



RICHARD BURRELL INTERVIEW

by Robert Logie, ERA Europe

I recently interviewed Richard Burrell, Director of Media Operations at QVC UK, for Electronic Retailer magazine.

A shortened version appeared in the magazine but the interview is published here in its entirety for the first time.

Additional content includes: the comparison of Europe, US and Far Eastern markets, Web TV, Mobile technologies, Interactive, HD...

Please describe your role within QVC

I look after all of our media output, principally TV output, and I also look after the relationship with companies like Freeview, Sky, Virgin and so forth. A certain amount is trying to work out what the channel roadmap is... it's no longer a world of single channels! And I also have a foot in QVC's international ambitions as well

What key technological changes in the past 5 years have impacted most upon QVC's business?

At the moment we are probably the earliest ones doing niche channels. And the biggest change in the past 5 years has probably been our ability to monetize content in different ways. Our new channel **QVC Beauty** was spawned from the interactive TV world. If you look on Sky and press the red button you'll find four secondary video channels, carefully tucked away, so that you can have an alternative viewing experience.

QVC Beauty was an experiment on one of those channels where we asked ourselves 'can we re-purpose content and get a second bite at the selling cherry?'

And we proved to ourselves, with a bit of our own homespun technology, and

a bit of help from a few other companies that, yes, we could. So therefore the logic goes that if it works on the red button, where you get a share of the homes, but not all of them because not everybody presses it, surely it'd work better if you showed it to everybody. Very simple logic, which happens to work!

So October of last year we put QVC Beauty out as a satellite channel on Sky and on Freesat and fortune smiled upon us and the sales out-stripped what we thought they would do. So just this week we launched it onto Freeview as well. Which was a bit of a gamble because Freeview is expensive, but because it performed so well on satellite... why not? So it's re-purposing content.

And there's another innovation that sits behind this and it's an innovation that all of the TV industry is going through, and the US have taken this more into what they're doing with video on the web and on iPhones...

And that is, if you look here now compared to 5 years ago, the way in which we produce TV has changed... Videotape has gone.

QVC has recently moved to a tapeless workflow. What difference has that made?

Yes, videotape has gone. We now have one single library of video and picture assets, all searchable by product, brand and show title, and we can publish that content anywhere. It can go into the niche channel, it can be published to the web at the click of a mouse, and no asset is more than 3 clicks from library to air.

The technology, developed between Europe and Japan, enables us to reuse and repurpose video and image content in a way that would have been impossible before.

And because the automation looks after the content collection it means we can create niche channels with very few staff.

So if you're a producer or director doing the live show, you'll have your running order, and on the touchscreen in front of you will be every video asset we've ever made. If you want to play a particular item, just click it and away it goes.

It took us a long time to get to this stage and we're now looking at introducing it to the other QVC's. The same technology also runs QVC Plus in Germany, which is their second channel.

It was a massive change, and required a lot of re-learning of skills, but it has completely changed our whole workflow and led directly to the creation of this new channel. And we have only 2 people running that channel.



How important is the connection between TV & Internet to you?

One of our biggest recent developments is **QVC's live music segments**.

Having started as a way of attracting new audiences and expanding the QVC brand, this has achieved significant sales for us, and has been a lovely example of how we can make the channel and the web really work together.

The typical sequence would feature a live act around lunchtime. That performance will bring in direct sales, but there is an extended narrative on the website, which extends the thread. You can sell nearly as much on the longtail on the web as you can the live show, as long as you can get the video topped and tailed and onto the web fast enough.

As well as being nice TV, you get all the cross-interest from music fans, and other music sites. This took us somewhere really unexpected... and **sales from QVC are now registered in the weekly pop charts**.

It has certainly challenged how we do things, because you have to work with the product vendor; the artist's agent to get the artist in the right place at the right time and at the same time as the stock; and you have to work with the manager to ensure the backing musicians are all there.

Sometimes you think, "**this is a shopping channel, we don't do that here**", but oh yes we do!

Would you say that the lines between high street and electronic retailers are blurring?

Yes definitely, and it's really shown in the huge investments that the high street brands are putting into the web, and not just the department stores, but food ones too. The web is the new high street and it's all about brand, and the reason that they will do well is that people know these companies.

The high street is also getting much more savvy about online video, using the call to action, not just showing brand content...

Well they are smart people, and they will learn. I think it's true of us, and any of us in this electronic space, that big brands aren't just coming... they're here. So expect to find yourself competing with what you used to define as the bricks and mortar. I think 'bricks and clicks' is a slightly trite phrase but it does ring true.

It's about brands. If you're Selfridges, or Harrods or McDonalds, well of course you're going to get on the web and of course you're going to use all the tools available to you, so you'll have an iPhone app, a way of producing



video and so on. What we've seen in this country is that there are companies popping up left, right and centre that can all produce good 'selling' video for you. So you don't have to set up something like what we've have. You can contract the whole thing out and just brief it, so it's changing the whole dynamic.

Online video – mainstream now?

Absolutely. And we use some of our automation there also, so if you watch the show you'll see probably 10 products in an hour or so. Within 10 minutes of the show finishing, that show will have been chopped into individual cells and attributed to the product detail on the web.

So if you've just seen it in the show want to watch it again, it's already there. You can see it actually as we sold it on TV, and if you don't want to go as deep as the product details, you'll also find it in the videos of today's products. So it's all over the web almost instantly.

How have the technological demands of the customer changed?

75% of QVC purchases are now made through electronic devices, including touchtone ordering, VRU, internet, and mobile.

It grew very quickly and then flattened out a little, and there is a debate as to whether you can have too much automation because there are some instances where it is useful to talk to the customer. But we're delighted with 75%, and that it's so popular because, frankly, it's great business... but you do wonder if it can become too much, leading to an estrangement from the customer if you're not careful.

What are the biggest challenges that you face now?

Audience fragmentation... But you can also counter that by saying "yes, but we're going multichannel".

There are so many channels out there and so many ways in which people can watch video, consume things. There are people who are watching Masterchef and going shopping for the ingredients on the web at the same time for example.

There HAS to be an opportunity there... There's the whole product placement thing coming up here too, but all these things do is fragment everything. So you have to counter that. And there's an old adage in commercial television that goes "well if I have to compete with somebody it might as well be me!"

Where are your biggest opportunities right now?

In the UK one of our long bets is now coming true. Back in the early 2000's we spent a lot of money getting ourselves onto (digital terrestrial TV) Freeview when it was tiny.

Next year, by the end of 2012 that will have taken us into every single home in the country. So that was the long bet and it cost us a lot of money, and we're still squabbling over channel numbers and all this because it's not just the retail world that's changed, the broadcasting world has changed and we're now quite a significant player in that. But the perception of the other players is "what's this retailer doing in the middle of us?" There are all sorts of challenges to come, but that has taken us into every single home.

There's an opportunity to say, "Ok, now we're in every home, how do we address the various niches within that market?" because it's no longer saying our core customer is middle aged, middle England etc. You're in such a big variety of homes. You've got the normal distribution curve with your main customer in the middle, and of course we have to carry on serving them because they pay the rent. But there are some very interesting wings to that distribution curve of customer and I think that's where a lot of the opportunities lie.

Any surprises or mistakes, which ended up leading you somewhere good?

There are 2 big experiments. And we always knew they'd be interesting but didn't bank on their success.

First is our partnership with (UK public service TV network) ITV. For years and years you could get 'dark' time for teleshopping or odd hours of airtime from commercial TV channels on cable and satellite, but you couldn't go near public service commercial broadcasters - it was absolutely forbidden.

Last year the law changed and Ofcom allowed a certain amount of this to happen, and from May onwards we began an experiment with ITV. We're still learning at this, but it does bring a bigger audience and it does bring a new sort of customer. For example, if you go out and buy a shopping window on a comedy channel or something like that, you'll have a very niche audience, so your success will depend on whether your product hits their wishes.

ITV, Channel4, Channel5 are much broader because they're general entertainment channels, so the demographic of who's watching is much, much broader. It doesn't come cheap and it's a compliance adventure to say the least because more eyeballs means more scrutiny and its their public service license at stake.

It has been a voyage of discovery. We are working to refine it. Its expensive but it brings things you don't expect. And it brings in new customers. What

you'd expect a product to perform like on the main channel is completely different to how it performs with that audience. With that you can then look at buying different products. But I don't think we know enough yet.

Second is probably **QVC Beauty**... running a channel with 2 staff. That's all QVC beauty takes, the rest is automation. We've tried that model here and its worked and we've tried it in Germany and its worked. So I think that's our biggest recent achievement.

What's in the pipeline now at QVC?

We need to sort out moving to the new London premises in the next year and going HD. There are opportunities to be had with smartphones... and there are opportunities to be had with different product lines.

QVC is a lot more active internationally, and if you look at Mike George's statements to Liberty you'll know that we're looking at expanding in several markets at the moment - so that's taking up quite a bit of time.

How do the big homeshopping players differ from Europe to US?

There are big similarities these days. Time was that I would say that if you looked at where the innovation was within these companies, in the USA it was heavily web-oriented, not much mobile, not much in the way of secondary video channels and virtually no interactive television; whereas in Europe, particularly the UK, there's lots of interactive TV, certainly web developments, but not on the scale that the States were doing, and quite a bit of mobile. And if you look over further east to Japan, mobile was growing really really fast, and web was phenomenal, principally because of broadband speeds which still make ours look like a snails pace. So that was 5 years ago.

But I think there's been a certain amount of exchange and homogenization, in that there's a lot more web activity going on in Europe now. Web is a huge growth area. And we're starting to see more innovative TV activity in the US, and also with mobile. You know, the ubiquitous iPhone has taken us all on a journey..!

But there's something else that has gone on, partly because QVC has changed... Mike George came in, and he's from a web background, coming from Dell, and he has looked much broader afield, and has encouraged us to become much more global in our outlooks, so you will find technologies and ideas developed in one country being implemented in another one, it is no longer quite such a centrally-controlled company coming out of Philadelphia.

There's good ideas coming out of Japan which are being implemented here, there's others from the states here, there's things that we've done here are being done in Germany. We all clubbed together to build Italy... there's much more exchange.



Where are you with mobile technologies?

We've always had the view here in the UK that people underestimated the willingness of our customers to use the mobile phone for things other than talking.

We started with mobile back in 2005 (pre-iPhone of course) just testing it with SMS. We put in the ability for them to text the show... and they did in their droves and we're still running it and we run competitions on it and all sorts. So that proved that the concept works. We then put up a very basic WAP site out there in 2006, which is still running but never really set the world on fire. The thing that it needed was the bigger screens and the processing ability of the smartphones.

So now with smartphones things have come of age.

We started off with a very very small iPhone app a year or so ago, but it wasn't very good. So we've now done it in cooperation with our American colleagues, they went out and produced a suite of iPhone apps, and we've migrated the main one across to the UK and it's been running since about the middle of February. And our customers do like it. It's got a lot of the features you can use such a smart device for. I'm going to stop calling it a phone soon... I've heard it called a 'companion device'.

You look at that and the tablets and so forth and peoples habits of having a laptop on their knee or whatever when they're watching television, which is far more prevalent than I ever thought it would be. So from having the mobile over here and the web over there... the whole thing's blurring. But again it's what can you do with your content? Are you going to create it separately each time? Absolutely not, you'd be crazy.

Web-enabled TV (as in Google TV etc)... anything special planned?

Here's where we are on this.... all the channels (QVC Beauty, QVC Style, the main QVC channel) are streamed on the web as linear television. They get a reasonable amount of viewing. It allows us to reach homes that don't use some particular platforms. For example Beauty's not on Virgin so if you're in a Virgin home you can watch it on the web. Virgin broadband is good so it streams well.

There is a whole web-delivered TV debate to be had at the moment. You've got connected TV, like Sony and Samsung, you've got YouView born as Canvas, there's Kangaroo, there's all sorts of stuff going on. I don't think it's found its niche yet. Would we get involved in it? Of course we would, it's getting our product in front of people. Is it going to change the dynamic of mainstream television? It'll add to it, be an extension.



Would you expect web TV to be like some of the red button interactive services in use already?

Some research we looked at recently from **Thinkbox**, said that when you actually go in and ask what do people use TV on the web for, it comes from existing TV stations. Principally they use it for catch-up services. It was somewhere above 60% for catch-up, so if they missed it they go and watch it... The next most popular is watching additional material, what I would call 'show extensions' which the BBC are brilliant at, and they use the red button for that as well. Because the red button is increasingly becoming a video selector rather than something that shows you still pictures.

If you'd spoken to us in 2003-4 we'd have told you there was a whole catalog of products behind the show and when you press the red button you go through to 2-300 pics of products. And that used to do quite good money. Now it doesn't and the reason for that is that domestic broadband is almost ubiquitous now so people do that on the web, so why would they use a clunky old system like that?

So red button has evolved in 2 ways, it's gone back to being like Teletext if you look at some of the services that are out there. So it's kind of come full circle in that respect, giving out schedule information, sports results and so on.

And then the other way it's gone is as a video switch, so that you get secondary video, which in our case is more shots or genres or whatever. But in the BBC's case, for example, watching the F1 Grand Prix there is a whole new experience tucked away behind it with shots from the cars and so on. And that's an extension of what the show is. So it's kind of evolved.

Red button services are in their infancy in the US, due to much greater media fragmentation...

And for them connected TV might give them a route to these extra services. If you look at red button in the UK... why is it the red button? Well the red button is one of the legacies of the old Teletext system, which turned out to be really useful. It's a fast text button, which other countries don't have and it's been the route to a whole way of doing things.

The US doesn't have that, Germany doesn't... we're almost unique in having that, so in other countries you've got to find a different button to push. And people knew about those 4 colored buttons so they were comfortable with them, and that was one of the big reasons why interactive took off in the UK. It was something people connected with, felt comfortable with because they'd had the button for years, whereas the other countries don't have that.



It came from trying to explain to our American and German colleagues... I suddenly realized 'that's the big difference!'

It is about technology and having strong partners like the BBC and Sky and the rest of that, but actually it's about viewer familiarity, so they're comfortable with it. And that's key to the whole thing.

Going back to connected TV there's an opportunity for that to be part of the next wave of extended narrative, with additional options, screens, catch-ups, perhaps product placement purchases. But I don't think it's going to fundamentally change the way we deliver television.

Is HD on the radar for homeshopping in Europe?

It's not prevalent in the UK yet, though in 2012 QVC will move to a new premises and become fully HD. QVC Germany is going HD in September 2011, while Japan and US are already simulcasting, offering both. HD presents new challenges and requires a 're-learning' of skills, and it doesn't come cheap as you're carrying two channels, needing more satellite space. But it looks pretty damn fine and because we operate live we have the opportunity to produce really good pictures, and with screens getting bigger and bigger the amount of selling real estate gets bigger as well.

But you have to improve your production values as it picks up everything, positioning marks, hidden mics, hair and makeup needs to be that much better. But the benefits far outweigh the problems.

