

# Kid's Licensing & Merchandising

How to build a successful brand



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# How to build a successful brand



Maximising a brand's potential in the children's market is increasingly complex and licensing products now provides a key opportunity to extending a brand's success.

To create an iconic brand, one that's cool and is a must have item with children, there needs to be an emotional link. It's about developing a story and creating a bond which the child loves and engages with.

Capitalising on a brand's potential is all about maximising presence; creating licences across as wide a range of categories as possible from toys, movies, and games; to food, fashion and toiletries. Ultimately the more integrated the product is to the brand the greater the propensity for the child to engage.

However there are an increasing number of barriers which influence and determine a brand's success in the children's market. In addition to mums acting as gatekeepers, children are becoming sophisticated consumers from a younger age. There is also mounting competition in an already crowded market place, dominated by a few lead licenses.

At Playground our team have been working alongside leading children's brands for many years, helping them to develop and grow children's licensing opportunities. We've provided an overview of some key influencers which need to be considered and understood to ensure the success of your brand.



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# Mums are the gatekeepers



We all recognise the power mums wield when it comes to managing family budgets. As seen over the past five years, for many shoppers their behaviour has changed beyond recognition.

Our Shopper Barometer 2014 study highlights that the majority of us (53%) will never revert back to pre-recession behaviours.

Whilst an element of positivity is creeping back into the economy these changes in behaviour mean that it is more important than ever for brands to not only need to appeal to kids, but work harder than ever to appeal to parents.

This is vital as parents are the first point of contact with merchandise in both supermarkets and on the high street. Mums will discuss items with their kids at home, or when out shopping and will be sensitive to the needs and wants of their children; however, they are unlikely to be experimental or take a risk.

From pester power, in-store marketing, packaging, impulse and ultimately brand power...

The role of pester power does of course remain pivotal and will often be a balancing act. For example, when purchasing clothing parents will look for quality, durability, practicality and crucially value for money. Kids want something that makes them feel special or a brand that they and their peers think is cool. So trade-offs begin.

There are a variety of ways of getting close to understanding the relationship parents and kids have with their shopping experiences. Accompanied shops can be highly effective in identifying how a range of influences, from pester power, in-store marketing, packaging, impulse and ultimately brand power, can win the day.

They also provide some surprising results... When we compared shopping actually bought against shopping lists, mums were surprised at the amount they had bought that was influenced by their kids!

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It is often children that draw parents' attention to new or upgraded products...

Children will learn through friends, peers, school teachers, advertising and other outside influences. They will inform parents as to when the latest kids movies are released, upgrades on their favourite apps are available, or even when the latest meerkat advert is out! This is especially true in the technology sector where parents readily acknowledge that their kids know more than themselves about electrical entertainment items.

However a word of warning; products can be hot one minute and totally uncool the next so understanding why kids tastes and attitudes change presents an additional challenge for brands.

## Parents readily acknowledge that their kids know more about the latest technology trends

While attending the recent Toy Fair we saw first-hand a product revival ready for round two. The Tamagotchi craze that swept the nation back in the nineties has been re-worked and is set to captivate a new army of fans.

With the influence of technology in the development of kid's toys firmly in our mind, we must remember that with kids growing up using tablets and other devices, they will be shaping the role of digital services and products of the future.





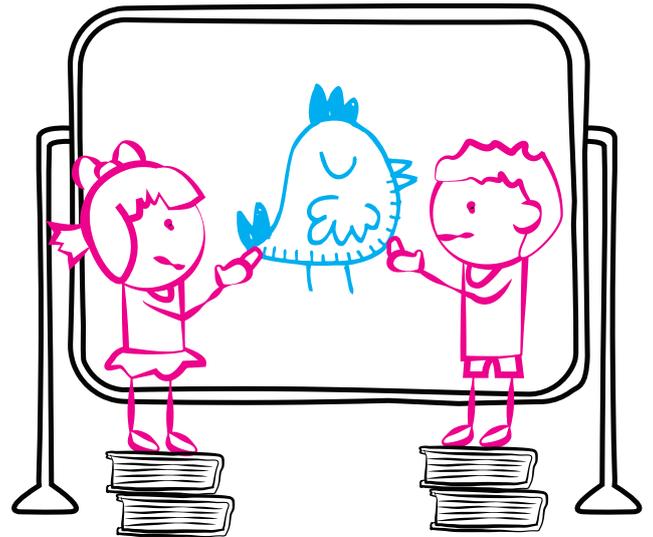
Children's purchasing desires are ever more sophisticated and brand loyalty is formed through exposure to brands from an increasingly early age.

We believe that a complete understanding of brand opportunities can only be gained by identifying how kids engage with products; from playing with toys, how they watch entertainment, to identifying what they eat.

For example, when it comes to that must have toy, there are key factors that will determine how the toy is categorised; from the playability of a product, content appeal and shareability, to peer influences and desirability.

Perceived social responsibility is increasingly important for any brand. Children will learn by example and a parent's influence will be key to determining how socially responsible they are. They will naturally become more socially aware with age and whilst parents will have an initial influence, opinions will be further developed by friends, their peers, school teachers and others.

It is these influencers who will help form the opinion of any brand. Parents' opinions as a first point of contact are also key; from determining if certain clothes brands are appropriate, to if a new toy range is suitable for their child.

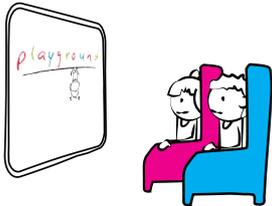


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## Consumers' expectations will vary across product ranges



**Entertainment:** Items are generally centred on DVDs related to film or TV series. These in turn are the conduit for providing key opportunities to develop a brand across a wider range of products.



**Clothing/apparel:** These need to fulfil mums' need for quality and also 'social acceptability'. Children are increasingly fashion conscious from a younger age and parents are constantly trying to maintain a balance between exerting parental control on purchases versus accommodating the child's own tastes.



**Food & drink:** There is often a constant battle between parents and children; where parents strive to buy the healthier option, balanced against the risk that the child won't eat it. Healthy products will always improve perceptions of a brand. For example, a yogurt featuring a Disney character is always going to be more appealing in the child's eyes and for a parent a yogurt will generally be seen as a healthy product and hence it's a 'win win' situation for manufacturer and licensee.



**Healthcare & household:** Character themed healthcare and household items will often be purchased as tools to encourage a desired behaviour. Let's face it, we all know how difficult it is to get kids to clean their teeth and that's why branded toothbrushes are in most households. The same will go for items from clocks to learn to tell the time, to wipes and potty training! In addition, items are purchased simply because the child has an affinity with and likes the character.



**Dolls/soft toys:** Amongst younger girls and boys there is a higher ownership of pre-school characters as soft toys rather than action figure dolls. These play an important 'comfort' role for younger ages whilst older more aspirational characters are more likely to be owned as action figures.

**Toys:** As mentioned these must meet the child's play needs, for example role playing and storytelling. Film merchandise toys will tend to be purchased based on the child's relationship with the character; for example with girls it's often about (character) role play and re-enacting scenes from the films.

**Publishing:** Content must be age appropriate and fit a usage occasion for both the parent and child. This is a difficult category for licenses to get the right balance, between age appropriateness of content versus appeal for the character.





TV and programme content is what can make the difference and is for many children the starting point for building awareness and engagement in a brand.

Merchandising tie-ins are now integral to a brand's extension and its success, although the media content itself is crucial to deliver a winning brand. We work directly with leading children's TV executives to evaluate the potential of programme ideas and programme content to ensure appeal and brand success.



Programme sponsorship and advertising in a children's context plays a critical role in making children aware of items, as well as creating desire and appeal. For example, it will impact on the way children influence mums' supermarket purchase behaviour.

Whilst children will look to influence everyday food and drink items, the role of advertising also has a direct bearing on children's awareness and engagement with products they do not personally have a need for. For example, child-driven requests for items such as toiletries and household goods, may be fairly infrequent, but will still lead to purchase; indicating strong opportunities for advertising influence in these areas.

## Multiplatform Channels

From the ever burgeoning number of digital TV channels in which to promote products through advertising and sponsorship, to creating an online experience through social media, via apps and games.

In terms of TV, brands and media agencies need to work hard to identify and understand when an association with a channel or programme will be a good brand fit. This also places an emphasis on media networks to understand their audiences as well as developing an understanding of what sponsors or advertisers should be doing, to ensure their station or channel is the best fit for them.

Brand partnerships are integral to developing brand associations and broadening product appeal. There are a range of research solutions that can be used to help measure, evaluate and understand media sponsorship and advertising.

When measuring campaign effectiveness and brand partnerships alongside broadcasters and media buyers, it is important to focus on the important measures that link back to key KPIs and consumer behaviour. Our range of products includes Campaign Optimiser, designed to measure the relative effectiveness of different platforms in a multimedia campaign; something our clients find more and more important as media consumption blurs amongst the kids audience.





# Who's got the power?



Getting retailer buy-in is the key challenge and it's important for brands to maximise their product range across a wide retailer base.

For brands, gaining space in leading retailers provides credibility and trust in the eyes of parents and kids alike; and the breadth of where you are seen also plays an important part in reinforcing your brand's values.

However, with finite shelf space, getting your branded products in ahead of your competition is not easy. Having a broad appeal, across ages and sexes will help increase buy-in for the supermarket/retailer. For example, if you can increase brand appeal from three to five year olds to three to eight year olds you will clearly have a stronger offer for supermarkets and greater revenue potential for your brand and the retailer. The more niche, the less likely you are to get that priceless shelf space.

Mums will often try to shop without their children and their in-store experience will dictate what is seen and what is overlooked. If you're not on display, then your brand will be losing out. With busy lives mums will often not be aware or have the patience to seek out anything which is not in view.



## Understanding licensing & the merchandising landscape

At Playground we have a long history of working with leading children's brands and we understand how to research kids. We have a range of products that put us at the heart of understanding the brand as well as opportunities to help develop that brand across the children's market, in terms of franchising and licensing of children's merchandise.

From a research point of view understanding a brand's appeal and how it will potentially work across a range of licensed products, engagement through survey design is crucial. With years of refinement all our approaches have been developed to be creative, innovative and fun; whether it's online, face-to-face or using mobile and social media. Ultimately we ensure kids remain engaged and inspired when completing surveys. Additionally, we are able to utilise a wealth of analytical expertise to help maximise understanding from our findings.

We use qualitative research approaches to help our clients understand kids and family behaviour; their lifestyles and relationships with brands, across the entire brand lifecycle and across all touch points. Our range of qual methodologies is vast, but covers everything from traditional focus groups to online communities.





## The authors



### **Chris Bland - Research Director**

Chris has over 10 years quantitative experience and has worked with some of the biggest kids brands across the globe with a key focus on media and technology.

Whether running brand tracking for international kids TV channels, testing the potential of a new game, or exploring how to maximise the merchandising potential of various kids icons, Chris delivers the numbers in a visually engaging way, whilst telling the story of what clients need to know.

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### **Kirsty Koch - Research Director**

Kirsty has worked in the industry for 10 years and is a qualitative specialist.

She is a key member of the kids and youth team and has worked on a range of qualitative children's projects, covering topics as diverse as programme testing, merchandising, channel launches, reading and tween fashion.

Clients include Turner, Nickelodeon, New Look, Disney and Egmont among others.

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## About the business



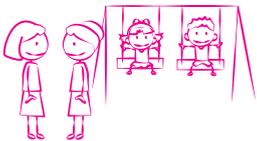
**Playground** was launched in 2014 and is the kids & family research arm of SPA Future Thinking. It provides clients with a greater understanding of the way kids and families think and behave. We work with broadcasters, manufacturers, publishers and retailers to help understand their tastes, influences and behaviours. We also offer a full range of off-the-shelf and bespoke research solutions, to deliver insight that will aid strategic and tactical decision making for our clients. Playground also has some unique and exciting aspects, specifically:



**Our Families** - a longitudinal study engaging with five families in the UK, aimed at providing a continuous dialogue to identify and understand the realities of family life in today's world



**Playground Monitors** - our panel of leading industry experts including teachers, media consultants and psychologists who have been selected to act as an external authority on projects across all areas of work. Their role is to add value to a project where their knowledge and experience will help provide additional insight and strategic direction



**Playground Chatter** - an online tool used by a network of mums, dads and kids to enable the team to field questions and keep in touch with families lives.

For more information go to [www.playground-research.com](http://www.playground-research.com)



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