

Chorion's recent acquisition of Copyrights and the news that Entara and Parthenon have combined their resources to create 'a new force in family entertainment production and rights management' is big news for the industry. These announcements have prompted many to speculate on the 'future of licensing' and more specifically the role of the independent agency.

Takeover Talk

When reviewing the marketplace, there is no doubt that there is a 'premier league' in rights ownership, marketing reach and brand development. Key property owners such as Disney and Warner Bros are obviously in this premier league alongside companies like Entertainment Rights, HIT and Chorion. All these have the structure, the resources and the rights.

One of the key advantages of this type of company is the level of resource and focus they can bring to bear on a specific licensed property. Marketing plans and spends are centralised with a view to optimising them. From talking to licensees this can certainly help with the sell-in of a property and in securing retail presence. Theoretically, there are also advantages in cross brand activity – for example, HIT can leverage its DVD activity in coordination with its licensing partners.

In the case of Copyrights, its acquisition gives Chorion access to an enhanced portfolio of classic rights and it allows Copyrights (and its clients) the potential to widen its international reach. Domestically, I would anticipate that it should help the sell-in of rights into retail with the increased spend available from Chorion.

Undoubtedly there will be a period of 'bedding in' and both companies will need to work hard to appreciate each other's working models and company cultures. There may well however be some rights that do not fit into this new model. Not all rights benefit from a total brand management approach. A challenge for Chorion in this situation is developing a working model that allows owned rights and third party rights to sit alongside each other.

Downes And Out

This kind of mixed portfolio will require careful handling and Copyrights has the experience in this field. Third party clients and their business need to create different situations to those faced when handling your own properties. There are practical issues such as reporting activity, deal selection and approvals.

Nevertheless, as I remember from my time at Fox Kids where we had a

mixed portfolio of owned rights and third party rights, there are other challenges to overcome. Often the biggest one is perception – are you favouring your own property over third party rights? This kind of problem is easily resolved by proactive management and clear lines of communication. It is also hard to forget that other people need to be consulted on key decisions – it is not just an in-house decision anymore. Inevitably there will be other practical considerations to take in, such as how the properties are marketed together and portrayed at trade events.

Economic issues will also come into play as rights will attract different margins depending on the commercial terms of representation. Broadly speaking, my experience was that the two types of rights could sit together. However, there were times when decisions had to be made between properties which created additional pressures within the business.

In situations of this kind, it is also essential that portfolios are

Above: Ian Downes (bottom right) with the two co-founders of Bang On The Door Karen xxx and Sam xxxx with many of BOTD's international agents.

Right: Showing that there are different working models, Start Licensing recently advised The National Gallery on its licensing strategy. Start's role was to help build a licensing roadmap which The National Gallery will then use to develop the programme themselves.

“A challenge for Chorion in this situation is developing a working model that allows owned rights and third party rights to sit alongside each other.”

undoubtedly attracted to the international reach Chorion can provide them. I would

developed which are complimentary. Presumably, one of the attractions of the Copyrights portfolio was that it allowed Chorion to reach new consumer groups, new retailers and new product categories enhancing its current offer. For Copyrights' clients they are

imagine some of the rights holders will be monitoring the situation carefully to see what the reality of the new structure is.



Foreign Climes

International rights management is an interesting challenge in its own right. There are very few companies who can offer total representation internationally, or manage their rights throughout all markets directly. In most cases, local third party agents feature on most property representation rosters. This requires careful management and can take

up a lot of time. However, there are methods to make this management task less onerous and more efficient. One of the advantages of using local agents is they bring local knowledge and can provide original thinking for a property. With Bang on the Door, Start Licensing (my company) has just helped appoint agents in a number of international territories. Each agent

has developed a strategy for their market which works at a local level and reflects local needs. Importantly, it optimises the centralised structure of Bang on the Door. It is a labour intensive process but driving a brand's growth internationally can be very rewarding and, with the tough market conditions in the UK, it is sensible to expand your markets.



Does Size Matter?

In this climate of consolidation, the question of whether size matters holds even greater resonance. There is no question that it does. While the Brand Licensing show was a successful venture for my company Start, it is clear that some of the retailers who visited the show confined their activity to taking meetings and presentations to the 'big companies'. In scenarios where time and space are limited, 'big' companies probably do win out as they can grab attention more readily.

In the changing market, the independent agent, big or small, cannot afford to stand still. Key areas that will be important are idea generation, new business development and service. As rights consolidate, this creates more opportunities for the independent agent. There will be rights holders who do not feel they fit into the larger business models. I think there will be more rights available to the independent agent.

There may well be a shift in the type of rights available; specifically, rights in the pre-school and early school TV market may become less accessible to the independent agent. This is in part because of the ownership of such rights and also in part due to the fact that broadcasters are taking a more active interest in ancillary revenues.

I would also anticipate that more production companies will seek to build their own in-house licensing models. A good example of this in practice is Chapman Entertainment which is handling the licensing of Roary the Racing Car directly in the UK.

The independent agent generally has to have a portfolio of rights to operate successfully. There is a balancing act to be achieved in portfolio development and management. It is important to have a portfolio that works well together but also has the ability to provide year round business opportunities.

Independent agencies come in different shapes and sizes but one attribute that they all seem to share is the ability to move quickly and to recognise new market opportunities. Often the larger rights owner structures have set business models. This can make it difficult to develop certain opportunities and hamper new business developments.

There is also scope for independent agencies to specialise in particular aspects of licensing - expertise that can be valuable for rights holders.

There is almost certainly going to be more consolidation over the next year as companies look to grow through acquisition and diversify their portfolios rapidly. However, this does not mean that the whole agency sector will move in this direction. Independent agents have an opportunity to provide rights holders with bespoke solutions. The challenge will be making sure their voices are heard in a marketplace with some strong voices in it.

Top: Does size matter? Ian Downes at The Light Fund Quiz night with the legendary 'Big Pants' that were about to be presented to the team with the lowest score awaiting the announcement from Danilo's Trevor Jones.

Right: Pre-school rights may become more difficult for independent agents to take on as the rights of programmes like Roary the Racing Car (licensed by Chapman Entertainment) are handled by the production companies themselves.

