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[Merchandising and Commercial Tie-Ins in Entertainment Transactions](#)

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Merchandising and commercial tie-ins are relatively related concepts in entertainment transactions to further optimize dollar amount by promotion of a work and marketing of products. Let us further explore these two concepts and the related concerns from the perspectives of various parties involved in an entertainment transaction.

SOME BACKGROUND ON MERCHANDISING AND COMMERCIAL TIE INS IN ENTERTAINMENT TRANSACTIONS

1. WHAT IS MERCHANDISING?

Merchandising is the marketing of a product that maybe based on the underlying work. Such examples could encompass posters or dolls based on characters in the work, clothing inspired by the work or only the work's title or artwork.

2. WHAT IS COMMERCIAL TIE-IN?

Commercial tie-in is a commercial arrangement between the marketer of the work and the marketer of a product in which the product marketer provides advertising for the work as part of advertising for its own product. Hence, the marketing of the product is "tied in" with the marketing of the work. For example, fast-food chains often advertise giveaways of toys or cups featuring a new movie and its characters, if possible.



SOME OF ARTIST'S CONCERNS IN MERCHANDISING AND COMMERCIAL TIE-INS

Despite the fact merchandising and commercial tie-ins could be a bonanza for most parties involved, artists should exercise caution before permitting how their name and features are used. Some of the concerns include, but not limited to:

- **APPROPRIATE REMUNERATION MERCHANDISING USE:** Artists are frequently used to be spokespersons for products or endorse products associate with the underlying work. Hence, it is appropriate for the artists to receive remuneration for use of merchandising associated with their endorsement or publicity.
- **APPROPRIATE EXPOSURE AND *NOT* OVEREXPOSURE:** In this area, both artists and sponsors share a common concern: overexposure of the artist. For artists, overexposure related to act as spokesperson or endorser, might make audiences perceive the exposure as quote "selling out" and overexposure may diminish the financial price of artist's endorsement for other works. For sponsors, overexposure might make audiences or potential customers perceive the merchandise as not being genuine. In fact, it is customary to specify the artist's name and likeness will not be used in a manner that won't constitute product endorsement.

SOME OF MARKETER'S CONCERNS IN MERCHANDISING AND COMMERCIAL TIE INS

The ensemble of merchandising and commercial tie ins represent great financial opportunity for the marketer. However, the marketer should exercise caution to avoid any potential litigation, to the extent possible. Some of Marketer's concerns are as follows:

- **APPROPRIATE ACQUISITION OF ARTIST'S NAME AND LIKENESS:** The markets should ensure it has acquired the appropriate rights to use the artist's name and likeness for both merchandising and commercial tie ins. It is extremely important the contract clarifies the distinction between the two and their compensation, probably even the lowest possible royalty for merchandising.
- **APPROPRIATE DISTINCTION BETWEEN WHO OWNS WHAT:** The marketer should also ensure who owns the character's identity and who owns the character's personality as portrayed by the artist. The latter might be subject to a separate and even higher royalty.

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