

# BUCHAREST BUDAPEST **MOSCOW**

Russia is our focus territory for this issue – this vast country has huge potential and ELC Russia is working hard to spread the word about the power of licensing. Read on to find out more about how ELC operates in this unique and challenging market.



# Russia: Licensing's Last Frontier



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Russia is the largest country on earth, covering 17,075,400 square kilometres and spanning eleven time zones



The world's largest country offers a vast market for licensed merchandise but its potential is still relatively unrealised - providing a big challenge for the industry.

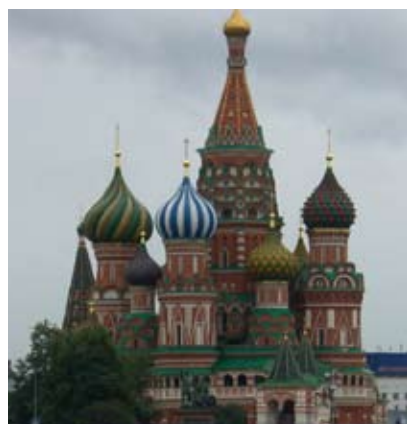
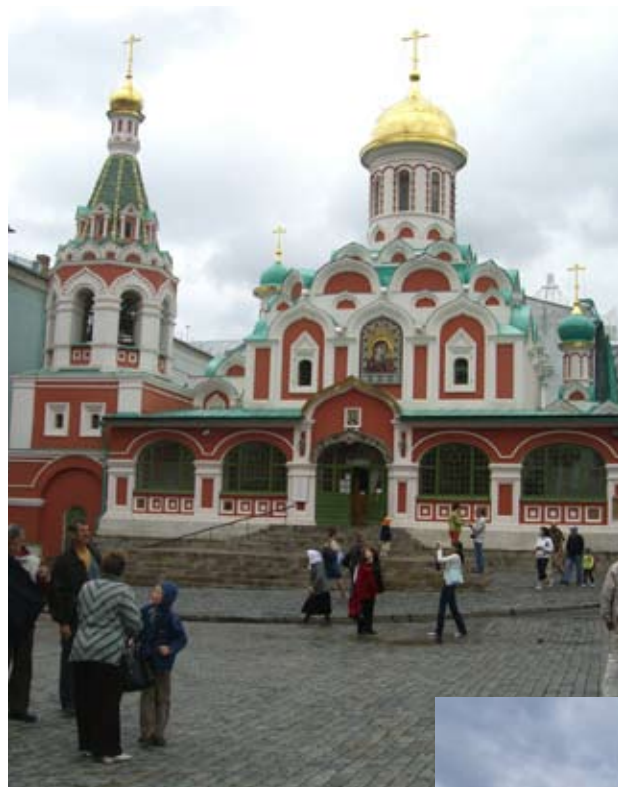
Russia is the last frontier for the European licensing community, with sales of licensed merchandise far lower than elsewhere in CEE. The sheer size and diversity of this huge country make it a tough nut to crack and as a result the Russian licensing industry is still very much in its infancy.

Part of the problem is that brand recognition is so low - while people in the big cities are very well informed and use the internet and other forms of media, outside these areas Russians tend to be conservative and ignorant of brands and

even the most famous characters are not known in large parts of the country, whereas traditional Russian characters are still very big.

The retail environment in Russia also makes life difficult - 50-60% of goods are still sold in open-air markets and 10% in small kiosks and stalls, leaving just 30% for the sort of 'organised' retail that is so crucial for the licensing trade.

This is not to say that licensing is not making inroads into Russia - far from it. There are many factors that make it a very attractive prospect for the licensing trade - the economy is in good shape and is coping with the recession well and



Russia's population is approximately  
**140 million**  
and is decreasing by around 1 million each year



the level of consumer spending is generally high. However, since licensing is a very new business in Russia, the amount spent on branded merchandise has not yet been calculated, although the average spend for children's goods in the C and B socio-economic groups range is estimated at between \$90.00 and \$140.00 per month. The annual retail value for all licensed products sold in Russia is approximately \$500-600 million and brands such as Spiderman, Batman and Harry Potter are doing very well, while the most popular character brand in the country is Tom & Jerry.

Western retailers in particular have licensed product in their stores - H&M, Zara, Benetton and Marks & Spencer all stock licensed apparel, while Auchan stocks stationery, gifts, and toys as well as apparel. As for Russian retailers, almost all children's stores, such as Detski Mir, Korablik and Begemot, sell licensed goods, as does the X5 retail group.

Around  
**100**  
different languages are spoken across Russia

"The challenges facing us here in Russia are big," observes ELC Russian Territory Manager Julia Rybakova, "only a very small percentage of people have access to the internet or satellite TV and this tends to be in the big cities, so we are facing a very fragmented market. While kids in the urban centres might love Spiderman and Scooby Doo and be looking forward to the second Iron Man movie, children in remote towns and villages are more likely to enjoy traditional characters from Soviet times such as Crocodile Gena, as there is no exposure to the 'big' characters or the latest trendy toys.

"However, just as the challenges facing the industry are large so are the potential rewards, as Russia is still very much virgin territory in

licensing terms. Brands can establish themselves very quickly and licensed goods are becoming more and more popular. Our growth rate has been close to 80% over the past year and we will continue to expand." \*

Character FOCUS

TM & © Turner Entertainment Co. (\$10)

# TOM AND JERRY

"The challenges facing the industry are large - so are the potential rewards"

TOM AND JERRY IS HUGELY POPULAR in Russia and has a history and heritage that stretches back to the 1980s, when the first video recorders arrived in the USSR. Finding something to watch was a problem but Tom and Jerry was perfect as it required no translation - anybody could enjoy this classic animated comedy and the warring duo became a firm favourite. The love of Tom and Jerry has since passed down to today's kids and it is now one of the strongest brands in the country - there are kids all over Russia who will refuse to brush their teeth without a Tom and Jerry toothbrush, comb their hair without a Tom and Jerry comb, or get into bed without Tom and Jerry bedding.

A strong licensing programme is in place and the brand is represented across a wide variety of categories, including publishing, stationery, toys,

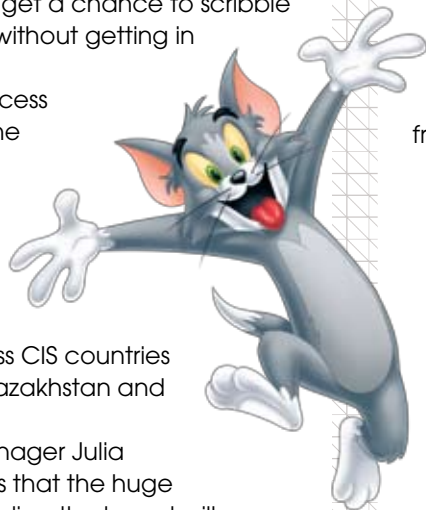
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OVER

## FOCUS

CONTINUED } candies, juices, drinks, partyware and toiletries. One of the most innovative recent licenses is for Tom and Jerry wallpaper that kids can colour in themselves; the paper has outlines of the characters and parents can hang it in their child's bedroom and let their offspring colour away to their heart's content. The first and only time kids get a chance to scribble on the wallpaper without getting in trouble!

The brand's success does not stop at the Russian border - Tom and Jerry's popularity in the old USSR means that branded merchandise also sells well across CIS countries such as Ukraine, Kazakhstan and Belarus.

ELC Russian manager Julia Rybakova believes that the huge awareness surrounding the brand will ensure its ongoing success: "Because of its long-standing status in the Russian market licensees see Tom and Jerry as a safe pair of hands - the brand has the proven ability to transform sales figures and its popularity shows no sign of abating. This cat and mouse are here to stay!"



## ELC Russia Signs Juicy Tom and Jerry Deal!

ELC Russia has signed a deal that will see classic characters Tom and Jerry appearing on a range of branded soft drinks from Russian company Inter Agro Systems. The new range will include a variety of juice drinks and nectars and will be distributed across Russia, with products set to hit the shelves from May 2010.

This is Agro's first venture into the world of licensing and it has chosen Tom and Jerry because of the brand's huge popularity and unrivalled presence in the Russian market.

The brand is already represented across a wide range of categories, such as publishing, stationery, toys, candies, partyware and toiletries.



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## Iron Man Makes His Mark in Russia/CIS

ELC Russia has signed a new deal that will see top publishing firm Rosman launching a series of Iron Man titles in Russia and CIS. The popularity of the brand is set to explode with the release of the eagerly anticipated Iron Man 2 movie - the follow-up to the original smash-hit film that will see Robert Downey Jr reprising his role as the metal clad Marvel superhero. The new film is due for release in 2010. Rosman is one of the largest publishers in Russia and the deal will see the company releasing a host of Iron Man titles in an agreement running through to August 2011. The products will be aimed at kids aged 4 to 8 and will include colouring books, book activity products, do-it-yourself, sticker books and books with sound.

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## Harry Potter Scores a Hit With New Partworks Deal

One of the most successful launches from De Agostini publishing house in Russia is the 'Chess of Harry Potter' partworks collection. With this collection children have been given an opportunity to learn how to play chess and collect a magical set of Harry Potter chess figures.

With each issue, avid collectors received a new Harry Potter chess figure, based on one of the characters from the smash-hit Warner Bros. movies, as well as instructions, hints and tips about playing chess. The collection sold very well and was a huge hit with Potter fans and chess enthusiasts alike, as well as contributing to the successful relationship between the publishing house and Warner Bros.



TM & © Warner Bros. Entertainment Co. (\$10)



## Cosmetic Market Joins Forces With Spiderman in Russia/CIS

ELC Russia has scored a new licensing deal that will see Cosmetic Market (part of Clever Company) launch a range of Spiderman branded toiletries across Russia and CIS.

This latest addition to a strong Russian licensing programme for Spiderman will involve Cosmetic Market releasing a host of different Spidey toiletries onto the market - these will include shower gel, shampoo, soap, toothpaste, lip balm, perfume, and wet wipes. The products are set to hit the shelves from January 2010.

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# A Day in the Life

{ Julia Rybakova }

*Country Manager, ELC Russia*

“The structure of my day varies according to my commitments, many of which take me away from our Moscow office. For example, I recently attended a copyright protection meeting at the US Embassy - involving business people who deal with US brands in the fields of music, computer games and licensing - to discuss how to uphold copyright law and stop the manufacture and sale of counterfeit goods.

I also attend all the big trade shows, such as publishing, stationery, toys, FMCG, apparel and mobile content. This gives me a chance to keep an eye on what is happening in the market and who is distributing what.

Other days will find me far away from Moscow - we cover the whole of Russia, as well as CIS and other nearby countries, and sometimes you need to actually visit a territory to fully understand the demands and challenges of the market.

When I am in the office I have multiple roles - one of these is helping my category managers deal with their own workloads and prepare presentations for meetings with new and existing customers. I try to have regular brainstorming sessions with my team, where we'll discuss how to drive strategy and development, if targets are being hit, and how close are we to finalising deals and what we have to do to push them through.

Another large part of my role is sales development - speaking to potential clients about what we can do for them. When I have a lead I always call the person rather than email - I find that people are more responsive that way, and when I meet a prospective client I always take a copy of **more\*** with me to show them - after all, there's not many licensing agents that have their own magazine!

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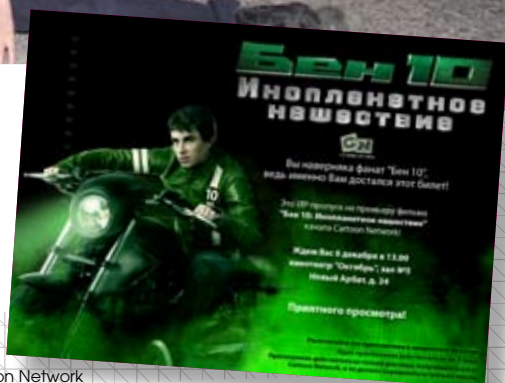


## Ben 10 Alien Swarm Wows the Crowds in Moscow

In December, ELC Russia hosted a special premiere of the new Ben 10 movie – Ben 10 Alien Swarm – in advance of its exclusive broadcast on Cartoon Network.

The event took place at the October Movie Theatre in Moscow and representatives from a whole range of potential licensees were invited to bring their children along. Companies represented included Cosmetics firm Clever Company, top confectionary manufacturer Kandy Krafts and the X5 Retail Group.

The premiere provided a fantastic day out for the young Ben 10 fans, who were all given Ben 10 Alien Swarm T-shirts and goody bags. The event also served to introduce the older attendees to the huge potential of the Ben 10 brand and how it can work at retail. The reaction of the crowd certainly proved just how popular the brand is amongst Russian kids!



TM & © 2010 Cartoon Network

