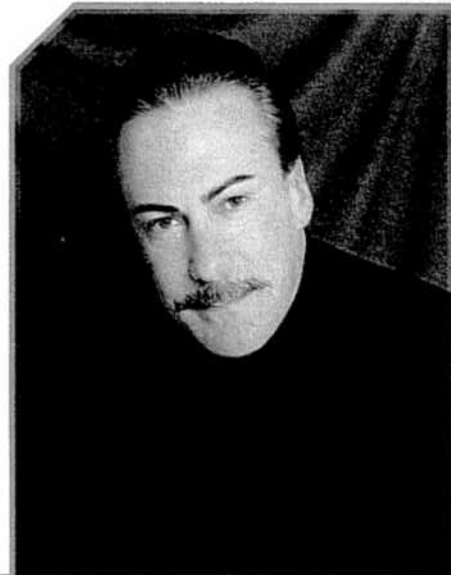


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Ken Markman, president of KKM Global Brand Strategies

KKM Global Brand Strategies is a brand, business development and licensing management company specializing in corporate trademarks, entertainment and media brands. The company is structured to build brand equity for domestic and international companies seeking global potential, linking consumer habits with consumer products. Ken Markman recently spoke to *The Licensing Book* about the cultural and emotional relevance of trademark brands, the next emerging economies and how the architecture of the business deal has changed.

BY MATT SCHEINER



***The Licensing Book:* What are some of your newest clients and their newest licensing partnerships?**

Ken Markman: KKM has a balanced blend of media, entertainment, trademark and corporate clients whose businesses touch a global market. We have three basic disciplines: brand strategy, licensing and brand management. Simply, we map, monetize and manage our client's brands.

KKM currently works in four territories of the world: Europe, Asia, Australasia and the U.S. This year, we will also be working in Central America on a government-supported food brand that will soon be launched in the U.S. It's a slight departure for us, but we think of branding and licensing as a discipline, in the very same way that those who do packaging and brand identity approach the business. Our role is to map the product's brand extension into adjacent categories and to work with both private and government enterprises in establishing long term success. The opportunity is similar to the work we did for AWB (The Australian Wheat Board) and The Ice House in New Zealand.

KKM will also reinvest its interest in kids and classic properties this year.

***TLB:* You work with a good blend of brands and entertainment properties. Are you noticing one area becoming more popular than the other these days?**

KM: We work in both categories. In our opinion, it's not necessarily a function of popularity as much as it is the capriciousness of the consumer and market dynamics. Trademarks are expanding into

categories far beyond their origins (look at fashion, sports and automotive) while entertainment properties are falling victim to a commoditized marketplace with the recourse being to throw more properties into the marketplace, which only compounds the issue.

Our collective view is that trademark brands are attempting to be culturally and emotionally relevant, engaging and, as a result, irreplaceable. Entertainment properties, however, are desperately trying to be "brand built," hoping to create longevity and, as a result, establish long term asset value. Each has swapped and adopted the other's business fundamentals.

The result is that both are becoming inseparable, forming what we call a brand culture. It's a setting where symbols are text and images are language for a consumer-centric universe that thinks in pictures.

In the end, everything is a form of entertainment and everything that *is* takes the form of a brand. Ultimately, both become indistinguishable.

***TLB:* You have taken something as simple and routine as The Weather Channel and really marketed it into a trusted brand with DVDs, and the *Weather on the 8s* CD. What is your licensing and representation approach to brands like the Weather Channel and ultimately, what makes a successful brand for licensing?**

KM: We approach a client's brand with one, single perspective — the consumer's. It's that simple. Everything else has a tendency to get in the way.

We ask ourselves these simple questions:

'What's the promise?,' 'What's the take-away?,' 'How do you want to be remembered?' and 'What does it mean to me...(the consumer)?' Mythology, relevance and a consumer's emotional connection with the brand creates the alchemy of consumerism. Answer the questions. Find the truth.

Identify the category you want to own, penetrate it and surround the category with licensees. Then you control it. Too many people in our business try to own a channel of distribution when in fact they should be focusing on owning a category. Consumers purchase products in all channels of trade, and when they do, they should consistently be consuming your brand. Just ask Budweiser, Coca-Cola or Ralph Lauren.

***TLB:* Are licensed brands still garnering attention at retail and with consumers?**

KM: Conventional wisdom is beginning to dictate that store brands are on the rise. This is not a new trend. During soft or down-turn economies, low priced generics and competitive house brands have a tendency to dominate consumer purchases and become a preferred staple. For the last 15 years we have not witnessed this cyclical consumer trend. The economy has sustained buoyancy, allowing brands to flourish.

However, today's marketplace is witnessing a "change-agent" in the form of discriminatory pricing models, which means there is a product and price point for every consumer, on any occasion, and that aspirational brand purchases are, again, becoming just that, aspirational versus everyday.

Contrary to popular opinion, it's a wonderful time for established brands to thrive. However, it

makes it more difficult for new or emerging brands to flourish or gain market share. The alternative for a new brand is to have it be introduced at a competitive, entry-level price point and over time, scale up with product performance features. The automotive industry has leveraged this strategy again and again.

TLB: I know you work with some international and independent movie studios. Why did you decide to partner with these types of studios? Do you think they have more to offer?

KM: We have worked with large and small motion picture and television production and distribution companies, including documentarians from Europe, animation companies in Asia, to American producers who now have their published works on *The New York Times* Bestseller List.

TLB: Is KKM an agency that looks to gain a lot of clients, or do you aim for having fewer clients, with deeper relationships?

KM: The company is 10 years old. We have retained many of our key clients and contacts for five, seven and even 10 years. While we have been retained by a host of businesses, across myriad categories, our focus is to have fewer, longer business relationships. This business requires time and commitment. We measure our reputation and success by it.

TLB: The retail sector has certainly changed over the years with more companies offering direct-to-retail deals and online offerings. How are you advising your clients these days in terms of retail environments?

implications on global trade and economics. If China is growing without an infrastructure to support product safety, what will that do to the global business of imports and exports? We have always supported self regulation and corporate compliance.

TLB: Are you noticing any trends in licensing overall right now?

KM: We all know what we know. However, we are all being guided by two dominating trends right now. The first is the speed of change. We all know about change. But what we have yet to recognize or even begin to understand is the *speed* of change. We have never witnessed this blur before. There is no model for it or behavior we can instantly engage in that will help us adapt to it. We are, in some ways, going through an evolutionary change and its

"Too many people in our business try to own a channel of distribution, when in fact they should be focusing on owning a category" — Ken Markman

What is abundantly clear in their success is passion. Big or small, it all comes down to that. Some of it unbridled. But, for the most part, those of us who work in this business know that the story is the star. It doesn't make any difference if you are talking about Barbie, Batman or bananas, everything has a story or it can't be told. And great brand stories, like characters, live with us for a long time. That's what I love — the stories. Help telling them is what we do.

TLB: Are you noticing any international regions that are getting really good at licensing these days?

KM: If you ask the people who are tracking emerging economies you'll find a consensus of opinion that touches just about every category of business. They are China, India and Russia. They all have a few things in common. They are largely undeveloped, have tremendous consumer potential and the sheer size makes any entrepreneur squirm. But, like all good things, timing, patience and presence will be the arbiter for success. In the short term I think Russia is a market that is rich and ready.

KM: Not every trend is timely for a brand. While direct-to-retail is a current trend and worthy of consideration, we don't automatically dictate it as a strategy. If anything, we may consider it for a product versus a line.

As for online retailing, we believe it should be part of a segmented strategy tied very carefully to product and price points. Online retailing is not just a revenue channel, it also serves as a consumer's catalogue, a brand awareness program and a promotional platform. So, we have a tendency to not look at it in any one dimension, but as a multi-layered platform for expressing, experiencing and consuming our client's brand.

TLB: The spate of toy recalls has really shaken up the industry and continues to do so. Have these crises affected how you work with licensing companies and have you or your clients learned anything from the fallout?

KM: Simply, it has made all of us think differently, and not just about toys. The implications go beyond safety, cost of goods and sustainability. They have

impact on social culture, human behavior and consumerism is what we watch and listen to everyday.

The second is the architecture of business. The deal. The traditional deal structures don't exist. Many years ago, when buying a house, you put money down on the deal and paid it off. Well, one day, as I was looking to buy a house, the seller asked, "What do you have to trade?" I thought he was crazy. Today, he's probably running a merchant bank, a hedge fund or a studio. And if he's not and he reads this, and I find him, I want him to start cutting our deals. Simply, the deal is the deal. There are no more rules.

TLB: What are some of your guiding business principles?

KM: Everything begins and ends with a consumer focus. Brands must have a mythology. Strategy is the DNA of a brand. Today, convergence, technology, speed and access are the tools of consumers, not marketers. A brand is no longer a product, service or idea — it is a message.