



SHOTS MEDIA SET UP FOR YEARS TO COME

## "It's a time where we all have to watch out."

**EXCLUSIVE** Words of warning and words of wisdom from Oscar Heijnen (Shots Media). Overcast by a global recession, business isn't getting any easier for the evolutionary adult market and at a time when we are all wondering what lies ahead, we spoke to Oscar Heijnen. He and his team behind Shots Media are role models for the entire industry. Rather than bury their heads in their hands they take an optimistic but realistic approach and have adapted to meet new market demands and target a new adult consumer generation. Oscar got his crystal ball out for EAN and we looked over his shoulder.

**Oscar, you've been in the adult industry for many years. Have recent occurrences, such as the drop in prices, the downfall of the bricks and mortar trade, product piracy etc. taken you by surprise or did you see all this coming?**

**Oscar Heijnen:** I do have a crystal ball but most of the time when I look in it I see nothing but a reflection from myself. It's impossible to see everything coming: I do not have this privilege, but what I do have is a feeling for the market because I've been in this seat for almost my whole life. You develop a very good "nose" for changes in the market and because I still do a part of the sales myself I'm always in contact with the market. Yes, we witnessed years ago that the price fight in the budget market would only have losers and that the high end niche markets will survive. I'm happy that we have made the choice to go this way and today we are seeing the results when others seem to be suffering.

**The DVD market has been hit particularly hard and although everybody has been discussing the**

**reasons for this downfall, what do you think is the reason?**

**Oscar:** Well, it's very simple: The consumers in the market are still there and still buying DVDs, but the new generation is the generation of downloads and VOD. To collect this turnover you have to change your company in that direction. Secondly, we all have to fight the free content that everybody can find on the internet but when you do your job better, for example by offering a better product, there will always be a piece of the cake that we can grab.

**Do you think that digital distribution is the salvation for DVD suppliers and producers or do you think that this market will soon be equally as saturated?**

**Oscar:** Yes, but if they are just starting up it will be hard. We have been active on the internet from day one and that gives us a bigger distance on our competitors. Shots Media is active in a lot of different parts of the industry, we do internet, DVD, magazines, 0900 numbers, mobile, broadcast

and a lot of toys. Our business is wide, and that makes us stable, but if I only had DVDs at this moment I would have sleepless nights for sure, because there the turnover is shrinking but in other parts of the industry it is growing. We always try to move into better parts of the industry without forgetting the old school business. It's not always easy especially at the moment where we also see consumer spending slowing down.

**Producers and DVD suppliers have at least the chance of using other distribution channels. What chances do the bricks and mortar trade have?**

**Oscar:** Well, I don't know if I can advise the industry, who am I to do this? But if I look around, I see a lot of companies that are doing well, even better than Shots Media, and maybe even better than we will ever do, but yes, there are a lot of companies suffering and I would say look further than the length of your nose. There is business out there and get specialized in a few parts of the industry that fits your profile.

continued on page 20

**Increasingly high speed connections and new IT technologies mean that the old argument of a DVD being better quality than streaming no longer counts. Will the DVD continue to lose its market significance?**

**Oscar:** Yes, for budget product for sure, not for quality product. Internet has not taken over the DVD industry, and it won't do so for a while. It's eating from the foundations but the industry is strong enough to handle it so far. Maybe Blu-ray is the answer, I don't know yet, let's see.

**What influence does the huge supply of free content on the net have on consumer spending?**

**Oscar:** A big negative influence. It is damaging the global market, but you can do two things: sit down and cry or wake up and move forward. It's hard to fight, but we do it where ever we can to protect our copyrights, but you have to have a lot of extra manpower to control everything.

**Will there be a market in the future for (more or less) professionally produced content or will free content or user generated content on the Web 2.0 dominate the market?**

**Oscar:** The future is an internet that is more interactive, and web 2.0 will be a big step in that direction. In my opinion this is replacing the old internet. With more possibilities on the internet there are more possibilities for the industry. I encourage this and we are using parts of web 2.0 to reach our targets. We call it a second generation internet - and this has a future. And to complete your question, of course there is always a future for professional content. You see free websites already offering their low budget content for a fee to sell the high end. That must say something ?

**Do you agree that pornography has lost its revolutionary appeal and has become a mass-produced good?**

**Oscar:** In some way it has, but in many other ways it hasn't. Pornography will always be revolutionary. On the internet the latest technologies are founded and developed in the adult industry, that's quite revolutionary! In the DVD business it has lost

a bit of that image, you see people selling DVDs for very cheap prices, but that's more a weakness than a capacity. When I look into my expenditure books in my data you see that I still can sell more from a high end product than a budget product

**Some of the problems in the DVD market are self-inflicted: prices have hit rock bottom, 72 hour long compilations of cheap productions have been piled on to the customers, the quality is often bad, customers have been disappointed with empty promises etc. Do you think that these problems can be solved or will they how their effects for a long time to come?**

**Oscar:** I think the consumer has learned from buying the wrong product, the purchase is once, maybe twice if the producer changes the sleeve again and he doesn't recognise the product, but that's it! The choice is than made to buy quality product that the consumer can trust it's worth it and they will spend their money on safe ground. For example Max Hardcore is always high quality and he sticks to his concept. Robert Hill, by far the best niche label ever made, was rewarded with an award for best niche label of the year. three years in a row. It's simply because of bad products that good products will be better established. I could almost thank the budget fighters for that.

**Many producers use branding as a way of rising above the saturated market, after all if it works for other consumer goods, why not for pornography?**

**Oscar:** Well, this happens, look at Private, for example. Very nice products;



**"Without them I'm just a face in the crowd." Oscar Heijnen praises his team**

they use their brands to sell the total concept. We don't do this so much for ourselves because we are specialized in niche products and this market sector is hard to target with marketing but, for example, with Touché we target the toy couple and female market. We are marketing for the consumer. If we start new labels and projects we straight away make a budget in our plans for marketing, sometimes straight to the consumer, something for b2b customers. One thing is clear: you can have the best product in the world but if you have no budget for marketing, who is going to know that it exists?

**Others have decided to concentrate on modern distribution channels or have changed their range of products completely. Is this essential at the moment?**

**Oscar:** It's always essential for any company in any industry to keep up with the trends and if the company is strong enough, create the trend yourself. With our new brand Touché we have hit the bulls-eye in the toy industry but maybe with our new toy labels, which are almost ready for the market, we can maybe completely miss our target. You never know, do you ? But if you do the right research and communicate with the key people in production, design and sales, the success is no more than a calculated step.

**Shots Media has managed to take the right steps. How much work was this**

**continued on page 22**

**Shots Media now distributes Touché in Asia**

**Oscar Heijnen forecasts potential for his company in the toy sector**

**and how hard was it to step back from old concepts?**

**Oscar:** I have had always the philosophy to collect our turnover on a wide scale, from different parts of the industry. In some we are very good, in some we are not even in the top 10. In the better parts my team always finds a way to grow. We work with a staff of a minimum of 20 professionals who know what they are talking about. Without them I'm just a face in the crowd. It's their success and I only have the honour to be the front man. Everyone is working hard, the lights are always on until late at night and at the weekend. If you have hard workers like I have switching from old concepts to new concepts is a smooth process as long as you are open in communication and let everybody know what is going on in the market. The lines are short here, and that's how they will stay.

**How do you evaluate today's toy market? How much potential does it have? What risks are there?**

**Oscar:** It's a very interesting market, I did not see myself 5 year ago talking about and understanding the engineering of a vibrator! Understanding production processes, sourcing new materials is a very interesting part of the industry, where we shall try to get a bigger part of the cake. I think for us it will have more potential and if I look at the data it makes up for the slowing down of the DVD market and it's growing fast. There is of course the risk that we concentrate on this part of the industry more and more and maybe lose some concentration on other parts of our activities. Let's see what the result is in a year.

**Today's adult market focuses on the so-called new customers, i.e. women and couples. Is there a concept to**

**reach this potential or do you think the traditional adult market will miss the chance and just be the rear lights of a new opportunity?**

**Oscar:** I see new companies and old companies going in this way, and yes, the total market is targeting this group more and more and it's a big group and it will be, and already is, a big part of the industry. Other companies are also sticking to their own business, traditional sex shops, the male dominated markets and this part will also always be a big part of the industry. Shots is doing both but the concentration is on mass production, the highest quality for a affordable price. Touché was a first step.

**Experts predict that many economies will suffer in the next few years, which will of course affect consumer spending. If the consumer has less income, he'll spend less. Are we in a vicious circle?**

**Oscar:** Hard question, but if a consumer spend less, a retailer spends less. I hear everybody saying it will not affect this industry. I hear things like: With more people without a job, more people will be looking for entertainment because they have more time for it. I would say: Let's keep up this thought and maybe we can convince a few consumers that it's true, but at the end it is not.

It will affect this business the same way as it does other parts of the economic climate. It's a time where we all have to watch out what we are doing, control your costs better then ever, and make sure the products have the highest standards possible to pave the road that is on the horizon. If I look at Shots I personally think we are getting better at this and if you can hold your breath for longer now you can use it to expand.

**How important is it to get into mainstream markets in order to reach a wider spread target group and win new customers?**

**Oscar:** We call them the new generation for our market, but this group was always there. Mainstream markets have more potential because they have better and bigger distribution channels. Distribution is faster and wider, but it's a wild horse that has to be tamed. Mainstream companies have to learn from us and we have to learn from them. It looks very promising, but is it really?

**How do you predict the future? Which way is the adult market heading?**

**And in which direction are the different sectors, i.e. DVD, toys, content etc. heading?**

**Oscar:** Oh, it will change in the same speed it always has changed, I believe I had the same question when the industry moved from VHS to DVD, but back then it was clearer. Switching from DVDs to toys is a much harder thing to do but Shots has done it. The difference between then and now is that we have an economic crises and investments in toys are 10 times higher than in DVDs or any other more simple parts of the industry. It's not easy because it's a different sport but it's a very interesting one.

**What are your hopes and plans for you and your company in 2009?**

**Oscar:** Protect our total market position, turn our concepts into products and win extra space in the market. Polish and sell Touché in more markets in the world. We just started distribution in Asia - very exciting. And one of my secret wishes is to start building the second phase of our new warehouse but to be realistic this will probably be in 2010.