

Summer/Fall 2011

TOTAL Art Licensing



Paul Brent
The Leader in Coastal Design



Art Licensing

The future of

Roundtable

Predicting the future in anything is a difficult, if not impossible task. That said, the opinions and expertise of those with experience in the business can give valuable insight into trends moving forwards.

Our Future of Art Licensing roundtable brought together a panel of individuals, all involved in art licensing and all with significant experience and success in the business. We asked them some specific questions and their responses and answers are on the next couple of pages. We are sure you agree that it makes interesting reading.



Carol Eldridge
Carol Eldridge Designs



Ashley Morgan
Linda McDonald Inc



Linda Mariano
International Artists
Management Group



Ellen Seay
Paul Brent Inc



Tara Reed
Tara Reed Designs



Ketra Oberlander
Art of Possibilities



Dean and Lona Berko
Lifestyle Licensing

How do you see the art licensing marketplace at the moment?

Dean and Lona Berko: "Over the past few years' licensors have endured a considerable contraction in art and design licensing opportunities, due to the combination of global economic duress and the over-saturation of diverse art and design content that's so plentifully available. A major challenge is that, not only are they competing with thousands of other art and design content providers, they are also competing with licensors that market popular character, celebrity, lifestyle and fashion brands."

Carol Eldridge: "Due to the current economic climate, the art licensing marketplace is now a bit unsettled, but still very viable. Manufacturers are being cautiously optimistic by previewing designs for key accounts and making sure that the designs they select are from an artist with a good sales record. Manufacturers are skeptical of using unknown designers or those with little or no experience."

Linda Mariano: "Art Licensing has been impacted the same way as all of retail by the global recession and sluggish economies. Plus cautious consumers and general uncertainty have caused a decline in all licensing and related revenues over the past several years. The art licensing community is full of creatives who are predisposed to finding the positive response to a situation. Throughout these challenging times they have continued to surprise us with new properties and licensed programs. The strength of the Andy Warhol licensing program comes to mind as does the success of the Victoria and Albert Museum's program."

Ashley Morgan: "I see the marketplace rebounding...slowly. Our loyal clients are beginning to increase inventories, merchants are hopeful the 4th quarter will see them in the black, and artists will see

their revenues rising. Vendors are quite particular about choosing art, trying to be "different" from all others. This is an important aspect of the marketplace more now than in the past."

Ketra Oberlander: "Deteriorating and soon to collapse."

Tara Reed: "I believe the art licensing marketplace is more competitive than ever and evolving to adapt to the changing retail environment. I've been licensing my art since 2004 so while I don't remember "the good old days" I'm told about by those that have been in the industry much longer, I too have seen many changes. The consolidation of major retailers and their increased desire for private label art or exclusive products has changed the way art is licensed. The economy in the US has put a lot of mom & pop stores out of business – hurting the manufacturers who made a living selling into the specialty markets. Everyone is adapting and I see that continuing."

Ellen Seay: "The marketplace has definitely changed over the last several years, but currently I do find that manufacturers are starting to make larger commitments to licensed artwork again, whereas over the last few years they seemed to have smaller product introductions because of the economy."

Do you think it will improve over the next year or two? If so, why?

Dean and Lona Berko: "Manufacturers and retailers who have, so far, survived the global economic downturn, continue to weed out their under performing licenses and gradually reduce their unsellable inventories. The good news is, the dust is finally settling and manufacturers are once again beginning to cautiously reinvigorate their acquisitions of new licenses, which mean retailers are refilling their shelves with products that incorporate fresh licensed content."

Carol Eldridge: “Yes, I think things are improving in the art licensing arena and it’s actually much better than it was the last few seasons. But, I also think there is a “new sheriff in town” now. You really have to reinvent yourself as a designer and business person and be more flexible to continue successful work in this industry. The rules are changing. Advances are slow to come now, which is so unfortunate. The advances keep your cash flow current as you develop new designs that will generate royalties. Some companies are trying to push a lower royalty percentage, etc. You have to have good negotiating skills as well as good art skills. You can’t just develop a few patterns on the computer and think you can compete today. You need to be able to step up and show your full talents. The more skill sets you have, the better you will do in art licensing.”

Linda Mariano: “We heard some good retail news for 4th quarter 2010 that is hopefully the signal that we are at the beginning of a modest recovery. Consumers seem to be cautiously optimistic which will impact all of retail and therefore licensing – Art Licensing included. There is definitely a positive outlook for modest gains, but it will realistically be at least 2 or 3 years before we see a recovery in Licensing as a whole to the pre-recession numbers. Art Licensing has a history of falling in line with over-all Licensing industry numbers so we will watch and see if this still holds true in the new global economy.”

Ashley Morgan: “Improvement will be slow. It comes down to consumer confidence. Once it grows we will see sales rise across the board. Certain segments always perform better than others, and new companies always see the glass half full rather than half empty and are reliant on licensed artwork to give their products a boost. This will help drive the sales upward as well.”

Ketra Oberlander: “No. I see a continuing decline of licensing (both number of licenses and royalty rates) for art as the trend toward less choice continues.”

Tara Reed: “I think things are starting to level out – the stores and manufacturers that weren’t going to survive the economic changes are gone and those that are still here are adapting to the changes. Those left standing are the companies that have their finger on the pulse. They expect more from the artists than ever before but those that are professional and meet the needs of their clients will be able to make a living. While I’d love for things to be improving more quickly, I like to say that “we are trending in the right direction.”

Ellen Seay: “We are, of course certainly hopeful that the marketplace will continue to improve going forward. Many retailers have been very successful with licensed art and because of this I feel they will continue to request it from manufacturers for their stores.”

What do you see as the benefits (in the current economic climate) of a manufacturer or retailer taking on an art license?

Carol Eldridge: “The benefits of using licensed designs cannot be overstated. I think that bringing fresh new designs to products, particularly in this time of business downsizing, gives the consumer a reason to purchase a product. Licensed artists generally work solo in their studios somewhere. Each artist is unique with their own “hand” and style. That uniqueness brings a whole new look and feel to products since each one is created in their own individualized design. Let’s face it, the reason you buy a mug is for the design, that is what evokes the “aw factor.” Since so many companies have let their in-house design staff go, manufacturers now need to rely even more on the licensed artist. It is our designs that drive the sales, so it is important for companies to work with skilled designers who can bring new trends to the market place and fully understand product development.”

Linda Mariano: “The artist community is resilient and creative. Artists have proven that they can weather the challenges of sluggish retail and a decline in revenue. Over and over again, they have proven they can listen attentively and help the manufacturer with their strategy and product offerings. An effective partnership between artist and manufacturer can lead to amazing art and design exclusives, maximizing the latest hot trends and categories. Art Licensing can significantly differentiate the manufacturer’s product offering – giving them a unique opportunity with retailers and positioning with consumers. Of course, the possibilities of artist personal appearances and involvement in other promotion efforts can lead to further expansion of the manufacturer’s business. An impactful art license is a win 4 ways - for the manufacturer, the artist and ultimately the retailer and consumer.”

Ashley Morgan: “There must be a value of licensing. Otherwise manufacturers and retailers would use their in-house designers and not pay a premium for licensed artwork. We all know this. The question is, what is that value? For us, first and foremost, it’s the level of quality design that we can offer them. It is something we stress to our artists consistently and an important factor in whom we choose to represent. We want to offer potential manufacturers and retailers a

level of design that they can only get from us. Our artists must stay current with trends and be ready to offer new and relevant designs. We as agents have an important job to correctly match the right artist with the right licensee. Hopefully making a relationship that will be mutually beneficial. If a program is a success, it financially benefits all parties involved. That is what we try to stress to licensees. Our goal is to develop successful programs. Royalties are paid on sales so if a program isn’t a success it doesn’t do us or the artists or the manufacturer any good. There is no benefit to us to have a license get picked up if it doesn’t have legs and sell.”

Ketra Oberlander: “In this “new” consumer climate there are few benefits to a licensee for art licenses. Frankly, it’s an old-fashioned way to acquire surface design given the bland, undifferentiated look most retailers are supporting. Their aversion to doing anything visually interesting means they might as well buy stock images and own all rights.”

Tara Reed: “Licensing art is the perfect way for manufacturers and retailers to share the risk and decrease upfront costs. By licensing, they have access to a wider variety of art and pay based on performance – if a product line does well, the artist is rewarded along with the manufacturer and retailer. If it doesn’t, everyone makes less. Not having to pay for art up front, and then pay in-house or freelance designers to manipulate the art, saves money. That cash can then be invested in production as well as sales and marketing. It makes a lot of sense to me!”

Ellen Seay: “One of the major benefits would be taking licensed art from an artist that they have featured before whose products have performed successfully in their stores. Consumers identify with an artist’s work that they have previously purchased and by continuing to offer those art licenses to their customers, retailers can be sure to have the repeat business from those customers that they desire.”

How do you see your role in the licensing process? Has it changed? Do you find yourself more involved after the license has been signed?

Carol Eldridge: “I think my role as a hands-on designer has continued to be extremely important. I don’t work with an agent; I am working directly with the manufacturers. They know my experience level and they rely on me for my product development skills. I think more and more the designers who can “Think Product” will succeed in this market and those who just do 2-D art will not. It’s that simple. It is not enough to just paint a pretty design, you need

to demonstrate how that design will work on the products and create a whole line around the main theme of the design. I am not talking about computer templates. I am talking about designing original, creative skilled drawings and designs that reflect your imagination and bring something new to the table, not just a cookie cutter stamped out collection of the same old design repeated monotonously on a dozen items.”

Linda Mariano: “My role has changed over the last year since we started International Artist Management Group. We represent the intellectual property of established and emerging artists – to build their brand, develop their marketing, strengthen distribution, and expand and create licensing partnerships. In addition, I also work with artists and businesses to help them evaluate their goals and strategies. This involvement with multiple artists makes clear that there is still a great mystery around the questions of “what is licensing?” And “how can my art be on product?” So the upfront coaching and evaluation of an artist’s work is the important first step in the licensing process. A manufacturer simply doesn’t have the time or resources to devote to developing an artist and their work if they don’t already demonstrate that they are ready for “prime time.”

Then the involvement with the manufacturer after the license has been signed is critical. Down to what would seem the simplest detail becomes a joint responsibility in order for the product to have successful placement and sales. You wouldn’t want a calendar with a fall image representing March, or the reverse - a Mother’s Day card with a fall leaves blowing – no matter how beautiful the artwork. It all comes down to the details and those are as much the artist’s and agent’s responsibility as the licensee’s. And never forget that it can create a significant impact with the buyer when the manufacturer’s and the artist’s agent both attend a strategy meeting. It sends a partnership signal to the buyer that we are all engaged in the success of the program and product assortment.”

Ashley Morgan: “We are a licensing agency. We are the link between the artists we represent and the licensees/buyers. Our artists need to take their time to be artists – to design and create new images on a constant basis. We need a constant stream of new art from our artists. They develop relationships with our loyal licensees and those licensees always want to see what’s new. In order to always have new things to show the licensees we need the artists creating. They need to keep their finger on the pulse of what’s new in the marketplace, while at the same time staying true to their design aesthetic.

Our role as agents is to pursue new relationships and cultivate the existing ones we have. Both the role of artist and the role of agent is a full time job in itself.

A crucial element of what we do is cultivating existing relationships. Just because a signature has been placed we do not stop working with the account. We work with licensees on approving product design. It’s very important that the artist’s work is well represented and well translated onto the product. We oftentimes will work with the licensee to help them with the actual product design for a collection. Further along in the process we often do PR with the licensees – having the artist do meet and greets at gift shows, doing print media in industry magazines or for the sales departments of the vendors.”

Ketra Oberlander: “Our company had always planned to actively market our mission via our artwork so we’ve seen no change in this area. We work diligently to ensure the success of every licensed product we have on the market, including zealous PR and public appearances.”

Tara Reed: “My role has been evolving as my business has grown and as the needs of licensees have changed. I see myself as a partner with my licensees. For the most part, I don’t just hand over files – usually my art is a starting point and we then tweak things to make it an even better fit for products. There are times where I will be an advocate for a new trend – educating my clients on the next big thing as I see it. Other times I help with layout, color changes, etc. I also try to help co-market between licensees – if one is using a collection and another creates a complimentary product, I try to help find sales opportunities for both.”

Ellen Seay: “I have always been very involved with our licensees, but I do find that it does take more follow-up with them to continue to build our art brand within their product line. There is so much competition in the licensing industry that you have to build relationships with your licensees and keep new artwork in front of them to be considered for new product offerings.”

What general and specific trends do you see in the market? Do you see any reason for this?

Dean and Lona Berko: “Retailers and manufacturers are painfully aware of what the results can be from buying into a popular media or entertainment based property that quickly falls out of favor with consumers; products sitting on shelves that nobody wants and a warehouse loaded with dead inventory. Consequently, they are also vitally aware of the fact that a well de-

veloped art and design based property, has the potential to become evergreen, by providing a constant flow of new ideas and fresh content that generate long term reliability and success.”

Carol Eldridge: “I think in this current climate anything inspirational seems to be doing well. But, having said that, the market is now flooded with “Love and Live” and “Inspire and Motivate” sayings, so that too will soon become boring to the consumer. Innovation and Creativity are the keys to success in trend setting. As a designer, I have always felt that as artists, we should bring the trends to the market, not vice versa. I am proud to say that I have done that many times and continue to be a trend-setter in the giftware industry. Those who lead by example always fare better, although sometimes it is a tough sell convincing a client that a particular concept will fly when no one else is doing it. There is a lot of “me too” philosophy in giftware. Art reflects the times and with all the issues in the world right now, the economic climate, the tragedy of natural disasters, the unemployment rate, etc, people need hope and need to believe things will get better. Inspirational sayings fulfill that need.”

Linda Mariano: “In terms of Art Licensing, the trend is very clear as it is with Art in general. From where the economy has been over the recent past, people want something that brings them escape, relief from the reality of their everyday struggles - and a beautiful piece of art can take them there. Incorporating that artwork’s beauty, even joy and fun into product becomes an opportunity to make the art a lifestyle.”

Ashley Morgan: “Over the past few years the market seems to have an overall safeness to its trends. Perhaps because of the economic slowdown licensees don’t want to push the envelope too much with wild ideas and brand new concepts. This doesn’t mean that we aren’t seeing anything new. We are just seeing more variations of ideas and themes and trends that have been around already. For example, the coastal and seaside trend started years ago. When it started it was more beach, lighthouse (different idea/regional of the same theme), etc. Then it became all about shells. Shells, shells, shells. Now we’re seeing it growing/changing to also include seahorses, sea turtles and the like. So the them itself isn’t new, but it’s encompassing more.”

Tara Reed: “Inspirational and uplifting sayings continue to be everywhere in the market. I think this is in large part due to the economy – times are tight for many so they want products that remind them of the good things like friends, faith and family. Animal prints continue to be strong – the neutral print colors often paired

with a bright accent like hot pink, ruby red or lime green.”

Ellen Seay: “We pay significant attention to any coastal trends, which are shown in the majority of retail stores and at all wholesale markets. Since Paul Brent is a leader in coastal design, it is important for us to continually have introductions in this subject category that are unique and trend forward. Over the past several years we have branched out to create images that are consistently shown as trends in the marketplace such as roosters, coffee, desserts, and lodge to really give our licensees a good range of licensable art to select from.”

In terms of international business, do you see growing potential in this? Are there any markets you see as having particular potential or opportunities?

Carol Eldridge: “I think Asia is becoming a new market for us. The emergence of India and China and their growing middle class opens up a whole new market for American designers. Many designers are getting agents overseas to help them compete in this emerging market. The US market is still the biggest and still reaps the most volume in sales and money. For my business right now, that is where I am putting my focus, but I am always open to new opportunities and I will watch with enthusiasm as these markets become available for licensed artwork.”

Linda Mariano: “The Art Licensing marketplace is not unique to a particular place in the world. The consumers’ desire as mentioned above is something that is universal. The art that is appreciated in different countries and cultures may be different – although many times it is universal – the desire that art inspires is always there. Of course, the global marketplace that all of us are engaged in today with technology giving worldwide opportunities for properties, product, and promotions, you don’t have to be in England to be a participant in the popular trends there. Or in India to know the latest hot property. In terms of trends and markets, the globalization and accessibility of the worldwide marketplace promises to be THE most relevant opportunity for the expansion of the Licensing industry as a whole.”

Ashley Morgan: “The availability of various international licensing shows to connect with international vendors is an important aspect of developing new business. As the world continues to shrink, vendors recognize the value of art licensing and the importance of the talented artists, who can bring a variety of “looks” and themes to the table. Taking advantage of these opportunities is important for our artists.

Working in these different markets opens up a very wide range of not only new opportunities, but also new hurdles and challenges. It is more important than ever that we diligently protect our artist’s copyrighted designs and monitor the market constantly to ensure nothing is being plagiarized or copied.”

Ketra Oberlander: “Art licensors almost universally lack the resources to even worry about international business.”

Tara Reed: “I still have so much un-tapped potential in the US and feel like trying to navigate international licenses is so daunting that I have yet to look into it. Perhaps I need an international agent...”

Ellen Seay: “It does seem that in the last year more international companies have contacted us for licensing opportunities, so I am seeing growth in this area for us.”

Finally, where do you think the art licensing sector will be in two or three year’s time?

Dean and Lona Berko: “For artists and design studios that produce truly outstanding and well developed art and design based properties, the global licensing opportunities are plentiful now and will continue to be, for the foreseeable future, provided they partner with expert agent representation, provide manufacturers with extremely professional style guides and come prepared to also offer manufacturers extensive design application expertise.”

Carol Eldridge: “Probably pretty much the same as it is now. I think the one trick pony artists will fall by the wayside. Versatility will be key to success. The more skills you have in developing products, the more successful you will be. Designers need to think out of the box. They need to be able to create designs that will have a flexibility to make the manufacturer’s product line look good and sell well. They will need to be able to design products and bring original product creations to the market. It will not be enough to have artwork that can be slapped on a plate or a mug. It needs to be designed, finessed, enhanced, created, tweaked and tweaked some more to make it the best it can be. Communication is critical to working well with clients, so the more professional and businesslike an artist can be, the more success they will reap.”

Ketra Oberlander: “I think it won’t exist in any meaningful way. I foresee the artists who have a name licensing art & design as their own “celebrity brand” and manufacturers having contests open to amateurs & professionals with flat-fee cash prizes for assignment of all rights as the norm for independent artists, and of course

work for hire artwork will always exist.”

Linda Mariano: “We seem to be on a slight recovery beginning with 2010 holiday sales. If the Art Licensing teams - artists, agents, manufacturers, and retailers – can reflect and build on the successes, the consumer will respond. They seem to be ready, although I don’t think we will come close to pre-recession levels until 2013 or later. And I always like to say that this is not a time for retreating, but a time for being smartly aggressive. While others are retreating, you have the opportunity to gain the consumers’ interest, allegiance and market share. Artists who research, listen, and watch the marketplace and then create for that market have opportunity. Manufacturers who embrace the artist’s creativity have opportunity. Retailers win and consumers enjoy their purchases.”

Ashley Morgan: “We are hopeful that it will be UP and will have finally returned to the volume of licensing that we saw 3 and 4 years ago. 2010 was better than 2009 and we are hopeful that 2011 continues to outdo 2010. We have to be hopeful. We have to work diligently and with the thought that this industry will succeed. It’s important to go into the future with optimism. As related to the question about international markets – it’s more important than ever to look at new ways to approach licensing. Whether it’s venturing into new markets or offering our licensees more services, such as product mock up and expertise from graphic technicians that we employ in house. There has to be a value of licensing to the licensee. We have to figure out ways to remain an added value.”

Tara Reed: “My hope is that art licensing will be stronger than ever. The more artists understand how the business works and the more professional they are, the easier it is for manufacturers to choose licensing to get art for their products. As the economy continues to recover it is important for all parties to work together to make it a viable choice for everyone involved. Personally, I love the business of creating art for products and hope to continue to build my brand and business for years to come.”

Ellen Seay: “I do believe that licensing will continue to grow and become more popular over the next several years. We are looking to expand Paul Brent into unique product categories that are not widely licensed so I think that there are a lot of opportunities for artists to grow their brand past the “normal” licensing channels. Having a brand that manufacturers and retailers recognize and that has proven to be successful will help to drive art licensing to a new level!”