logo and the debut of a new website.
  - According to a [league press release](#), the new logo incorporated patriotic symbolism for both the Canadian (red) and United States (blue) markets (the league has teams in both Canada and the U.S.). The compass logo displays the navigation of new, uncharted territories, while the upward direction is indicative of the League's forward-looking approach.

In some cases, as part of a rebrand, the logo refresh could include minor adjustments or alterations.

- Such is the case with Auburn University, who introduced a slight [tweak](#) to the team's "shield" logo just prior to the 2019 football season.
- Walt Disney World introduced a subtle rebrand to Epcot in 2020 when they [announced](#) "Epcot" would become "EPCOT," spelled in all capital letters.
- Several NBA teams have adjusted their look in recent years, ranging from minor tweaks (Warriors and Rockets) to entire collections (Grizzlies).
  - As the team prepared to move from Oakland to San Francisco, the Golden State Warriors announced plans on [Twitter](#) to introduce a slightly different logo for the 2019-20 season, one that (according to the team) "depicts a more accurate portrayal of the Bay Bridge."
  - The Houston Rockets new uniforms for the 2019-20 season featured a modernized design and new font, according to [Bleacher Report](#).
  - In Memphis, the Grizzlies will [celebrate](#) the franchise's 25<sup>th</sup> season with two new uniform designs and a refresh of the team's court design.
    - Click [here](#) for a video from the team's website introducing the new look.
  - Two years ago, the [Minnesota Timberwolves](#) updated their logo with new colors and an entirely different wolf.
    - The rebranding effort paid off. According to [bizjournals.com](#), the Minnesota Timberwolves saw a 69% increase in merchandise sales over the previous year.
- In 2022, in conjunction with its celebration of the league's 75th anniversary, the NBA introduced a "reimagined" logo for the NBA Finals via [Twitter](#)

- In a [press release](#), the league suggested that the new logo was designed to “honor the league’s 75-year history while looking forward to the future.”

Because rebranding entails some major overhauling for organizations, it can be time consuming and expensive for sports and entertainment properties.

- The NBA’s Charlotte franchise changed their name from the Bobcats to the Hornets (the franchise’s original nickname) and the New Orleans Hornets changed their name to the Pelicans.
  - According to the [Charlotte Observer](#), Charlotte’s rebranding effort cost the franchise nearly \$3 million but has resulted in an immediate uptick in sales, with an increase of 59% in new ticket sales and a significant boost in sponsorship and merchandise sales.<sup>14</sup>
- After a two year rebranding process that set The Big 12 Conference back roughly \$415,000 on logo design and implementation alone, it was [reported](#) by Sports Business Journal that, for the first time in league history, the logo would be required to appear on football uniforms.
- The rebranding of the Washington Football Team could cost, according to some [estimates](#) on the low end, \$10 to \$20 million, and potentially much more when you consider everything that will go into changing the franchise name, a process the team’s head coach [suggested](#) could take up to 18 months.
  - It took 18-months of working on the rebranding process, including the whittling down of a group of 40,000 fan suggestions online and the “thousands” of others sent in by mail down to 1,200 potential new nicknames (via [Washington Post](#)), the franchise finally announced in 2022 that they would become the Washington Commanders.
- It took nearly four years for the Los Angeles Rams to finalize the team’s new look, including logos, colors and uniforms, so it could be unveiled in time for the franchise’s move into SoFi Stadium, its \$5 billion new home, in 2020.
  - According to [ESPN](#), the Rams’ rebranding effort began in 2016, when the team relocated from St. Louis to Los Angeles.
- After more than seven months of planning and deliberating, Cleveland’s Major League Baseball franchise announced plans to rebrand as the Guardians, a decision that was made after years of public pressure to change from the team’s previous insensitive nickname, the Indians.
  - The team’s official announcement included a [message](#) from actor Tom hanks which was posted across the franchise’s social media platforms
  - However, the rebrand could prove to be far costlier than the organization anticipated when it was revealed that the team was not the first “Cleveland Guardians” team in the area, a title already held by a local Roller Derby franchise (who owned and had rights to the [www.clevelandguardians.com](#) website).
    - According to a story from [Sportico](#), trademark applications were filed by both organizations, with the baseball team’s applications covering goods and services such as clothing, toys, foam novelty items, entertainment services “in the context of baseball games, entertainment in the nature of live performances by costumed mascots, and other products and operations related to running an MLB team.”
    - The roller derby franchise also filed a trademark application for such goods as bumper stickers, jerseys, footwear, ornamental novelty pins and insulating sleeve holders for beverage cups. Sometimes a sports or entertainment property will introduce a “secondary” or ‘alternative” mark as an extension of their brand.

<sup>14</sup>[http://www.sportingnews.com/nba/story/2013-08-02/charlotte-hornets-name-change-bobcats-rebrand-ticket-sales-team-store-shop?modid=recommended\\_3\\_5](http://www.sportingnews.com/nba/story/2013-08-02/charlotte-hornets-name-change-bobcats-rebrand-ticket-sales-team-store-shop?modid=recommended_3_5)



- Several seasons ago, nearly all NHL teams featured at least one secondary logo as part of their franchise marketing and branding strategy.
  - Click [here](#) to see all of them from puckmarks.net.

However, with some iconic franchises, a more traditional look without bold or flashy logo updates and jersey/uniform designs helps the team remain true to their brand.



### CLEVELAND BASEBALL FUN FACT

This is not the first time Cleveland's baseball franchise has rebranded. In fact, this is the fifth time in franchise history that the team will undergo a name change.

1901: Cleveland Blues  
1902: Cleveland Bronchos  
1903: Cleveland Naps  
1915: Cleveland Indians  
2021: Cleveland Guardians

## WHAT IS LICENSING?

**Licensing** refers to an agreement which gives a company the right to use another's brand name, patent, or other intellectual property for a royalty or fee. Without licensing rights, it would be illegal for Nike to put the Seattle Seahawks or Texas Rangers logo on the merchandise they sell.

Licensing is a segment of industry that continues to enjoy tremendous growth. Global sales of licensed products surpassed the \$300-billion milestone in 2022 as the industry grew by 7.75% since 2019, according to data from the trade group [Licensing International](#).<sup>15</sup>

Sales of licensed goods at retail by category (based on Licensing Industry Merchandisers' Association's Annual Licensing Industry Survey):<sup>16</sup>

- Character-related merchandise: \$122.7 billion
- Corporate brands: \$58.8 billion
- Fashion: \$32.2 billion
- Sports: \$27.8 billion

## The Licensing Process

In most licensing relationships, there will be a licensee and a licensor. The licensor is the company or individual granting the license. The licensee is the company or individual paying for the rights to use the licensor's name or property.

### Licensors examples:

- Cartoon Network
- National Football League
- NASCAR
- Walt Disney Company
- HIT Entertainment (home of Bob the Builder and Barney)
- WWE
- The American Society of Composers, Authors and Publishers (ASCAP)
- Coca-Cola or Starbucks

### Licensees examples:

- Mars, Inc. (Shrek Snickers bar with green filling)
- Mattel, Inc. (Harry Potter toys and consumer products)
- Reebok (NFL apparel)
- Hasbro (Marvel toys)
- EA Sports (rights to put NFL players, stadiums and teams in its games)
- Lincoln (for rights to use hip-hop artist Common's music in an ad campaign for the popular Navigator model of SUV)

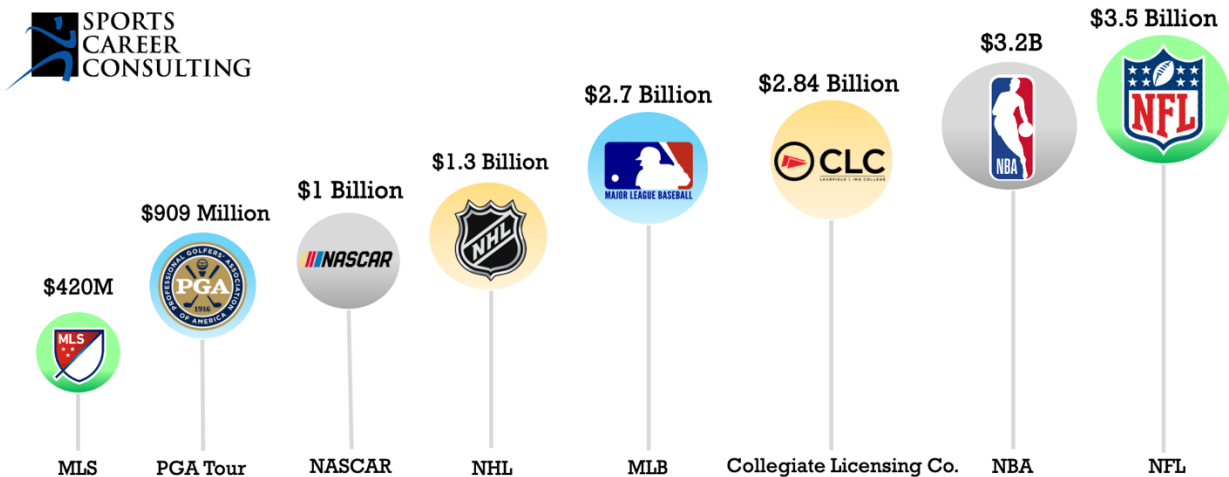
Because of the enormous potential to sell millions of dollars in merchandise, licensees will put the logo of popular sports teams on any consumer goods you can imagine.

<sup>15</sup> <https://www.businesswire.com/news/home/20220519005206/en/Licensing-International-Releases-Early-Results-from-2022-Global-Sizing-Study>

<sup>16</sup> <https://www.licenseglobal.com/resources/rankings-and-lists>

## Licensing is BIG Business

Why would someone be willing to pay a fee or royalty just for the rights to use a team logo or player's name or image? Quite simply because there is a high demand for licensed goods. Think about all of the products you have shopped for online or purchased at a store featuring your favorite team's name or logo or with the name or image of your favorite player.



### Licensing revenues at retail for U.S. sports leagues in 2020

Source: License Global 2020 Annual Report

## Licensed Merchandise

Licensed products and merchandise are not manufactured by leagues, teams, or schools, but rather by independent companies under an agreement with a sports entity.<sup>17</sup>

In 2022, the NFL Players Association [announced](#) that licensees generated retail sales of over \$2.17 billion.

- Tom Brady and Patrick Mahomes II continued their dominance atop the NFLPA Top 50 Player Sales List – which reports sales of all officially licensed NFL player product – with Brady finishing first overall for the second year in a row on the year-end list.
    - Either Brady or Mahomes has led the quarterly rankings 12 straight times since October 2018.
  - More fans bought FOCO bobbleheads featuring Patrick Mahomes, Tom Brady, Joe Burrow, Aaron Rodgers and Ezekiel Elliott than any other players while the top five best selling reloadable credit cards from CARD.com featured Dak Prescott, Aaron Rodgers, Tom Brady, Patrick Mahomes and Lamar Jackson..
  - The players that sold the most product last season (based on total sales of all officially licensed NFL player merchandise, not just jerseys), according to an announcement from the NFLPA were:
    - Tom Brady, QB, Tampa Bay
    - Patrick Mahomes, QB, Kansas City
    - Josh Allen, QB, Buffalo
    - Joe Burrow, QB, Cincinnati
    - Mac Jones, QB, New England
- Click [here](#) to see the recipients of 2022 NFLPA Licensee of the Year Awards

<sup>17</sup> Framework for Strategic Sports Marketing, Presentation Notes, Dr. Brian Turner

On the entertainment side, over \$24 billion of licensed Star Wars themed goods have been sold to date, this on top of the \$6.2 billion in tickets and \$5.7 billion in home entertainment products.<sup>18</sup> According to [fortune.com](https://www.fortune.com), Star Wars amassed over \$760 million in licensed merchandise sales in 2017 alone.

### What movies have sold the most licensed merchandise all-time?<sup>19</sup>

1. Star Wars - \$32 billion
2. Cars - \$10 billion
3. Toy Story - \$9 billion
4. Harry Potter - \$7 billion
5. Frozen - \$5.3 billion
6. Transformers - \$3 billion
7. Spider-Man - \$1.3 billion
8. Avengers - \$1 billion
9. Teenage Mutant Ninja Turtles - \$900 million
10. Batman - \$494 million
11. Despicable Me/Minions - \$267 million

When Disney launched its Disney+ service, its Star Wars brand spin-off series, 'The Mandalorian', helped the company to make a splash in the streaming market with 28 million subscribers in just three months. However, one [report](#) suggests Disney lost out on a potential \$2.7 million in revenue because of a delay in the introduction of merchandise relating to the show's most popular character, Baby Yoda. Fast forward six months and the character was on every product you could imagine, including a 'Mandaorian' cereal [from](#) General Mills that featured marshmallows with Baby Yoda's image.

In sports, 160 teams combined to set a Minor League Baseball record by generating \$73.9 million in licensed merchandise sales in 2019, a 4% increase over the previous season.<sup>20</sup>

- Click [here](#) to see a list of the top 25 best-selling teams from MiLB.com.

### More statistics:

- According to Transparency Market Research, the global licensed sports merchandise market, which was valued at \$27.63 billion in 2015, will reach \$48.17 billion by 2024.<sup>21</sup>
- Nike signed a 10-year \$58 million extension with Clemson University to be the main apparel provider for the school.<sup>22</sup>
  - According to an ESPN story, the new deal includes yearly payments of \$400,000, an increase from \$115,000 in the previous contract while Clemson's royalty rate for co-branded Clemson-Nike products increases from 11 percent to 14 percent.
- In 2022, WrestleMania 38 generated \$5.4 million in merchandise for the WWE, according to a [tweet](#) from sport business reporter Darren Rovell
  - AT&T Stadium sold out of every WWE Championship Title belt and the average person spent \$26 at the event.
  - That's more than double (\$2.3 million) the total of WrestleMania 24 in 2008, according to the [WWE](#).
- [Business Insider](#) reported that Netflix is looking to follow in the footsteps of Disney and Time Warner by leveraging their hit shows and movies by creating unique merchandise lines.
  - Experts project merchandise could generate over a billion dollars for Netflix.
  - Netflix executives believe the positives will be two-fold: not only will the merchandise directly drive revenue but having visible merchandise will also act as advertising and increase the popularity of their hit shows.

<sup>18</sup> <http://www.cnn.com/2009/SHOWBIZ/06/03/forbes.celebrity.list>

<sup>19</sup> <http://www.insidermonkey.com/blog/11-movies-that-sold-the-most-merchandise-405780/>

<sup>20</sup> <https://www.milb.com/milb/news/minor-league-baseball-announces-its-top-25-teams-in-licensed-merchandise-sales/c-308858476>

<sup>21</sup> <http://www.sportstailgateshow.com/2016/11/report-global-licensed-sports-merch-to-nearly-double-by-2024/>

<sup>22</sup> <http://www.uwbaddgers.com/news/2016/7/1/general-the-future-is-now-behind-the-partnership-with-under-armour.aspx>

- Bloomberg [suggests](#) that Netflix, with the success of its 'Stranger Things' franchise, is beginning to angle for a piece of the \$122 billion consumers spend on licensed entertainment merchandise.
- In 2021, Kanye West broke the [record](#) for the highest-grossing U.S. tour event based on in-person merchandise sales alone, according to Billboard, which began tracking touring data in 1990. West's DONDA listening event at Mercedes-Benz Stadium in Atlanta alone grossed \$7 million in merchandise sales.

## Distribution of Licensed Merchandise

Licensed goods are available in retail department stores, chain stores, league-sponsored retail outlets, games/events and online. Licensed merchandise is made available through many channels of distribution.

Consumers can purchase licensed products in a wide variety of outlets, ranging from team stores, online websites, retail outlets and specialty stores. Special promotional deals create partnerships between the licensor and the licensee to help boost store traffic.

## COLLECTIBLES AND MEMORABILIA

Like licensing, collectibles and memorabilia represent an incredibly lucrative segment of the sports and entertainment industry. According to the New York Times, there are 5 million autographs collectors in the United States.<sup>23</sup> According to Collector's Digest, the sports autograph market is worth \$500 million.<sup>24</sup> Overall, the Sports Memorabilia market, currently valued at \$26.1 billion, is predicted to eclipse \$200 billion by 2032.<sup>25</sup> In entertainment, a piece of music memorabilia is sold every 15 seconds on eBay.<sup>26</sup>

### Notable sales of collectibles and memorabilia:

- 1992: McDonald's offered a McJordan Burger (a quarter-pounder with cheese, onion, pickles, barbecue sauce and bacon). The dish came in limited markets, making the secret sauce limited as well. In 2012, a gallon of that sauce showed up on eBay for \$10,000.<sup>27</sup>
- 2012: A 1928 World Series home run ball hit by legendary Yankee Lou Gehrig was auctioned off, ultimately fetching \$62,617 (with the seller using the proceeds to help her son pay off his medical school debt).<sup>28</sup>
- 2013: The uniform Don Larsen was wearing when he pitched the only perfect game in World Series history sold for \$756,000 in an online auction, including a 20% buyer's fee above the final bid of \$630,000.<sup>29</sup>
- 2014: Prior to the 2014 World Cup, 1,283 "collectible" gems were created using legendary Brazilian soccer star Pele's hair (1,283 represents the total number of goals scored throughout his playing career) with [estimates](#) placing the cost of the souvenir somewhere in excess of \$4,000.
- 2015: The only ball from the 2015 AFC Championship Game (the infamous "deflategate" game) known to be available publicly sold for \$43,740 in a recent auction.
  - Click [here](#) for a video clip covering the story from espn.com.
- 2016: Shortly after his death, gloves worn by Muhammad Ali for his "Fight of the Century" vs. Joe Frazier sold for \$606,000 at an auction, more than \$218,000 more than what memorabilia collector Jeff Rosenberg paid for them just two years prior.
  - According to [abcnews.com](#), a jock strap believed to have been worn by Joe Frazier in that fight was also sold in 2016 to an undisclosed buyer for \$10,200.

<sup>23</sup> [http://en.wikipedia.org/wiki/Autograph\\_club](http://en.wikipedia.org/wiki/Autograph_club)

<sup>24</sup> [http://www.collectors.com/articles/article\\_view.cfm?artid=3604](http://www.collectors.com/articles/article_view.cfm?artid=3604)

<sup>25</sup> <https://www.pnnewswire.com/news-releases/26-1-billion-sports-memorabilia-market-to-climb-200-billion-mark-by-2032-market-decipher-301580489.html>

<sup>26</sup> [http://half.ebay.com/help/sell\\_music.cfm](http://half.ebay.com/help/sell_music.cfm)

<sup>27</sup> <http://www.usatoday.com/story/gameon/2012/10/15/michael-jordan-mcdonalds-secret-sauce-chicago-bulls-nba/1633917/>

<sup>28</sup> <http://newyork.cbslocal.com/2012/07/10/lou-gehrig-1928-world-series-ball-fetches-62617-at-auction/>

<sup>29</sup> <http://www.usatoday.com/story/sports/mlb/yankees/2012/12/06/don-larsen-perfect-game-uniform-sold/1751461/>



- 2017: Steph Curry's game-worn jersey from Game 3 of the 2017 NBA Finals [sold](#) at auction for \$135,060, breaking the previous record of \$100,040 for Kobe Bryant's final All-Star Game jersey.
- 2017: A pair of Converse sneakers that Michael Jordan wore during the 1984 Olympic gold-medal game [sold](#) at auction for \$190,373, the highest price on record for a pair of game-worn shoes.
- 2019: The official scoresheet from Wilt Chamberlain's legendary 100-point game [sold](#) for \$214,000 at an auction while a game-worn Babe Ruth jersey became the most expensive piece of memorabilia of all-time when it [sold](#) for a record \$5.64 million.
  - Click [here](#) for an infographic that examines the market for autographed sports memorabilia industry from SCC's Pinterest page.
- 2020: According to [Bleacher Report](#), over 50 pieces of Kobe Bryant's memorabilia were sold at auctions for astronomical prices after the iconic NBA legend tragically died in a helicopter crash in 2020.
  - A Lakers championship ring Kobe gave to his mother was sold for \$193,000.
  - One of Bryant's rookie cards sold for \$110,400.
  - Shoes worn by Bryant in the clinching game of the 2001 Finals sold for \$67,200.
  - A scorer's sheet from Kobe's career high of 81 points signed by Bryant sold for \$22,800.
- 2021: A 1952 Mickey Mantle — one of baseball cards' holy grails — [sold](#) for \$5.2 million, setting a record for the most expensive trading card ever and nearly doubling its value since a 2018 sale.
- 2022: A rare first edition Pokémon card, worth an estimated \$25,000 in 2018, was [sold](#) for more than \$300,000 at auction

Sales of collectibles and memorabilia, trading cards in particular, skyrocketed during the COVID-19 pandemic, and emerging technologies like NFTs and other digital collectibles like NBA Top Shot were drivers of market growth.

- During the pandemic, a 2003 LeBron James game-worn Cavaliers jersey sold for \$371,200 while an autographed Mike Trout rookie card sold at auction for \$922,500. The price tag set a record for a modern-day trading card.
- Thanks in part to "The Last Dance" documentary that drew millions of viewers who were stuck at home during quarantine, Michael Jordan memorabilia saw a huge increase in interest
  - A pair of game-worn, signed Jordan shoes went for \$560,000
  - A [ticket stub](#) from Michael Jordan's NBA debut sold for nearly \$25,000
  - Two autographed Michael Jordan cards that each sold for more than \$150,000; a non-autographed Jordan rookie card that sold for \$99,630

# Licensing Process

## WHY DO ORGANIZATIONS ENGAGE IN THE LICENSING PROCESS? <sup>67</sup>

**Several key factors contribute to the mass appeal of licensed products:**

1. Intangibility of sports
2. Consumer affinity for their favorite teams, leagues, celebrities and/or brands
3. Brand awareness

Licensing provides greater profit, promotion, and legal protection for the licensor. The licensor approves the product and collects the licensing fees and royalties. For example, Warner Brothers grants permission, for a hefty fee, to Electronic Arts to use the Harry Potter character for the development of video games. Yet in the business of licensing, both licensees and licensors see some advantages and disadvantages.

### Licensee advantages:

- Positive association with the sports or entertainment property
- Greater levels of brand awareness
- Help to build brand equity
- Receive initial distribution with retailers
- Expanded and improved shelf space
- May be able to charge higher prices
- Potential to lower advertising and promotional costs
- Increased possibility of success and profitability
- Connection with an athlete, sports team, entertainer, or corporation

### Licensee disadvantages:

- Athlete, league, celebrity, organization or sport may fall into disfavor
- Success depends on athlete/celebrity performance
- Styles change quickly
- Royalties and licensing fees can be expensive
  - According to reports, FIFA had generated \$150 million annually in its licensing deal with EA Sports, but was seeking \$1 billion every four years for the rights
  - In 2022, EA Sports [dropped](#) the license, ending a relationship that had dated back nearly 30 years
- Manufacturing costs and risks
- Competition can drive up costs associated with licensing fees
- Competition can have a negative impact on market share

### Licensor advantages:

- Expansion into new markets
- Increase its brand equity
- Minimized risk
- Enhanced company image and publicity
- Increased profit from fees and royalties
- Increased brand awareness or recognition





### Licensors disadvantages:

- May lose some control over the elements of the marketing mix when an outside party sells products connected to the licensor's brand
- Potential for licensee's manufactured products to be of poor quality, potentially creating a negative perception of the licensor's brand

## How Does Licensing Work?

### Basic steps in the licensing process:

1. Licensees pay a licensing fee.
2. Fees include the ability to use specific logos, slogans or other trademarked images for use in the creation of company products.
3. Licensees take on production issues and assume the risk by manufacturing products.

### Licensing in the music industry:

1. When you hear a Missy Elliot or Busta Rhymes song while watching a Doritos/Mtn Dew [advertisement](#) during the Super Bowl, the brand likely invested a significant sum of money for the rights in a licensing fee for the rights to use the song in a commercial.
2. Examples of music licensing are all around us:
  - Listening to the radio
  - Watching a movie and hearing music during a particular scene
  - Listening to music on Spotify online
  - Hearing music in a restaurant or store
  - Watching American Idol contestants perform hit songs from various recording artists
3. The rights to use music through a license are bought and sold every day and can sometimes come at a significant cost.
  - According to Variety, the cost to advertisers for using licensed music in Super Bowl commercials ranges from \$100,000 to \$750,000 for more iconic songs with longer terms.<sup>30</sup>

## How Does Licensing Impact You As A Consumer?

### Counterfeit Goods

Counterfeit products are fake or unauthorized replicas of the real, actual brand-name product. Typically, these products are made with cheaper materials and are of lower quality and sold at a much lower price point. Because of high demand for licensed products and the wide distribution channels, both licensees and licensors are forced to deal with rampant counterfeiting.

Authorities are often on the lookout for knock-off versions of licensed products, especially when the stakes are highest (playoff games, for example).

### Counterfeiting Examples:

- Soon after the announcement that the Atlanta Thrashers NHL franchise would relocate to Winnipeg, Jets merchandise began appearing all over the Internet, despite the fact the franchise had yet to begin manufacturing any licensed merchandise. In an article appearing in the Winnipeg Sun, the newspaper reported finding a sweater described by an online site as being authentic with a price of just \$28, however, officially licensed sweaters are expected to fetch closer to \$130.<sup>31</sup>

<sup>30</sup> <https://variety.com/2019/music/news/songs-for-screens-super-bowl-synchs-music-publishers-1203127755/>

<sup>31</sup> <http://aol.sportingnews.com/nhl/story/2011-08-07/counterfeiters-reportedly-forging-profits-from-winnipeg-jets-knockoffs#ixzz1UxIhV0eB>

- Major League Baseball uses a hologram sticker that makes a T-shirt or hat an official MLB product, making it easier for fans to identify counterfeit merchandise. MLB runs undercover investigations against merchandise counterfeiters year-round, but it ramps them up every year for All-Star week.<sup>32</sup>
- The NFL has adopted policies to help decrease the number of counterfeit products being sold online.
  - Anyone selling NFL licensed goods on Amazon now must list the licensee supplying the goods and the site includes a “turnoff switch” that can be employed if counterfeit products are detected.<sup>33</sup>
- According to the [Star Tribune](#), police screened more than 1,700 cars, seized 154 counterfeit tickets and confiscated 7,500 items of counterfeit merchandise at the 2018 Super Bowl in Minneapolis.
- Over \$2 million worth of fake World Cup merchandise was seized in 2018 as FIFA looked to take a more aggressive approach to combating counterfeiters, according to [Promo Magazine](#).
- According to [wnct.com](#), during the 2018 Stanley Cup Playoffs and Stanley Cup Final, the NHL removed more than 5,400 pieces of unauthorized merchandise from the market with an estimated retail value of approximately \$137,000.
  - In addition, over 2,900 listings for counterfeit NHL products were removed from online marketplaces during the postseason, representing an estimated \$385,000 in products
- In the month prior to the start of the 2020 Summer Games, Tokyo police [arrested](#) a man who had been selling 31 unlicensed Olympics-themed model planes and had raked in nearly \$3,000 in proceeds

To protect against counterfeiting, licensors often make sure to include a special tag or label that communicates to consumers that what they are purchasing is an “officially licensed” product. Many collegiate athletic programs have information online that encourages fans to “look for the label” when shopping for their favorite team-branded gear.

In another example of how the industry fights back against rampant counterfeiting, rockers Guns N’ Roses brought lawyers on tour with the band to find, and file lawsuits against, anyone illegally selling unlicensed merchandise. According to a story from [Bloomberg](#), the band says sales of counterfeit goods costs Guns N’ Roses tens of thousands -- sometimes hundreds of thousands -- of dollars in merchandise revenue every night they play a show. GNR has sold more than \$15 million of merchandise in the band’s history, and its website offers licensed goods ranging from from \$25 branded shirts to \$500 leather jackets, as well as a \$35 top-hat skull belt buckle, a \$30 Yo-Yo and a 500-piece jigsaw puzzle for \$25. Counterfeiters sell similar products for a fraction of those prices.



## Pricing

Licensing impacts you as a consumer more than just because of a risk of purchasing counterfeit goods. Because sellers inherit a higher cost to create products after paying licensing fees or royalties, that cost is passed along to you, the consumer. If a product is officially licensed, you (as a consumer) will spend more than you would for the same product that didn’t carry a label as officially-licensed merchandise.

<sup>32</sup> <http://www.scpr.org/news/2010/07/08/counterfeit-stars/>

<sup>33</sup> <http://www.sportsbusinessdaily.com/Journal/Issues/2016/03/21/Marketing-and-Sponsorship/The-Lefton-Report.aspx>

## The 3 P's of Licensing

To maximize sales of licensed merchandise, both the licensee and licensor must pay careful attention to the 3 P's of licensing:<sup>34</sup>

1. **Profit**
2. **Promotion**
3. **Protection**

### Profit

- Determine price points that will establish higher profit margins.

### Promotion

- Merchandise does not sell itself.
- Trained sales staff and effective promotion are the keys to higher sales volumes.

### Protection

- It is important to copyright or trademark all names, logos, or slogans associated with the product.
  - Michael Jordan has owned the trademark on his name since May 1988.<sup>35</sup>

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<sup>34</sup> *The Ultimate Guide to Sports Marketing*, S. Graham, p. 199

<sup>35</sup> Rovell, Darren (@darrenrovell). "Fun Fact: Michael Jordan has owned the trademark on his name since May 1988." 19 February 12. 10:02 a.m. Tweet.

## WHAT IS MERCHANDISING?

### Types of Merchandising:

1. In-house merchandising
2. On-site merchandising
3. Online merchandising

### In-house Merchandising

When the demand for licensed products is minimal, an organization may choose to handle their merchandising in-house.<sup>36</sup>

In-house merchandising refers to managing the merchandising process within the organization itself, rather than outsourcing or acquiring licenses. The key benefit to this type of merchandising is the probability of increased profits.

#### Steps in the in-house merchandising process:

1. Design the logo and slogan or tagline (if it is not already available)
2. Determine merchandise type, quality and quantity
3. Interview local merchants (vendors) and select the company that can best fit the organization's needs (on the basis of quality, type, quantity, pricing etc.)
4. Determine distribution outlets
5. Train sales staff
6. Prepare on-site merchandising strategies

If an organization feels an in-house merchandising approach is not the most efficient strategy, they may choose to outsource the effort to a third party. For example, the Big 10 Conference signed an exclusive deal with sports retail vendor MainGate to sell merchandise for its football championship and the men's and women's basketball tournaments.<sup>37</sup>

### On-site Merchandising

On-site merchandising refers to the process of selling licensed goods at the physical location of the event. The primary purpose is to maximize income for a sports or entertainment event.<sup>38</sup>

#### Four key considerations for a successful on-site merchandising plan:

1. The location of where the merchandise is being sold
2. The physical layout and appeal of where the merchandise is being sold
3. How well the sales operation is performed
4. The appeal of the merchandise or product itself

#### Best practices for selling on-site merchandise:

- The heaviest traffic for merchandising is upon arrival and departure.
- Test marketing is important to ensure the effectiveness of a good or service.
- Training of sales personnel varies with the event.

<sup>36</sup> *The Ultimate Guide to Sports Marketing*, S. Graham, p. 204

<sup>37</sup> <http://m.sportsbusinessdaily.com/Journal/Issues/2011/08/22/Facilities/MainGate.aspx>

<sup>38</sup> NC Education Center, Objective 7.0266.

## Online Merchandising (E-commerce)

Online merchandising, or e-commerce, is the process of selling merchandise on the Internet and through social media channels. Making merchandise available online or through social media creates new sales channels for a sports or entertainment organization's fans to purchase related goods and services.

Organizations maximize income by providing a customized shopping environment and allowing consumers access to a wider variety of products and services. Global e-commerce sales reached \$5 trillion for the first time in 2022 and are expected to grow exponentially to \$7 trillion by the end of 2025.<sup>39</sup>

### Online merchandise sales examples:

- After Toronto won the NBA Championship in 2019, sales of Raptors merchandise shattered online records.
  - According to [Blake Murphy](#) of The Athletic, the Raptors broke an NBA Store merchandise sales record in the days following the team's championship win.
  - Sales of a "Board Man Gets Paid" t-shirt (\$39) worn by NBA Finals MVP Kawhi Leonard at the team's victory parade sold out within two hours of its release on New Balance's website, according to [Sports Illustrated](#).
- According to [sportbusiness.com](#), the Kansas City Chiefs are the second-best-selling Super Bowl Champion of all-time. In the first hour following their 2020 Super Bowl win, 82% of merchandise sales were purchased on mobile devices, setting a Fanatics record.

### Advantages to e-commerce:

- Easier to control inventory
- Opportunity to offer exclusive merchandise
  - According to USA Today, sales at the NASCAR.com Superstore jumped 359% after Dale Earnhardt Jr. announced he'd be joining a new team — even though images of the new merchandise weren't yet available.<sup>40</sup>
  - An Albuquerque Isotopes promotion in which they changed the team name to the "Green Chile Cheeseburgers" for one night was so successful that the team had a hard time keeping merchandise in stock from the moment they put it on sale.
    - Said the team's General Manager in an interview with [KOB4 News](#): "The sales for the Green Chile Cheeseburger merchandise has been unbelievable. The demand has been something that has blown us away. We've had a hard time keeping it on the shelves and we've had to place multiple re-orders and we've had orders from all around the country, all around the world in fact. It's been a really unbelievable experience. This green chile cheeseburger phenomenon has been something we thought was really going to be good, but it's been tremendous."<sup>41</sup>
- Opportunities to reach out-of-market consumers
  - Minor League Baseball credits the advantages afforded by online merchandising for its sales growth (of the top 25 teams, all 25 have online stores using the MiLBStore.com platform).
    - According to Sandie Hebert, Minor League Baseball's Director of Licensing: "Our clubs continue to record online sales from around the world in addition to strong sales at their ballparks. The increasing popularity of Minor League Baseball, combined with the ease of online ordering, has created a tremendous amount of growth for our merchandise."<sup>41</sup>
  - Based on jersey sales, one of the most popular teams at the 2018 FIFA World Cup was Nigeria.

<sup>39</sup> <https://www.insiderintelligence.com/insights/worldwide-ecommerce-sales-to-top-7-trillion>

<sup>40</sup> [http://www.usatoday.com/sports/motor/nascar/2008-02-07-earnhardt-jr\\_N.htm](http://www.usatoday.com/sports/motor/nascar/2008-02-07-earnhardt-jr_N.htm)

<sup>41</sup> [http://www.milb.com/news/article.jsp?ymd=20160613&content\\_id=183791642&ext=.jsp&vkey=pr\\_milb&sid=milb](http://www.milb.com/news/article.jsp?ymd=20160613&content_id=183791642&ext=.jsp&vkey=pr_milb&sid=milb)

- According to [CNBC](#), the kits (uniforms), designed exclusively for the tournament in Russia, sold out online in minutes as Nike received more than 3 million pre-orders
- To put that into perspective, Manchester United (one of the most popular sports franchises in any sport in the world) sold the most soccer jerseys globally in 2016, with 2.85 million.

Online merchandising provides a great opportunity for mega events to maximize sales of licensed merchandise given the limited number of fans that are able to travel to attend the event itself. E-commerce allows event properties to reach consumers around the globe.

In 2021, no spectators were allowed to attend the Tokyo Olympics. Making merchandise available at a variety of online shopping sites allows both the licensee and its licensors to reach as many potential customers as possible. According to data from market research firm [JungleScout](#), Amazon saw a massive uptick in shoppers searching for officially licensed Team USA merchandise during the 2020 Games.

#### **Some of the most shopped items, based on searches on the e-commerce giant's website, included:**

- Team USA olympic apparel: up 2,681%
- Doll gymnastics set: up 545%
- USA basketball jersey: up 366%
- USWNT (U.S. Women's National Team): up 288%
- Megan Rapinoe jersey: up 232%
- Olympic party supplies: up 324%
- Olympic flag: up 165%

Overall, online retail sales of products using the keyword "Olympics 2021" on Amazon saw an astounding increase of 202,684% from the previous year.

#### **Disadvantages to E-commerce:**

- Security concerns in making transactions online
- Potentially higher distribution (delivery) costs
- Consumers inability to touch, feel or "test-drive" products before buying can be a deterrent and lead to higher return rates

The growth of e-commerce does not necessarily mean the end for brick and mortar retail however, as physical store fronts still provide organizations with a valuable opportunity to sell merchandise. Both brick and mortar and online retailers have gone "omnichannel", meaning customers can shop online from a desktop or mobile device, via phone, or in a brick-and-mortar store, and the experience would be seamless. Brands recognize that consumer habits have changed, and the way brands approach the shopping experience has evolved as a result.

#### **Omnichannel merchandising example:**

- Following the team's relocation and subsequent rebrand (the Mobile BayBears became the Rocket City Trash Pandas) upon their move to Huntsville, Alabama, the franchise set a sales record when they sold \$2 million in licensed merchandise.
  - According to [waff.com](#), the team's original retail location was too small to handle the number of visitors and they were forced to move to a new location.
  - Nearly 76% of all Trash Pandas merchandise was sold at the team's brick and mortar store.

## UNIT 6 KEY TERMS DEFINED:

**Brand Extension:** The use of a successful brand name to launch a new or modified product or service in a new market

**Branding:** The use of a name, design, symbol, or a combination of those elements that a sports organization uses to help differentiate its products from the competition

**Corporate Brand:** Represents an entire company or organization

**Licensee:** A company or individual paying for the rights to use the licensor's name or property

**Licensing:** Refers to an agreement which gives a company the right to use another's brand name, patent, or other intellectual property for a royalty or fee

**Licensor:** A company or individual granting the license

**Product Brand:** Represents a particular product of a company or organization