

2012: Virality Builds Brands

Change Accelerates as Apps, Social Media, and DTC Build Brands

T-Mobile's commercial ads spoofing flash mobs were brilliant. Not only did the ads go viral themselves, but they played on the spontaneity of flash mobs and the idea of not wanting to be left behind. T-Mobile products became a must-have item for those who wanted to be in the forefront. Virality builds brands.

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Let's travel back in time a bit. In 2007, CONSOR wrote in *The Licensing Book* about the underlying "state of denial" in the licensing industry and the assumption that "branding" would cure all licensing problems. Then in 2009, CONSOR pointed out that the licensing industry was in crisis mode and branding was no longer enough. The mood switched to optimism in 2010 with encouraging new licensing frontiers opening up. Last year, CONSOR discussed the constancy of change in retail and social media, and the trends in branding and licensing.

What does CONSOR say today? The pace of change has accelerated. With evolving technology, exciting changes in branding and licensing happen day-to-day. The whole process is a collaboration between traditional forms of marketing and consumers. Licensees and licensors need to stay on top of the rapid changes taking place in order to stay in the race. Multiple strategies can

help you go viral—positive or negative. Let's discuss what's changing right before our eyes.

Consumer Loyalty Comes from Collaboration

Consumers still love their brands. How they are staying connected to their brands has changed, however. As we

discussed previously, "branding" is no longer enough. You have a brand, but how are consumers getting their hands on it? The retail environment is changing the way brand-loyal consumers shop. These consumers are not just looking for the hot new product. They want the newest edition of their favorite product, and the newest limited-edition designer version of this product. These products become part of a loyal consumer's persona. With the physical retail environment changing, the brand must find a way to stay in the hands of these loyal consumers.

Consumers are not going to the electronics store to look for a new phone. They are anxiously waiting for Apple to release the newest version of the phone they already love, paired with the Michael Kors case. The Apple Store online describes it best: "Fashion meets function."

Apple followers are devoted, loyal consumers who allow the brand to become a part of them. A recent study from KAE, a consulting firm out of the UK, determined that 43 percent of survey respondents who already owned at least one Apple product would leave their existing bank if Apple used its funds to open its own bank. When asked why, two-thirds of those loyal consumers said they would transfer their funds solely because they trusted Apple. On this basis, with U.S. and UK populations, an Apple bank that opened today would instantly have approximately 37 million customers. Loyalty is the goal.

To create this kind of loyalty, brands must find a way



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to get their product directly to consumers. Brands must nurture the connection. We will discuss what brands need to consider as they develop, nurture, and collaborate with their loyal consumer base.

1. Going Direct to the Consumer

Look at the lifestyle of today's consumers. The majority of them have the attitude of Veruca Salt, from the Willy Wonka stories, and are demanding, "I want it now!" Retailers and licensors get this and are responding by providing more direct distribution channels.

2. Temporary Distribution Channels

Temporary distribution channels have been rapidly growing in the past two years and have become an effective branding trend as a direct-to-consumer technique. These temporary outlets can take several forms.

Temporary channels include mobile stores (think of it as a lunch truck for clothing) and stores within stores. Target is embracing this concept with The Shops at Target, which launched in early May. These local temporary boutiques are a partnership with small businesses, the first round being:

- The Candy Store (San Francisco, Calif.)
- Cos Bar (Aspen, Colo.)
- Polka Dog Bakery (Boston, Mass.)
- Privet House (Greenwich, Conn.)
- The Webster (Miami, Fla.)

3. Limited-Edition Reinvented (Get It While It's Hot!)

Pop-up stores are fantastic opportunities for brands and licensees to sell around an event or a season. During the recent NFL Draft, the NFL Shop at Draft pop-up store in New York City housed merchandise from a variety of NFL licensees, including Nike, New Era, Under Armour, Wilson, and Forever Collectibles. The pop-up was only open during the month of April.

The pop-up shop concept isn't new, but designer brands have changed the game. Major brands are taking the opportunity to pop-up wherever and whenever they want using interesting spaces, such as Puma's three-story shipping container "city" that gets shipped all over the world and includes a bar, a shoe store, and

an art room. Another example is the unique design aesthetic utilized by Kate Spade's dome shop.

Pop-up shops give the brand flexibility, and meet the consumer's immediate wants. They are the reinvented "limited edition." Consumers can follow the locations of the shops through the brand's social media communications. Pop-up shops allow a brand to create an environment that engages the consumer, accentuates the product, and drives the need for the "I want it now" consumer.

4. Direct to Retailer

We mustn't forget that direct-to-consumer many times is, in practice, direct-to-retailer. Target has been successful in retailing Apple products, as well as retail exclusives from designers such as Jason Wu, Missoni, and Alexander McQueen. H&M has sold Versace and Marni labels.

Retail exclusives allow designers to release a limited run of product direct to the everyday consumer. The designer maintains control of the brand, while the consumer gets to share in the excitement generated by these brands.

Retail exclusives are not to be confused with celebrity-branded lines, as discussed below, which have also been quite successful for stores such as Kohl's and Sears.

5. Virtual Stores

Virtual stores are the online version of a department store. They should allow the consumer easy access to the product they desire from anywhere. Additionally, virtual stores can be a great platform to showcase your product line, allowing the consumer to pre-shop. Direct-to-consumer success through virtual stores has been evident with such brands as Ralph Lauren, 40 percent of whose operating margin came from online sales last year, and with Macy's, whose online sales increased 40 percent in 2011's fourth quarter.

EMarketer has forecasted that U.S. online shoppers



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will spend \$224.2 billion this year, up 15.4 percent from 2011, a more optimistic prediction than previous forecasts. As William Lynch Jr., CEO of Barnes & Noble, will note in his keynote address at the Internet Retailer Conference & Exhibition, “The Web has become the engine that drives retailing.”

The key to success with virtual stores is letting it connect the consumer to the brand.

6. New Direct Channels

New direct channels are popping up everyday. Getting your product directly to the consumer whenever the consumer has the desire to buy allows you to take advantage of every possible sale. Capitalize on the consumer’s “I want it now” buying power.

Look for these direct channels as a starting point to get the conversation going in-house:

- direct to India, China, and other geographic locations
- direct to eBay
- direct to QVC, HSN, or The Shopping Channel
- direct to TV
- direct to new retail channels
- direct to virtual stores

Direct, direct, direct to the consumer—but how is the consumer involved?

Being Social Is Being Viral—Using All Social Media Platforms

Does your brand have a social media strategy in place? If not, what are you waiting for? Social media is key and currently the king of the game. The acceleration of change in branding and licensing trends is a direct result of today’s consumer being involved. Consumers are the driver, and social media gives the brand an outlet for letting the consumer drive.

1. Impact of Social Media on Direct to Retail

When the consumer has an affinity with your brand and a feeling of ownership, licensed products will sell faster. This allows you to focus those sales.

A whimsical campaign photographed by Tim Walker, reminiscent of his extravagant yet romantic style, resulting in a scene that could have been right out of *Alice in Wonderland*, was placed on Sixth Avenue in New York City, taking up 5,000 square feet. All of this, just to promote Target’s first collaboration with designer Liberty of London. This pop-up store, combined with the hype developed through print, commercial, and a viral social media campaign, left a four-day, 300-item collection, one location pop-up, sold out on opening night.

Shortly thereafter, the Target-Missoni collaboration ramped up the scale. It opened an 8,000 square foot pop-up—a 400-item collection—showcasing the bull’s-eye logos, Missoni’s signature pattern, and a home to “Little Marina,” a 25-foot-tall doll, that was all part of a social media campaign for the launch. Again, the five-day pop-up store sold out within hours of opening the second day and concurrently disabled the Target retail website within three hours of the release.

Target understands the essential combination between the direct-to-consumer and





product from Polka Dog Bakery at The Shops at Target

social media platforms. Target's collaborations demonstrate how the impact of social media in branding and retailing is growing. At one time, your online strategy must-have was a website. Now, the essential need is a social media strategy.

2. Consumers Are the Driver

We find that brands that are not afraid to let the consumer have input, and those brands that also respond, get better results than those that tend to ignore issues or refuse to let consumers be "social." PulsePoint, a management and digital consulting firm, recently conducted a survey of marketing executives. They found that 84 percent claimed social media campaigns raised the effectiveness of their brands. Additionally, companies with an "extensive social engagement presence" reported ROIs more than four times that of companies that did not engage in social media. This is not something to ignore, and collaboration is the key.

Social media won't save your brand, but it will take you down if you are not paying attention.

Get your brand strategy in place. Social media is not a place to throw all your ideas at the wall and wait to see what sticks. It is important to strategize which social media outlets are right for your brand and your message. CONSOR will discuss some of the options you should consider.

Regardless of how you proceed with your social media strategy, social media is here to stay and, if used properly, can improve your consumer base.

3. Social Media Strategy

What should your brand focus on when developing its social media strategy?

- **THE BIG TWO:** Facebook and Twitter. Yes, every-

one knows about the big two, but why are they the big two social media platforms? Because they are the most effective way to create buzz for your branded and licensed products. (Facebook alone had 845 million active users worldwide as of December 2011).

- **VISUAL PINBOARDS:** Quickly becoming the third most popular social media platform, and not likely to go away soon, Pinterest is the one to watch when it comes to a brand's influence over consumers. Here again, the consumer influences their followers by what they pin, which very well may be a re-pin from your brand's pinboard. Pinterest users are able to click back to a website, where, hopefully, they will purchase your branded and licensed products.

Successful Pinterest campaigns include Victoria's Secret's Pinterest Challenge, and Kotex's Custom Goodie Baskets based on their Pinterest boards. The brands listened to their consumers and rewarded them. Real time, social media communication.

Another similar new platform is The Fancy, which seems to have a more direct link to purchasing methods, and personalizes your possible shopping needs through direct emails to the consumer.

- **JOINT AND GROUP PLATFORMS:** Foursquare and Facebook Check-In. Depending on what type of brand you are, location sharing can help create a buzz around your brand. American Express has partnered with many Foursquare locations to offer discounts and accumulation of points for future rewards, such as the Barista Badge and random gift cards. The buzz is also created when friends check-in to certain places, which make followers want to go and visit too. Foursquare and Facebook users also post why they are at those certain locations. CONSOR uses these check-ins to announce what books we are buying and the lunch destination of the day.

- **GROUP BUYING PLATFORMS:** Consider using Groupon, Living Social, Gilt Groupe, and other group buying platforms because these offers are often shared via Facebook and Twitter. Again, these platforms help create the buzz when friends are buying; think of it as a type of "keeping up with the Joneses." But don't overuse this platform, or your brand will become one associated with a discount mentality, or the "I only buy it when there's a coupon" mentality.

continued on page 134

continued from page 36

There are a number of social media platforms, and brands can easily get lost trying to accommodate all different types of consumers. Don't get lost in the maze. Find a few that work with your brand, and remember to stick to the mission of your brand and your brand's products. In order to stay on top of the game, you can't spread yourself too thin. Remember how quickly the buzz may come and go. Solidify your 15 minutes of fame, and go on to get an additional 15 minutes with something new. Then, continue to solidify with other social media platforms.

Don't think that social media is the only aspect of your marketing strategy. Social media won't replace traditional methods, but should be used in concert with traditional marketing (print, broadcast, online) and in collaboration with DTR, DTC, and mobile methods.

Apps Build Sales and Consumer Collaboration

1. Staying Mobile and Selling Product

Disney, Coca-Cola, BMW, IBM, General Electric, Sony—what do these brands have in common? They all have

mobile applications. Disney alone has more than 600 apps. According to Distimo, an app store market data firm, more than 90 percent of the top 100 brands had mobile apps by the end of 2011. For the luxury market, Gucci, Louis Vuitton, Saks Fifth Avenue, and Gilt Groupe are the most frequently downloaded apps by wealthy consumers.

Another form of DTC, many mobile apps contain catalogs, store finders, and “how-to” sections. Within some retail stores, their apps use barcode product comparisons, provide coupons, and keep shopping lists current.

2. Build Fun into Your Mobile Apps

Fun mobile apps help your brand and licensed products, too. The fun factor in mobile apps, such as gaming apps, keeps consumers interested in following the brand. Some fun popular apps include the *Hershey's Chocolate Milk* app (add in

milk for a refreshing drink through your virtual straw), the *Virtual Zippo's Lighter* app (good for those emotional concert moments), the *Barclaycard Waterslide Extreme* app, and the *Audi A4 Driving Challenge* app. Fun, relevant, and memorable.

3. Apps Becoming Products

We must mention the success of *Angry Birds*—the game app that became a licensing phenom. The number of *Angry Birds* products is overwhelming: stuffed animals, key chains, clothing, books, board games, flip flops, and more. There's even an *Angry Birds Land* in a Finland theme park. It may be worth it for your brand to partner with a popular game. Mobile apps keep the consumer constantly in touch with your products, in practical and fun ways.

Only a year and a half ago, the average consumer spent an average of 64 minutes a day surfing the Web, with more than 43 minutes a day spent on mobile apps, according to data from Flurry Analytics. By mid-2011, those numbers flipped, and by December, consumers spent a daily average of 94 minutes a day on apps in comparison to 72 minutes a day on the Web. Which side is your brand on?

Technology Is the Edge in Good Branding

Does your brand or trademark incorporate technology? Could it? Look to sell technology, not just a trademark or a brand. Today's changing technology is not just a method to drive the consumer to your products; embrace technology within the products themselves and they will attract the consumer. The Jetson's lifestyle is quickly approaching and consumers want technologically advanced products. Licensing partners can help your brand capture that edge. Let's look at a few examples:

- Kenneth Cole uses the Gentle Souls technology, which has been applied to its shoes, providing increased comfort in the soles typically found in athletic shoes. The technology is highly desirable, especially for extra high heels.

- Life+Gear creates innovative everyday products with added life-saving capabilities. Eco-friendly products are prepared for life's emergencies, such as water-



licensed product
from Tech 4 Kids

proof flashlights that glow and flash, key chain flashlights/glow sticks, and survival kits.

- Columbia's Omni-Shade sun protection technology helps block UV rays from reaching your skin. Consumers don't have to worry about reapplying sunscreen and can stay outdoors much longer. The Omni-Shade technology fits right in with Columbia's mission of being a leader in the outdoor apparel industry.

Technology is the edge that drives consumers to new products.

Don't Forget the Licensee

Remember brands and their licensees are working together. It is to everyone's benefit to share distribution and marketing channels. Make it a team effort when forming distribution channels, social media strategies, and developing products. Collaborate with each other, while collaborating with the consumer.

Consumers Are the Brand

So, what's the biggest change CONSOR notices? People are the focus. The celebrity is the brand—and the celebrity can be the PTA mom who has 800 followers on Facebook. Social media has made both entertainment celebrities and neighborhood celebrities our friends, and consumers continue to trust what friends recommend.

Kohl's has continued to profit through a down economy, taking advantage of celebrity brands and their social media following. Through the past few years, Kohl's has continued to add celebrity clothing lines, which started a few years back with Britney Spears for Candie's. With the success of that limited promotion, its store space now is consumed by celebrity faces, such as Vera Wang's Simply Vera, LC by Lauren Conrad, and Lea Michele for Candie's. And most recently, former celebrity couple Jennifer Lopez and Marc Anthony each created separate lines with joint promotion.

This is not exclusive to clothing, and we are seeing what formerly was known as endorsement now turning into established celebrity product lines. Look at Bobby Flay, a celebrity chef whose popularity exploded with his Food Network shows. In the past, you would

see someone of Bobby Flay's status putting his endorsement on an established product—think Tiger Woods and his Nike sponsorship—but now, increasingly, celebrities are creating and selling their own product. Bobby Flay doesn't need to endorse someone else's products; he can just develop his own. And with distribution in more than 1,100 Kohl's stores, plus Bobby Flay's social media connection to his fans, he instantly becomes more than a household name. Don't just cook like Bobby Flay, use the products he created.

Consumers Are Your Friend—Literally

Social media has blurred the lines between personal friends and celebrities.

On Twitter you can get up-to-the-minute updates from your family, your favorite brands, and your favorite celebrities with no differentiation of postings. After a while, the consumer begins to trust them all the same. Are you making that kind of connection with your consumers?

Even Ford has used the average Joe as the new celebrity in its broadcast ads (actual Ford owners at the press conferences). The guy-next-door endorsement is just as valuable as the celebrity endorsement.

Whether it is through more efficient DTC methods, mobile apps, or social media platforms, the focus has shifted to the consumer. And to keep the attention of the fickle consumer, your brand needs to generate constant buzz. It's definitely a challenge for brands and their licensees. Create the buzz through the consumer, stay collaborative, and the virality of your products will be the reward.

CONSOR encourages The Licensing Book readers to collaborate with us. Contact Weston Anson, Susan Bailey, or Lacy J. Lodes, Esq., through www.consor.com.

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