



## MARKETING AND LICENSING – A LINKED APPROACH

Fish for a day...or feed for life?

*Licensing Series – Part 2*

As you contemplate whether or not to license your product, you need a licensing strategy that is linked very closely to your marketing strategy. Without a “linked” approach you may risk limiting your licensing potential. In many cases, it will be your marketing strategy that will help you to identify licensing opportunities. If you are unfamiliar with marketing, then I strongly suggest you invest the time and effort to gain at least a fundamental understanding of marketing concepts. Of course, if you have the resources to conduct a formal market investigation for your product, then by all means, invest...as this will provide you with a great advantage.

I place significant relevance on a “linked” approach to marketing and licensing because your licensing decisions should be based a broader understanding of not just your product, but where its value lies...and that is in its marketability. The best and most successful approach to licensing is based upon initial marketing concepts. Some key things to consider as you begin to think about your licensing strategy are:

- ❖ Will licensing be your company's overall business strategy or be used as a means to source additional revenue to supplement your business?
- ❖ Have you filed a patent application? Have you secured a patent?
- ❖ Do you have a working prototype or a finished product?
- ❖ Have you begun selling your product?
- ❖ How well do you know your market?
  - Commercial (business), Consumer (household) or both? (each should have its own marketing strategy)
  - Market size/opportunity for your target market.
  - Industry
  - Competition - not just “who” but “what”
  - Do you know the 5-Ps to marketing your product?
    - Product – What are you offering?
    - Place – Who are you trying to reach and how will your product reach them?
    - Price – How much will you charge for your product?
    - Promotion – How will you promote your product to develop/increase brand awareness? (This one will also be important as you consider brand licensing)
    - Positioning – Essentially how will your target customer become to signify your product?

The answers to just these few questions will formulate a foundation for a licensing strategy. These are very significant factors that you will need to understand as you contemplate approaching a third-party to enter into a licensing agreement. If you can't sell them on the marketability (market potential) for your product, then you are likely to enter into a deal that won't give you the licensing returns you are seeking, or you may lose an opportunity completely. Certainly, there are many more factors to consider and as you begin to understand how marketing and licensing are 'linked' you will be better able to define your licensing strategy.

Keep in mind that while going out and catching that one 'big fish' may feed you for a while, if you take the time to fish a little longer and catch a few more...you will feed for a longer period of time. Don't think too opportunistically.

**Get to your know your product, its marketability and you will get to a stronger, more rewarding licensing arrangement.**

\*\*

Quick-start marketing resources:

Marketing 101: <http://www.smallbizu.org/m101/>

Small Business Planner: <http://www.sba.gov/smallbusinessplanner/index.html>

SCORE: <http://www.score.org/index.html>

Connect.org: <http://www.connect.org/programs/entrepreneur-frameworks-workshops/>