

The Impact of IPs on UK Attractions

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Definition

Intellectual Property (IP) =

Knowledge, creative ideas, or expressions of human mind that have a commercial value and are protectable under copyright, trademark, design rights and patent law

Examples include:

Brand names, discoveries, formula, inventions, knowledge, registered designs, software and works of artistic, literary or musical nature



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IPs and Attractions



Scorch the Dragon, Oakwood



Both = IP



Harry Potter, Universal Studios

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Disneyland & Early Use of IPs

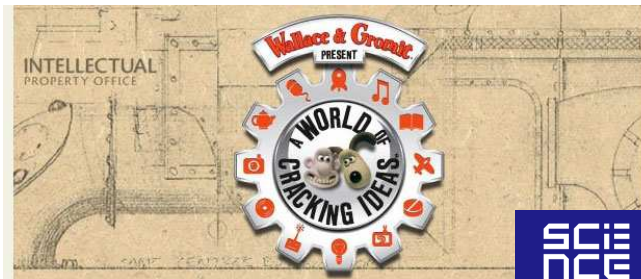


Strategy: Extend the lives of Disney film characters



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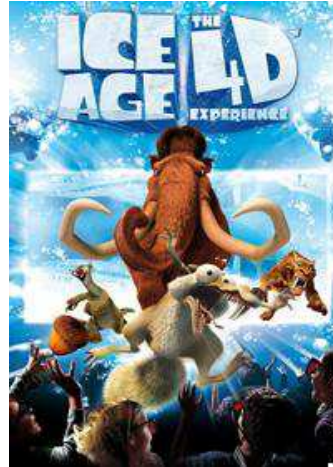
Temporary Events at UK Attractions



IP 'visits' attraction: Low/mid investment & temporary impact

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IP Branded Rides/Experiences



Beaulieu



Single component of attraction: mid/high investment & medium impact

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IP Lands within Attractions



Immersive IP land: substantial investment & high potential impact

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However.. Success is Not Guaranteed!



Mr. Blobby:

- 17 million audience in '90s
- Featured in three UK parks
- TV programme cut in 1999
- The end of Mr. Blobby!



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Good Foundations.....

- Clear objectives for adding IP:
 - Attract new audience? Shift image of attraction?
 - Nature of development & scale of investment
- Research & pro-actively target IPs with best fit:
 - Appropriateness for your audience & brand
 - Sufficient longevity
 - Alignment in scale of ambition
 - Can translate to attraction environment
- Plan ahead:
 - Allow time to build relationship with IP owner & creatives



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Be Prepared

- Risk (financial & reputation) = main concern of IP owner
- Attractions need to reassure IPs on fit & ability to bring IP to life
- Base negotiations on sound business planning:
 - Most IP owners inexperienced in attraction economics & design
 - Est. incremental income & costs for full term of agreement
 - Agree licence deal that works for both parties
 - Ensure licence term sufficient to pay back on investment
 - Specify what support would like from IP over term



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The Costs

- Components of IP Agreements
 - Pre-opening: Consultancy/development fee
 - Annual licence fee:
 - Share of incremental revenue/profit (% or fixed fee)
 - Minimum guarantee (~ 50% of expected total)
- Annual cost **typically** equates to:
 - 4 to 6% of incremental admissions income
 - 8 to 10% of IP branded merchandise income
- Development costs greater due to:
 - Resource to negotiate & manage implementation with IP
 - Investment costs for tailoring rides etc. to IP, satisfying IP creative requirements



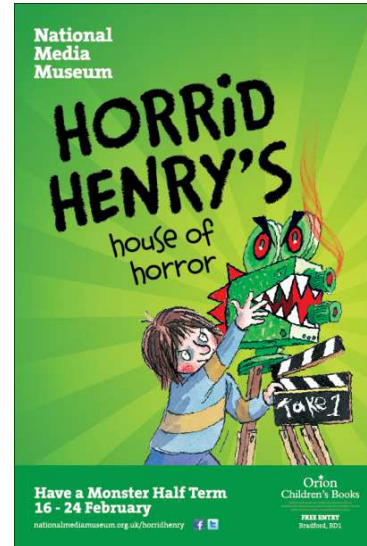
The Returns

- Income growth mainly driven by volume growth:
 - Price increases tend to be aligned to scale of development rather than IP
 - IP related merchandise = strong secondary benefit
- Strongest returns from substantial IP experiences added to mid-scale attractions
 - Attendance growth of 30% to 100%
 - Income growth of 30% to 140%
- Emotional connection with IP drives visitor satisfaction & enjoyment



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Museum Case Study



- National Media Museum, Bradford
 - Free, IP branded events held over February & October half terms
 - Located in main exhibition halls & integrates IP with museum content
 - Mix of displays, activities & opportunities to meet people/characters related to IP



Why IPs?

- Objective:
 - Increase visitor numbers
 - Grow engagement in Museum's content through IP led activities
 - What looking for in IP partners:
 - Close fit with Museum's collection
 - Appeal to Museum audience
 - Where possible, equal appeal for girls & boys
 - Off-the-shelf merchandise appropriate to Museum audience
- AND
- Understanding that benefit to IP is association with museum brand & access to audience NOT license fee income



**National
Media
Museum**



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Results

- Increased cut through of marketing activity:
 - Up to 80% recall of Museum posters when IP activities featured
- Attendance Growth:
 - 20,000 to 35,000 visits for each event (est. + 20 to 30%)
- Broadened reach
 - Substantial growth in families visiting from outside of Yorkshire & Humberside
 - Can increase proportion of new visitors to Museum (up to 40%)
- Some income benefit through IP branded merchandise sales



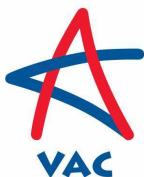
**National
Media
Museum**



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Challenges & Lessons Learnt

- Time required to source, negotiate & implement 2 IP events p.a.
 - Est. equates to ½ FTE
- Challenging to estimate stock requirement for merchandise
 - Demand varies substantially by IP
 - Difficult to sell stock once event finished
 - Aim to work on sale or return basis where possible
- Lesson Learnt: Be confident in managing IP relationship
 - Museum needs to respect and remain true to IP
 - BUT, IP also needs to respect Museum's brand & how it presents its collection



**National
Media
Museum**



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Advice for Successful IP Development

1. Remain focused on what need IP to achieve
2. Pro-actively target IPs with best fit to your brand & strategic objectives
3. Check at start that ambitions of attraction & IP are aligned
4. Base licence deal on sound business planning
5. Build & maintain strong relationship with both IP owner & IP creative team





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