



A STRATEGY FOR BRAND LICENSING

Objective

A leading telecoms provider asked members of the Millward Brown Optimor team to develop a licensing strategy to benefit from a ten-year agreement with a retail-focused manufacturer.

Background

A leading telecoms provider signed a ten year license agreement with a consumer-focused technology company that designs and manufactures telecommunication and electronic learning products sold worldwide through key retail channels. Our client needed a licensing strategy to assess the fairness of its royalty rates and to identify licensing opportunities within the existing agreement.

Analysis

Members of the Millward Brown Optimor team segmented the analysis into two key consumer markets and performed a valuation of our client's brand in each of these segments. The analysis determined what drives the purchase decision for consumers and the role played by our client's brand. In addition, pro-forma financials were developed as well as a competitor brand benchmarking. The potential added value for the manufacturer through the use of our client's brand was then calculated.

Recommendations

Our analysis enabled us to recommend royalties that were assigned based on the portion of value created by our client's brand for the manufacturer's business.

Action

The valuation exercise enabled our client to identify the appropriate royalty rates for the manufacturer and to re-negotiate a successful licensing deal conducive to meeting the company's business targets. The analysis also identified licensing opportunities within the existing licensing partnership.

Results

The pervasive outcome of this work was that brand valuation became implanted within our telecoms client as a tool for ongoing licensing strategy as well as for general brand management, brand strategy development, and for the resolution of brand issues. The brand value tool has been used in various settings including corporate brand repositioning and M&A related scenarios.