

ALASKA DREAM MACHINE: a unique opportunity for international product exposure

Opportunity:

Home Shopping Network (HSN) has begun airing a new show, **American Dreams**, designed to feature inventors/creators and their products. The inventors are interviewed and their products are then promoted for sales on the same show. The half hour show currently airs monthly (each segment features 3 inventors/creators). HSN hopes to increase frequency to weekly, but currently does not have enough entrepreneurs in their pipeline to support weekly airings.

Home Shopping Network:

- Reaches 96 million households
- Demographic is 52-year-old women and the gifts/purchases they might make for their husbands, parents, friends, adult children, grandchildren, other family members, etc.
- \$19.95 is the sweet spot, but items have sold successfully up to pricing of \$999 each

First Step

Submit [Alaska Dream Machine Application](http://bit.ly/AmericanDreamsAlaska) (<http://bit.ly/AmericanDreamsAlaska>) or email application to Kathryn.Dodge@ScoreVolunteer.org

Alaska Dream Machine Selection Process:

Teams in Fairbanks, Anchorage, and Juneau will review applications and invite businesses that might be interesting to American Dreams to prepare for a pitch event to be held in conjunction with Entrepreneurship Week the last week of July.

Entrepreneurship Week Event

Businesses will be invited to make a 10 minute presentation on their product to a group of judges who will recommend businesses they feel are good candidates for a Screening Session

The Screening Sessions

The screening sessions will include an introductory explanatory meeting and and pre-scheduled 15-minute private meetings with the HSN team, the business owner's mentor, and the owner(s). These private sessions are informal and allow for feedback about the appropriateness and readiness for television airing and often include suggestions for fine-tuning aspects of the inventions or their marketing premises. This feedback can be extremely valuable to businesses.

Next Steps

If selected, a business will be asked to take additional steps, including filling submission forms, sending physical samples, as directed by HSN toward the process of acceptance as an American Dreams participant. NOTE: While Bob and Jon have tremendous insight and are well-respected by HSN, their "approval" for going forward is not a guarantee of acceptance by HSN. All final decisions are made by HSN senior buyers and senior producers and can vary based on seasonality, product category needs, predicted dpm, and other considerations.

Businesses selected by HSN will need to be able to fill an order from HSN of between 500 – 2,500 units (at the discretion of HSN). A purchase order will be issued in advance of airing date; HSN would assume all risk of unsold product. HSN would expect client to refund sales of defective products.

The business would be expected to travel (at his or her own expense) to Clearwater, Florida (Tampa or Orlando airports) for training and rehearsal one day prior to live airing in HSN studios. This would include one overnight stay at a local hotel at an HSN pre-negotiated rate.

The end goal is for sales of a product on American Dreams to foretell even greater success in a traditional HSN sales setting. An inventor/creator can only appear on American Dreams once. If the item sells well, HSN will place the product in HSN's regular rotation of t.v. sales at future dates. For example, a Salt Lake SCORE client that appeared on American Dreams has now been placed into additional sales spots in February, 2016. (These additional spots are presented by HSN personalities and do not require the presence of the inventor.)

Anticipated Margins:

American Dreams is unusual for HSN in that it represents the first time that a show is not all about sales. In fact, 50% of airtime is devoted to learning about the inventor and his or her “story.” Further, as a test sales platform, American Dreams does not anticipate the sale of large numbers of items and purposely limits product availability (500 – 2,500 units).

While each product featured on American Dreams is negotiated individually, HSN generally looks for 70-75% of retail price and offers 25% to the client. It feels justified in this formula because it assumes all risks by issuing a non-refundable P.O. and devotes so much airtime to non-selling activities. However, if the product is selected for additional selling spots in HSN's regular rotation, it will offer more “normal” margins, typically seeking to buy at 50% of retail pricing. In normal rotations, sales quantities will be much larger. To this end, clients will need to be able to offer such price concessions within their cost structures.

Note that roughly half of HSN sales come from online HSN.com transactions. All featured t.v. products are automatically offered on HSN.com.

Summary:

We are excited by the opportunity this presents for Alaska businesses to have access to an international audience. Each successful client will gain exposure not typically available to early-stage enterprises (or most long-term businesses, for that matter). There are no “hidden” fees for television production, air time, professional high-profile t.v. hosts, and each client will receive a well-produced video of his or her time on American Dreams that can be edited, used for promotions, and can be utilized by Alaska entrepreneurship development organizations to illustrate successful outcomes.

HSN “American Dreams” segment featuring Salt Lake SCORE client, SafSounds:

https://www.youtube.com/watch?v=xdb1LVO_ktk

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