CIA REPORT

Competitive Intelligence Analysis

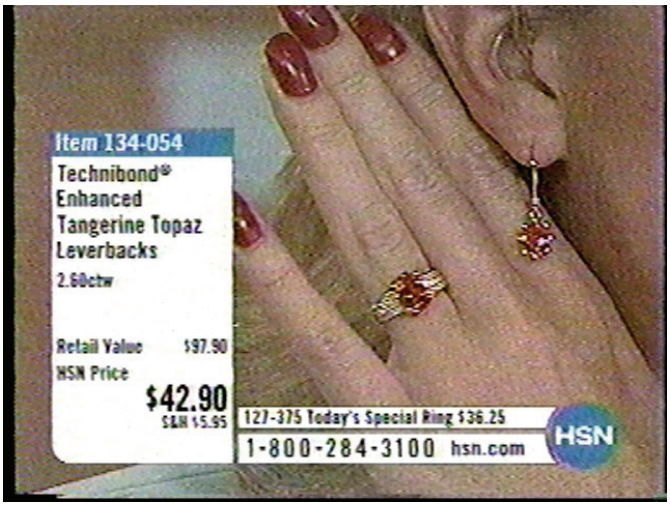
Aggressive Cross-Selling on HSN

Within the last month, HSN has dialed up their cross-selling activity by a dramatic degree.

In the past, the type of cross-selling we have seen on HSN has typically been limited by category boundaries – for example, when selling a necklace, offer a bracelet that matches it. Or, when offering a jacket, also offer pants that match it.

However, we have recently seen a sudden and significant increase in cross-category selling. In the TS presentation shown below, HSN host Lynn Murphy began by pitching the ring chosen as a Today's Special.

Then, in addition to showing a pair of earrings that coordinate with the ring, she also presented a matching bracelet, and a matching necklace. **That's <u>three</u> upsell items!**



This TS presentation went further still, by dressing the two jewelry models in apparel selections featured on another show, with host comments on these outfits.

In addition, a jewelry model was seated in HSN's dining room set with her hand placed for close-up next to dinnerware offered on a housewares show a few hours earlier. The host also commented on the tableware.

To see video of this 15-minute TS presentation, click the link at right. VIDEO

HEPA air purifiers are offered in HSN housewares shows, health shows, and electronics shows. During each presentation, an airtight smoke-filled transparent chamber is filled with smoke. After the air purifier is switched on, the air clears.

In the presentation shown below, a Big Buddy singing and dancing Bobble-Head collectible, featured on HSN sports collectibles shows, was placed within the chamber to illustrate how thick the smoke is. Sale of the doll was also pitched by the host.

The Suzanne Somers shows on HSN know absolutely no category boundaries. In the show sample referenced below, Suzanne presented a low-calorie crème brulee' mix.

Later in the show, she switched to her line of CZ jewelry. After the vela shot, and before the jewelry model close-up, the producer went to a long shot, showing the jewelry model eating the crème brulee', giving Suzanne another opportunity to pitch it.

In addition to fitness equipment, weight-loss videos, cookbooks, diet desserts, and CZ jewelry, Suzanne also offers a line of pajamas.

In the jewelry TS presentation shown below, Suzanne and host Colleen Lopez, and the jewelry model are all wearing her pajamas, which are occasionally referenced.

To see video of this TS presentation, click the link at right. VIDEO

In B-roll demonstration of a cordless steam iron, it is used to iron the wrinkles out of a sofa slipcover, also offered by HSN. (However, by doing so, they may have also highlighted a maintenance objection to buying a slipcover.)

To see video of this TS presentation, click the link at right. VIDEO

Consider all the boundaries that had to be crossed between Category Managers in order to pull off these cross-selling presentations. Consider all the boundaries that had to be crossed between show producers.

It is therefore likely that the kind of sharp increase in cooperative cross-selling we have seen recently on HSN was mandated by edict from HSN executive management.

HSN is also used as a cross-selling vehicle by parent company USA Networks, to promote other USA subsidiaries.

Last year, HSN ran promos in show breaks for the Eco-Challenge TV series on the USA channel. HSN has also aired ads for travel service Expedia.com as well as the spot shown below for Hotels.com.