FLASH REPORT

THE STAR WARS ECONOMY: THE LICENSING MACHINE AWAKENS

A $4 BILLION REVENUE OPPORTUNITY

- ***Star Wars The Force Awakens*** **generated strong presales and opening weekend box office receipts, in the US and internationally**
- **Estimates run as high as $4 billion for total revenue**
- **The seven Star Wars movies plus the Clone Wars have generated $28 billion in sales of movie tickets, DVDs and other formats, books, toys, and computer games**
- **Toys are key revenue opportunity, accounting for $12 billion in sales**

Star Wars, stemming from the newest installment in the franchise, *The Force Awakens,* seems to be everywhere. The movie generated about $50 million in box-office presales, and an estimated $238 million in opening box-office receipts in the US combined with $279 internationally, surpassing the $209 billion set by *Jurassic* World this June, according to the *Wall Street Journal*. Estimates of total revenue from the movie and products run as high as $4 billion.

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The new movie is in people's minds but also in products and advertising for unrelated products. Here is a short (but by no means exhaustive list) of tie-ins:

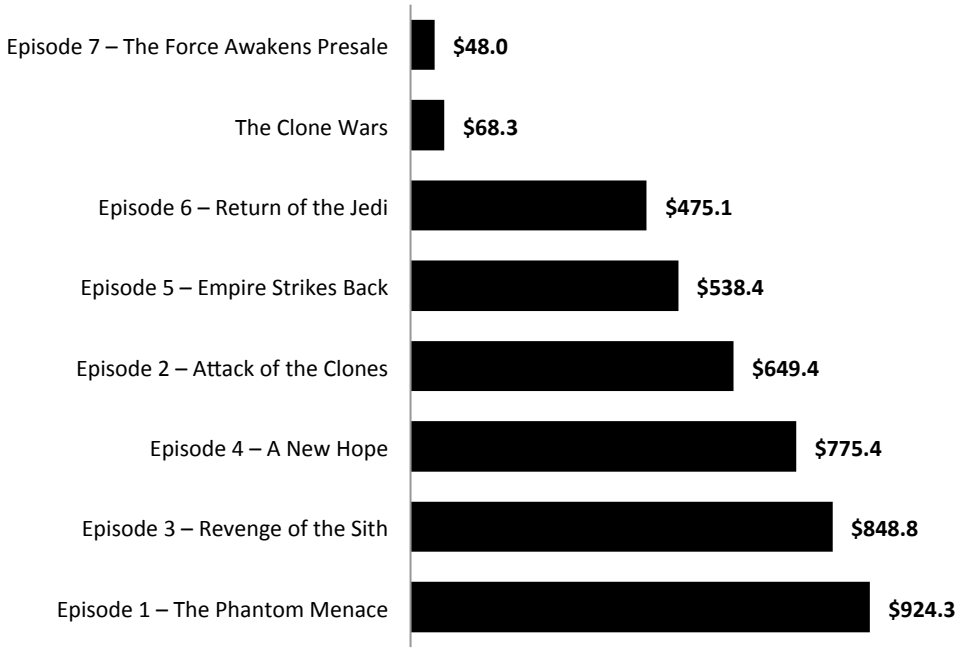
- CoverGirl makeup
- Crocs
- Duracell
- Electronic Arts video games
- Facebook
- HP
- Jeep and Dodge automobiles
- Kraft Macaroni & Cheese
- Nestlé Coffee Mate
- Subway
- Toys "R" Us
- Verizon

Source: adweek.com and ibtimes.com

And Disney is also sponsoring a line of Star Wars-themed credit cards with the VISA logo.

The graph below shows box office revenue for the seven Star Wars films (and The Clone Wars), which total $28 billion:

Figure 1. Box-Office Revenue for *Star Wars* Films ($Mil.)



Source: statisticbrain.com

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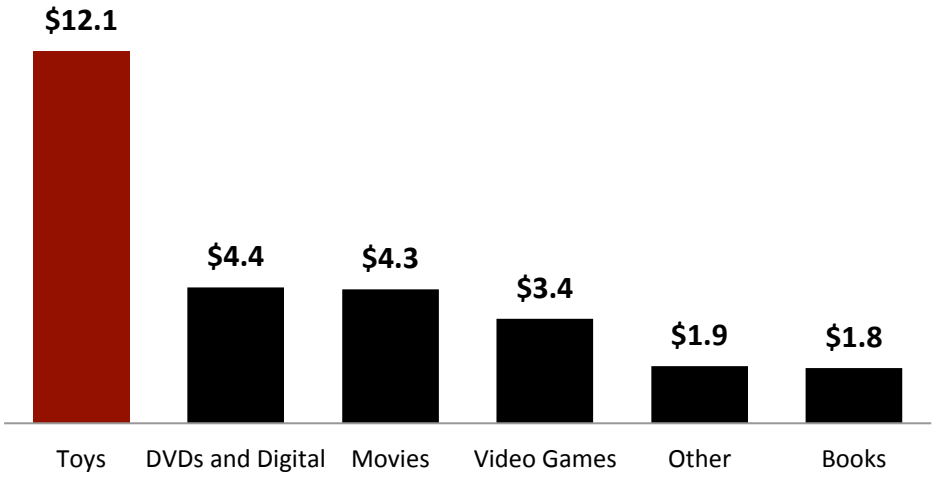
SURPRISE! IT'S ABOUT THE TOYS!

There is clearly a huge creative and marketing machine here at work, but the true economics may reside beyond the movies. The smart people at the Statistic Brain Research Institute were generous enough to add up all the figures for the *Star Wars* franchise so far and came up with the following total sales figure:

The graph below breaks down the $28 billion figure.

Figure 2. Revenue from Star Wars-related Products



Source: statisticbrain.com

The surprise result from the data is that revenue from toys (about 43% of the total) surpasses the combined figures of DVD sales, the movies themselves (only including $48 million for *The Force Awakens*) and video games.

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Indeed, *Star Wars*-themed toys occupy two positions in the FBIC Holiday Toy Price Tracker.

- Star Wars Bladebuildrs Jedi Master Lightsaber (suggested retail price: $49.99)
- LEGO Star Wars 75097 Advent Calendar Developmental Building Kit (suggested retail price: $39.99)

The *Star Wars* opportunity is so attractive that major retailers are devoting significant retail space to it: Toys "R" Us allocated 500 square feet in its Times Square location to a Star Wars shop that features a new 16" Darth Vader.

In addition to toy makers and retailers, there is a galaxy of other companies that stand to benefit from the force of the new *Star Wars* movie, including cinemas, DVD retailers, and book publishers.

One subscription company, Supply Pod, which specializes in shipping boxes of science fiction-themed collectables, selected *Star Wars* as the theme of its December 2015 pod. The pod includes:

- A *Star Wars* timeline
- *Star Wars* themed socks
- Lightsaber crystals
- *Star Wars*-themed Jelly Belly jelly beans
- A book titled *Star Wars Psychology: Dark Side of the Mind* by Travis Langley and Carrie Goldman

The December pod, unsurprisingly, sold out.

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