

LICENSE TO THRILL

FOR THE PGA TOUR, **LICENSING** IS MAKING A CHARGE UP THE LEADER BOARD WITH A RECONSIDERED GAME PLAN.



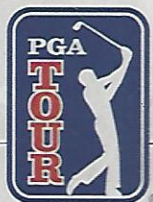
THE 25,000-SQUARE-FOOT
PGA TOUR FAN SHOP
AT THE 2019 PLAYERS
CHAMPIONSHIP

UNTIL FAIRLY RECENTLY, THE PGA TOUR'S approach to licensing bore a passing resemblance to a player who makes just about every cut, often finishes the tournament in the top 20, but rarely is a factor late in the day during the final round on Sunday—in sum, it's been enough to make a very good living but not enough to earn a ton of mindshare. In the past, an outside licensing agency brought in all of the TOUR's deals, which were generally signed off on, the money came in, and that was more or less that.

But that all changed about two years ago, when commissioner Jay Monahan and chief operating officer Ron Price asked Len

Brown, the PGA TOUR's chief legal officer, to oversee a reimagined licensing effort. Brown and Matt Iofredo, vice president of licensing and merchandising, were given a proverbial blank slate and asked to devise a new strategic approach to the business that was about more than simply supporting the bottom line.

"We presented a plan for elevating the PGA TOUR brand, coming up with a brand hierarchy where we have different iterations of our marks," says Brown, who is now the TOUR's executive vice president of licensing and merchandising as well. "We're working toward it representing a lifestyle, not just a sports or golf brand."



The TOUR had begun to recognize that retail licensing and merchandising could evolve into a more significant part of its fan engagement and marketing endeavors. Core golf fans—the ones who attend TOUR events and watch them every week on TV, who can expound on why Strokes Gained statistics are an improvement on what came before, and so on—knew all about the iconic pillbox with the PGA TOUR logo. But that was essentially it in terms of recognizable brand marks and a defined target audience. Fast-forward to today, and things have taken a totally different course.

"We've got the stand-alone swinging golfer, the simple yet recognizable icon in the center of the PGA TOUR logo," Brown says. "We've put that on higher-end shirts by companies such as Peter Millar. We've also got what we call the Coin Mark, which goes on more athleisure wear. These are ways to get our brand in front of people who might not otherwise consume our product on television or go to a tournament. We feel it's a way to bring fans into the PGA TOUR family."

NEW PARTNERS

What was essentially a handoff from the TOUR's prior licensing agency has become more of a handshake and a compact with its current one, Creative Artists Agency (CAA) Sports Licensing. While most deals, such as a new apparel agreement with MK Hansae in South Korea, still germinate with the agency, the TOUR, which is "growing into this new shell," per Brown, does at times bring its own deals to the table. More significantly, the TOUR is now fully engaged in licensing and has a partner that understands and buys into its vision.

"We don't always see eye to eye, but both sides respect each other, so that we always have a healthy conversation," Brown says. "CAA has been in the licensing business forever, and there's a list of

categories and a list of usual suspects, and they're squaring that up with our business plan. We don't want our mark on everything—we don't want to cheapen the mark."

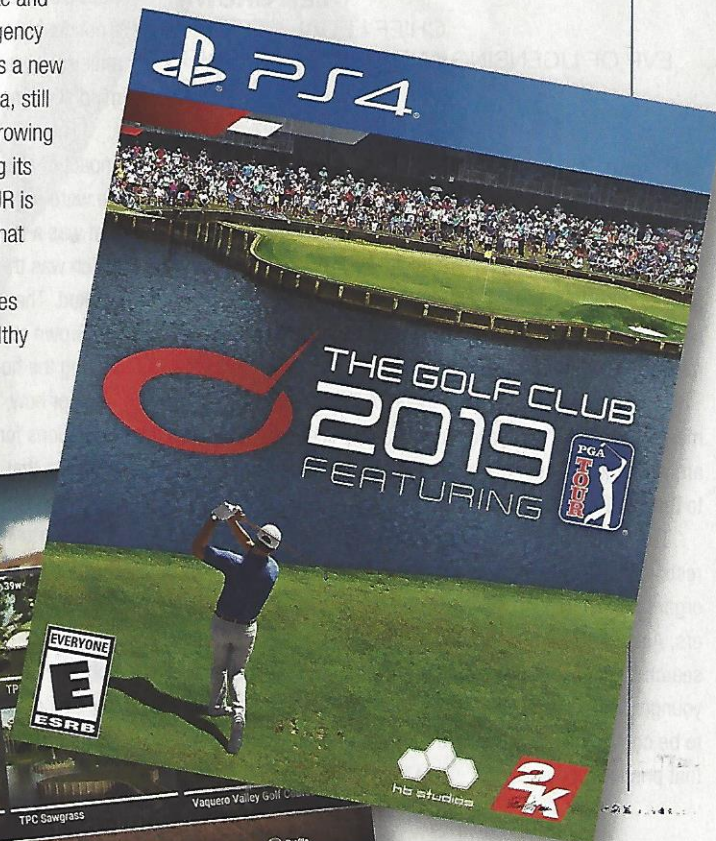
Within that business plan, CAA has checked off the classic categories. When a major video game developer declined to renew its relationship with the PGA TOUR during a recent purge of several titles, CAA pushed particularly hard on that front. It returned from the marketplace with not one but two deals: HB Studios' 2K-published *The Golf Club* for PS4, Xbox One, and PC; and Concrete Software/GameMill Entertainment's *PGA TOUR Golf Shootout* for mobile devices.

Deal length varies from category to category; Brown notes that most deals are one-offs rather than boilerplate, albeit with fairly similar business terms. In certain categories, the TOUR gives more consideration to shorter-term deals, which it defines as three years or less. This allows the organization to stay nimble enough to follow market trends and react accordingly.

"With trends, three years might feel like forever,"



ABOVE: PGA TOUR PRIVATE LABEL APPAREL MANUFACTURED BY PERRY ELLIS INTERNATIONAL; BELOW: *THE GOLF CLUB 2019* FEATURING THE PGA TOUR, DEVELOPED AND DISTRIBUTED BY HB STUDIOS AND 2K



"Nothing against any other sport, but I'd say that the PGA TOUR brings the highest quality of sport," says Brown. "It represents an honesty and an integrity among athletes, it represents charitable giving in the community—an all-time total approaching \$3 billion at the start of this year."

BROADENING FAN ENGAGEMENT

While the bottom line remains important, and the usual suspects are indeed checked off, the TOUR's evolved philosophy emphasizes licensing and merchandising as a key conduit for broadening fan engagement. A recent example is the retail space at the TOUR's marquee event, THE PLAYERS Championship, held in March at Florida's TPC Sawgrass course. Ticket holders were treated to a tent that looked less like a traditional pro shop and more like a vibrant, modern retail experience, replete with, yes, a DJ (and, no, not star TOUR pro Dustin Johnson, but an honest-to-goodness DJ, spinning tunes).

The merchandise itself was no less surprising. Sure, there were plenty of men's polo shirts for sale. But there was also a noticeably expanded women's section, with a large array of athleisure brands and styles that barely whispered golf, never mind screamed it. The result was record weekly sales numbers.

"The only disappointment was that we underestimated the impact of all that new merchandise," says Brown. "By Saturday, we were running low on some things in our ladies' section—that was a lesson learned for us. It was a great experience, which was the entire point of it, and a great experiment that worked. The next PLAYERS will be even bigger and better."

Brown reiterates that by making fan interests primary—putting the horse before the cart—revenue will naturally follow.

"For now, I'd put brand strategy at the very top of our considerations for licensing," he says. "We have to put out quality products that people like, with our logo on it. By doing that, we build the brand."

Experts in the field have taken notice of these efforts, with the Licensing Industry Merchandisers' Association nominating the TOUR for the 2019 International Licensing Awards in the Best Brand—Sports/Collegiate category. While the PGA TOUR is normally in the business of giving out awards, there is no doubt it is excited to be on the other side of the ledger too—just as excited as it is by its proactive new approach to the game of licensing. —EVAN ROTHMAN

"WE PRESENTED A PLAN FOR ELEVATING THE PGA TOUR BRAND. ... WE'RE WORKING TOWARD IT REPRESENTING A LIFESTYLE, NOT JUST A SPORTS OR GOLF BRAND."

LEN BROWN

CHIEF LEGAL OFFICER,
EVP OF LICENSING AND MERCHANDISING,
PGA TOUR

says Brown, "but it really isn't. While we seek to establish long-term relationships, we need to maintain flexibility."

The TOUR doesn't disclose financial specifics for individual agreements—though for 2018, its licensing revenue approached \$900 million, a 2% year-over-year increase, from nearly 120 licensees—but Brown allows that it does seek a minimum guarantee against revenue.

"We believe in the value of the PGA TOUR brand and our marks," he says, "and have found that our licensees agree and are willing to invest in the partnership via some level of revenue to the TOUR on the front end."

The value of the PGA TOUR's marks, it is worth noting, rests in significant measure on the sterling reputation of the organization itself and, as the public face of the TOUR, its players. As such, CAA and the TOUR filter any potential partnership search by considering only companies of similar ilk—or, for younger, less-proven companies, by doing enough due diligence to be comfortable that they are on a path toward establishing that pristine rep.