

LICENSEE LOOKOUT

Julie Gibbons, vice president of marketing for Digital Blue

BY MATT SCHEINER

Marketing itself as the 'antidote to video games,' Digital Blue is an electronics company with an educational tilt. Its cutting edge technology has resulted in unique and innovative products from the American Idol Camcorder and the Tony Hawk Helmetcam to its most recent line of Disney Pix digital cameras. By working closely with its partners and factories, Digital Blue is able to offer high-quality products at affordable prices. Digital Blue also develops the software that is included with its electronic products and it is those programs, which utilize all of a license's assets, that separate Digital Blue from its competition. This month *The Licensing Book* speaks with Julie Gibbons, Digital Blue's vice president of marketing, about the changing kids' electronics market, Digital Blue's role in it all and what's next for the innovative company.

The Licensing Book: What were some of your first licensing deals and what was Digital Blue's first licensed introduction?

TLB: Your products also come with software. How is it developed and incorporated into a license?

Julie Gibbons: Our company was built out of the Intel 'Smart Toy' labs and they had some great technology with the QX5 Computer Microscope. Another great product was our digital movie creator. That product inspired our founder, president and CEO Tim Hall to see what brands were hot in the marketplace and which ones could be applied using this technology while extending into licensing. In *American Idol's* second year, Tim got in touch with them and we took the basis of our software and hardware and created the American Idol Digital Music Video Maker. After that we released our Tony Hawk Helmetcam, which uses the same technology as the Digital Movie Creator, but uses a different form factor.

JG: We develop the software and it is really what differentiates us in the marketplace. The software is very brand specific. The software that comes with the Helmetcam features more than 10 minutes of Tony Hawk skating and offers different photos and graphics — everything is very brand appropriate.

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TLB: How do these features apply to your recent Disney deal for the Disney Pix line of digital cameras?

JG: The software for the Disney Pix line is amazing. We used all of the different properties available to us. With our digital camera line kids can put themselves with a princess, a pirate or with a character from *Cars*.

TLB: Do you envision applying some of Disney's classic properties onto your products?

JG: We have a great partnership with the Disney Electronics Team, both on the development and on the design side. It is a long-term deal and we will definitely work with them on other properties, but since we are focusing on the electronics category we will probably stay away from some of their classic brands. We could potentially do a retro, classic camera or something along those lines, but we want to make sure we are speaking to our demographic and the properties that are hot with them.

TLB: How is Digital Blue able to make innovative, tech products that are reasonably priced?

JG: We work really closely with our factories and with our software manufacturers to make sure we are doing it as affordably as possible up front so we can bring the best price to the retailer with a good margin and have the consumers ultimately get the best price. Price is important to us. We want to own that space before parents are spending \$200 or more on electronics. We say, let your kids play with our top-notch electronics and software, which cost under \$100 dollars and if the kids lose it, it's not a big deal, whereas if they lost a \$250 camera it would be a big deal.

TLB: It seems like kids are getting more tech-savvy by the minute. How do you position your products so they are not perceived as toys?

JG: We never market ourselves as a toy company, we are an electronics company. But, as you know, retail is so tough that you will definitely find us in the toy section of some stores, so we are not



Disney Pix digital camera

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going to kid ourselves. We work with each of the retailers in the way they dictate what goes where, but we work with the digital camera and electronics buyers whenever possible. A lot of the retailers like Target are separating out a section on the end of their toys that becomes the electronics toys area. Best Buy is a big retail partner for us this year and they want to own the electronic toys space. We also acknowledge that in order to appeal to our demographic we have to be unique. We reach them in different non-traditional ways and make sure most importantly that we are speaking to them in their voice.



Above: A Cars Disney Pix digital camera
Right: The American Idol Camcorder

TLB: With the Tony Hawk and American Idol products you combined great properties with great applications. What do you ultimately look for in a license?

JG: We want to make sure that we are representing all of our brands the best we can, so we would definitely not want to bring on a direct competitor to Disney, but there are opportunities in the preschool space for us. We never want to compete against one of our partners. We also want to make sure we don't take too many licenses and we have been able to pride ourselves on that. We also look at any

opportunity to get product in stores. We take advantage of that — but in terms of licensing we want to make sure that we are not putting all of our eggs in one basket.

TLB: How have you seen the kids' electronics business change over the years?

JG: The category overall has grown significantly, to the point that we are even able to bring a \$19.99 digital camera with software to the market — that's pretty unbelievable in and of itself. Sitting on the manufacturing side it is also kind of scary because prices are going down. But we make sure we stay on top of the trends and latest technology — that combined with the right brand makes a success. I do think there is more competition in the electronics marketplace and unfortunately some of the product out there has become cheaper without delivering the quality. It is definitely a challenge for us because quality is one of our benchmarks as a company and we want to make sure we are offering top-notch product, but it does come at a price to the retailer and the consumer. We are trying to be more inventive on the side of how we can get the price down, but still offer higher quality.

TLB: Are you noticing an increase of licensed kids electronics in the marketplace?

JG: It is an interesting space right now because the bigger players are stepping out and the smaller players are coming in. The bigger players like Mattel just bought Radica, so it will be interesting to see what they are able to bring into the space. One advantage that we have is we are always focused on electronics — it is all

we work on, whereas some of the other companies are working on the electronics in the toys or they are a big electronics company and they don't have the focus on the kids, tween/teen space.

TLB: Is Digital Blue planning on bringing licensing to its line of MP3 products?

JG: Yes we have some deals in place for that category, which will be launching next year. It is harder to break into this category because it is dominated by the iPod, but when you can put things into the right price point, like the Disney

Mix Stix, which came out at the right price point with the right application, it can be a success.

TLB: What do you see in the future for Digital Blue?

JG: We want to become a real partner to the companies we work with. Moving forward with our Disney Pix line we will be adding accessories. And there could also be a chance we make our software available, but we are still looking at that and how it fits for the right retailer.

