

Licences and Joint Ventures – Focus on investing in partnerships



Didier Guérin, President & CEO of Media Convergence Asia Pacific, Australia, got the scoop from both licensees and licensors in the first workshop at WMM: Licences and Joint Ventures – Focus on investing in partnerships.

Licensees **Dr. Jeong-Woo Kil**, President & CEO, JoongAng m&b, Korea and **Julie Sherborn**, Managing Director, ACP Magazines Pte Ltd, Singapore joined licensors **Sandra Gotelli**, International Publisher and Head of Licensing, Mondadori International, Italy; **Bob O'Donnell**, Director, International Publishing, Playboy International, USA; and **Rosemarie Wallace**, Regional Managing Director – Asia, Reader's Digest, Singapore

on the panel.

Guérin's first question was a juicy one, asking licensees what kind of fees they pay to their licensors. JoongAng tends to follow the market standard of around five per cent. As for ACP, most of their magazines are a joint venture but generally, royalties can be around eight per cent or more.

The licensors were put on the hot seat, asked what kind of fees they charge. Mondadori, Playboy and Reader's Digest all have different models but range from five to 12 per cent.

"We're very generous in a start-up," said Wallace. "We would typically start with about five per cent and the highest we have is between 10-12 per cent – a deal which has been going for many years. In some situations when we have seen our licensees going through difficulties like during SARS, we gave breaks to some of our partners, giving them a royalty holiday for a period of time."

All of the licensors were emphatic that they offer more than just a name and a few pictures.

"Licensees get the rights to all trademarks, the use of everything that appeared in US *Playboy* for which we have worldwide rights, access to an extensive extranet site, thorough marketing, photo archives, clinics and annual conferences with workshops and information exchanges, and an interface with all other platforms," said O'Donnell.

"Our editors around the world have access to a global editorial Ethernet," said Wallace of Reader's Digest. "We provide training support, promotions and direct marketing support, and we're very strong in sharing best practices."

At Mondadori, Gotelli said they have staff devoted to training the teams worldwide. They also offer a syndication service for pictures and content at very low rates. In addition to support for marketing, advertising campaigns and promotion, they also have an advertising task force based in Milan that sells international editions of their magazines to advertisers in Italy.

As far as content goes, each company varies on how much material is picked up from the licensor and how much is created locally.

"We try to generate between 60-70 per cent by ourselves," said Sherborn. "But if you look at something like *Harper's Bazaar*, it's not all rights and you have to pay editorial or content fees because of the nature of the content. With *Cosmo*, on the other hand, it's all rights and you have access to all content."

Dr. Kil said that only about 20 per cent of their content is created locally and the editors and marketers are getting frustrated because they can't use their own content and creativity.

So how much interference do licensors exercise in the creation of editorial content?

At Playboy, "We have approval of all magazines in advance but that's not very practical with 24 issues around the world every month," said O'Donnell. "We work very closely with the first several editions until they fully understand the framework. After that, we occasionally monitor or critique and then every few years, we push for a redesign or tweak."

Gotelli said that Mondadori gives several key guidelines that they suggest their partners should follow to achieve a successful magazine. "At the same time, we have to cooperate with the local partner because we know they have a good relationship with their local market," she said.

Reader's Digest has a very strict framework because there is only 30 per cent local content. "We give a huge amount of support and are very involved with our editors," said Wallace. "With a new partner, we'll typically ask for some back translations for some local stories so we can get an idea of how they're putting things together."

But as Sherborn commented, it's often a case of "let's get the content right, let's get the positioning right" and then the involvement of the licensor lessens.

When asked if it was really worth paying all the money to a licensor, Sherborn responded diplomatically: "As long as you've got a sound business plan and it's part of a sound business strategy of your own business, yes. It's up to the people on the ground to make it work. It's worth it but it's a two-way thing."

In the end, it really is all about relationships.

"We have made a lot of wonderful friends over the years," said O'Donnell. "Once you're in the Playboy family, you're always in the Playboy family."

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