

## go online

Go online to <[www.pearsoned.com.au/fletcher](http://www.pearsoned.com.au/fletcher)> to find more case studies.

# CASE STUDY

## The Wiggles

Dr Susan Dann, consultant

### INTRODUCTION

For a country whose economy is traditionally associated with sport, agriculture and mining it has come as a surprise over the past decade that Australia also excels in the arts and entertainment. Although Australian performers have individually succeeded in the overseas market for many years, it has only been relatively recently that entertainment has been taken seriously as an Australian export.

According to Austrade, Australian entertainment as an export category has grown massively in recent years. Between 2003 and 2005 export growth in the music industry alone increased by 50%. This translates to annual sales of around \$100 million. In 2005–06 entertainment and arts companies working with Austrade completed 459 export deals for a total value of \$301 000 000.

The impact and influence of the Australian entertainment industry, and the importance that the government places on it, is evident from the regular inclusion of entertainers in trade missions



© 2007 The Wiggles Pty Ltd

to key markets such as the USA. The G'Day LA annual promotion of Australian exports to the USA regularly features influential figures from the Australian entertainment industry such as Nicole Kidman, Olivia Newton-John and Bindi Irwin.

A second indicator of the fact that entertainment is now considered a serious export is the peer recognition of entertainers in the annual Australian export awards. Not only does entertainment and the arts have its own industry category award equal in consideration to more traditional industries such as mining, agribusiness and technology, in 2005 the entertainment category winners—The Wiggles—took out the overall Australian Exporter of the Year Award.

### OVERVIEW—THE WIGGLES

The Wiggles is a band that targets the children's music market and consists of four members who dress in distinctive, colourful outfits. The original members of the group, identified by the colour of their costumes, were Jeff Fatt (purple), Anthony Field (blue), Murray Cook (red) and Greg Page (yellow). The group is well known for its large number of short and catchy original children's songs. The band performs a large number of live shows every year and also has five television series, which are shown internationally. Their show also includes a number of other characters—Dorothy the Dinosaur, Wags the Dog, Henry the Octopus and Captain Feathersword.

The Wiggles' success as children's entertainers is now an international phenomenon. With an estimated gross annual revenue in excess of A\$50 million The Wiggles are listed as Australia's highest earning entertainers. Over the past 16 years The Wiggles have grown from a group

of local entertainers playing to audiences in shopping centres to a major international act with approximately two-thirds of their revenue coming from the US market.

The history of The Wiggles is relatively well known. Three of the original Wiggles, Anthony Field, Greg Page and Murray Cook met at Macquarie University while studying early childhood education. Anthony Field knew musician Jeff Fatt from earlier days in the band, 'The Cockroaches'. Together they wrote and recorded children's songs as part of a music project. The completed tape was then sent to the ABC, which released it as a self-titled album in 1991. In 1992 The Wiggles adopted their distinctively coloured skivvies as costumes.

Based on these songs the band developed a show that they performed initially at shopping centres and for preschools. In 1993 they spent 10 months touring around Australia and by 1996 were performing 500 shows across Australia.

From these relatively simple beginnings, the band's popularity amongst its target audience of preschoolers has grown to the extent that in 2005 they performed for more than a million fans at live concerts, sold \$17 million in DVDs and \$5 million in CDs. In addition there is now a wide range of Wiggles merchandise as well as other licensing deals.

During 2006, the 15th anniversary of the creation of The Wiggles, the group faced a significant threat to their ongoing existence. Due to illness, the 'Yellow Wiggle' Greg Page had to leave the group. Potentially this could have meant the end of The Wiggles. However, as the following demonstrates, the way in which The Wiggles have developed as an act and as an export product allowed the band to continue its success despite the loss of an original member.

### ENTERTAINMENT AS A SERVICE

Marketing arts and entertainment products of any kind is a difficult process. Like all services, entertainment has to deal with marketing issues surrounding the four key characteristics of services:

1 intangibility—the fact that a 'service' cannot be

seen, held or evaluated independently prior to use;

- 2 heterogeneity—labour-intensive services differ in delivery due to the varying competence of service providers; however, even technically identical services will be subjectively experienced differently by different people and at different times;
- 3 inseparability—the production and consumption of a service occurs simultaneously; and
- 4 perishability—the fact that services are time-based and cannot be stored for later use.

Arguably, for entertainers the easiest of these characteristics to address is perishability. Like many other services, technology provides entertainers with the ability to capture their service, in this case a performance, and allow it to be consumed at the leisure of the individual. Recordings of music and film can be played and replayed multiple times without any degradation or alteration in product quality, allowing fans to consume and reconsume elements of the entertainment experience on demand.

However, it is clear that for any entertainment, multiple experiences of the same product result in different levels of enjoyment. Hearing a song for the first time is very different to hearing it for the fifth, tenth or hundredth time. For some people, increasing repetition brings increased enjoyment; for others, the opposite is true. This phenomenon brings into play the dual issues of inseparability and inconsistency.

Inseparability and inconsistency also vary across the different types of entertainment product being created. For example, the same performer will be perceived very differently in a live performance when compared to a recorded performance.

Inseparability also leads to issues surrounding co-production. The enjoyment of an entertainment experience is as much a consequence of the individual audience member's frame of mind and willingness to participate as it is due to the entertainer's skill.

The key defining feature of the entertainment product, like all services, is its intangibility. It is

difficult to define exactly what it is about one entertainer or type of entertainment that makes it a success. The inherent intangibility of entertainment is simultaneously the biggest asset and biggest liability in determining the entertainment product.

The indefinable and intangible quality of specific entertainers contributes to varying levels of success at different times and is an asset in that it cannot be copied by rivals. However, because this intangible quality cannot be replicated, the entertainment product remains one of the most volatile of all services.

Services in the international marketplace face additional problems. These have been discussed in detail in the text, but there are two specific problems for the entertainment export industry. These are distribution and ensuring that the target audience has a shared frame of reference.

Distribution is the key to success for all export industries. In entertainment, distribution is often handled at an international level from the outset, for example in the film industry. However at an individual level, entertainers still need to break into these multinational distribution networks.

What is considered appropriate entertainment varies significantly according to local cultural norms. Consequently, although significant progress is being made exporting Australian arts and entertainment into new markets, much of the focus of successful export entertainers has been on the traditionally similar markets of the USA, UK and Europe.

### INTERNATIONAL EXPANSION

The Wiggles members maintain that they did not have a clear strategic plan for international expansion and export from the outset. Based on their Australian success, The Wiggles made their first trip to the US in 1998 where they signed a music and DVD deal with Lyric Studios. The following year they released *The Wiggles Movie* in the USA and toured the country as a support act for Barney the Dinosaur. However, their big breakthrough in the USA came in 2001 when they appeared in the Macy's Thanksgiving Parade, signed a licensing deal with Walt Disney International and toured the

UK for the first time. Since then the popularity of The Wiggles on the international stage has continued to grow, creating some unique problems for a people-focused service product.

### CONSUMER UNDERSTANDING

One of the keys to success for The Wiggles is their understanding of their core target market—preschool-age children. Coming from a background in early childhood education has given The Wiggles an important insight into the way in which young children think and what appeals to them.

Shows and songs are written from a child's perspective about topics of interest to them—usually involving food or animals. Mindful of the fact very young children can become confused or distressed by the unexpected, any surprises in live shows are explained before they happen and children are communicated with in a way that is relevant but never patronising.

The visual and sound appeal of The Wiggles across nationalities and cultures is based on this strong understanding of the developmental needs of preschool children. The fact that Wiggles songs, and accompanying dance moves, are equally popular with very young children in Australia, Europe, Asia and the USA demonstrates how deep the group's understanding of their market's needs and preferences are.

The secondary target market which The Wiggles must address is that of the parents. Considering the age of their audience, parents are the key gatekeepers to access to the market. It is the parents who control television viewing, as well as purchasing decisions, amongst this age group.

Parents are attracted to The Wiggles and their products for a number of reasons, key amongst these being the educational component of the group's materials. The rise of The Wiggles' popularity has coincided with an increased market demand for early childhood educational products. However, this level of trust is difficult to maintain in the long term, especially when the group is involved in commercial franchising decisions. If, for example, The Wiggles endorse a product that parents believe is inappropriate, this could have a

strong negative effect on their ability to reach their core consumers.

### THE WIGGLES' PRODUCT

In services, the expanded marketing mix always includes the additional element of 'people'. In the case of The Wiggles, the people element has been core to the development of the product portfolio. Despite their huge financial successes, The Wiggles still see themselves primarily as educators, rather than businesspeople. However, increasing demand for The Wiggles and their products has meant that a more strategic approach to the product is needed; hence the decision in 2001 to recruit a general manager to focus on the commercial elements of the brand.

The Wiggles' product portfolio is extensive. In particular, the commercial opportunities that are presented through licensing and merchandising mean that Wiggles-branded products are available across a range of categories and through a variety of partners (see Table 1).

In 2005 Wiggles World opened at the Dream World amusement park on the Gold Coast and has been a huge success. Three Wiggles World's have also just been introduced into theme parks with US theme park giants, Six Flags. Wiggly Play Centres, purpose-built indoor play centres, are also being introduced in the USA and Australia.

Despite the vast range of licensed and accessory products, the core products of The Wiggles remains education and entertainment. Unlike many other entertainers, The Wiggles do not rely on CD and DVD sales to interact with their audience base. Instead they spend up to six months a year touring. This emphasis on live performances differentiates The Wiggles' approach to children's entertainment and provides the opportunity for ongoing direct interactions with their fan base.

To maximise the benefits and reach of live performances, The Wiggles have perfected stadium shows with high quality performances aimed at very large audiences. The extent of these live performances also provides a direct comparison of success with other entertainers. For example, when touring the USA, The Wiggles

Product category	Partners
Toys	Funtastic Timat TGA Tree Toys Leisure Dynamics MTA CA Aust Croftminster Learning Curve
Apparel and accessories	Turning Point: outerwear and swimwear Casco Blu: outerwear and sleepwear Brand Direct: footwear Funtastic: Rainwear, underwear Engelite: headwear, scarf and gloves Samsonite: luggage bags and backpacks Vimwood: fashion jewellery, wallets, key chains
Food and beverages	Heinz Pauls Ital Biscuits
Health and beauty	Johnson & Johnson: sticking plasters Vimwood: hair accessories
Other consumer products	Hallmark: all party goods Anagram: balloons Hunter Leisure: carnival showbags Ride on entertainment: Dorothy and Big Red Car coin-operated ride
Media	Australia: ABC Network, Disney Channel UK: Nick Jr USA: Playhouse Disney Italy: Jim Jam TV New Zealand: TV3 South America: Disney

played 12 shows in Madison Square Garden at a time when renowned rock band 'Coldplay' were considered the biggest band in the world after playing only eight shows at the same venue.

The inseparability of the performance allows The Wiggles to provide an experience that creates an enduring relationship with the audience. For most children, a Wiggles concert is their first

experience of live performance. Despite the size of the venues, and the number of people in the audience, The Wiggles' performances are characterised by a perception of individual attention. This is achieved through highly interactive performances that encourage children to participate in the show.

Wiggles songs are always short, catchy and easy to remember. Not only have they been a commercial success, but the quality of The Wiggles' musical contributions has been recognised by their peers, as is evidenced by their winning of multiple music awards including four ARIAs (Australian Recording Industry Awards) in addition to winning the Outstanding Achievement Award in 2003.

The Wiggles have succeeded in standardising a highly personal and differentiated entertainment product, as well as making it tangible through the use of characters and other cues. It is the consistency of message and quality which helps to position the group as an enduring entertainment product and helps to explain their international appeal.

This consistency is drawn from the basic philosophy underpinning the group's existence. The Wiggles have set in place a set of values and behavioural standards that are consistent and central to the brand. The 'Wiggles Way' is based around ensuring all products reflect positive and ethical ideas and that all members of The Wiggles and support staff adhere to a strict code of conduct regarding what constitutes acceptable behaviour. For example, The Wiggles are never seen riding in their Big Red Car unless they are wearing seatbelts. Similarly, they are never seen eating junk food. By creating an intangible set of consistent standards, it is possible for The Wiggles philosophy and concept to expand beyond the four original band members.

### **MULTIPLE WIGGLES**

Increasing success, especially in the international market, created extreme time pressures on The Wiggles. Demands for personal appearances and live performances throughout the world could not all be met. Further, the inherent attractiveness of the sight and sounds of The Wiggles meant

that this demand extended beyond the traditional English-speaking markets for Australian entertainers to multi-lingual markets.

The most obvious way to enter the non-English-speaking market was to simply dub existing DVDs and re-record CDs in the appropriate language. However, with a strong live component to The Wiggles' appeal, the solution to this problem of meeting public demand for a live product with finite limits to the amount of time available was highly innovative. In effect, The Wiggles have developed a franchise approach to meet increasing international demand.

This solution was initially trialled in the Latin American market where an alternative group of Wiggles, including two female Wiggles, was created. These Spanish-speaking Wiggles dress in a similar way, perform the same songs and embody the same approach to children's entertainment as the originals. Similarly there are alternative Wiggles in Taiwan with further bands planned for other countries.

The franchise option is not without its risks. Most notably, it is difficult in any franchise operation to maintain full control of the product in multiple venues and even more difficult for such a person-centred service. However, this solution does allow the original Wiggles more time to spend with family as well as on creating new shows, programs and songs.

Ultimately the franchise solution, originally created to serve the needs of a non-English-speaking market as part of their international expansion, provided the original Wiggles with the means to overcome the potential crisis of the loss of Greg Page in 2006.

The 'Yellow Wiggle' was able to be divided off from the person playing the role with the result that the transition to Sam Moran was effected relatively smoothly. Again highlighting the group's understanding of very young children and their need for consistency, the change of Wiggle was open and transparent. A short film was made to explain, in child-friendly terms, the change, why it was happening and to introduce the new Yellow Wiggle.

By adopting an innovative approach to

defining and controlling a variable entertainment product, The Wiggles have succeeded as a major Australian export product. The lessons learnt

### Bibliography

- Harcourt, T. (2006) 'Exporters get a Wiggle on', Australian Trade Commission, <<http://www.austrade.gov.au>>.  
<<http://www.thewiggles.com.au>>.
- Ross, E. (2006) 'It's a Wiggly world', *Intheblack*, November, pp. 24–28.
- 'The Wiggles: The fab four', *Brand Strategy*, 9 May 2007, p. 20.
- Wright, G. (2005) 'The Wiggly way', *The Age*, 5 May, <<http://www.theage.com.au/news/TV—Radio/The-Wiggly-way/2005/05/19/1116361668574.html>>.

from the international experience have in turn provided a model to ensure the longevity of the group over time and in changing circumstances.

### Questions

- 1 What characteristics of entertainment as a service product make it difficult to export?
- 2 How have The Wiggles addressed these in their strategy?
- 3 What are the benefits and potential problems associated with the franchise model that The Wiggles are adopting for international markets?
- 4 What lessons can be taken from The Wiggles' international experience to help their domestic marketing activities?
- 5 How has the development and expansion of The Wiggles business differ from most other competitors in the entertainment market?

