



## Alexander Chacon – Electronic Retailer Interview

Alexander Chacon is Founder and CEO of [European Home Shopping \(EHS\)](#). This June after 2 years in office he will hand over the reins as Chairman of ERA Europe to John Mills, [Founder and Chairman of JML](#).

We caught up with Mr Chacon in New Orleans where he talked engagingly and passionately about the Direct Response industry, the state of the industry in Europe today, his period at the helm of ERA and why the Electronic HomeShopping Conference should be this summer's must-attend event.

You're a Harvard-educated lawyer from the USA – how did you come to be involved in the direct response industry in Spain?

I went to Spain as a lawyer about 20 years ago. I was going to be based in a Spanish law firm for about 6 months before going back to the US, because I'm a New Yorker even though my background is Spanish. And after those 6 months I fell in love with Spain... the people, the way of living, and I saw a lot of business opportunities.

I quickly became successful as a lawyer and I was offered to stay and become head of the mergers and acquisitions department. I stayed in that law firm for close to two years before moving with my entire team to an investment bank charged with initiating transactions. One of my functions was to look for business opportunities. And I saw an opportunity that was DR, home shopping. I was always looking at opportunities in the States in order to try and apply them in Europe. And home shopping was one of those opportunities. When the bank turned it down, I decided to invest myself in the home shopping sector. So I went ahead and did it myself and left the bank. That was the start of European HomeShopping. I was very fortunate because the first year we did about 3 million Euros in revenue and it just kept progressively increasing.

And really my vision was to create a media company. So fast forward to today we own cable networks, broadcast stations across Spain, and one of the leading 24-hour homeshopping channels in Spain. And that's basically the story.

How did you become involved in the ERA, joining the Board and then becoming Chairman?

A few years ago I was asked by Gilles Labouyrie and Dennis Reustle to participate in the European Board and I thought it was a good opportunity because I also believe that you should give back to your industry – and I love this industry! And so I said 'yes, absolutely'. This was the European board a few years ago. – I quickly realised there was a great group of committed people that were just giving freely of their time to the industry. And the year after that I was asked whether I would consider becoming Chairman of the Board? Which I also agreed to.

Which was another step-up in commitment of course!

... which was another step up in commitment, yes. But quite frankly I couldn't be happier with the way it's turned out because it has given me a great opportunity to understand more about the industry, more about the companies, what they're doing, and really to try to promote and protect the industry in Europe. And there is a tie-in to the US because as Chair of Europe you also have a seat on the US Board. And it's incredible to see the different dynamics between the way the US board functions and the European board functions. Sometimes reaching the same results, but through different processes.

Can you explain more, is it a strongly cultural difference, or resource-led?

I think it's absolutely business-cultural. The US board for sure has a lot more resources (the European board has 12 members and the US board has 20+).

In Europe our board like the US is also full of very intelligent individuals, especially this board I think. We have a lot of depth, Marcel (Avargues, Executive Director of ERA Europe) has done an excellent job in recruiting really great, intelligent people. And the board membership is spread throughout Europe. Our next chairman John Mills is probably as good as you can get because he's a bare-knuckles businessman who speaks his mind, yet understands the vision of the industry, so I feel really good about my successor.

Recently you launched in Europe an Executive Committee task force. What is it and where did the idea for it come from?

Marcel and I thought at one point we needed to re-check what we're doing. We knew the US was doing a similar review but we knew we needed to do it ourselves, an audit on what we're doing, where we're going... How can we improve the benefits to the membership, and what direction is the industry going in?

And which way was it going and not going?

Well, I think we came to the realisation that we are experts in audio visual commercial content (and it's funny as the US, after a comprehensive strategic process and external consultants, came to the same realisation!)

Our core competency as an industry is that we are world leaders in the production of audiovisual commercial content. Which means producing content that engages the consumer and compels the consumer to purchase a product or a service.

There's more to it than that though isn't there. It's the metrics behind, the business model. Rather than just the creative you put on air...

It's true – anyone can do that... (but) can you make money out of it?! Can you make it work, can you become strong enough to continue to engage, because nobody's looking at a one shot here- you're looking at creating consumers, repeat consumers, ongoing consumers. So now this is what we're faced with as an industry... now we have all these channels to distribute this content, be it analogue television, digital television, through internet... mobile, in store, etc, etc. And so we're sitting, strategically, on this core competency and we're world leaders at this. So it's exciting!

There are now only **more** consumer touch-points and it's a question of adapting to that and being there when people are in a position to buy.

Even in stores, physical, conventional stores, there is audiovisual commercial content that compels the consumer to take that product over another product.

And that is the nexus - what people are doing on TV, some people are doing audiovisual content on internet and some are doing in stores.

That's almost our 'banner', but there's a lot behind that. And the part behind that is the logistics. The administration, the ability to sell product from a distance and actually make it work seamlessly.

I think the industry, the association is going in a superb direction, there's a strong membership... we've actually decided to be selective in future growth

One of the things the European Executive task force is working on is a new member drive. Can you tell us about the acquisition of new members? What sort of companies are you looking for?

The basis of understanding our core competency was pretty important and realising in what directions we *can* grow. There are a lot of sub-industries that would fit well into our association. But we don't want to grow for growth's sake. The Association is strong... but we do feel that there are other sectors out there. For example, the video-in-store companies... they should be a part of our association. There are a lot of electronic retailing companies, maybe like an Amazon, that should become part of our association. Why? Because they're using video in order to sell products and services.

And of course service companies, fulfilment companies, telemarketing companies... they should also be a part of our association. So there's a drive to specifically target those sectors.

One of the main reasons is because we have very strong Government Affairs and Self Regulation programmes.

The basis of that is that we want to create **consumer confidence**. We want the consumer to feel that there are regulations and that they're not going to get burnt... We want to protect the industry. So we feel that if we bring in these companies we're going to be stronger vis-à-vis, good practises and influencing Government regulations.

We're already heavily engaged in our dialog with Brussels. For years we have been influencing legislation affecting our industry and now when any legislation affecting our industry is brought up in Brussels not only do our lobbyists bring it our attention, but members of the European Parliament (MEP's) contact us and say 'listen this might be of interest to you, what's your view on this?' They want to know what we think.

So we've become the place Parliament goes to when it needs advice on proposed new legislations?

On issues effecting our industry, exactly. It's happening in Europe and it's happening in the States too. They're coming and asking us 'how do you feel about this legislation? What is ERA Europe's view on this legislation?'

We want companies engaged in our industry to adopt consumer protection policies, and we feel that one way of doing that is to bring them into the Association. And so part of this membership drive is in Brussels, engaging with lobbyists from these big companies, to say 'let's group' because we all have the same interest: to protect the industry.

Weren't we incredibly close, had it not been for the intervention of ERA Europe, to having laws passed that could have killed elements of our industry...?

There was some legislation, and it was because some Members of the European Parliament (MEP's) simply didn't understand our industry. So there was some language in the legislation that would have hurt our industry horribly. It would have killed the spot industry. They would have killed a good part of the infomercial industry. The result is the current legislation just completely frees up the industry vis-a-vis how much time you could dedicate to homeshopping.... so it was a huge, great win for us.

Also our Self-Regulation programme is very strong. Nancy Barkan is heading that. Not only are we across Europe, which is hard because we're across 25-27 countries (compared to the US, which is one!) With different languages and members, with different national jurisdictions, beyond the EU, such as Studio Moderna, which has many countries that are not yet EU countries.

So it's much harder to self-regulate the industry, but I think we do a pretty good job of it. We've continually pushed more of our resources in this direction.

#### What is the threat from counterfeit products?

There's a distinction between counterfeiting and the creation of a better mousetrap. You know, improving something... But counterfeiting unfortunately has always existed in our industry and will continue to exist.

However there are companies that are dedicated to counterfeiting and they're experts at it. And they have good lawyers – because they need them . And I feel strongly – because we **do** know who they are – that the Association membership should be pointing at them and saying NO.

#### These are giving our industry a bad name?

More than giving our industry a bad name I think they're taking resources out of our industry. So I don't see them any different, in fact I see them as being **worse** than those that come to our events without paying.

Because what they're doing is taking the air out of those companies that have innovated, that have invested in creating successful products, and for some of these companies it's a once in a lifetime opportunity . And what these professional counterfeiting companies are doing is ripping people's dreams, taking their air. They're parasite companies and I don't think we should ignore it.

#### How do you see your role as Chairman? What are the things that are important to you?

One of the things that happened to me when I assumed the role was that I realised I had to think of Europe as a whole. The membership, where the industry is heading, how the association is reacting to that... So it elevated me. I wasn't only thinking about my own company anymore, but rather the Association as a whole and where it might go.

#### How does the industry differ in Europe from the US?

The European industry has been growing and evolving. This industry started in the US, and it's the world leader. But Europe has been evolving and I think it will evolve even quicker in the next decade.

Through convergence we're presented with a lot more ways of connecting with the consumer. The fact that Europe is digitalising, the new TV stations are just creating a lot more avenues. They already had a lot of cable stations in the US but in Europe we had few TV stations in comparison. Just look at the UK... they went from 4 to around 50! In only a decade.

And that's happening across Europe now. So these companies that have been thriving, with little opportunity to reach the consumer, are now flourishing and you're starting to see a lot of their creativity, their flavouring, in the industry. And as a result the US companies are saying "wow! We want some of that!"

#### US companies are saying that specifically about products, or more than that?

Products, presentations... Europe is going to contribute a lot to this industry in America. I already have a lot of people come to me and say 'what are your hottest products I want to bring them into America?' And so within Europe something that never happened before is happening, when before we'd just take the US products.

Now what's happening also is within Europe we're cross-trading. It's happening a lot, more and more... There's content produced in Germany that's coming into Spain, that's going into the UK, to Italy, France. And that's creating another sort of mix in the sector. Plus we have the Euro and no borders. A lot of things have changed in the last 10 years!

We're talking about Europe being a single market, but I'd like to know how different it is working in Spain to Italy for example. It's still quite culturally segmented?

It's very different. And in fact QVC has just announced that they're going into the Italian market, they're going to start in September this year. And you know, it's a big announcement because they're going to send 500 people – like an army! It's a huge investment. Within the European community we're going 'WHY?' But they don't make these decisions lightly, especially a company as conservative (and successful) as QVC. I'm sure they've evaluated operating in a market like Italy. Although it's funny that the Italians are saying "wow does QVC know you can't send a package south of Rome?" There are certainly differences and nuances in each market.

27-29 June sees the Electronic HomeShopping Conference in Monte Carlo. Why should people make this a must-attend Conference?

Some executives make it part of a summer vacation. And, to be sure, it's a fabulous spot. Summer in Europe is incredible and if I were an American coming I would plan to make stops in other countries. But there's an important business reason as well and in fact I would call it a must-attend conference in this industry.

The reasons are there's a lot of product and creation taking place in Europe, and smart American companies are trying to latch onto those from the beginning and then bringing them into America, so there's a competitive advantage in attending. Which is what we Europeans do when we come to the US looking for products and trends. There's a lot of creation, new products and audiovisual content taking place in Europe and this is the main place to get it.

Also, if you have products and want to penetrate Europe, all the European players are there in one place. We're hoping as an association to facilitate that. So we're hoping American companies, Asian companies, international companies that are considering coming to Europe contact us – because we can seriously help network them.

It's our last year in Monte Carlo. Next locations will be Montreux, then Stockholm and then the following year it's still open. We're going to be rotating through different countries, and I know that's in response to what a lot of Americans wanted. So it's going to be a great send-off!

As a final note, how would you summarise your tenure as Chairman? Did you achieve what you wanted to when you began?

I didn't have a singular vision that I wanted to implement when I took on the role, other than to help make the Association flourish. It was really about the betterment of the industry as a whole. To lead it, be part of the process.

The values were set: protect the consumer, the membership, and the industry. Also to ensure we have a strong board membership. And I'm pleased. With the board membership, the strategic process taking place, the events we have ... and the industry as a whole!

- *Robert Logie is editor of the ERA Europe Newsshop, courtesy of Studio Moderna*