Thank you for inviting me back here. It's always nice to come to Bulgaria and speak at this conference.

Today, let's talk about change. We live in probably the most interesting - and exciting - time in our industry. Change generally in our lives is amazing and our industry is a microcosm of this. When you consider that the iPhone came out in 2007 and the iPad in 2010, we've gone from a planet full of stupid telephones to one of smart phones with mobile EVERYTHING in an amazingly short amount of time.

Let's take a look at the "state of play" we're in at the moment...

# Two leading camps.

LIBERTY GLOBAL

TiVo



A couple of years ago I mentioned here that there were two “camps” emerging. Well, they are THE two camps. Liberty Global continues its roll-out of Horizon across its footprint and TiVo has been adopted by Virgin Media in the UK, Ono in Spain and ComHem in Sweden, to name a few key users. Content- and feature-rich user platforms are becoming expected.

DOGTV

What | Why | How | Content | About | FA

# Welcome to DOGTV
# The First Television Channel for dogs

DOGTV is scientifically developed and Pup approved. DOGTV is cable's first television network for dogs that is created exclusively for canines, and the humans who love them.

DOGTV's 24/7 programing helps stimulate, entertain, relax and habituate dogs with shows that expose them to various movements, sounds, objects, experiences and behavior patterns, all from a dog's point of view.

Take a minute to browse our website, learn about TV for dogs and see just how it helps improve the lives of dogs and their humans everywhere.

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Channels continue to fall from the sky! Every year there are new and, on occasion, different channels emerging.

Check this one out: it's not a channel for dog lovers/owners; it's a channel for dogs to WATCH. We obviously have way too much money.

The “second screen”
is still called
the
“second screen”...



Yes, we’re still calling it the “second screen” and for a reason: thus far it remains the second screen. There are some exceptions - Turkey, for example where the second screen is becoming the first one - but otherwise consumers (at least the ones who are paying you!) still like their first screen.

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And what a first screen it’s become! Check out this beauty from Samsung - 63 inches and curved. I have no idea how large your home needs to be in order to even fit this beast in there.

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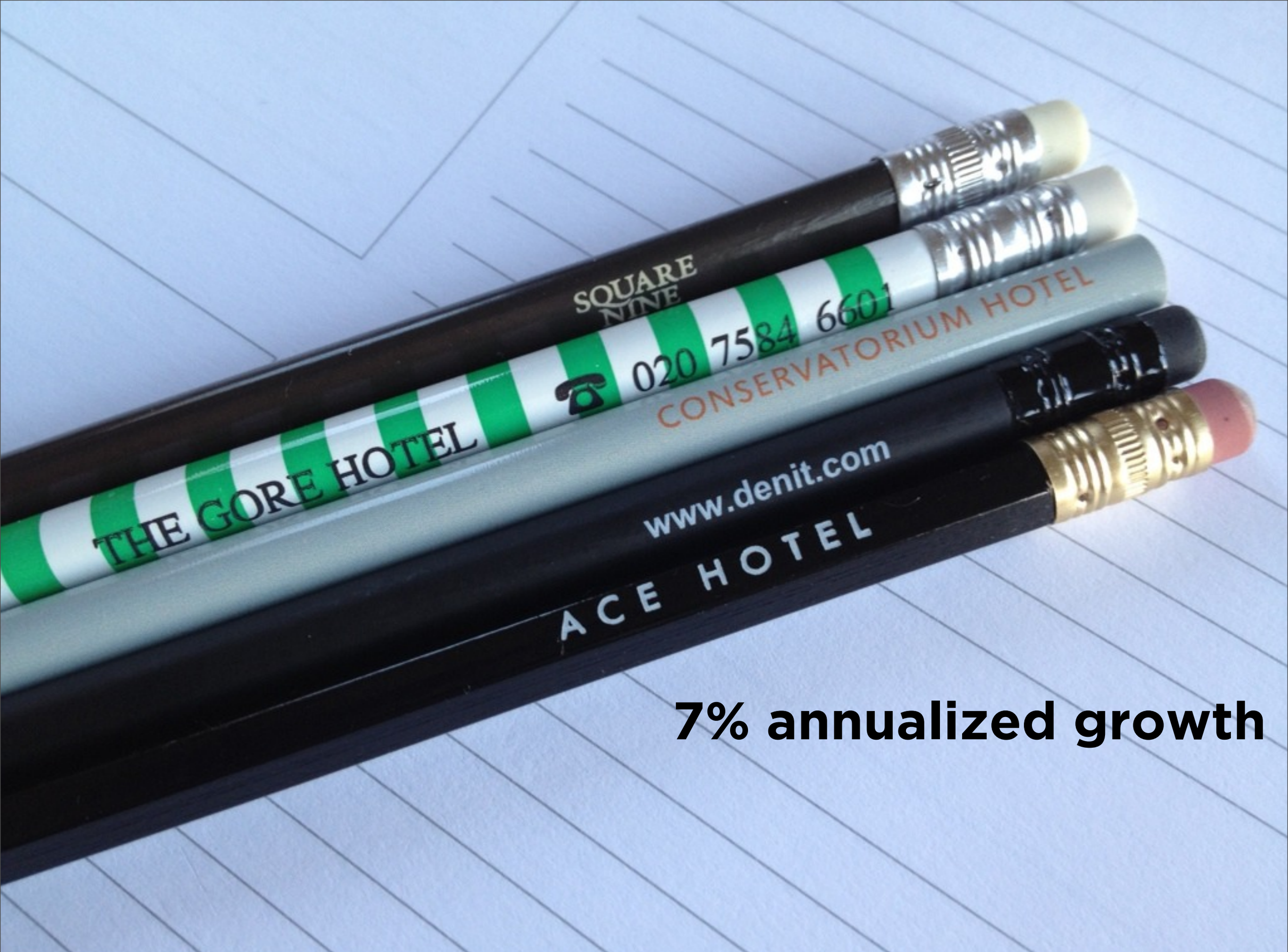
Digital is indeed taking over our lives. Check this out.

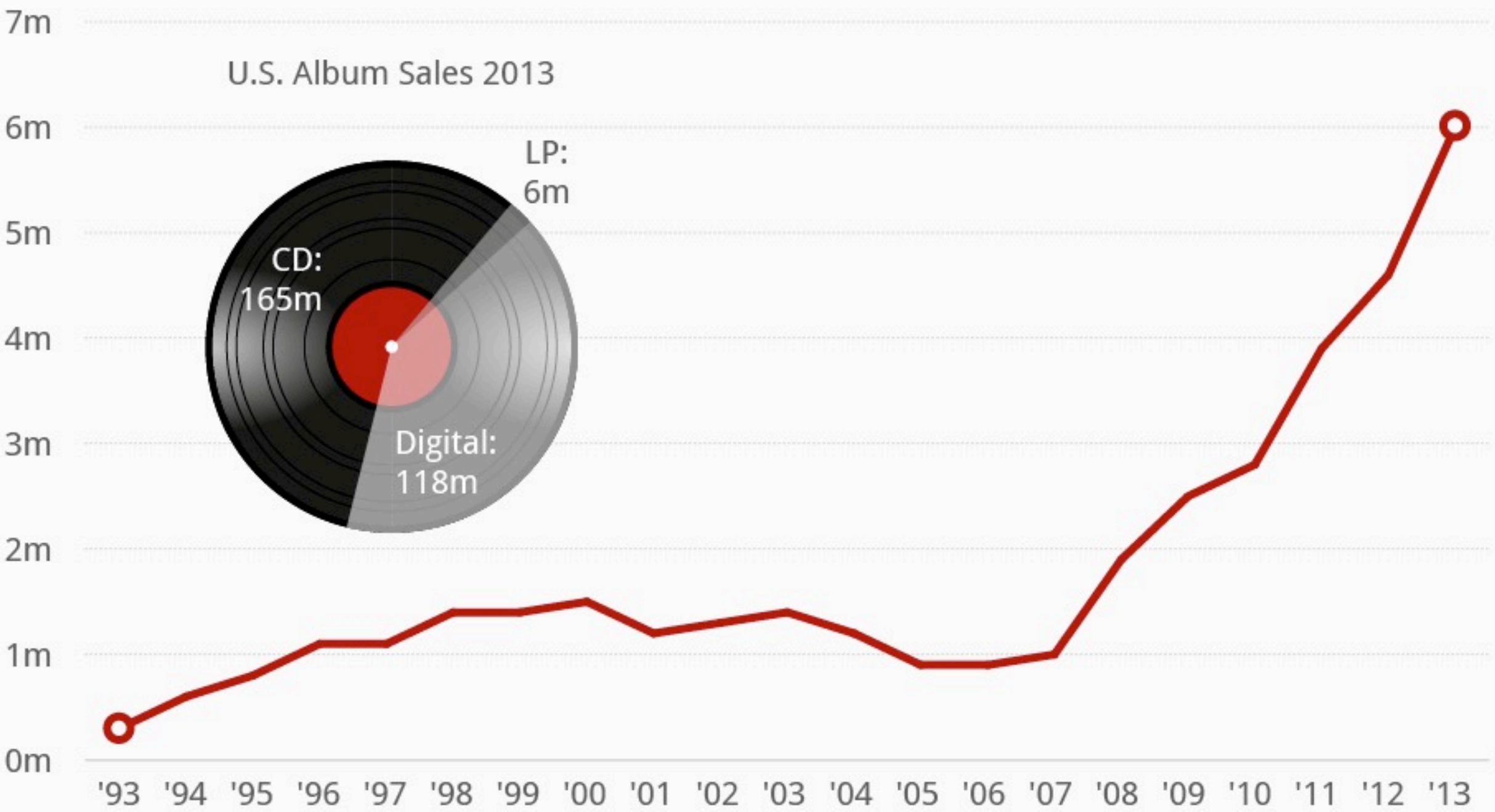



**7% annualized growth**

But at the same time, we're longing for our "analog" connection. We're seeing people embracing lo-tech methods like pencils and paper for nostalgic and aesthetic reasons.

# The LP is Back!

Vinyl album sales in the United States from 1993 to 2013 (in million units)




cc

@StatistaCharts Source: Nielsen SoundScan

statista

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Same is true for vinyl LPs - Granted 6 million sales aren't much in comparison to the digital and CD sales, but the increase can't be ignored. The reasons? Aesthetics and nostalgia. CDs never had the aesthetics that LPs did with their artwork and liner notes, the feel of the vinyl, the care you give the LP itself and the slower, more methodical process to produce music.

But nostalgia isn't getting carried away. Anyone here - and I'm treading on some sensitive ground I know - remember porn downloads in the 1990's? Let me refresh your memory...

And now we're into "Smart" everything! It's not enough that we have smart phones and smart homes, we also have smart toilet paper. I don't even want to imagine what makes it smart...

Back when TVs were ‘the thing’...

- 15-year-old from Denmark

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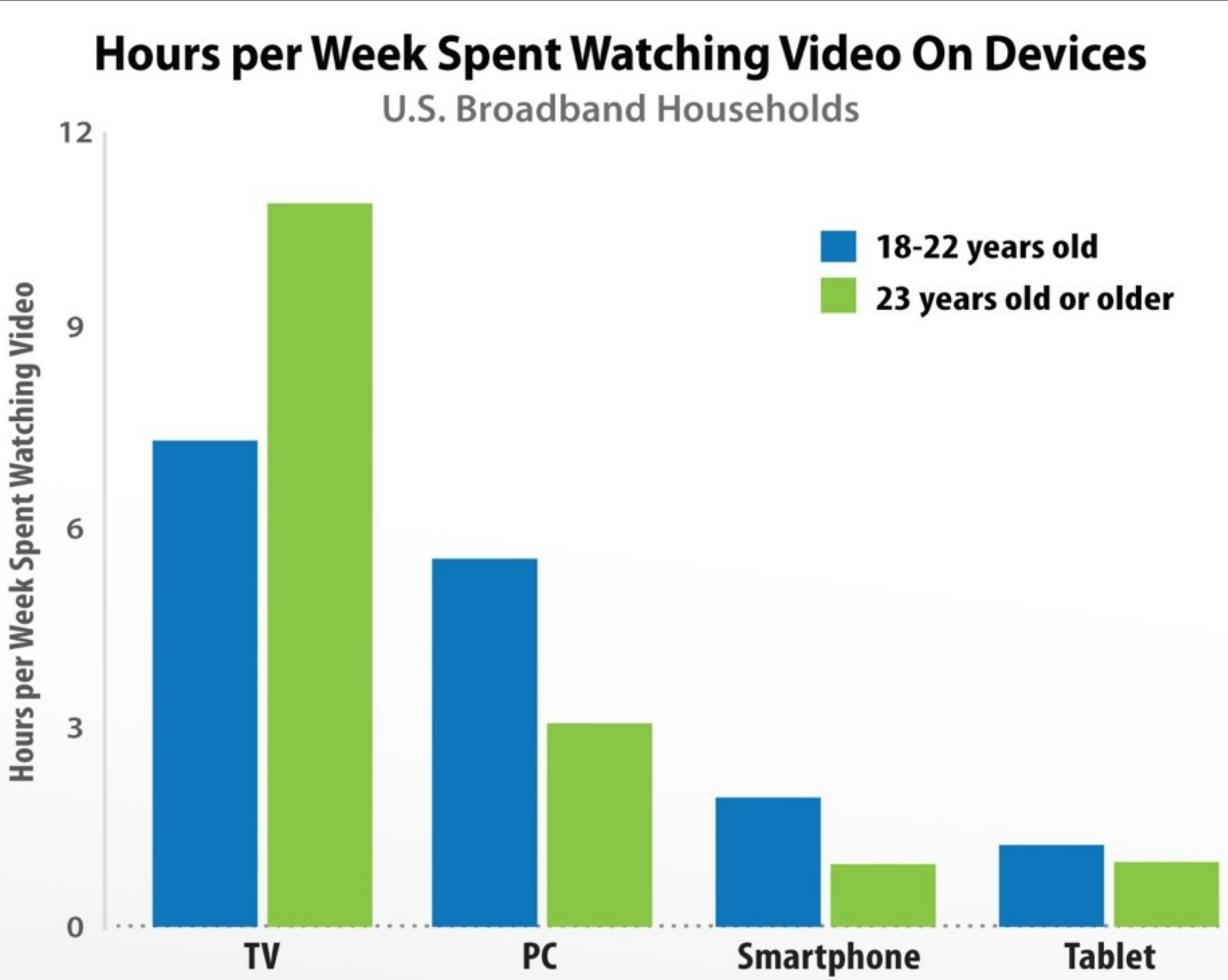
And we have smart kids. This statement was made at the CTAM EuroSummit in Copenhagen in September. We had a panel of teenage kids who talked about their video consumption. If nothing else, it was a wake-up call for the industry as these kids see little need for a television.

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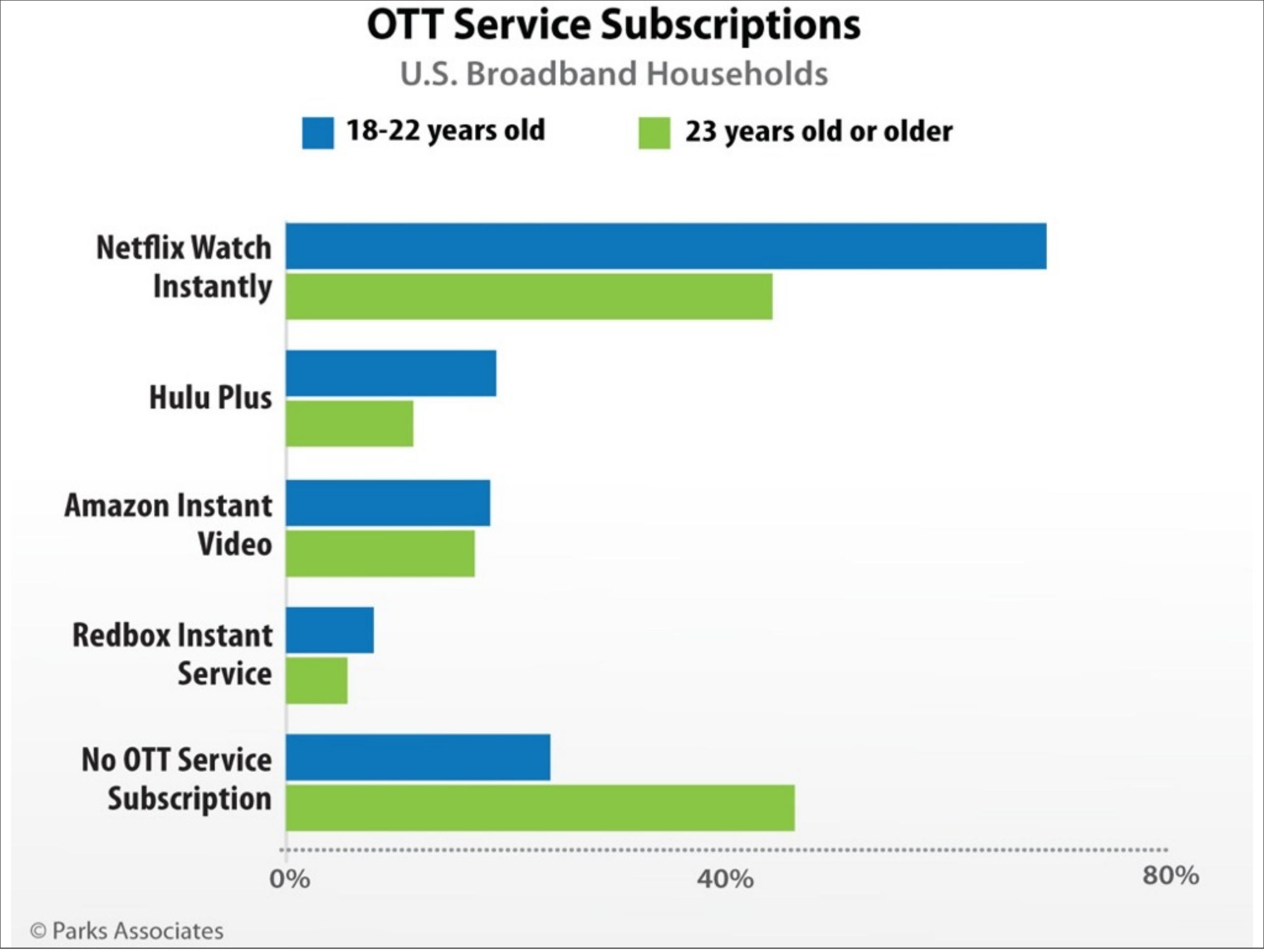
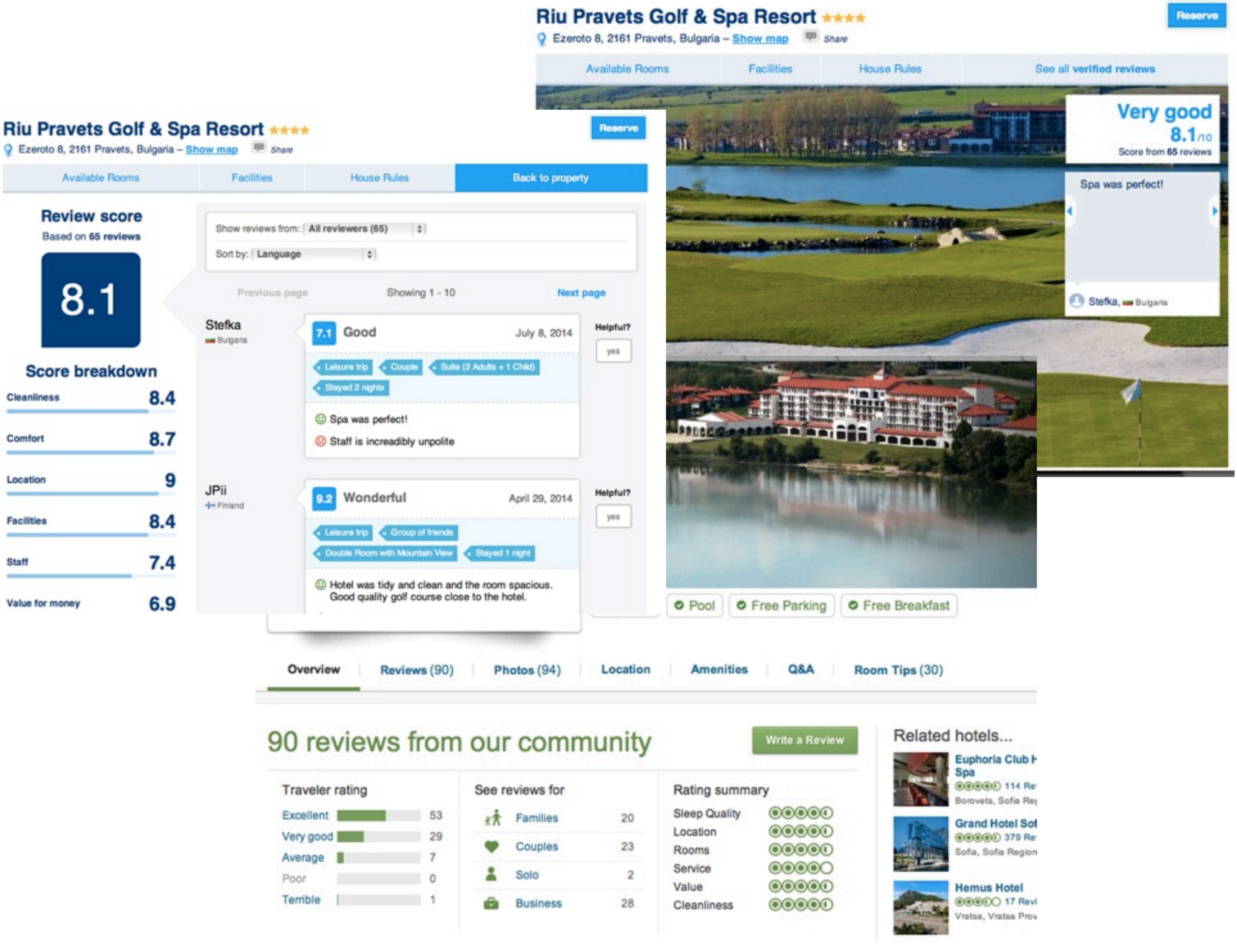
This just came out from Parks Associates and validates what the kids said onstage. While this data is from the US, we rarely see significant differences in the younger generation's consumption worldwide. Kids who have TVs in their bedrooms rarely watch them, preferring their laptops. They also don't fully understand the purpose of the living room...




What's perhaps more troubling is that they use OTT providers at nearly double the rates of adults 23+. While someone pays for the service (like Netflix) these kids readily share their passwords with each other so their friends don't have to pay for the service. And this is normal and completely OK to them.

While OTT services are just now coming to our part of the world, we still battle illegal downloads and peer-to-peer file sharing at nearly 3x the rate of the US.




Also continuing its climb is the importance of peer review. Not that we necessarily know who wrote the reviews, but still we're more comfortable believing complete strangers than we are believing the company's advertising.

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Plus, with advertising, you always need to read the fine print...

This slide is completely outside of our space, yet it's significant.

Does anyone know why I've listed these companies here? They're in the top 10 most valuable companies in the world and the first three hold the positions 1, 2 and 3.

I'm not sure what it spells for our industry at the moment, but it does spell something for all of us.

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The net of all of this is that it's a new world out there that has us looking at things differently than ever before. Our response has to be that we think differently about our businesses.

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More than ever before, we have to keep our eyes open to the possibilities. What were once competitors are now partners and vice versa. We never know who is going to walk through the door next and what that visit could lead to.

# What is the ROI*?

* Risk of Ignoring



And if we choose not to think differently? So what, right? Wrong.

We need to ask ourselves what is the ROI - and I'm not talking about Return on Investment. What is the Risk of Ignoring to our businesses?

# Instant photography 1.0

Here's a favorite example to look at. Polaroid owned instant photography yet completely failed to make the transition to instant DIGITAL photography. And now, they're but a memory. Think it can't happen to us? That's what Polaroid and Kodak thought.

# NETFLIX

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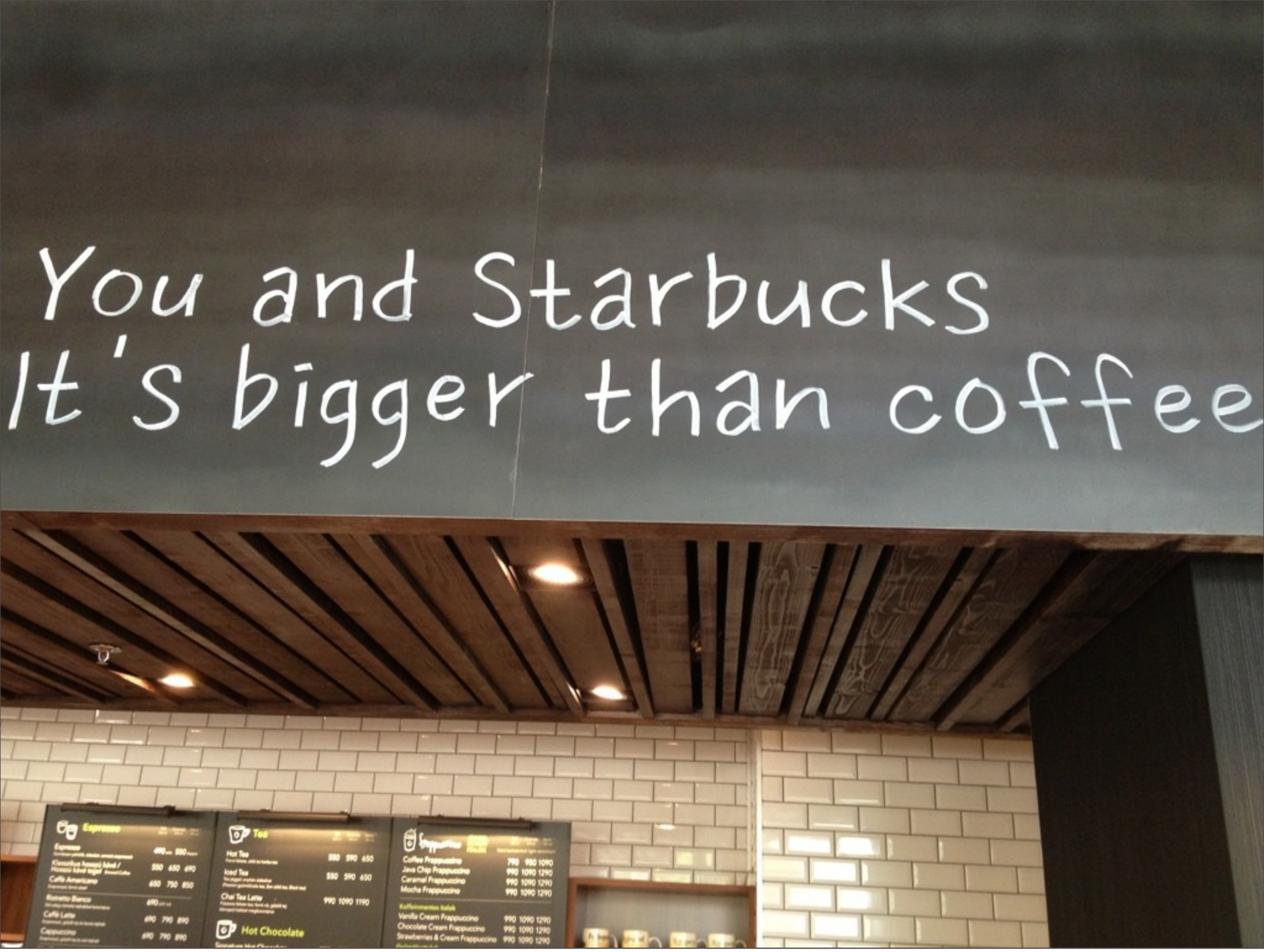
It wouldn’t be a proper conference without mentioning Netflix. There, I’ve said it.

In truth, content providers and platforms alike need to pay close attention to these folks. They’ve announced their eastward march and, while I haven’t heard Bulgaria mentioned, it’s not unreasonable to believe that they’ll come here.

The question is: are they a threat or an opportunity? My position: opportunity. For platforms, your consumers will need bandwidth to access the content. For content providers, they are buying content (not the audience here, I realize). In both cases - you need to have your “to-go” product out there in order to maintain your viewing audience and your marketshare.

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Starbucks remains my favorite competitive comparison. While there are other coffee shops nearby with cheaper coffee, it's not about the price. It's about the experience. I regularly meet clients and colleagues at Starbucks in Budapest. The place is continually full - and not just expats hanging out. Students, seniors, professionals - they're all there buying overpriced coffee and conducting business. It's the comfortable, friendly environment, free wi-fi and other benefits that keep them in business. Oh, and along the way, people are buying their €4 cups of coffee.

How you react to competition is always critical. Are you familiar with Uber? It's a "ridesharing" service as an alternative to a taxi. Private cars (clean, nice) are available to hire. There's a great app that helps you find cars, prices are clearly communicated (and aren't necessarily cheaper than taxis).

In New York City, when Uber was getting started, the taxi drivers went on strike in protest. Think about their action for a moment... They succeeded at increasing Uber's business, getting them successfully launched in the market. Sometimes what seems like a good, strong, logical response isn't necessarily the best one. Be careful how you choose to fight your competition.

They're hiring the city GM in Sofia at the moment if you're interested.

# Be efficient *and* be smart.

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Everyone I know remains under financial pressure whether you're a platform, a content provider or a vendor. Business remains tight and tough across Europe. The effects of the crash of 2008 remain with us and companies are doing more with less - fewer employees are handling more work while the business continues to become more and more complex.

While this conservatism is acknowledged, we need to be careful where we cut and where we place our emphasis. Consumers, while working for companies who may be even more conservative, still expect to receive the love and attention they deserve. Price competition only serves to drive down margins and available cash to provide good service. Less service leaves you vulnerable to competitors who are more than happy to help your customers leave your place of business. Be efficient, yes, but be smart about how you're being efficient. Remember that the Managing Director is a research sample size of 1, meaning he/she doesn't always have all the answers...

Time for an informal survey. I've been talking about how you address your consumers and deal with your competition. Related to this is brand positioning and what consumers think about you. Let's see what your opinion is about these brands...

Love them? Hate them? Don’t care?

Being loved is best, of course. Being hated isn’t bad – at least you know where you stand and can deal with it accordingly.

Don’t care is the worst possible place to be.

# Love them? Hate them? Don’t care?

# Love them? Hate them? Don’t care?

# Love them? Hate them? Don’t care?

Zappos.com

the web's most popular shoe store!®

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Anyone familiar with Zappos? Check them out if you're not.

They started out selling shoes online. When you place your first order, you become a VIP customer which entitles you to free shipping. And you feel really special when you get that status and the free shipping.

Their shoes aren't the cheapest. Yes they have sales and some deals, but they're also selling shoes at full retail. When your shoes arrive - remember, you haven't tried these on yet - you receive instructions for how to return them for free, too. They had to overcome the problem of ensuring the right fit. Eliminating the shipping both ways makes it easy to do business with them.

Oh, and the most amazing part? You have ONE YEAR - 365 days - in which to return them.

part of the Zappos family

Shop Zappos.com | The Zappos Family Story | **Our Unique Culture** | Meet Our Monkeys | Mee

## Our Unique Culture

- **Zappos Family Core Values**
- Blogs
- Events
- Video Experience
- Community Involvement

- Zappos.com Gear

- Zappos.com Furry Customers
- Zappos.com Customers-In-Training

# Zappos Family Core Values

As we grow as a company, it has become more and more important to explicitly define the core values from which we develop our culture, our brand, and our business strategies. These are the ten core values that we live by:

1. Deliver WOW Through Service
2. Embrace and Drive Change
3. Create Fun and A Little Weirdness
4. Be Adventurous, Creative, and Open-Minded
5. Pursue Growth and Learning
6. Build Open and Honest Relationships With Communication
7. Build a Positive Team and Family Spirit
8. Do More With Less
9. Be Passionate and Determined
10. Be Humble

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Beyond the visible, tangible, consumer benefits, they also have some great core values that start with their commitment to incredible service.

If you haven’t studied them, here’s some homework for you.

# Actions speak louder than words.

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Like Zappos, what matters is what you do, not what you say you do. A colleague of mine just returned from a company training program facilitated by a leading business school. In class, one of the professors was from the company and told the class how things should be in the company. In reality, it's not how things are and everyone in the class knew this. Result: a huge disconnect.

In order to be credible and believable, the way you run your company is what people see - and believe.

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The signs are all around us - we just have read them and heed their warnings. I'm more optimistic about this business than I've been in a number of years. It's a crazy and unpredictable time we're in and times like these provide huge opportunities for companies to fail and even larger opportunities for companies to succeed. I wish you lots of luck!

# new perspective

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