

## A LOOK AT LICENSING

Licensed candy can boost brand equity and create excitement in c-store aisles

Even with seven of the top 15 chocolate brands in its portfolio, Mars, Inc., based in Hackettstown, NJ, realizes the importance of licensing and the benefits it offers.

Rob Auerbach, president of CandyRific, located in Coatesville, PA, says his company's philosophy is to introduce a product or platform generically and see if it sells. "Even a great license can't save a bad product. A product that sells generically can give a good license a boost in sales," he says.

Auerbach likens licensing to a tenant and landlord relationship. "The licensor is the landlord, has equity in the product and is lending its value to help drive sales. The licensee is renting the property from him. "As a licensee, we have to be more selective, because our buyers won't support everything we have to offer," he explains.

There are challenges in terms of selling brand licenses, which are evergreen or long-term, versus the short-term movie or television show license.

"For the confectionery buyer, it is a simple equation. They know M&Ms licensed products sell, so the risk is not as big," Auerbach says. However, with a movie license, the risk is greater because product sales are based on the film's box office success.

Consequently, CandyRific focuses on evergreen licenses, rather than being dependent on movies. "We try to be where others aren't," Auerbach says.

Seasonal licensing is another option for manufacturers and retailers who may prefer to make a short-term commitment. CandyRific offers M&M Easter and Halloween light-up fans in this segment.

### Timing is everything

Evergreen licensed products have long shelf lives, unlike candy with movie or television show themes or packaging.

But there are always exceptions to the rule. For example, Cavalier says although the Cars movie was a hit back in 2006, it has received a lot of mileage and its license is still popular today. "Movie licenses tend to have a one year to 18-month shelf life," he says. "However, Disney is the strongest licensor out there, so we tend to keep an eye on what they are doing."

CandyRific had a Shrek movie license with Dreamworks Studios that helped drive sales. "We get a huge spike when the movie first comes out, sales peak when the movie has been running and then another peak occurs when the movie is released on DVD," Auerbach explains. "Movie and fashion properties burn really hot, but aren't evergreen [like brands are]."

For this reason, the company limits its short-term licenses. "We will do a property, like a movie license, once a year to boost sales. We don't like to work with these licenses too often or invest too much money in them, because it is a risk if the movie doesn't pan out," Auerbach says.

Where movie licensing is concerned, CandyRific sticks to sure things, like the Shrek sequels and the upcoming Madagascar 2 movie, which will have a weekly television series on Nickelodeon prior to the film's release this fall. If the Madagascar television series is a hit, Auerbach expects the corresponding merchandise will become Evergreen.