

## Character Merchandising - US - November 2018

Report Price: £3254.83 | \$4395.00 | €3662.99

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"Licensed merchandise is big business, valued at \$111.4 billion, and character merchandise represents the lion's share (12.1%) of it. Blockbuster movies, TV shows, and other forms of media content all drive enormous demand for character merchandise, but the industry needs to look for new avenues for growth to sustain sales during slower, off-peak periods."

**- Diana Smith, Associate Director - Retail &**

This report looks at the following areas:

- Decelerated growth patterns
- Toys and games in transition
- Staying top-of-mind

2017 marked the slowest rate of sales growth for licensed merchandise since 2014, a year when the wild success from Frozen was still peaking. Since then, two of the largest toy retailers have filed for bankruptcy, and consumers have shifted their discretionary spending to experiences rather than tangible goods. Nonetheless, the entertainment industry continues to come to the rescue with blockbuster movies, TV shows, video games, and more that breathe life into the character-merchandising sector. 2018 brought some of the biggest movies in history, with Black Panther, Incredibles 2, and Avengers: Infinity Wars, the effects of which are still being realized but should lead to an uptick in sales at year-end. Even more big hits are expected in 2019 and beyond, including the highly anticipated Frozen 2.

While this is all well and good, the vitality of the character-merchandising sector can't survive alone on the coattails of megahit movies, which is why merchandisers are exploring new angles, including new characters, revitalizing classic characters, and probing emerging marketing channels and distribution outlets. There remains an opportunity for the industry to appeal more to young women, perhaps by casting more female characters in positions of power in entertainment properties, and for more diversity among characters in general.

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Embrace online and other emerging media outlets  
Explore themes of nostalgia, familiarity, and education  
What it Means for the Future of Character Merchandising

### The Market – What You Need to Know

Character merchandising outperforms broader licensed merchandise category  
Toys and games sit alone at the top  
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Abbreviations

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