

## ICLA | CORNER

### COLLEGIATE LICENSING OUTLOOK FOR 2010 FROM A VENDOR PERSPECTIVE

The year 2009 will go down as the year of change in the collegiate licensing business. The economy has been a major facilitator for change. College bookstores have been forced to place tighter controls on their open to buys, resulting in less pre-booking and more “at once” ordering. This key change in buying philosophy has become an interesting challenge to all vendors as we try to forecast our inventories to fill an uncertain and ever-changing demand. As a result, vendors have had to make major adjustments in their production capacities to meet these new buying trends.



James McCollough



The past year will also be known as the year of “Social Awareness.” Vendors must place Fair Business Practices at the top of their priority list in every business initiative. Acronyms like “FLA” and “WRC” are now commonplace terms in every company’s manufacturing plan. We have witnessed enormous power of groups like the Students against Sweatshops and how their efforts are changing the landscape of the collegiate licensing business. Vendors have beefed up their internal audits of all of their offshore manufacturing facilities. Many companies, J. America Sportswear included, have taken an active role in tackling these difficult issues with the FLA. We are far from answering all these difficult questions, but progress has been made in 2009.

Vendors have also witnessed royalty rates from most top institutions rise into the double digits, resulting in rates jumping up to 20 percent in the past year. Royalty rates for special combo packs have risen to as high as 14 percent and most institutions have put in place a minimum royalty per unit on most basic products like tees and fleece.

We have witnessed a tightening of the licensing categories from the Collegiate Licensing Company (CLC) and many of its member institutions. Many large institutions have put in place plans to reduce the number of licensees that are authorized to distribute their brand. I understand that the reason for many of these changes is to streamline licensing efforts and to make it easier to maintain control on the policing of the brand. It has, however, made the market much more unpredictable and volatile while these institutions settle into their new plans. In the age of social awareness, institutions must be careful not to create monopolies as they position their brands to be represented by fewer and fewer vendors moving forward. The key to success going forward will be the ability to improve communications between vendor companies and the licensing departments. Improved communications will make it easier for vendors to work within the brand perimeters set by each institution’s licensing department. It will also help the licensing directors to better understand the vendor’s product offering.

Even after a review of the challenges of 2009, I look forward to 2010 with renewed optimism. The past year has forced us to improve all aspects of our business. In tough times, the weak are eliminated and

the cream rises to the top. J. America is one of the fortunate companies that has experienced growth in a tough collegiate market in 2009.

#### Vendors must focus on the following points for success in 2010:

1. A “Partnership Approach” to all sales efforts. This will be achieved through increased contact and communication with customers. This is a relationship business. Value added service is no longer a buzz word; it is a must in today’s market. College bookstores have been forced to cut budgets, and they are running lean. It is vital for today’s vendor to act as an extension of the bookstore’s buying department. Vendors must understand the special needs, strengths and weaknesses of each bookstore they service. Make it easy for the bookstores to do business with you.
2. Develop new buying programs that fit the economic times. Programs that reduce price, increase profits and offer turn key solutions that save time and labor to put in place.
3. Improve relationships and communications with the licensing directors of each institution. This will allow the vendor a better opportunity to be a better steward of the brand for each institution.
4. Devote more time staying active in college associations like ICLA and NACS. These organizations will help vendors understand the challenges institutions are dealing with in 2010. This will make it easier to fulfill current needs.
5. Take a proactive role in the discussions of the FLA and WRC, and become part of the solution to all of the social compliance issues that are at the forefront of the industry.
6. Be committed to continual improvement.

#### Licensing directors can make improvement possible in 2010 by:

1. Clearly communicating their brand objectives to all vendors. In my experience, failure always follows a lack of a clear direction. There must be a clear target in order to achieve goals.
2. Keep a level playing field through consistency. Make the rules apply to all vendors equally. This is essential fair business practice.
3. Take a proactive role in getting to know your vendors’ business.
4. Take the time to communicate with vendors that take a proactive role in your events at ICLA meetings. This is a perfect time to build relationships, communicate needs, goals and challenges. Take time to interact.

In closing, 2010 is the year of opportunity. Vendors must learn from the past, but be willing to make necessary business changes that adapt to the new challenges of the industry. Partnership selling and value added service is a reality. Building long lasting relationships is the key to success in this tight knit marketplace. Are you ready for the challenge?

Thanks for this article to James McCollough, national sales director, J. America Sportswear.