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# Category Recommendation Recap

# recommendation RECAP

CATEGORY	PURSUE?	RATIONALE	FINANCIAL OPPORTUNITY
Lottery		<ul style="list-style-type: none"> <li>Florida Lottery ranks second in the country in sales and profits in the country</li> <li>To draw in consumers and add additional game opportunities, lotteries are branding games with recognizable brand names, such as: Bejeweled, Flamingo and Escape to Margaritaville</li> <li>Despite potential negative gambling connotation, Florida Lottery's mission to support education can be a positive platform for the city to promote</li> </ul>	<ul style="list-style-type: none"> <li>Term: 2-3 Years</li> <li>Royalty Rate: 0.10-0.40% of retail selling price</li> <li>Projected Net Sales: \$10-\$50MM over the term</li> </ul>
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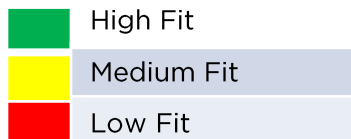
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	High Fit
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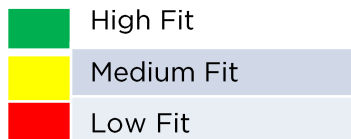
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Swimwear		<ul style="list-style-type: none"> <li>Few brands and retailers are looking for co-branded partnerships in the category</li> <li>Brands who have been able to attract swimwear partners are those with explicit sex appeal such as Maxim and swimsuit models, such as Alessandra Ambrosio</li> </ul>	N/A



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# novelty ITEMS

- Local vendors are already capitalizing on the excitement and affinity of the destination
- Official Miami Beach branded novelty items, such as apparel and collectibles, should be targeted as immediate prospecting priority
- Local retailers who are manufacturing product at their stores should be contacted for partnership
- Additional gift and collectible vendors can be approached for broader distribution opportunities
  - These relationships should not be exclusive as multiple partners will be required to build a comprehensive portfolio of Miami Beach novelty products
- Because Miami Beach is in the public domain, there will need to be additional partnership incentive for manufacturers who are paying for use of the official city logo

## Prospective Partners:

### Local Retailers

- Alvin's
- Surf Style
- Wings

### Additional Novelty Manufacturers

- Open Road Brands
- Great American Products
- Holland Bar Stool
- Tervis Tumbler
- Siskiyou Gifts
- Trevo Inc.
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- Zazzle.com



# MIAMI BEACH

## Strategic Extension Blueprint

August 17, 2015



BLUEPRINT

powered by Beanstalk



# Agenda

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# Goals & Equities for Extension

# goals & objectives FOR EXTENSION

Based on learnings from the brand download, the following goals were identified for extension of the Miami Beach brand:

- Increase global brand awareness while strengthening existing relationship with enthusiasts
- Enhance consumer perception of Miami Beach as a lifestyle brand
- Grow merchandising program volume and footprint
- Generate external partner revenue stream with positive return on investment

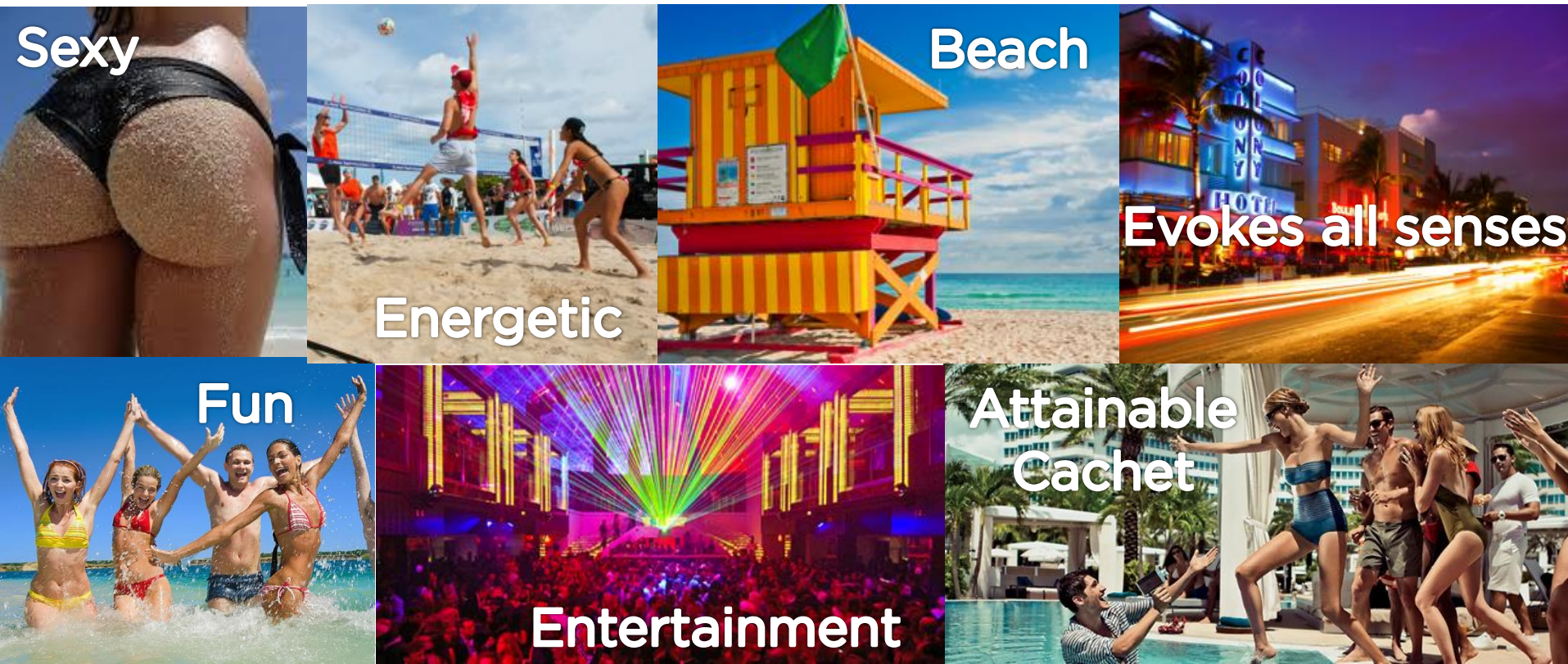
# equity BRAINSTORM

Fun	Fun in the sun	Health	Sexy		Creative	Arts
Beautiful	Energetic		Ocean	Colorful	Glamorous	Fitness
Relaxing	Historic	Perfection	Evokes all senses		Chic	Scene
Beach	Fun after dark	Vacation	Bikini	Nightlife	High-end	Lifestyle
	Playful	Exotic	Celebratory	Ocean Rescue	Luxurious	Unique
Sun	Outdoor	Entertainment		Multicultural	Attainable Cachet	Special



# leverageable equities FOR EXTENSION

Blueprint proposes the below equities as most leverageable for partnership with Miami Beach



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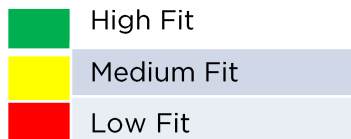
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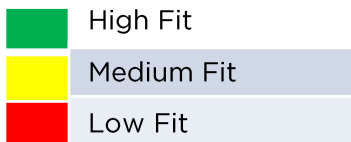
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# Critical Guidebook Highlights

# sales MATERIALS

**GOALS:** Entice potential partners by communicating the value of the Miami Beach brand, highlighting the strength of the brand and potential for partnership opportunity

- **Pitch Email:** Usually is the first contact with the prospective partner. It should strategically communicate a brief overview and key selling points of the MB brand to gauge interest. Generally followed by a phone call and additional sales materials, the Pitch Email includes a brief introduction of the brand, key data points, current partnerships, benefits to license the brand and should end with a powerful statement.
- **One Sheet:** Provides more brand and partnership information to a prospect who has inquired about additional information, but remains somewhat vague in an attempt to attract interest in setting a meeting or call. Encompasses an overview of the brand, limited details about the existing program and outlines the scope of the licensing opportunity.
- **Sales Presentation:** Comprehensive deck with all details about the brand, current program partners and successes and an outline of potential partnership opportunity. Should be utilized in meetings and calls to articulate the opportunity in detail to prospects and typically includes two distinct sections “Brand Overview” and “Partnership Opportunity”

# partner DUE DILLIGENCE

**GOALS:** Ensure Miami Beach is entering into secure and long-term partnerships with healthy companies in good standing that are committed to and aligned with the Miami Beach brand

- After initial discussions about the opportunity, the prospective partner should provide substantial information about the company, background and specific details about the proposed relationship for Miami Beach to consider. Two main sections to be analyzed:
  - **Company Background**
    - History and Structure
    - Sales and Customer Service Capabilities
    - Financial Assessment
    - Manufacturing, Quality Assurance and Safety capabilities
    - Company Material
  - **Partnership Proposal**
    - Objectives
    - Marketing & Promotions Strategy
    - Distribution
    - Proposed terms (length, sales projections, royalty rate, MG, advance, territories, distribution date, marketing commitment percentage)

# critical AGREEMENT TERMS

**GOALS:** Clearly outline the parameters of the relationship, delineating partner's rights while ultimately protecting the City of Miami Beach, the Miami Beach brand and its assets

- While the agreement is a comprehensive document with critical protections and nuances, four main areas that need special attention are highlighted below:
  - **Partnership Grant:** specific delineation of the partnership terms including years including renewal, category and sub-category grant, allowed trademarks, channels of distribution and regional territories
  - **Financials:** inclusive of all financial terms (minimum guarantees, royalty rate, marketing commitment), specific definitions (wholesale, retail, FOB, cross-collateralization, allowed deductions, etc.) and reporting requirements
  - **Product Approvals:** Process and guidelines for approval submissions covering product, packaging and marketing collateral
  - **Termination:** Clear provisions providing for termination resulting from a multitude of infractions. Standard agreements require acceleration of payment of all unpaid minimum guarantees.

# partner COMMUNICATION

**GOALS:** Regular interaction will ensure partners are abiding by contractual obligations and will allow the City of Miami Beach to have a consistent and on-brand program. The following can help ensure that these goals are met:

- **Product Development:** Partners to establish launch plans and timelines that will help confirm that all parties are aware of deadlines and appropriate processes to achieve a smooth product development process
- **Approval Process:** Brand owner should have approval rights for all items bearing the trademark to certify that all brand extensions conform with brand guidelines and to ensure appropriateness and consistency across all partners' product, packaging and marketing collateral
- **Status Calls:** Regular communication in form of status calls and annual business reviews help stay involved and informed about program successes and obstacles and provide a look ahead, targeting goals designed to promote growth

# brand book & ART ASSETS

GOALS: By providing a style guide/brand book, the City of Miami Beach will illustrate guidelines for key brand elements, provide art direction and inspiration and ultimately ensure a consistent and signature voice and spirit. The book should include:

- Brand logos and usage guidelines
- Brand voice
- Color palette
- Typography
- Packaging and merchandising guidelines and concepts
- Design assets and inspiration based on City of Miami Beach-owned art; it may be beneficial to incorporate successful designs of existing/past partners. Inspiration will require regular updates.

# partner support: MARKETING

**GOALS:** The City of Miami Beach needs to support its partners by integrating them into on-going City of Miami Beach marketing activities. Inclusion not only supports and enhances existing relationships, but can be viewed as a compelling selling point to prospective partners. Partners can be expected to provide collateral/art, samples or participate financially, where appropriate.

- **Website:** Include links to partner and retailer sites; provide information and imagery of existing programs
- **Social media:** Recommend transitioning Centennial account into City of Miami Beach social channel to help promote licensed product and partnerships, sponsored events, etc. Again, link to partner pages, websites and include products in City posts, thus growing exposure.
- **Events:** Maximize existing City events to promote products/partnerships. Partners can participate in or sponsor events and should be expected to fund cost of samples or provide sponsorship dollars.
- **Advertising/public relations:** Include partner product in existing marketing initiatives to promote the program and increase exposure

# partner support: POINT OF CONTACT

**GOALS:** To ensure effective program supervision and consistency, the City of Miami Beach should have an internal single point of contact dedicated to managing existing partners, prospecting new categories/partnerships and developing initiatives to support growth and collaboration.

Responsibilities should include:

- Partner prospecting and contract negotiation
- Partner onboarding
- Day-to-day management of all partners
- Timely response of product, packaging and marketing approvals
- Analysis of financial projections and results
- Governance of existing partners, overseeing all contractual obligations
- Ensuring consistency across all branded initiatives (e.g., partner product/packaging/marketing, city business cards, city uniforms, local signage, etc.)
- Liaison for developing, organizing and maintaining assets
- Development and management of joint marketing opportunities and incorporation of partners into City initiatives





# Additional Projects

# additional PROJECTS

To continue to assist Miami Beach in building and managing a larger partnership program, Blueprint can be engaged for the following projects:

- **Brand Book:** \$40,000-\$120,000
  - Pricing dependent on complexity and breadth of book
- **Sales Materials:** \$10,000
  - One sheet, sales presentation and partner due diligence application
- **Legal Boilerplate:** \$10,000
  - Customization for city-specific legal requirements: \$500/hour
- **Program Management Templates:** \$3,000
  - Financial reporting forms, product approval template, annual business plan template, status call agendas
- **Strategy for Additional Territories:** TBD
  - Pricing to be determined by number of regions and scope of categories



# Appendix

Full Category Brainstorm

Category Evaluations

Prospecting Guidebook

Program Management Guidebook



# Category Evaluations

# evaluation: LOTTERY/SCRATCH-OFFS

## Category Dynamics:

- Florida Lottery ranks second in the country in sales and profits; U.S. sales of lotteries in the state of Florida reached approximately \$5.36 billion in fiscal year 2013-14, representing a 7% increase from prior year.
  - The sole mission of the Lottery is to maximize revenues for education, having reached a cumulative \$26 billion in transfers to education since the Lottery's inception.
- Florida Lottery launched 41 new Scratch-Off games in fiscal year 2013-14 with a variety of themes, colors, play styles, top prizes and price points to appeal to Florida's diverse population
- To entice players, lotteries are branding games with pop-culture relevant, easily recognizable brands names; Florida lottery has launched games for Bejeweled, Flamingo and Escape to Margaritaville, providing winners with cash prizes, VIP experiences and vacation packages
  - Combined sales for these licensed properties totaled more than \$117 million
  - Out of more than 85,000 Flamingo Scratch-Off game players, 30 grand prize winners were selected to receive an all-expense paid VIP getaway for two to the Flamingo Hotel and Casino in Las Vegas.
  - With the Escape to Margaritaville Scratch-Off game, 44 winners received trips to St. Thomas, Pensacola, or Las Vegas; there were more than 634,000 entries
- Harrah's has partnered GTECH to offer games under three of Harrah's most powerful brands – Harrah's®, Caesars®, and World Series of Poker® (WSOP®)
- Additionally, the Lottery's Special Events team participates in community-based events statewide collaborating with brand partners to offer merchandise and prizes



# evaluation: LOTTERY/SCRATCH-OFFS

## Recommendation:

Miami Beach should prioritize pursuit of a lottery partnership.

As a coveted destination and icon of the state of Florida, there is an opportunity to leverage the city's equity into a Miami Beach themed scratch-off. Grand prizes of expenses paid getaways would be an incentive for players outside of South Florida and potentially nationwide.

Lottery partnerships can offer rich financial benefit with limited management and oversight. Not only can the city benefit financially, but lottery partnership provide an opportunity for brand engagement with consumers who aren't already considering visiting the city.

Despite the potential negative gambling connotation associated with lottery, Florida Lottery's mission to support education can be a positive platform for the city to promote.

## Financial Opportunity:

- Term: 2-3 Years
- Royalty Rate: 0.10-0.40% of retail selling price
- Projected Net Sales: \$10-\$50MM over the term

## Prospective Partners:

- IGT/GTECH
- MDI Entertainment (a Scientific Games Company)
- Alchemy3
- Pollard Banknote

# evaluation: CRUISE ENTERTAINMENT AREAS



## Category Dynamics:

- Currently, the worldwide cruise market is estimated at \$39.6 billion. Cruise passengers carried worldwide in 2015 is forecast at 22.2 million
  - By 2019, 25.3 million cruise passengers are expected to be carried worldwide, of which 55.8% will originate from N.A., 25.1% Europe and 19.1% the rest of the world
- Carnival has the largest share of the cruise market, followed by Royal Caribbean Cruises and Norwegian Cruise Line (“NCL”); these three leaders account for 81.6% of worldwide share of passengers carried and 76.7% share of revenues
- One of the hottest trends in cruising is the incorporation of famous brand names in all aspects of onboard life, from entertainment to restaurants, spas and shops; branded content is part of the way in which cruise lines are attempting to uniquely position themselves in the market
  - In 2011, Carnival teamed up with best-selling author, restaurateur and *Food Network* personality Guy Fieri to bring all the authentic appeal of a roadside burger shack poolside; Guy’s Burger Joint is open on five of Carnival’s cruise ships
  - Sixthman and NCL have developed a new concept called Festival Cruising; Sixthman, the leader in music cruises for more than a decade, has pioneered themed cruise experiences for bands, brands and their fans; executing over 67 full ship charters and hosting over 130,000 guests for 600,000 days on vacation at sea with world class artists and brand partners, such as KISS, Turner Classic Movies and VH1’s The Rock Boat
    - NCL’s *Walking Dead* cruise, the Walker Stalker Cruise, will set sail in January 2016, after selling out in only weeks, providing guests the opportunity to interact with stars of the show, as well as attend autograph sessions and photo opps; activities to include zombie gaming, costume contests and more
  - The Dreamworks Experience, only on Royal Caribbean, allows guests to meet and dine with their favorite characters from Shrek, Madagascar, Kung Fu Panda and How to Train Your Dragon and includes themed activities such as trivia and scavenger hunts
  - Canyon Ranch SpaClub® offers relaxation and healthy living on Queen Mary 2, Oceania Cruises, Regent Seven Seas Cruises, and Celebrity Cruises, connecting guests with the spa experience they trust



# evaluation: CRUISE ENTERTAINMENT AREAS

## Recommendation:

Pursue partnership with a leading cruise line for a Miami Beach themed onboard experience. Rather than branding the entire ship, Miami Beach should propose a branded area such as swim-up bar, wave pool, or an Art Deco nightclub/lounge serving up signature Miami Beach drinks.

As cruise lines look for branded opportunities to draw-in consumers and set their fleet apart, Miami Beach offers the cache of a coveted getaway destination. The seamless integration of the Miami Beach experience onto a cruise ship will offer cruise-goers a unique view and experience not offered on any other cruise line.

A fully-developed brand book, as well as a fleshed out concept vision will allow Miami Beach to best sell the opportunity to potential partners and comprehensively paint a picture to show what could be possible.

## Financial Opportunity:

- Term: 2-3 Years
- Projected Flat Fee: Approximately \$25-\$50K per year and ship

## Prospective Partners:

Primary targets:

- Carnival Cruise Lines
- Royal Caribbean International
- Norwegian Cruise Line

Secondary targets:

- Crystal Cruises
- Cunard Line
- Holland America
- Oceania Cruises
- Paul Gauguin Cruises



# evaluation: WATERPROOF CONSUMER ELECTRONIC ACCESSORIES



## Category Dynamics:

- The Consumer Electronic Accessories industry totaled \$8.5 billion in sales in 2014 and is growing steadily, buoyed by the popularity of tablet and smartphone accessories, headphones and ear buds
  - Although the waterproof segment represents a small percentage, an estimated \$50 million, it is anticipated to grow significantly
- “Waterproof” was a significant trend at the 2015 Consumer Electronics Show, showcasing products like waterproof smart phones and accessories; even major players like GoPro and Sony debuted waterproof consumer electronics
- Increased demand for waterproof accessories isn’t limited to the beach; waterproof consumer electronics and accessories are in high demand for extreme sports, inclement weather and accidents; growth in sales also stems from the high number of water accidents involving personal electronics
- Smartphone accessory growth far outpaces that of other mobile accessories and is expected to grow to \$38 billion by 2017
- Often an impulse purchase, brick and mortar stores are the primary channel of distribution for consumer electronic accessories
- Technology brands with unique IP and lifestyle brands generally find the most success in the category, such as OtterBox and Kate Spade, respectively

# evaluation: WATERPROOF CONSUMER ELECTRONIC ACCESSORIES

## Recommendation:

Without equity in technology or a broader lifestyle offering, Miami Beach will encounter significant challenges competing with performance-based brands like GoPro and OtterBox.

However, rather than going head to head with leading brands, Miami Beach should instead seek a partner to introduce a 'fun-fashion' waterproof accessories line that would compete through a lower price point strategy at a local level. Targeting convenience stores, pharmacies, tourist venues and specialty retailers with price points under \$19.99 Miami Beach can find success through impulse purchasing.

A Miami Beach consumer electronic accessory line would not need to be limited to waterproof products, but should include protective accessories in general.

## Financial Opportunity:

- Term: 2-4 years
- Royalty Rate: 4-5%
- Projected Sales: \$1M-\$2M over 3 years

## Prospective Partners:

- Lifeproof
- Arbor
- Obex
- Smartskin
- Pyle
- Braven
- Joos
- Mizco

# evaluation: BEACH TOWELS



## Category Dynamics:

- Consumers in the US spent \$21.9 billion on home textiles last year, a 2% increase over 2013; the beach towel market, a more niche and very seasonal sub-category of home textiles, remains steady around \$110 million at retail; the growth trajectory for the category is relatively flat
- Much of the category is unbranded, private label and direct to retail with inexpensive product coming out of China and South America
  - Private label towels focus mostly on patterns, designs and bright colors
- To supplement to their larger home textiles collections, luxury brands offer beach towels in department and specialty retailers
- The majority of branded towels are character driven, appealing to the youngest generations and their moms
- A relatively low price point item, mass retailers generally focus their collections on a mix of private label and character offerings
  - Character towels draw in the consumer, but private label gains a high retailer margin

# evaluation: BEACH TOWELS

## Recommendation:

Although Miami Beach does not have the equity in this space to directly compete in national department stores with lifestyle and home brands, such as Tommy Hilfiger and Ralph Lauren, there could be an opportunity for Miami Beach beach towels locally with independent specialty retailers and local drug retailers.

The category will likely be an exercise in maintaining loyalty and increasing brand impressions, allowing visitors to take home a bit of Miami Beach, but it is unlikely that a partnership for beach towels will yield a significant financial size of prize. However, a beach towel partner could also develop other textile products under the Miami Beach license, such as kitchen and bath textiles, home & garden textiles (patio and lounge), totes etc., potentially creating a broader revenue stream.

In order to successfully execute, a partner will require comprehensive brand design elements and inspiration.

## Financial Opportunity:

- Term: 2-4 years
- Royalty Rate: 5-7%
- Projected Sales: \$250K-\$900K over 3 years

## Prospective Partners:

- J.R. United
- Towel King of Florida
- Sherry Manufacturing Company
- Town & Country Living
- Springs Global
- Morgan Home Fashions, Inc.
- Venus Home
- Home Source International
- Loftex Industries
- Hilasal USA (based in El Salvador with offices in Broward; potential partner also for the LATAM region)



# evaluation: CO-BRANDED LIFESTYLE APPAREL



INSIDE H&M  
**BALMAIN X H&M**  
*Get ready for #HMBalmaination! H&M's next designer collaboration will be with the Parisian house of Balmain.*

## Category Dynamics:

- The \$140 billion womenswear market continues to evolve; the landscape is consolidating as a lack of consumer loyalty results in an uncertain and unstable future for many brands and retailers
- The apparel sector is beginning to move at quicker turns due to the emergence of the “fast fashion” trend. Rather than eight to twelve weeks in-store, styles can expect four to six weeks on shelf before turning over to the next collection
- Brand loyalty is fading while style and price point drive the purchase
- In an effort to bring consumers in-store, retailers are looking towards limited time co-brands to create excitement
  - The majority of these co-brands are happening in lower-tiers of distribution as luxury brands are looking to broaden their appeal and awareness beyond their core consumer
  - These partnerships are more often a marketing initiative rather than a revenue driver for the participant; unless unexpected success is achieved, the partnerships are short-term and meant to drive foot traffic
  - Compelling co-brand partners can drive new consumers in-store through dual marketing efforts
  - For luxury brands, the high profile name can be enough to bring new feet in the door, but non-conventional “fashion” brands have created incentives for co-branded retail partnerships:
    - H&M partnered with Coachella in Spring 2015; in addition to creating pop-up shops on festival grounds, Coachella also funded all-inclusive trips to the festival to H&M customers
  - Branded retail partners can dedicate in-store and external marketing support beyond what would be expected of manufacturers who solely sell into the department store channel

# evaluation: CO-BRANDED LIFESTYLE APPAREL

## Recommendation:

Potentially pursue limited time apparel partnerships: if Miami Beach can develop the necessary assets and incentives for national partnership, limited prospects can be approached

It will be critical for Miami Beach to first create a visual story of the Miami Beach brand for a partner; being able to provide prospects a clear and unique aesthetic that exemplifies the Miami Beach lifestyle will be the first hurdle to cultivate interest

Beyond aesthetic, Miami Beach would need to determine a comprehensive marketing plan to bring consumers in-store for the promotion; in addition to digital marketing, Miami Beach should consider potential sweepstakes and associated prizes

If Miami Beach has the appetite to develop a robust opportunity for a branded retailer, the program could extend beyond apparel as most retailers are looking to sell broader branded assortments of apparel including footwear, accessories and even beauty

## Financial Opportunity:

- Term: 1 year
- Royalty rate: 1-2.5%
- Projected Retail Sales: \$5-\$8MM

## Prospective Partners:

Due to the prevalence of partnership in mass and fast fashion retailers, Miami Beach should look to potential partners with a track record of co-branding:

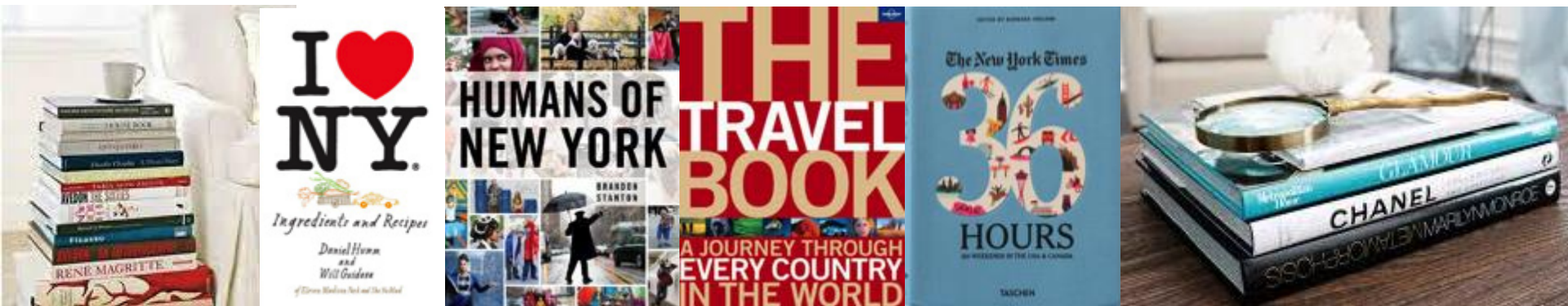
### Primary Targets

- H&M
- Forever21
- Uniqlo
- Zara

### Secondary Options

- Gap
- Target
- Banana Republic

# evaluation: COFFEE TABLE BOOKS



## Category Dynamics: Publishing (Coffee Table Books)

- The U.S. book and journal publishing industry generated \$27.98 billion in net revenue for 2014, representing 2.70 billion in units; the figures include trade (fiction/non-fiction), K-12 instructional materials, higher education course materials, university presses, and professional books
  - eBooks, hardbacks and paperback show steady market growth. Over 510 million eBooks were sold in 2014, nearly on-par with the number of hardbacks (568 million) sold in 2014.
  - Paperbacks, which remain the most popular format, also saw strong sales at \$4.84 billion and 942 units sold versus \$4.42 billion and 882 million in 2013
- While magazine publishing and book publishing have made the leap from print to digital, there is still one niche of book publishing that is slow to conform: the coffee table book
- Kindles and iPads can't compete with the experience of vast color photos, thick paper and sturdy binding; despite the transition into digital reading, coffee table books continue to sell in hard copy
- Price points for coffee table books have not been in decline despite the gradual transition of the publishing industry to digital content; price points can range from \$20 to several hundreds
- As other print materials switch to the digital age, coffee table books function as more than texts and are considered vital design elements for homes and offices
- As a function of design, the most successful coffee table books utilize beautiful and iconic imagery; books with a focus on fashion and style, works of art and photography, and travel continue to be published every year

# evaluation: COFFEE TABLE BOOKS

## Recommendation:

If proprietary art and photography is owned by Miami Beach, these exclusive assets should be utilized for a coffee table book. Although digital reading has grown tremendously, the art of printed books as design statements continues to thrive. Coffee table books allow consumers to make statements about themselves in their homes and lives.

In order to develop a compelling proposition for publishers, it will be vital for Miami Beach to catalog and curate all available assets. The less work for the publisher, the more enticing the opportunity.

## Financial Opportunity:

- Term: 2-3 Years
- Royalty Rate: 4-7%
- Projected Net Sales: \$40-\$80K over the term

## Prospective Partners:

- Media Lab Publishing
- Time Inc.
- Grand Central Publishing
- Taschen America



# evaluation: ENERGY DRINKS



## Category Dynamics:

- Energy drink beverages and shots' sales amounted to \$12.2 billion in 2014 and are projected to reach over \$13.5 billion by the end 2015
- There are a variety of energy drinks in the US, but the market is mainly dominated by Red Bull (42.1%), Monster (36.2%), Rockstar (8.1%), NOS (4.3%) and Amp (1.9%); Starbucks energy drink has less than 1% share
  - Beverage leaders SunnyD X and VitaminWater Energy entered the crowded market in 2014
- In the U.S., over 60% of the sales of energy drinks are made at convenience stores
- The target market for energy drinks is broadening as new products are developed in an effort to reach niche submarkets and differentiate themselves from their competition
  - Manufacturers are innovating their product offering to appeal to a broader consumer base (sugar free, gluten-free/caffeine-free, creamy flavors profiles, etc.)
- 34% of 18 to 24 year olds are regular energy drink consumers; as time-scarce young people struggle to maintain work-life balance, a continued growth is expected
- To appeal to a younger generation, brands are placing more marketing emphasis on value and less on style, by either increasing the ounces per can or investing in promotions and instant rebates; the average unit price of energy drinks declined by 1% in current value terms in 2014, following a 2% decline the previous year
- Hard Rock Energy Drink launched in December 2013 and is currently sold at convenience stores operated by the Seminole Tribe of Florida, who also owns Hard Rock International, as well as the licensee of the energy drink, Enterprise Beverage Group
  - At launch, Enterprise Beverage Group planned to test the Chicago market in 2014 and follow with a national rollout slated in 2015, however, the beverages still have very limited placement outside of South Florida

# evaluation: ENERGY DRINKS

## Recommendation:

With the exception of a promotional relationship for local events, it is not recommended that Miami Beach proactively pursue an energy drink partnership.

Highly saturated market with a handful of brands commanding over 94% of the market; even brands with significant equity in the beverage and energy segments have struggled to gain share

- Unless Miami Beach is able to work with existing partner Coca-Cola or another large beverage company, there would be limited opportunity for distribution

The emphasis on value would create a challenge for partner who would need to build on margin for royalty responsibilities. Health concerns associated with the product category could create liability and negative PR for Miami Beach.

Additionally, there is currently a Miami Beach energy drink available in Croatia, but the brand has not extended to the U.S.; Miami Beach would need to clear trademark availability in the U.S. before choosing to proceed.



# evaluation: CO-BRANDED SWIMWEAR



## Category Dynamics:

- The \$4.4 billion U.S. swimwear market continues to grow, but the highly seasonal category
- The category is driven by design and fit; consumers purchases are highly trend associated and consumers stay loyal to brands that flatter their figures
- Few brands are partnering with other brand owners
  - The biggest buzz brand extensions over the last few years have been with explicitly sexual brands like Maxim or with swimsuit models, like the Ale collection by Alessandra Ambrosio
  - Success for the extensions has yet to seen
  - From the premium segment, the St. Regis hotel launched two exclusive suits with designer Cielo Rosso, but those items are only available in the St. Regis Monarch Beach in Southern California
- Because of the seasonality of swimwear, brands have fewer opportunities to innovate outside of design
  - The only major trend in swimwear over the past several years has been the innovation of protective material to avoid sun damage
- Few retailers stock swimwear for longer than two quarters

# evaluation: CO-BRANDED SWIMWEAR

## Recommendation:

It is not recommended that Miami Beach prioritize the pursuit of a swimwear partner.

Consumers tend to only be brand loyal where fit is concerned, but design preference is the main driver for the category. Miami Beach's equity in swim is not as critical as existing brands in the category would not require their trademark to utilize "Miami Beach" inspired design.

If Miami Beach is approached for partnership by a local vendor, they should pursue the relationship opportunistically, but due to limited distribution and financial opportunity, the category is not appropriate for prioritized outreach.



# evaluation: COLLECTIBLE HOUSEWARES



## Category Dynamics:

- Homewares sales reached \$11.3 billion in 2014.; figures include: cooking utensils, dishes, tableware, cutlery, drinkware, and other small articles used in a home.
  - Although collectible housewares represents a small piece of the total revenue, home accents are on an upward trend
- Targeted to consumers with significant brand affinity, novelty homewares have been a niche segment of the collectibles market for decades
  - Iconic brands such as Coca-Cola, Mattel, Hello Kitty, Ford, Elvis, and Marilyn Monroe have seen steady success due their cult-like following
- To capture the broadest consumer base, manufacturers develop product across a spectrum of design aesthetics, utilizing everything from bright and lively colors to a retro or antiques effect
  - Consumers remain solution oriented in their home furnishing shopping, searching for product that complements their existing decor
- Not all brands experience success in the homewares market; the brands with long-term success tend to be iconic, evergreen brands that ignite passion in their loyal consumer base
  - The Margaritaville® brand, influenced by the laid-back, island way of life where "it's always 5 o'clock somewhere," recently partnered with HSN and HSNi's Cornerstone division brands, Frontgate and TravelSmith, for a line of 200+ culinary, home, electronics, beauty and apparel products. The line of outdoor home décor includes wall art, lanterns, signs, pool seats and accessories, outdoor mats/rugs, throw pillows and more

# evaluation: COLLECTIBLE HOUSEWARES

## Recommendation:

Although the housewares market has been growing, it is not recommended that Miami Beach prioritize pursuit of a collectible partnership. The housewares market is tough to penetrate and revenue potential unstable as consumer interest can be cyclical.

Miami Beach could potentially connect with smaller partners to develop novelty collectibles for local retail, but due to the limited distribution and financial opportunity, the category should be approached opportunistically and not be the focus for brand expansion.

# evaluation: BEACH GEAR

## Category Dynamics:

- In 2014, the Home Furnishings market reached \$127 billion in sales and is expected to continue growing through
  - The outdoor furniture category, which includes the beach gear & accessories sub-category, capitalized on growing consumer interest in outdoor activity to register a 3% increase in current value sales to reach US\$3.9 billion
- Beach gear, like beach towels, is a niche and seasonal category that represents a small fraction of the outdoor furniture and home furnishings segments
- Manufacturers report that beach products face lot of competition from private label brands as price drives consumer purchases
- Retailers dedicate limited space on shelf for the category
- The limited brick and mortar retailers who stock the category only do so regionally and during spring/summer season; product can typically be found in limited quantities at mass, drugstores and local/specialty retailers
- The higher end segment of the market is sold through specialty outdoor retail and tends to be retailer branded only



# evaluation: BEACH GEAR

## Recommendation:

Do not prioritize for pursuit. Although there has been an increase in sales over the past year for beach accessories, most manufacturers face fierce competition from private label and compete in price and margin. As there is little in-store space dedicated to the category and the business is highly seasonal, the financial opportunity is minimal.

Few beach accessories are branded today; with the exception of characters, brand owners generally participate in beach gear as a promotional opportunity. Some lifestyle brands play in this segment as a supplement to their broader outdoor apparel and accessory collections, but few are looking to compete at the mass level.

Premium outdoor brands seldom utilize co-branded partnerships as brand is not a key driver for purchase; design, materials and price point steer the premium purchase.

Although Miami Beach may be able to attract local partners for novelty beach products, the category should not be the primary focus for the Miami Beach team.



The top right corner features a large diamond shape composed of eight smaller triangles in shades of teal, yellow, and pink. The bottom right corner contains a large orange diamond shape made of many small triangles, with a smaller teal and pink diamond shape partially visible below it.

# MIAMI BEACH

## Prospecting Guidebook



# CONTENTS

Prospecting List

Sales Materials

- Pitch email
- One sheet
- Sales presentation

Conducting Partner Due Diligence

Key Partnership Agreement Terms

# how to create: PROSPECTING LIST

**GOAL:** Create a systematized prospecting list to track the sales process and progress

The following elements should be considered for creation of a prospecting list in preparation for pitching:

- **Develop Miami Beach prospecting pool by category**
  - Leads can come from market research, online search, retail visits, trade shows, recommendations, etc.
- **Key attributes of manufacturers to consider before adding them to the prospecting list:**
  - Do they possess strong retail relationships? Do they have product in multiple channels and retailers?
  - Are they organizationally structured to manage a partnership? Do they have existing brand partners?
  - Do they have the financial capability to develop and support multiple brands?



# SALES MATERIALS

Sales Materials include:

- Pitch Email
- One Sheet
- Sales Presentation

## GOALS:

- Communicate the value of the Miami Beach partnership
- Highlight the strength of the Miami Beach brand as one of the most-visited destinations with potential for product growth
- Outline key visitor and consumer information
- Describe key marketing initiatives
- Detail existing partners, program direction and successes

# how to create: PITCH EMAIL

The Pitch Email allows the Miami Beach representative an opportunity to strategically communicate a brief overview and key selling points of the brand in an opening email to prospects to gauge interest. Generally followed by a phone call and additional sales materials, the Pitch Email is an initial tactic to grab the attention of a prospective partner.

The following elements should be present in a pitch e-mail to prospects:

- Introduction of the Miami Beach brand
  - Brand image and attributes
  - Awareness/reach
- Key data points, including basic visitor demographics and psychographics
- Current partnerships and categories highlights
- Brief description of what the partnership could achieve
- Why Miami Beach?

# how to create: ONE SHEET

The One Sheet provides more brand and partnership information to a prospect who has inquired about additional information, but remains somewhat vague in an attempt to attract interest in setting a meeting or call.

The following elements should be considered for inclusion in a One Sheet:

- **Overview of Miami Beach**
  - Key brand attributes
  - Quantifiable data on Miami Beach brand strength
  - Annual visitor information
  - Marketing/advertising spend
- **Existing program**
  - Partners and categories
  - Program successes
- **Licensing opportunity**
  - Unique brand and market positioning
  - Available categories
  - Miami Beach support
    - Assets
    - Cross-promotion/events

# how to create: SALES PRESENTATION

The Sales Presentation is a broadest sales tool designed to comprehensively detail the brand, articulate current program partners and successes and outline potential partnership opportunities. The Sales Presentation should be utilized in meetings and calls to articulate the opportunity in detail to prospects. The presentation can be include two distinct sections of: Brand Overview and Partnership Opportunity

## Brand Overview

Introduce the brand. Tell the brand story utilizing key brand attributes and quantifiable data.

- Brand attributes and unique selling proposition of the Miami Beach brand
- Market positioning
- Years since foundation of city
- Growth of the city/history
- Aided or unaided brand awareness
- Annual number of visitors
- Visitor expenditure/economic impact/attracting investments
- International and domestic visitors/local population
- Market position/share

Who is the visitor/consumer? Include demographics and psychographics such as:

- Visitor age
- Male vs. Female
- Consumer/Visitor Profile (VALS metric)
- Household income
- Geographic strength

# how to create: SALES PRESENTATION (CONT'D)

## Brand Overview (cont'd)

Outline the existing program's product strength and reach, proving to the prospect that their category can achieve success.

- Existing partners and categories
- Top retail customers and aisle placement
- Case studies of existing successful partnerships and collaborations including examples of cross-marketing, merchandising or promotion

## The Partnership Opportunity

Detail the opportunity including assets and support available to the prospective partner:

- Categories available
- Art assets including style guide, photography and other imagery
- Marketing support:
  - Presence in brand-owned advertising vehicles (newsletter, e-mail blast, magazine, catalog, website, social media etc.)
  - Joint advertising opportunities with brand or other partners
  - Dedicated website (micro-site) linked to main website or social media
  - Integration in official Miami Beach events
- Sales assistance:
  - Joint presentations to retailers either with other partners or with a Miami Beach representative
  - In-store cross-promotions opportunities and co-branding





# PARTNER DUE DILIGENCE

Two key areas for due diligence:

- Company Background
- Partnership Proposal for Miami Beach

GOAL: Perform due diligence to ensure Miami Beach is entering into secure and long-term partnerships with companies in good standing that are committed to and aligned with the Miami Beach brand.

# how to conduct: PARTNER DUE DILIGENCE

After initial discussions about opportunity have been established, the Prospect should provide significant information about their company, background and specific details about the proposed relationship for Miami Beach to consider. The following Company Background and Partnership Proposal sections should be utilized as a guide:

## Company and Background

- **Company information**
  - General contact and background information
  - Number of years in business
  - Experience with different partnership models and current brand relationships
  - Key competitors
- **Sales/Customer Service Capabilities**
  - Top 5 retail accounts in various channels of distribution
  - Credit references
  - Retail references (buyers, external sales brokers, distribution partners)
  - Customer service infrastructure
    - Is there an 800 #?
    - Is customer service managed internally or externally?
    - What is their return policy?

# how to conduct: PARTNER DUE DILIGENCE (cont'd)

## Company and Background (cont'd)

- Financial assessment
  - 3-5 year history of company sales revenue
  - History of bankruptcies and claims
  - Miami Beach may consider running a D&B report to review the Prospect's credit score, accounts payable history and financial risk rating
- Manufacturing, Quality Assurance and Safety capabilities
  - Current factories and facilities
  - Product testing procedures
  - Inspection and audit procedures
  - Other customer service and consumer complaint information
  - Technical quality reference contacts
- Other company material to be requested:
  - Product catalogs
  - Company brochures
  - Samples of like-products they are already producing to assess quality

# how to conduct: PARTNER DUE DILIGENCE (cont'd)

## Partnership Proposal

- **Partnership objectives**
  - Statement of what Prospect wants to achieve through partnership
- **Marketing & Promotions Strategy**
  - Description of plans and strategy for the Miami Beach program/relationship
  - Detailed description of proposed product/service/partnership offering
  - Target audience
  - Anticipated competitive brands
  - Promotional and marketing activities planned to promote the products/relationship
- **Distribution**
  - Target channels of distribution for the program
  - Size of Prospect's industry, company market share and current trends in this market
  - Expected share of business
  - Type and size of sales staff (ex: internal sales teams, rep. groups, commissioned agents)

# how to conduct: PARTNER DUE DILIGENCE (cont'd)

## Partnership Proposal (cont'd)

- Proposed terms
  - Length of desired contract
  - Annual sales projections: retail and wholesale sales, projected royalties
  - Proposed royalty rate
  - Proposed minimum guaranteed royalties
  - Advance payment (due on signing)
  - Territories
  - Marketing/distribution start date
  - Required marketing spend, generally a percentage of sales to be invested in advertising/promotion of the brand

# how to develop: KEY AGREEMENT TERMS

**Goal:** The partnership agreement should clearly outline the parameters of the relationship, delineating Partner's rights while ultimately protecting the City of Miami Beach and the Miami Beach brand

Key terms and clauses to include to define the bounds of the relationship and safeguard Miami Beach:

**Exclusivity:** Exclusive or non-exclusive; Exclusive means no other partners may share the rights to the trademark in the exact categories, territories or distribution channels. If exclusive relationships are entered, the agreement should also include critical benchmarks for termination or flip to non-exclusive if the Partner is not performing as expected

**Licensed Marks:** A clear, limited description of the licensed property and specific trademarks, preferably with the actual licensed marks set forth in an exhibit

**Licensed Articles:** Well-defined product categories and sub-categories

**Term/Renewal Term:** Clearly restrict relationship to a defined term of years. Make sure that if there is a renewal option for Partners, is it contingent on their achievement of sales or other critical benchmarks during the initial term

**Territory:** Clearly defined territories or countries; if the internet is a permitted channel of distribution, explicitly restrict customer deliveries to permitted geographical territories

# how to develop: KEY AGREEMENT TERMS (CONT'D)

**Channels of Distribution:** Well-defined retailers or segments of retail (e.g., mass, mid-tier, grocery etc.)

**Royalty Rate:** Clearly defined base royalty rate with an option for a higher royalty rate on FOB sales by partner or sales via a distributor. A quick formula to calculate the applicable royalty rate is multiply 20% of the licensee margin

**Minimum Guarantees:** Standard provision for minimum royalties per year to be paid regardless of Partner success. Typically licensors and agencies ask licensees to guarantee 55-65% of their wholesale sales projections

**Advance:** Standard provision for a payment upon signature of the agreement. The Advance is typically a portion of the first year's Minimum Guarantees meant to incentivize Partner to commit to relationship from the very beginning. Typically licensors and agencies ask licensees to pay 50% (can go as low as 30%) of the first year's MGs

**Marketing Requirement:** A required percentage of net sales that partner must commit to utilize against marketing and promotion of the product annually. Another approach is to require partner to pay the Marketing Requirement towards a co-op fund that Miami Beach will pool from all partners and utilize internally against marketing initiatives

# how to develop: KEY AGREEMENT TERMS (CONT'D)

**Net Sales:** Concrete definition for net sales or other income stream against which the royalty rate will be multiplied to determine earned royalties. Net sales should be defined as Partner's gross sales minus taxes, actual and customary returns, which should be subject to a cap of no more than 5% or 10% of total gross sales per year, and any additional permitted deductions from gross sales (e.g., volume discounts, also subject to an overall cap - aggregate deductions for returns and volume discounts that do not exceed X% of total gross sales per year). Net Sales clause should also include an explicit statement that all partner costs and expenses are their sole responsibility. A "sale" should be defined as the earlier of being shipped, billed out, or paid for

**Royalty Reporting:** As part of the agreement, Miami Beach should include a basic/prescribed form of royalty statement, that includes required fields for all critical categories of business information (e.g., gross sales per SKU, net sales per SKU, returns, etc.) so partners can consistently report sales in a consistent format, easily readable by Miami Beach

**Cross Collateralization:** Miami Beach must explicitly allow or disallow cross-collateralization of royalties for different product categories, contract years and territories (e.g., if sales exceed minimum guarantees for one territory, those overages may not forgive unearned royalties in other territories)



# how to develop: KEY AGREEMENT TERMS (CONT'D)

**Payment Due Dates:** Earned royalties are due at the end of each quarter in which they are earned. Any unpaid minimum guarantee payments are due in full at the end of each contract year. Miami Beach may want to consider adding a clause allowing for an interest charge on overdue partner payments as an incentive for timely payment. If there is possibility of Partner sales outside of the United States, Miami Beach should consider including an explicit requirement that Partner pays all royalties in dollars, with all currency risk and conversion costs borne by Partner. Additionally, Partner must take all steps and provide all documentation necessary to enable Miami Beach to minimize withholding tax or to qualify for credits on withheld tax

**Records:** Partner must maintain program-related records during the entire term and for at least three years afterwards

**Audits:** Miami Beach should maintain the ability to perform an audit on Partner's premises at least once a year, at Partner's cost if audit shows a discrepancy of 3% or more (5% maximum) of gross sales income, as well as to pay late interest on unpaid sales. Partner to provide Miami Beach with full access to its program-related financial records and full cooperation with Miami Beach auditors

**Insurance:** Partner to maintain insurance coverage that names Miami Beach as an additional insured during the term and for at least three years after. Partner's insurance separately covers against claims of IP infringement, not just commercial general liability. Partner's insurer should be required to give Miami Beach thirty days notice prior to cancellation, expiration, or amendment of the policy and should also be required to provide Miami Beach with a certificate of insurance showing policy coverages and expiration date, at the commencement of the term and at least thirty days prior to expiration

# how to develop: KEY AGREEMENT TERMS (CONT'D)

**Approvals:** Partner must submit samples of all products, packaging, advertising, press, and promotional materials for Miami Beach approval before sale or public release. Approval provision should include at least three different stages — concept, pre-production and production. Explicitly state that all product approvals and disapprovals are completely within Miami Beach's discretion and that Miami Beach will not be liable for disapprovals or late approval decisions. Also, clearly state that Miami Beach's failure to respond to an approval request shall be deemed a disapproval

**Samples:** Partner will provide Licensor with a specified number of samples every year and must attest that all produced articles shall conform to those approval samples. Partner is required to resubmit for approval articles that have departed from the approval samples during the production process

**Health and Safety:** Partner must commit to conform with all local laws and administrative regulations, especially those related to health and safety, and agrees to perform at-source health and safety testing for articles with potential health or safety effects that are manufactured in foreign countries

**Inspections:** Miami Beach has the right to perform unannounced quality control inspections at any facility where the articles are produced, including third party manufacturers

# how to develop: KEY AGREEMENT TERMS (CONT'D)

**IP Ownership:** Explicit provision that all intellectual property developed by Partner and used in or for the partnership, become property of Miami Beach, either by work-made-for-hire or by assignment. Partner is required to get assignment contracts from all outside contractors who create original content or other intellectual property for the program. Partner should be required to transfer all interests developed in the property back to Miami Beach

**Ownership of Licensed Marks:** Partner must promise to not to challenge any rights of Miami Beach related to the licensed marks. Partner is prohibited from filing any trademark or copyright application in any way related to the property without prior written permission from Miami Beach. Partner should also be prohibited from combining or modifying the property without prior written permission from Miami Beach and from taking enforcement action against third party infringers of the property without prior written permission from Miami Beach. Partner should be required to assist Miami Beach in filing trademarks and performing other procedures to protect or perfect the property. Make sure to include specified trademark and copyright notices and other required notices for Partner to include with the articles

**Unauthorized Use of Marks:** Include a provision giving Miami Beach presumption of irreparable harm and right to injunction if Partner makes an unauthorized use of the property

**Assignment of License:** Partner should be prohibited from assigning or subcontracting the agreement. Partner must first receive written consent from Miami Beach to make a change in ownership or control

# how to develop: KEY AGREEMENT TERMS (CONT'D)

**Third Party Manufacturers:** Partner should be explicitly prohibited from utilizing third party manufacturers of goods without prior written consent of Miami Beach. If/when Partner is permitted to utilize external manufacturers, Partner should remain the liable party for all actions and omissions of its manufacturers. Additionally, Partner is responsible for obtaining signature on a manufacturer's agreement that obligating the third party to observe fair labor standards, allowing Miami Beach or its agents to inspect its factories on little notice, respect Miami Beach's IP, and observe all applicable terms of the agreement as if it were the contract Partner, otherwise, Miami Beach can terminate partner for a third party manufacturer's breach of the terms of the agreement OR require Partner to terminate the manufacturer upon suspicion of pirating or other abuse of its' IP. Partner should be required to provide addresses for all of its factories and those of its third party manufacturers.

**Termination:** Miami Beach should consider a tiered system of termination provisions, with automatic termination without notice for the most serious Partner breaches (e.g., health and safety recalls, doing anything that could harm, dilute, tarnish, or otherwise unfavorably portray the Miami Beach marks); Termination effective upon notice for serious Partner breaches (e.g., sale of unapproved articles); And termination after notice and no more than a 30 day cure period for all other Partner breaches. Standard agreements require acceleration and immediate payment of all unpaid minimum guaranteed royalties upon termination of the agreement due to Partner's default. Partner is required to return all Miami Beach provided materials upon termination Partner's sell-off right is contingent on not having been in breach of the agreement



# MIAMI BEACH

## Program Management Guidebook





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# PARTNER ONBOARDING

Onboarding initiatives include:

- Welcome Kit
- Miami Beach Immersion

## GOALS:

- Present an overview of relationship requirements and processes, establish internal communication procedures and provide key contacts
- Provide partners with all documentation and assets they may need to ensure all partnerships are consistent and strategically aligned

# program management: WELCOME KIT

Upon full execution of an agreement, the City of Miami Beach should send partners a Welcome Kit providing a comprehensive introduction to the program. A proper welcome to the program builds trust and ensures licensees understand what is expected of them throughout the relationship, identifies key points of contact within the City of Miami Beach and reiterates program requirements and processes.

The Welcome Kit should include:

- Key contacts at City of Miami Beach (day-to-day management, legal, finance)
- Key dates of deliverables (royalty payments and reports, projections, business plans)
- Style guide/brand book and other assets (see slide 15 for more)
- Product development and approval process and guidelines
- Sales, projections and business plan processes
- Royalty payment information
- Program management templates (financial reporting, projections, business plans, product approvals, etc.)




# program management: BRAND IMMERSION

At the inception of each new program, the City of Miami Beach and the new partner should conduct a Brand Immersion. The Brand Immersion is a comprehensive study of the brand and should be led by key City of Miami Beach stakeholders. Immersing the partner with the City of Miami Beach's core brand attributes and positioning.

The following is an outline of topics to cover in a typical brand immersion:

- City history
- Brand equities
- Organizational structure
- Visitor data/trends/demographics
- Marketing/advertising initiatives by the City and by key partners
- Distribution (key retail relationships of the City and other partners)
- Style Guide review
- Product expectations (e.g. good/better/best, innovation, etc.)
- Communication flow
- Approval process



# PRODUCT DEVELOPMENT

Product development includes:

- Product development
- Approval process

## GOALS:

- Confirm all parties are aware of timelines and appropriate processes to achieve a smooth development process
- Ensure appropriateness and consistency across all partners' product, packaging and marketing collateral

# program management: PRODUCT DEVELOPMENT

The product development process is one of the most important ways to ensure all brand extensions and marketing materials are aligned with City of Miami Beach brand attributes.

## Product development calendar:

- Partner to develop overall launch plan and timeline
- To ensure that a partner introduces the program to retail in an appropriate and timely fashion, it is essential to understand the partner's product development cycle and launch plan, including, upcoming line reviews and key trade shows
- Knowing the partner's "critical dates" ensures that City of Miami Beach can manage the approval process appropriately
- The rhythms of a partner's go-to-market timeline will affect when they begin to generate wholesale sales, thus earned royalties

# program management: APPROVAL PROCESS

The City of Miami Beach should require partners to submit all items bearing the trademark to the City for approval. This should include, but is not limited to, products, packaging, labeling, point of sale materials, trade show displays, sales materials, other collateral materials and marketing/PR. The City of Miami Beach should have a systemized approach to tracking in order to memorialize all approvals as well as to ensure they are providing timely feedback.

## Approval process stages:

1. Concept Artwork/Prototype: Preliminary artwork or prototype sample
2. Pre-Production: Sample submitted prior to production
3. Final Production: Final production sample together with its associated packaging submitted prior to distribution

## Information to be provided (when applicable):

- Product overview/SKU number
- Product image/concept/physical product
- Distribution and pricing strategy
- Launch timing
- Confirmation of QA/Safety testing
- Manufacturer information

## What to look for?

- Review product concepts and samples to ensure products remain on brand and on trend and the trademark is being used accurately and appropriately
- Review product catalogs, sales materials and marketing to ensure partners are marketing the brand appropriately and effectively



# PARTNER COMMUNICATION

Partner communication includes:

- Update calls
- Financial reporting
- Annual business reviews
- Partner summit

## GOALS:

- Optimize program performance, reacting to partner needs in real-time
- Stay informed of program progress and obstacles
- Plan for future growth beyond current program
- Coordinate collaboration with partner and the City as well as between partners

# program management: UPDATE CALLS

Regular calls are the most efficient way to ensure the City of Miami Beach is involved and informed about their partners' program successes and obstacles. During bi-weekly or monthly update calls, the City of Miami Beach should query the program's progress in the following areas:

## Product

- Pending approvals and review status of pending submissions
- Any new submissions expected in the near term?
- Changes to timeline?
- New products or categories in the works?
- Is all on track per your expectations on where the program should be at this point?

## Sales/financial performance update

- Current account review – sales trends (up, down, flat vs. last time we spoke?)
- Did you hit your target of X wholesale sales?
- Were your company-wide sales up or down?
- Is your forecast still on target for the year?
- Would you like to make any changes to your projections you last submitted?
- New/loss of accounts
- Buyer feedback and upcoming retail presentations

# program management: UPDATE CALLS (cont'd)

## Marketing/advertising

- Retailer specific promotions
- Consumer marketing activities
- Trade marketing activities

## General

- Any issues that have arisen? Any concerns that we should discuss?
- Anything that City of Miami Beach can help with?
- Any consumer inquiries we should know about?
- Industry shifts/trends – any new brands/competitors entering the category?
- City of Miami Beach to provide updates and report new news
  - Key City initiatives
  - Program updates
  - Partner collaboration opportunities

# program management: FINANCIAL REPORTING

At the close of each quarter, all partners should be required to share detailed financial reports, providing insight in to sell-through and health of the business and ensuring that partners are conducting business in adherence to their contract

Key areas for reporting:

- Gross sales by SKU including unit price
- Gross sales by top retail accounts
- Gross sales by region
- Adjustments/deductions – ensuring abides by contractually capped deductions
- Net sales
- Royalty calculation
- Rolling 3-quarter sales forecasts

To prepare for a partner meetings and renewals, a review of recent royalty reports is recommended. To be considered:

- Is the partner out earning guaranteed minimums?
- What territories are being exploited?
- Are appropriate discounts and allowances being taken?



# program management: FINANCIAL PROJECTIONS

The City of Miami Beach should considering requiring partners to provide financial projections regularly, up to two formalized periods throughout the year. Understanding the root causes behind shifts in partner's projections is key to identifying emerging program challenges or successes and to assessing the financial health of the program.

Partners should make assumptions about upcoming quarters, projecting out at least 12 months. Forecasts should include:

- Forecasted net sales by category, if applicable
- Royalties
- Previous 12 months of actual net sales and royalties

During the quarterly forecasting process, review the following information to give a basis for the conversation:

- Latest submission of net sales and royalty projections, Actual wholesales sales and royalties earned during previous calendar year
- Most recent royalty reports

Identify shifts and look for financial trends to query:

- For example, Q3 was the biggest quarter last contract year; this year they are projecting a downturn in the same quarter. Why?

# program management: ANNUAL BUSINESS PLAN

Each year, partners of the City should provide an Annual Business Plan detailing the past years successes and challenges and looking ahead, targeting goals designed to promote growth (e.g. penetrate a specific retailer, secure a promotion, cross-merchandise with another partner). Ideally, the review should be conducted in person.

City of Miami Beach can provide an annual business plan template highlighting:

- Company and product overview
- Product line lists, launch strategy, positioning, pricing and areas of growth
- Competitors
- Existing distribution and key retail partners
- Analysis of existing business including sell-in and sell-thru; projections vs. actuals
- Big wins from the past year
- Program challenges
- Future strategy adjustments
- New business opportunities and goals for upcoming year including new product, distribution and marketing opportunities

# program management: PARTNER SUMMIT

Once City of Miami Beach has multiple partners, consider holding annual summits so each partner can collaborate and work together to find ways to cross-promote. The Annual Partner Summit should provide a forum to share brand initiatives, assess program success and build program synergies:

## Key Topics:

- Review summit objectives
- Conduct brand overview
- Provide a program overview, by partner
- Retail matrix
- Review the results of past collaborative initiatives
- Promotions
- Challenges/successes



# PARTNER SUPPORT

Partner support includes:

- Point of contact
- Brand book/art assets
- Marketing

## GOALS:

- Ensure organization and consistency through one key internal stakeholder
- Support partner needs
- Supply fresh, on-brand art to inspire newness and continued development
- Provide incentive for partnership, opportunities to promote program achievements and grow sales

# program management: POINT OF CONTACT

To ensure effective program supervision and consistency, the City of Miami Beach should have an internal single point of contact dedicated to managing existing partners, prospecting new categories/partnerships and developing initiatives to support growth and collaboration.

Responsibilities should include:

- Partner prospecting and contract negotiation
- Partner onboarding
- Day-to-day management of all partners
- Timely response of product, packaging and marketing approvals
- Analysis of financial projections and results
- Governance of existing partners, overseeing all contractual obligations
- Ensuring consistency across all branded initiatives (e.g., partner product/packaging/marketing, city business cards, city uniforms, local signage, etc.)
- Liaison for developing, organizing and maintaining assets
- Development and management of joint marketing opportunities and incorporation of partners into City initiatives

# program management: BRAND BOOK/ART ASSETS

By providing a style guide/brand book, the City of Miami Beach will illustrate guidelines for key brand elements, provide art direction and inspiration and ultimately ensure a consistent and signature voice and spirit. The book should include:

- Brand logos and usage guidelines
- Brand voice
- Color palette
- Typography
- Packaging and merchandising guidelines and concepts
- Design assets and inspiration based on City of Miami Beach-owned art. It may be beneficial to incorporate successful designs of existing/past partners. Inspiration will require regular updates.

# program management: MARKETING

While partners are expected to invest in the brand to help drive consumer trial of product, the City of Miami Beach should also support its partners by integrating them into on-going City of Miami Beach marketing activities. Inclusion not only supports and enhances existing relationships, but can be viewed as a compelling selling point to prospective partners. Partners can be expected to provide collateral/art, samples or participate financially, where appropriate.

- **Website:** Include links to partner and retailer sites; provide information and imagery of existing programs.
- **Social media:** Recommend transitioning Centennial account into City of Miami Beach social channel to help promote licensed product and partnerships, sponsored events, etc. Again, link to partner pages, websites and include products in City posts growing exposure.
- **Events:** Maximize existing City events to promote products/partnerships. Partners can participate in or sponsor events and should be expected to fund cost of samples or provide sponsorship dollars.
- **Advertising/public relations:** Include partner product in existing marketing initiatives to promote the program and increase exposure.