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## **Entry Mode (B): *The Simpsons***

Twenty years after its debut in 1989, the animated TV program *The Simpsons* was still going strong. This was almost unheard of in the fickle world of television viewership. Some 60 million people in more than seventy countries tuned in weekly to watch the antics of Homer Simpson and his dysfunctional family. Viewership was split evenly between adults and children, and the show was popular in countries as varied as Spain and Japan.<sup>1</sup>

The popularity of *The Simpsons* was lucrative for the Fox Broadcasting Company (Fox). The show's annual syndication revenue (which included first runs and reruns) was estimated at \$1 billion, with Fox capturing approximately 10 to 15% of the total.<sup>2</sup> But merchandise licensing had proved to be an unexpected cash cow. Unlike most movies and TV shows, which typically attract an initial rush of interest in branded merchandise before fading into obscurity, *The Simpsons* had provided endless fodder for manufacturers and retailers. While Fox didn't disclose how much it made from these licensing deals, revenue from *The Simpsons* merchandising was estimated to be hundreds of millions of dollars annually.<sup>3</sup>

A key part of Fox's strategy was to go well beyond traditional tie-ins with major retail brands, like Burger King and Butterfinger, and capitalized on the show's popularity around the world. Some five hundred companies were licensed to produce *The Simpsons* branded merchandise and 96% renewed their contracts. Fox used licensing agreements because it believed local companies were best positioned to understand consumers' tastes in their markets and to adapt *The Simpsons* brand appropriately.

Fox was careful to manage its licensing deals so that the brand didn't suffer from overexposure or inappropriate use. Matt Groening, the show's creator, said, "What we try to do with *The Simpsons* is not do a label slap. We try to make each item witty, and sometimes we comment on the absurdity of the item itself."<sup>4</sup> In short, Fox made sure that the characters were used in a way that was consistent with the irreverent nature of the show, as well as the tastes of local consumers. Licensed products include toilet paper (Germany), potato chips and Kenyan soapstone carvings (the United Kingdom), and microprocessors and skateboards (the United States).

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