



The Proliferation of Winning Partnerships Between Retailers and Multi-Hyphenate Celebrities

by Darrell Miller, managing partner, Fox Rothschild LLP

Being a celebrity is not what it used to be. In the old days (bear with me while I think as far back as the 1980s and 1990s), celebrities in the entertainment industry could depend on revenue from one primary source to sustain a very lucrative career and often lavish lifestyle. A film studio, TV broadcast network, or major record label could each be relied upon to produce a hefty bottom line for top artists. Today, fewer films are being made by the studios, broadcast networks are struggling to hold onto market share that is being taken over by hundreds of cable networks that focus on specific audiences, and the record business we once knew no longer exists, as sales of albums and CDs have been reduced to a fraction of digital downloads of individual songs.

The emergence of myriad new distribution platforms and the rapid growth of various forms of digital entertainment have created a challenging economic climate within the entertainment industry. For many celebrities, a revolution in the way they approach their sources of income and maintain their relevance in a changing marketplace must now be addressed head-on.

An increasing number of celebrities are now seeking strategic partnerships, profit participation, and even ownership stakes in the products they endorse—a shift that will have important conse-

quences for both celebrities and retailers who stand to benefit from such partnerships.

The Multi-Hyphenate Celebrity

I often tell my celebrity clients that, in the current economic climate, they cannot sustain the levels of success to which they are accustomed without expanding their reach into other industries. Creating

strategic alliances with retail brands has proven to be an effective way to expand and diversify their reach as well as build their brand equity. More frequently today, success for celebrities depends on becoming multi-hyphenate professionals: entertainers who do not exclu-

sively act, sing, or dance, but who have developed multiple talents or skills, enabling them to generate revenue in different ways (think musician-entrepreneur-author-actor-writer-producer-director-spokesperson-etc.). Multi-hyphenate celebrities can be found in Ben Affleck, who is an actor, writer, director, producer, and activist; and Jay-Z, who is a

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musician, music producer, songwriter, publisher, and entrepreneur.

Savvy Celebs

For retailers, celebrities' growing interest in licensing their personal brands means that there are more opportunities for this kind of collaboration than ever. However, it also means that celebrities are more sophisticated and savvy about which deals to pursue. Key issues celebrities look at when evaluating deals include personal commitment, deal structure, and creative control.

In my own legal practice, I represent actor Blair Underwood in his partnership with K & G Clothing Stores, a subsidiary of the Men's Warehouse. Under-

wood is developing a line of "BU" suits for the company. Such a partnership enables him to extend his personal brand and his potential to earn a new stream of revenue into the retail space, while allowing a well-known retail company to benefit from his popularity and high-style reputation. The success of this partnership highlights an important lesson: the name recognition that comes with celebrity is one of the most effective ways for brands to cut through the clutter in an oversaturated market.

Celebrities used to look at licensing deals as just an extra check in the mail—a nice bonus, to be sure, but by no means a primary focus. Today, celebrities and their representatives are looking at branding opportunities much more vigorously. Expertise in handling celebrity licensing and endorsement deals will become more widespread as actors, artists, and other high-profile individuals, such as reality TV stars, recognize the value and necessity of these business ventures in the coming years. These deals can be financially rewarding and highly beneficial to both a celebrity's and a retailer's brand equity if they are negotiated and managed well. ●●●

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Personal Commitment

The best partnerships allow celebrities to express their voices through the brand. An authentic commitment to the brand will make celebrities more likely to do the follow-through necessary for a successful venture. For example, using social media to tout an endorsement of a product or speaking about their endorsement in all of their media appearances, whether as a contractual obligation or not.

Deal Structure

How much profit participation and equity will the celebrity receive in return for their endorsement of the brand? How much money will be guaranteed? Will a royalty be paid based on sales?

Creative Control

We are dealing with artists, after all. To avoid misunderstandings and improve the quality of the product, it is important to define the extent of the creative input each party will exert in advance of the deal. In some cases, a celebrity can have more at stake than a retailer when it comes to making or breaking a brand. Therefore, many artists are very sensitive to how their brand is used, and they often require final creative approval over the use of their name, likeness, bio, and any trademarks that they license in connection with these deals.