

Licensing and Franchising

Licensing

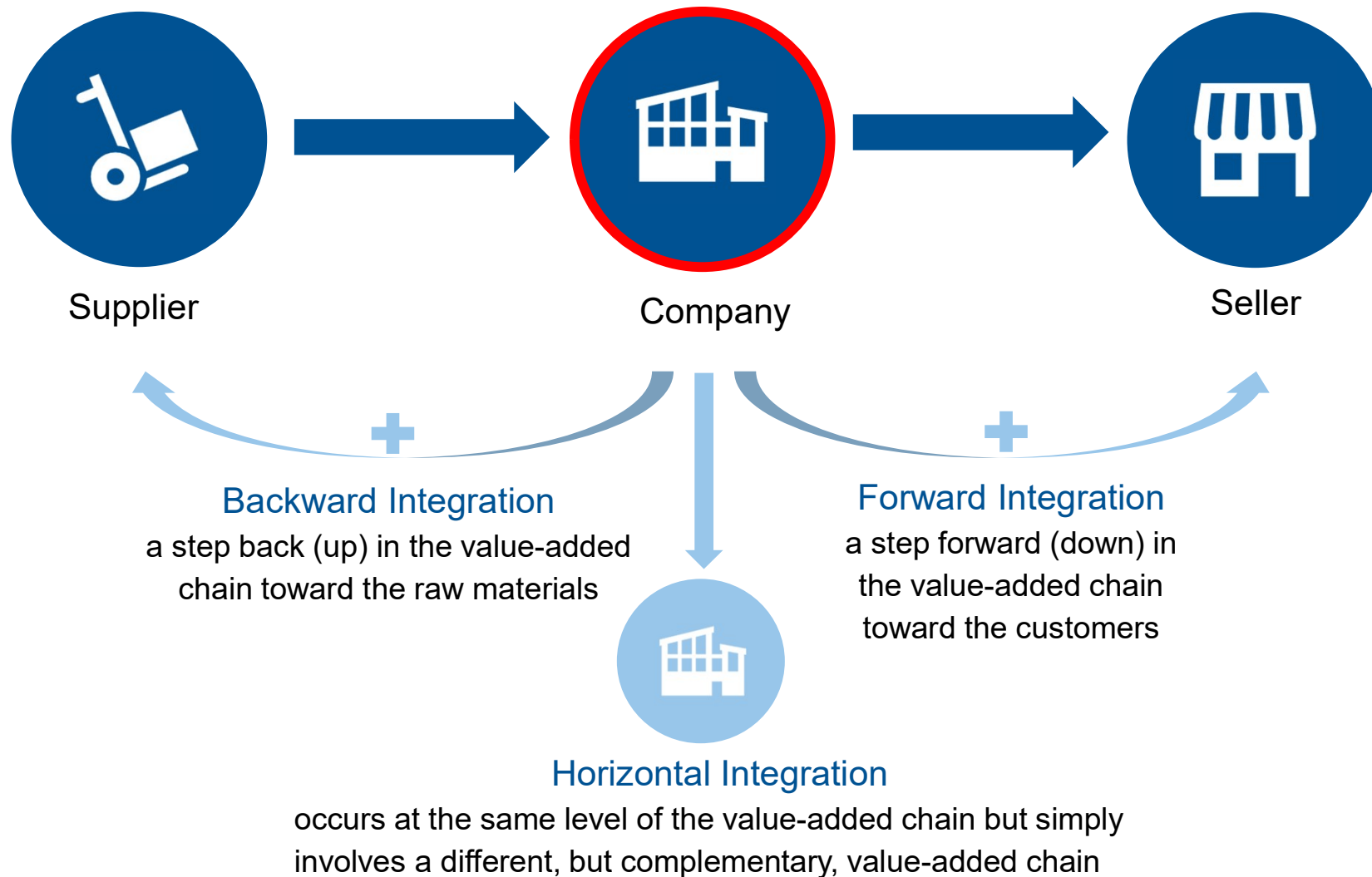
- Selling a license that transfers the right to produce and sell a product in exchange of a fee or royalty to a manufacturer in a different country
- Examples:
 - Nestle (the licensee) agreed to pay \$7.15 billion in cash to Starbucks (the licensor) for exclusive rights to sell Starbucks' products (single-serve coffee, teas, bagged beans, etc.) around the world through Nestle's global distribution network
 - Fashion companies using the design of famous characters e.g. Mickey Mouse on their products

Franchising

- Specific type of licensing – used in the case of services – comes with further rules/regulation
- uniform marketing concept & market presence (e.g. same products, same taste, same design of facilities)
- more influence/control for franchisor (= franchise provider)



Diversification Strategies



Diversification Strategies - Example

