

A Unique Shopping Experience

**An Interview with Mike George,
President and Chief Executive Officer, QVC**

EDITORS' NOTE Prior to assuming his current post, Mike George served as the Chief Marketing Officer and General Manager of the U.S. Consumer Business of Dell, Inc. in Austin, Texas. He also held general management responsibilities at Dell.com. Prior to joining Dell in March of 2001, George spent over 16 years with McKinsey & Company where, as a Senior Partner, he led the North America Retail, General Merchandise, and Hospitality Industry Group.



Mike George

He received a Bachelor of Arts degree from Northwestern University and earned a Masters of Business Administration degree from the Kellogg Graduate School of Management at Northwestern University.

COMPANY BRIEF As one of the largest multimedia retailers in the world, QVC, Inc. (www.qvc.com) broadcasts live 24 hours a day, throughout the year. A wholly owned subsidiary of Liberty Media Corporation attributed to the Liberty Interactive Group, QVC was founded in 1986 by Joseph Segel. In its first full fiscal year, QVC's revenues exceeded \$112 million, setting a record in American business history for sales of a new public company. Today, QVC reaches more than 180 million cable and satellite homes worldwide. QVC presents more than 1,150 products every week – 288 of these products are brand new to the QVC customer. Brand leaders include philosophy, Dell, and Bare Escentuals.

Would you give an overview of where QVC's business is today and, in light of the economic crisis, what is the strength of the business going forward?

We're excited about where the business is now. We've suffered through the economic downturn as all retailers have, but in general, we were able to outperform most other retailers throughout the downturn, and we have a lot of momentum in the business right now. We're optimistic about 2010 and the next few years.

In addition to serving consumers in the U.S., we have businesses in the U.K., Germany, and Japan, and we'll be launching a business in Italy later this year. We believe we can grow our business in a healthy way coming out of

the recession as more customers are attracted to the unique shopping experience.

When you look at that competitive set, where many talk about offering quality product and good value, how challenging is it to differentiate in the space, and how do you define what makes the QVC experience unique?

One of the things we're blessed with and focused on is to create a completely unique shopping experience that gives us competitive

insulation from the rest of retail. If you're a brick-and-mortar retailer, you've got a product on a shelf probably with less service available than you used to have, and it's a fairly narrow and defined experience. QVC is a much more immersive experience. About 75 percent of our product offerings tend to be exclusive to QVC, and we pick 150 items a day that we can offer at unique values.

But we also bring you the people behind the products. So it's not just about selling Bobbi Brown cosmetics, as an example; it's about having Bobbi Brown on air, giving you make-up tips and describing to you her inspiration behind her products, blogging with you after the show, or engaging with you on Facebook. It's a much more immersive experience that marries the products, people, and places.

We also bring interesting designers like Rachel Zoe and Isaac Mizrahi to QVC, but it's not just about the product line – it's also taking you to fashion week, letting you see the QVC products on a runway in Bryant Park with the designers there to explain their inspiration, and taking you behind the scenes through TV, immersive Internet video, and blogging experiences.

In terms of generating revenue online, how does that balance with the other purchasing channels, and do you see more growth in one direction?

Our Internet business is growing very rapidly relative to traditional phone ordering. QVC.com is now about one third of our business in the U.S., a little less so in our international markets but also growing rapidly. Our best customers are using all channels – the phone, QVC.com, and increasingly, they're shopping via downloaded apps on their iPhones, as well

as being engaged with QVC on Facebook. We're very focused on how to enhance the experience across each of those venues because they're all relevant going forward.

You're headquartered in Pennsylvania, and this company is heavily focused around engagement in the community. How critical is that and is it a key responsibility of a leading organization to drive that?

It's a key responsibility and one we feel more acutely because of the economic crisis, where, unfortunately in the past few years, the level of giving has gone down across the country. We have worked hard to maintain our commitment to giving programs because it's a responsibility of a successful company to contribute back to the communities in which it works.

We also do it because it is critical to employee engagement and retention. Our employees want to be proud of where they work, they want to be supportive of their communities, and they want the company to help them help their community. In this region, we're very engaged with Big Brothers Big Sisters, as well as Habitat for Humanity.

In addition, it is important to our customers. They want to know that we're supporting our communities and they want to know that they can help us support their community. One of the unique benefits we have is we can give away our airtime to good purposes: we've raised well over \$20 million for breast cancer research through our airwaves, a few million for ovarian cancer research, and we've raised money for children's cancer research with Alex's Lemonade Stand. We do all of it by selling products on-air that our consumers love and giving away the proceeds, and it's very engaging for our customers.

When you joined the company in 2005, what made you feel both the company and the timing was right for you?

When I was first approached about joining QVC, my gut reaction was that it wasn't for me, that TV shopping was an outdated concept. But I decided to listen and learn, and I became totally entranced with the opportunity. What I saw was this unique set of platforms for engaging customers in a different way, and that the early signs of video over the Internet could be a game-changer. So I fell in love with the company and was honored to be able to join it. ●