

point of view

# Bringing Stories to Life:

Exploring the Business of Merchandising  
in Media & Entertainment



Future, faster. Together.



## Introduction

Have you ever wondered how your favourite Marvel's character ended up in your t-shirt? Let's discuss how brands invoke life into your favorite characters and present them to you in different forms.

The Media and Entertainment giants and OTT companies create movies and cartoons as their primary focus. Their other businesses such as streaming, news, and publishing, are also their core business. However, these corporations have developed additional lines of business that bring in billions of dollars for them. The t-shirts you wear, cards you collect or the toys you play with are mostly not manufactured by these big media brands as they lack expertise in manufacturing. However, the driving asset in this business is Intellectual Property (IP) which is been licensed out to player's who could use them to create merchandise and in return the brand owners collect royalty. This helps brand to maximize their profit on their character with minimal investment on manufacturing side and helps the licensee to add a brand image to their products.

Though this model has its merits, it also has a few loopholes. A brand owner must make sure that they have visibility to the whole value chain because in-case of any mishap, it is the brand image that will depreciate. Often this gap between a brand owner and a licensee gets mis-utilised. Some of the problems of this business model is:

- Counterfeit products find their way to the market by attacking the weakest nodes of these value chain.
- Brand owners have limited visibility of the value chain and supply chain.
- Without a clear view of sales figures, the royalty collected by the licensor gets tweaked at the convenience of the licensee.

This POV discusses the merchandising advantages and disadvantages, challenges, and solutions. The digital revolution has provided vast amounts of consumer data, which has the potential to transform business practices. Factors like sustainability, and digital innovation have significantly impacted the consumer products sector. With rapidly evolving technology, intense competition, and increased buyer power, brands must focus on providing quality products and experiences.



## Challenges in the Merchandising Business

For media and entertainment organisations, merchandising is a major source of revenue. Since they only license out their IP to merchandisers, major investment like manufacturing set up is made by licensee and brands concentrate only on their core strength which is content generation/acquisition. However, major concern for brand owner is monitoring the supply chain to ensure the compliance with processes and eliminate any threat to IP or brand image. There are several areas in which brand owner needs to involve actively or at least keep very close eye on to ensure brand safety, quality, sustainability, and effective customer engagements. Some of the vital challenges are mentioned below.



### Intellectual Property Theft

In this digital world, preventing Intellectual Property (IP) [theft](#) is presenting serious concerns for companies. Besides the financial loss, it can have a devastating impact on the brand's reputation. Many of the world's renowned brands has been a victim of IP theft at some point of their journey. Below mentioned are some of the cases reported in recent time.

— In fiscal year 2022, U.S. Customs and Border Protection (CBP) officers in [Louisville](#) have seized more than **\$260 million worth of various counterfeit goods**.

— U.S. [Customs](#) and Border Protection (CBP) officers in seized 7,901 counterfeits worth more than **\$115.53 million, during Fiscal Year 2022**.

— As of August 2022, U.S. Customs and Border Protection ([CBP](#)) has made almost 17,000 seizures of counterfeit goods worth an **estimated \$2.4 billion**.

— Counterfeit [products](#) cost the global economy over **\$500 billion a year**.



### Brand Image Loss

In merchandising industry, the brand name is the primary driving factor that influences the consumers to buy the products. Hence, not just the product quality & safety but brand image is the paramount for this industry to be in the forefront in the competition. Any wrongdoing at the hands of any of the stakeholder in value chain of the product directly affect the brand image. Couple of incidents reported in the past which directly affected brand image and the business are mentioned below.

— In the late 90's & early 2000s a famous brand was accused of using sweatshops to make activewear and shoes.

— Even recently in 2022, one of the top kids merchandising brand had to recall their Children's clothing sets which were found to contain high levels of lead which is toxic if ingested by young children and can cause adverse health issues.

Considering the telling impact of such incidents on brand image, it's inevitable for any brand not just to ensure the product quality and safety but make all stakeholders strictly follow the compliances.

## **Monitoring the Value Chain**

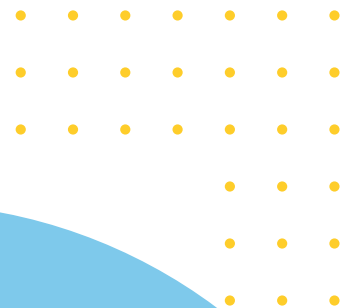
Big brands heavily depend on outsourcing their manufacturing and other operations in the value chain. However, to ensure process compliance brand owners must regulate the processes throughout value chain in a systematic way. To achieve this goal, systems are required to be put up throughout the value chain to provide brand owners with real-time visibility.

Earlier brands had to rely on the licensees and agents which is not the case nowadays. The recent technologies have presented organisation an opportunity to sneak into complete value chain and make each stakeholder more accountable. Organizations are continuously trying to reinvent and revolutionize their supply chain by adopting advance technology. As the markets pivot towards ecommerce, a resilient supply chain will become inevitable for survival of brands.

## **Acquiring and Retaining the Consumers**

For consumers to enjoy a more personalized shopping journey and brands to encash on business metrics, a two-way value exchange between consumers and brands is important. With Google's plan to eliminate third-party cookies, brands are forced to think on how to better track and collect consumer data in a way that takes a longer-term view of driving transactions. Brands need to invest in their own databases to manage large volumes of first-party data from multiple channels. data stewardship, transparency, trust, and permission to use data would be major factors that would pivot the ongoing challenges of first party data.

Companies have already shifted their focus towards Customer Data Platforms, clean rooms that could help them in supporting non-linear consumer journeys and orchestrating real-time personalization. Tools like Consumer Data Platform (CDP) are used to connect personal identifiers into a singular view and create a customer 360 view.





## LTIMindtree Solutions

### IP Protection

- LTIMindtree's expertise in rights management comes through assisting some of the top entertainment companies in the world to manage royalties, protect their intellectual property, and open up new, untapped business opportunities. Below mentioned are some of the value additions delivered by LTIM through exclusive solutioning in these areas.
- Scalable and sustainable solutions.
- Standardization of support, enhancement and deployment activities.
- Ease of adding new features with minimal impact of existing solution.
- Improved platform health, manageability, security and stability.

Consumers nowadays are worried about the transparency, traceability, and long-term viability of their purchases. The adoption of newer technology like Digital Watermarking, NFC, IoT, digital twin can help to address this concern. The newer solutions adopt the creation of digital twin model of a physical product by use of Near-Field Communication (NFC) technology. It differs from QR codes and cannot be easily copied. By linking the physical and virtual world, tracking those by smart contract and storing the encrypted data, authenticity of products becomes easily verifiable. This can also help in collecting key information like product state, geolocation, consumption, interactions, etc.

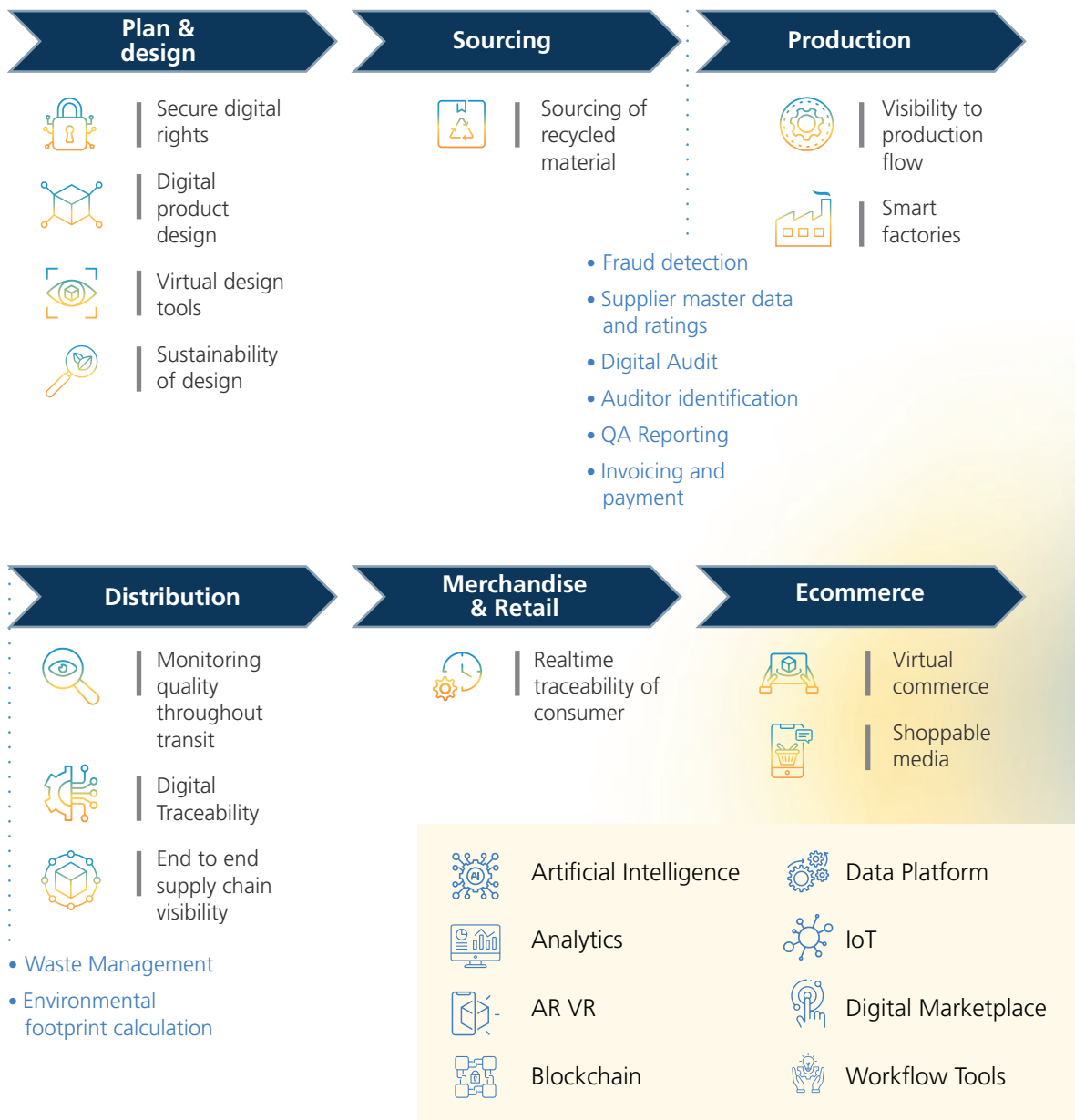
### Prevention of Brand Image Loss

For working conditions and environment for labour, compliance with International Labour Standard (ILS) is inevitable. Likewise for each product and its composition, product guideline compliance is paramount for its safety and quality technology can enable all the stakeholders to have real-time access to relevant documents, any modification and a complaint list. LTIMindtree has rich experience of working in these areas enabling global entertainment giants to effectively monitor the compliance norms being followed by stakeholders in value chain thereby safeguarding the brand name.

- System automation and integration of applications, incorporating all stakeholders, shorter SLA coupled with AI based analytics makes the task far more effortless and user friendly.
- For a global brand, the licensees and stakeholders like laboratories, agents etc are spread over different parts of the world. Managing the contracts, royalties etc for each of them would be a humongous task. The license management, royalty management, product design and management software solutions offered by LTIMindtree has already made this task quite simple and hassle free for various media houses. Thereby letting the company concentrate on content and brand creation.

## Visibility in Value Chain

- AR/VR, AI, Analytics, IoT and other major tools are already transforming the sector. We look at some of the opportunities that we have throughout the value chain and what kind of technology will be required to solve the current challenges.
- With our rich domain knowledge in diverse industries like machinery manufacturing, we provide customized IT solutions in all key areas, including supply chain management, shop-floor-to-top floor integration, productivity improvement, serialization & traceability, and production analytics resulting in reduced time-to-market.
- LTIMindtree's NxT configures IoT-enabled and AI-powered solutions that transform asset utilization, infrastructure management, locational intelligence, and workforce optimization. It can be utilized in various ways throughout the value chain. Organizations can be provided with a connected ecosystem of workers, machines, locations, and business processes with this analytic platform.



## Consumer Acquisition and Retention

- On consumer front the solutions like, Lumin an AI based analytical tool provides insights to take informed decisions based on available data, Trade-smart for accurate measure trade spend ROI to plan new promotions, and PO Smart which Integrates, validates, and analyses Point-of-sale data helps increase the efficiency and profitability.
- LTIMindtree's ready to deploy solutions like Genie on the go, Swap, purchase on the go are designed explicitly to give consumers omni-connected experience.



### Case Study

LTIMindtree developed a Product Management Portal for an entertainment giant which helped them achieve transparency and automation in their product development process.



### Business Benefits

**50% faster**  
turnaround in  
product  
development



**360° interaction**  
across  
the stakeholders  
(partners, agents,  
sales, and creatives)



**30%-time  
reduction** in  
approval workflows



100% streamlining of process  
workflows, resulting in  
consistent service levels and  
improvement in **customer  
satisfaction by 60%**





## Recent Trends in Consumer Analytics

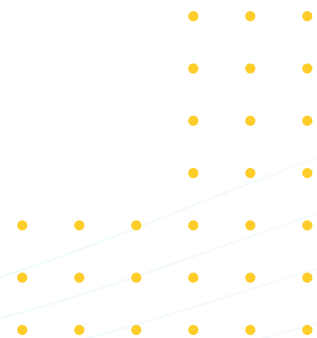
- Predictive analytics helps identify opportunities faster and accurately to boost revenue. Analyzing historical customer behavior and predicting future behavior also helps brands in their marketing campaigns.
- Prescriptive analytics helps in building strategies for brands. For e.g., AI can recommend a brand on positioning of product on shelf/websites based on its seasonal trends.
- Individual customer scores based on algorithm help brands to recognize the pain points of customers. This in turn helps the brand to retain their customers.
- Providing omni-connected experience for consumers reducing consumer friction points and creating better & effective customer engagement.



## Conclusion

Product counterfeiting is a major concern for consumer product market in the M&E industry. To maximize the profit, brands have to invest in IP protection and the ever-evolving latest technology to prevent the product counterfeit. As industry is heavily reliant on smooth functioning of other stakeholders like all licensees, agents etc, its critical to ensure real-time and smooth flow of information from end to end of value chain. Maintaining and reviewing the guidelines, carrying out audits and ensuring the process compliance could be cumbersome task when done manually. Also, making these documents and audit reports easily accessible to all stakeholder while automating certain processes can bring about a big change in management of these tasks, making the whole process much smoother and efficient.

With ecommerce disrupting the whole market, access to consumer data has become more accessible than ever. However, creating meaningful insights from data coming from multiple sources is no easy task. Optimizing your spending while making incisive decisions based on trends of consumer can help in not just maximizing the profits but also cost cutting.







## About Authors



### Abhishek G Khedekar

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Abhishek is a senior specialist at Media & Entertainment vertical of LTIMindtree based in Mumbai managing the merchandising business domain. He comes with 13 years of industry experience across the value chain and brings in a strong business acumen & operations consulting background with deep industry knowledge. Abhishek focuses on enabling business transformation for global media houses by fetching industry insights and next gen technology solutions for consumers to ensure the desired business outcome is achieved.



### Saurav Mishra

*Consultant – Communications, Media & Entertainment, LTIMindtree*

Saurav is a consultant at Media & Entertainment consulting practice unit for LTIMindtree based in Pune, India. Having worked on multiple Point of Views and projects related to M&E Clients, he has deep understanding on the industry trends in merchandising business sector. With expertise in the Consumer Products market related to Media industry, he is focusing on solving various complex problems faced by different clientele in Licensing Industry by using next gen digital and interactive technology.

Unlock the power of media and entertainment merchandising! Delve into our PoV and connect with our [M&E consultant expert](#). Together, let's shape the future of your brand through innovative offerings.

## Communications, Media, and Entertainment at LTIMindtree

In this industry segment, we work with the world's leading Broadcasters, Studios, OTT/Streaming, Publishers, Information Services, Education, Music, Gaming, AdTech, Telcos, and Multiple-system Operators. We are seeing rapid pace of change in this industry as an opportunity to deliver on our core mission – "Future faster. Together". The Communications industry is striving to launch new product concepts to monetize their investment on 5G platforms. We are collaborating with them to expedite new product launches that can transform operations for their customers. The Media & Entertainment industry is trying to monetize their investment on streaming platforms and optimize their cost structures. We are enabling them with product innovation to drive new revenue streams, modernize content supply chains, and personalize viewer/audience experiences. LTIMindtree's 4C (Content, Consumer, Compliance & Commerce) framework coupled with its digital innovation platform, "Mediacube," is helping our clients in this segment with their transformation initiatives.

To know more about our Media & Entertainment services, visit us at

<https://www.ltimindtree.com/industries/communications-media-and-entertainment/>

### About LTIMindtree

LTIMindtree is a global technology consulting and digital solutions company that enables enterprises across industries to reimagine business models, accelerate innovation, and maximize growth by harnessing digital technologies. As a digital transformation partner to more than 700 clients, LTIMindtree brings extensive domain and technology expertise to help drive superior competitive differentiation, customer experiences, and business outcomes in a converging world. Powered by 82,000+ talented and entrepreneurial professionals across more than 30 countries, LTIMindtree — a Larsen & Toubro Group company — combines the industry-acclaimed strengths of erstwhile Larsen and Toubro Infotech and Mindtree in solving the most complex business challenges and delivering transformation at scale. For more information, please visit <https://www.ltimindtree.com/>