



FOR INFORMATION

PUBLIC

OPEN SESSION

TO: University Affairs Board

SPONSOR: Scott Mabury, Vice President, University Operations
CONTACT INFO:

PRESENTER: Nadine McHorgh, Director Marketing and Communications
CONTACT INFO: nadine.mchorgh@utoronto.ca

DATE: May 24, 2023 for May 31, 2023

AGENDA ITEM: 6

ITEM IDENTIFICATION:

Annual Report on the *Code of Conduct for Trademark Licensees*

JURISDICTIONAL INFORMATION:

The University Affairs Board’s areas of responsibility include use of the University of Toronto name. The Board is responsible for policy of a non-academic nature for matters within its areas of responsibility. The *University of Toronto Trademark Licensing Policy* charges the Board with receiving annual reports on the operation of and issues connected with the trademark licensing program.

GOVERNANCE PATH:

- 1. University Affairs Board [for information] (May 31, 2023)

PREVIOUS ACTION TAKEN:

The Annual Report on Trademark Licensing 2021-22 was received by the Board at its June 1, 2022 meeting.

HIGHLIGHTS:

The industry overall continues to see a rise in sales but with many production and supply issues along with a significant cost increase. These challenges are thought to have caused a small stagnation in revenue, but many suppliers are finding work arounds to meet production targets.

The Trademark Licensing Office spearheaded multiple collaborations this year including another collection with October’s Very Own and Peace Collective and a new collaboration with So

Young, a Toronto-based lifestyle brand. As in previous years, brand collaborations continue to do well, with community members engaging and getting excited about limited edition releases. Other major activities this year included a new Pride collection and the return of the U of T Birthday in person for the first time since 2019. Trademark Licensing will continue to partner with CLC as the licensing agency for the University after a renewed contract in 2022. With this comes a change in systems that will allow payments and reporting in Canadian dollars. Next year, strategic planning is a main priority as well as the 50th anniversary celebration of Robarts Library.

FINANCIAL IMPLICATIONS:

None

RECOMMENDATION:

The documentation is presented for information.

DOCUMENTATION PROVIDED:

2022-23 Annual Report on the Code of Conduct for Trademark Licensees

Trademark Licensing

Annual Report 2022-23

May 31, 2023



UNIVERSITY OF
TORONTO

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Introduction

Trademark licensing is the act of allowing another entity to reproduce a trademark. However, when looking specifically at branded collegiate merchandise, there is a special power this medium carries in creating and cementing pride for a brand and institution. While most brands have customers, higher education institutions have a community of individuals who feel an immense connection to the institution and look for ways to externally display their affiliation.

This year saw a return to more normal operations on campus – in-person learning returned for the most part and U of T campuses were brought to life by community again. Orientation activities resumed and Convocation returned to campus for the first time in three years. The increased presence of in-person events created a spark of excitement on campus, and that translated directly into a desire for University branded merchandise.

While the demand for merchandise is slowly growing, continued supply chain and shipping issues made meeting that demand challenging while increasing inflation stagnates future growth opportunities. As

the world settles into a new normal, the licensing industry is also seeing a major shift in demand and development and production cycles.

Despite this, the Trademark Licensing Office (TML) was able to work on many projects and events that boosted pride and excitement for the University brand. The second OVO x U of T collection hit stores in October to huge success and enthusiasm. Other collaborations included a new collection with Peace Collective and a new partnership with So Young for U of T branded merchandise. In addition, Pride merchandise at the Flag Raising event and the U of T Birthday celebration were able to take place in-person again. These all work to support passion and pride for the brand and unite the U of T community.

The University of Toronto believes in the positive power of merchandise. This report shines a spotlight on the work TML does to promote the brand, build a sense of pride and community on the university's campuses, and ensure the ethical procurement that is central to the beliefs of the community.

1 What is Trademark Licensing?



What is Trademark Licensing?

Trademark licensing is the process by which a trademark owner allows a third party, the licensee, to use registered trademarks on merchandise under a license agreement. Each year, many products are manufactured that bear the University of Toronto name and official marks. These include items sold at the University of Toronto Bookstore, team uniforms and promotional items ordered internally by students, faculty and staff. In 2000, the University made a commitment to ensure that these products were produced in a manner consistent with its mission and values by passing the Trademark Licensing Policy and developing the Code of Conduct. TML is a self-funded unit within Spaces & Experiences that oversees the production of UofT branded merchandise and ensures its compliance to all University policies.

The University contracts with a third-party licensing agent, the Collegiate Licensing Company (CLC), to carry out the administrative work associated with licensing suppliers, including contracts and collecting

manufacturing information. CLC also provides advice on best practices in the collegiate licensing industry.

Over the years, the work of the Trademark Licensing Office has established the University of Toronto as a leader in collegiate licensing in Canada. The office continually revisits all elements of the program to ensure it is meeting industry standards and establishing the University as a strong brand throughout the city and the world. The program's main goal is to ensure the University and its departments are engaging in ethical procurement of merchandise and that branded merchandise is accurately representative of the University's image. TML also enriches campus life and the student experience by fostering a sense of affinity and pride for UofT and the city. TML strives to support a merchandise program which is a symbol of the University's great and lasting impact on its community.

The daily work of the department includes:

Ensuring that suppliers of University of Toronto merchandise are licensed and have signed and abide by the University's Code of Conduct

Reviewing and approving artwork for merchandise

Working with University departments and student groups to fulfill special requests for merchandise

Working to expand and enhance the selection of University of Toronto merchandise available for sale, both in our Bookstore and within off-campus retailers

Promoting school spirit through branded merchandise available at special events

Registering and maintaining official marks for the University and following up on improper use of the marks

Maintaining good relationships with labour monitoring organizations, who evaluate workplace compliance with university codes of conduct

Engaging with licensees when issues are identified

STRATEGIC GOALS

- 1 Increase desirability and visibility of UofT branded merchandise
- 2 Increase financial and human resources to better support the University community
- 3 Increase administrative efficiency to ensure consistent, convenient and valuable service to the campus



2 Bookstore Partnership

Bookstore Partnership

The University of Toronto Bookstore is a division of the University of Toronto Press (UTP). Founded in 1901, UTP is Canada's leading academic publisher and one of the largest university presses in North America. The Bookstore, originally named the Students' Book Department, was established by Miss McMicking, a staff member of the University library. Today, the Bookstore is the primary retailer for University of Toronto merchandise and serves tens of thousands of customers each year. The Canadian Booksellers Association has named them Campus Bookseller of the Year five times.

The University of Toronto Bookstore continues to be the University's largest retail partner for branded merchandise. TML works closely to ensure a variety

of merchandise is available that both upholds the University brand and meets student demand for merchandise that is on trend and reflects school pride. The Bookstore also operates an in-house garment printing and embroidery shop, which offers on demand custom merchandise that caters to frequent requests from a large number of staff, faculty and student groups. This has allowed TML to respond to the campus community's need for customized garments at lower prices and smaller minimum quantities. It has cemented the U of T Bookstore as one of the main suppliers of U of T merchandise to the internal campus community.

2022 Updates

While campus activity returned to a near normal level, Bookstore sales continue to lag behind pre-pandemic levels. Increased cost of goods, inflation and supply chain delays created continued challenges for sales of merchandise. The Bookstore is working to diversify their offering, bring in new products and brands, refresh branding and expand their direct-to-consumer Campus Outfitters business to ensure their future success. They also transitioned to a new enterprise resource planning system which will streamline many aspects of their business so they can continue to improve their offerings and user experience in-store and online.

The Bookstore continued to expand their partnerships with many departments to provide custom lines of merchandise that speak to specific groups of students. This included the launch of a full line of Faculty of Pharmacy merchandise and a pop-up event for the holidays at the faculty building. In addition, they partnered with the Office of Indigenous Initiatives to produce and sell orange t-shirts for Truth &

Reconciliation Day 2022. Funds were donated to the Orange Shirt Society through the initial purchase of shirts, and proceeds were donated to the Native Canadian Centre of Toronto's Seniors' Program. Due to the success of this program, a student design contest is being held on campus to produce a design to be featured on a shirt for 2023.

They continue to engage with and promote branded merchandise in many ways. They partnered with Student Life and UTC on several contests/giveaways, including: #UofTHolidayChecklist giveaway, #JoyAtUofT giveaway, #ExamReadyUofT giveaway, #HBDUofT giveaway, #UofTEntWeek giveaway and a special collaboration with the TCard Office. In addition, The Bookstore continues to support TML priorities by featuring University collaborations like OVO, Peace Collective and So Young. They'll continue to work closely to ensure the success and growth of branded merchandise by taking advantage of new trends, graphics and on campus marketing opportunities.

3 Industry Updates

Industry Landscape

It was forecast that there was a renewed sense of optimism heading into fall 2022. With increasing in-store foot traffic, campuses fully reopening, and returning crowds at events, the demand for collegiate product grew. The collegiate licensing industry experienced a notable rebound compared to the year prior.

While the industry showed positive signs of recovery, a full rebound of the collegiate licensed product market is not expected until the 2023-2024 school year due to continued economic hardships, the emergence of new COVID-19 variants, and persistent strains on the supply chain. The latter proved to be a significant challenge as late deliveries caused numerous delays and order cancellations throughout the fall and holiday seasons. Even though retailers and licensees reported strong sales significantly exceeding 2020 results and, in some cases, outpacing 2019, many of these companies noted that sales would have been even stronger if not for delayed product and necessary conservative buying strategies in anticipation of supply chain challenges. Additionally, in late spring of this year, retailers reported that they were beginning to see the impact of rising inflation as consumers shifted their purchases to more essential items and demand for college product waned.

Despite the challenges noted above, the industry experienced a great resurgence with 38.32% growth year-over-year. Apparel royalties increased 58.28%, while non-apparel royalties grew 14.87%.



Continued Supply Chain Challenges

Despite returning demand for collegiate product, licensees have dealt with numerous challenges both during the pandemic and throughout the recovery. Supply chain issues became a major topic in the industry at the end of last fiscal year and continued to increase strain on licensees' operations, particularly throughout the critical fall and back-to-school sales periods. Licensees identified the top four supply chain-related issues as shipping challenges at ports, international shipping issues, labour shortages, and limits on factory production.

As a result of these issues, late deliveries of collegiate licensed product caused numerous challenges and order cancellations throughout the year with many retailers reporting product trapped on shipping

containers. Retailers also reported that supply chain issues caused limitations in chasing product or replenishment, which inhibited sales opportunities during periods of high demand. Additionally, licensees reported that rising gas and inflation prices, labour shortages and supply chain constraints have resulted in many licensees raising wholesale prices anywhere from 5-25%.

While supply chain challenges and inflation are expected to continue, many licensees have adapted their business practices to try and circumvent these issues, including enhancing domestic production capabilities, increasing inventory levels to account for delays, and planning production and order deadlines further in advance.

4 Year at a Glance



Year at a Glance

Trademark Licensing seeks to connect students, staff and faculty with the University brand and foster pride and a sense of community on campus. Collegiate merchandise is an important aspect of the campus experience, one that becomes a mainstay throughout students' time on campus and beyond. It helps foster a sense of belonging which lasts long after they leave school and is even shared amongst generations.

This fall saw a more fulsome return to campus activities, with nearly all classes returning to in-person learning and a return of student events on campus. Spring Convocation was held in person for the first time in over 2 years, and graduates from 2020 and 2021 were also invited back to campus in the fall for

an in-person celebration. Convocation is a marquee event for the sale of branded merchandise and having this touchpoint with students at a meaningful time in their lives is paramount to solidifying school pride for students.

Over the course of the year, Trademark Licensing was able to put forward some great brand collaborations as well as events. These contributed to the continued success of the program and increased demand for branded merchandise. With so many more opportunities on the horizon, it is exciting to keep growing and bringing joy to the U of T community through merchandise.

Divisional Rebrand

The Trademark Licensing Office is part of the division of Ancillary Services – a group of services that foster the growth and wellness of students through non-academic experiences. These are the spaces that create communities, provide nutritious and sustainable foods, and create passion and pride for the University of Toronto.

In 2020, Ancillary Services amalgamated with Real Estate Partnerships to create a new portfolio with an expanded mandate filled with exciting possibilities in support of students, faculty, staff and the St. George campus. As the depth, breadth and impact of the portfolio grows, a new name to more accurately reflect this was necessary.

Now called Space & Experiences, this group still comprises the same creative problem solvers, but can tackle the University's priorities in a more holistic manner, engaging multiple units and professionals across the portfolio to offer innovative and functional solutions to the campus.

Since Trademark Licensing is a relatively small program, having this stronger connection with a larger team is helpful to ensure that branded merchandise opportunities are integrated into new projects and remain a meaningful piece of the University.



Renewed Contract for Licensing Agency

For more than ten years, the Trademark Licensing Office has contracted with a licensing agency to handle part of the administrative function of running the program. This includes licensing companies and collecting manufacturing information and royalty reports as well as providing advice on social responsibility issues and trademark licensing best practices.

The Trademark Licensing Office undertook an RFP process in early January 2022 for licensing program administration services. Collegiate Licensing Company (CLC) was successful in their bid and will continue to work with the University in this capacity through 2025.

With this renewal comes positive changes to the administration of the program, namely the ability for licensees to report and pay royalties in Canadian dollars. Previously, the CLC system would only accept reports and payments in USD, which resulted in licensees needing to use exchange rates to calculate USD equivalents for their reports. In January 2023, a new system, Direct Licensing Hub (DLH), was launched to ensure all monetary transactions can be reported and paid in Canadian dollars. Over the past several months, CLC has been working to transfer all licenses and information and train licensees on the new system. This will provide more streamlined financial reporting of branded merchandise sales and royalties.

OVO Collaboration

The first OVO x U of T collaboration was met with great enthusiasm and positive brand perception for the University. Students, staff, and faculty along with community networks across North America showed up to represent their school.

Leaning on the success of the first collection, a second was launched in October 2022 to the same excitement and eagerness. This collection was expanded, offering different types of merchandise such as water bottles, pencil cases, blankets, scarves, knit sweaters, vests, socks and many more.

Brand collaborations continue to engage the community in a meaningful way and showcase U of T as an iconic Toronto and Canadian brand. Branded merchandise is an important extension of the U of T brand and is vital to its presence and success on the world stage. The U of T community is proud to wear a piece of the university wherever it goes.





Peace Collective Collaboration

Peace Collective is a Toronto-based brand with a passion for giving back and quality merchandise. A popular brand amongst the target demographic, Peace Collective has created multiple collections with the University. This is a natural pairing for two Toronto based brands.

This year, the collection consisted of traditionally collegiate items like sweatpants and sweatshirts and featured graphics that paid homage to vintage varsity looks. This collection was available through Peace Collective's website as well as through the U of T Bookstore on all three campuses.

Partnering with brands allows flexibility to create something fresh and new for the community. Established brands like Peace Collective allow the University to leverage existing brand and marketing channels to reach a wider audience and elevate the U of T brand in the eyes of consumers. These collaborations always take the University brand to a new place in the retail market and provide relevance by utilizing current market trends.

So Young Collaboration

So Young is a Toronto-based, female owned brand that is dedicated to thoughtfully made lifestyle goods on a mission to make personal wellness sustainable, stylish, and self-empowering. This unique brand produces fashionable adult lunch bags featuring sustainable and durable materials made for those on the go. This was an obvious collaboration for the University, with most of the campus commuting to campus every day. This was the first time a U of T branded lunch bag was offered at retail.

The U of T x So Young collection featured three different lunch poche designs to showcase a range of branding and styles to fit a wide audience. The marketing materials for this campaign featured 3 student athletes

and was filmed on campus. Emphasizing the connection between the brand, campus, and students is paramount to the success of these campaigns. It was exciting to see students interact with these new products and help to promote them to the campus community.

Additionally, Trademark Licensing partnered with U of T Food Services to make these products available in retail and residential dining spaces. This was the first time U of T branded merchandise was offered for sale in these spaces, and it was received very well – in particular by the students living in residences. This potentially opens avenues for selling branded merchandise through these existing outlets and touchpoints on campus.



Pride Merchandise

Trademark Licensing was excited to work again with the Faculty of Kinesiology and Physical Health Education to create a special line of merchandise celebrating Pride month. An expanded line of merchandise was created and launched at the Flag Raising event on June 1, 2022. The merchandise brought excitement to the event and sold out within the month. Being able to use the University brand to highlight the University's priority of equity and inclusivity goes a long way to build pride in the institution. A further expanded line of Pride merchandise is being discussed for next year.

Trademark Licensing was happy to once again support the Equity Ideas Fund with \$2,500 to be used for equity-driven student initiatives.



U of T Birthday Celebration

The U of T Birthday Celebration was held in person, on campus, for the first time since 2019! As per tradition, free cookies were handed out at various locations across the campus to students, staff, and faculty. True Blue made an appearance at Robarts, and the community loved interacting with him, creating a renewed wave of energy on campus. The central social channels hosted a contest in collaboration with the U of T Bookstore and U of T News published a U of T birthday quiz. Overall, this small event always goes a long way to boost morale on campus.

For the first time, the celebration was held on all three campuses. UTM and UTSC also participated by handing out cookies at various locations. It was great to have this celebration as a tri-campus initiative, solidifying the U of T brand as one across the GTA.

Another addition this year was having cookies available to prospective students touring through the Recruitment Office. The birthday typically lands during March Break, and it was great to give prospective students and families a chance to participate in celebrating their future school!



5 Forward Thinking

Strategic Planning

Over the last 5 years, the world landscape has shifted dramatically and with it brought new issues and changes in consumer habits that have only been accelerated and reinforced by the pandemic. Much of the world is seeing continued labour and supply shortages, inflation and economic uncertainty has caused demand to stagnate, and many consumers are looking to consume less in general or buy second-hand where they can.

Trademark Licensing itself has grown and changed over the last decade, carving an important spot for branded merchandise amongst the University community as well as helping to further brand recognition across North America. However, many of the internal processes and policies have remained unchanged since its inception in 2000. This creates a preferred environment to develop a new strategic plan for the program that reflects the current values of the University and its brand, while also considering financial sustainability through future modelling based on consumer and industry trends.

With so many exciting projects on the horizon, it's important to set a strong strategic foundation to ensure the program is adding value to the University brand. Some areas for discussion will include ensuring strong brand alignment on merchandise, creating new graphics or lines of merchandise to increase demand for branded merchandise, the strength of supply chain transparency and responding to areas of concern, strengthening licensee relationships, and royalty rates.



Building on Defy Gravity Merchandise

Last year, the Trademark Licensing Office partnered with the Brand Hub to roll out a catalogue of Defy Gravity merchandise for internal departmental orders. This merchandise was received well, with many different faculties and programs across the campus placing orders.

To build on the Defy Gravity brand, conversations for a retail line of merchandise have started. These items are being created with and will be available at the U of T Bookstore. Special brand activations, in store signage and branding, and new merchandise are all planned as part of this roll-out. This will ensure the wider Toronto community is able to procure a piece from the limited time Defy Gravity campaign, and make it easier to fulfill smaller, short lead-time orders for the U of T community.

Robarts 50th Anniversary Merchandise

The 2023-24 academic year marks the 50th anniversary of the opening of Robarts Library. While the community remains divided on whether the building looks like a peacock or a turkey, it remains an important landmark not only on campus, but within the city and country.

As part of the anniversary celebration, Trademark Licensing will be collaborating with library administration on a unique, limited-edition collection of merchandise that celebrates the history and architecture of Robarts. Part of this will see the revival of the successful Holiday Market event that was paused due to the pandemic. Library merchandise has seen great success in the past, and it's exciting to build on previous collections and generate new excitement for a building that is truly at the heart of campus.



Trademark Licensing

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www.trademarks.utoronto.ca
trademarks@utoronto.ca

Anne Macdonald
Assistant Vice President, Spaces & Experiences

Nadine McHorgh
Director, Marketing & Communications, Spaces & Experiences

Kristina Kazandjian
Trademark Licensing Manager



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