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# Exploring the St. Louis market

*A look at this hotbed of retail choices for consumer electronics enthusiasts*

BY MICAH SHEVELOFF

St. Louis, MO plays host to several exceptional retailers varying in size from elegant independent stores to the regional and national chains. There is an excitement about doing business in St. Louis — audio/video enthusiasts bursting with positive energy — that certainly must benefit consumers as they shop in search of electronics systems.

## The Sound Room

I started off my exploration of the area by hitting the freeway, and headed toward a suburban town called Chesterfield. In less than 30 minutes, I arrived at a store called the Sound Room, operated by an enthusiastic crew of salespeople, manager Dave Davis, and owner David Young. The Sound Room was founded in 1983 as a traditional two-channel audio salon, at exactly the time CD players were being introduced to the consumer market. "The mission of the store was to provide upscale electronics and services to people in the area who wanted something nicer than what was available elsewhere," recalls Young. "Suddenly, TV sets became available with stereo sound, which really marked the birth of home theater," he added. In



**Above: The Sound Room's exterior. Left: David Young (l.) and Dave Davies pore over blueprints from the newest Sound Room store**

1985, the Sound Room began offering setup, delivery, and installation services when necessary, and in 1986, the company opened a second location to serve the St. Louis area. In 1988, the Sound Room branched out into the field of car audio.

Contractors were busy expanding

the Chesterfield location at the time of my arrival, just before Thanksgiving. The store will now total 8,000 square feet, and will include the corporate offices, car audio/mobile media installation, a custom home design center, and several impressive display rooms showcasing both home and mobile electronics. "I want my store to be the turnkey, one-stop shop for home technology, including lighting, telephony, security, and touch-screen control," explained Young. The Sound Room currently employs 12 full-time technicians, and manages about 50 jobs per month. "Our clients are doctors, athletes, and employees of local companies such as Anheuser-Busch, Boeing, and Ralston."

"Retail is still very important to us, because consumers are just learning what home technology is all about," said store manager Dave Davis. "People come in shopping for a big-screen [television], and they are exposed to all of the other things we offer here. We certainly don't want to forget about the retail customers," empha-



**Ultimate Electronics' newest location in the St. Louis area, in Brentwood**



sized both Davis and Young. "Virtually everything we sell gets delivered, programmed, set up, and carefully explained to customers in their home," added Davis.

Young and Davis sat in a conference room usually used for explaining systems to consumers, and proudly showed off the blueprints to a new Sound Room store slated to open in the first quarter of 2002. "Approximately 60% of the space will be dedicated to traditional listening room-type presentations, and 40% will be for lifestyle technology displays," explains Young. The new store will replace the original store, now almost 20 years old. "Our market is contained within a 150-to-200-mile radius around the St. Louis area, which we cover comfortably with our two locations," he says.

Young applauds the work of industry organizations such as HTSA and CEDIA. "The HTSA (Home Theater Specialists of America) organization is a great group of dealers, and I feel like their yearly gathering is the most valuable networking session I attend," proclaimed Young. "I also sent 17 employees to Indianapolis for the last CEDIA (Custom Electronic Design and Installation Association) event, which represents quite an expense. I make the investment because the CEDIA Expo represents a very important part of the training and education for my employees," said Young.

### Ultimate Electronics

From the Sound Room, I had the Hertz NeverLost navigation system in my rented Ford Taurus guide me to Eager Road in Brentwood, so that I might catch a glimpse of a brand-new Ultimate Electronics store. The Eager Road location was one of two that were having their grand openings in the St. Louis area. There was a friendly woman at the door handing out a big, colorful flyer full of grand-opening specials, and offering everyone who entered some complimentary coffee or bottled water. Walking into the Ultimate Electronics store, it became immediately obvious that much effort had been expended in designing the showroom and preparing it for the grand opening. The store's centerpiece was a technology



**On the inside, looking out: An installation bay at the St. Louis-area Ultimate Electronics**

tower, highlighting new digital products from several manufacturers. The tower extends toward the ceiling, immediately drawing the attention of anyone who walks in through the front entrance. "Ultimate Electronics

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—David Young

stores offer a middle to upper end story combined with a sense of value," explained president and COO Dave Workman. "There is a vast breadth of product mix that includes what would traditionally be considered salon lines. We generate the traffic of the national accounts, but produce average selling prices much closer to that of the salon stores," added Workman. "Our average TV selling price is about \$1,200, and our average DVD player ticket is about \$274. Our research indicates that consumers tend to under-buy consumer electronics products. The Ultimate Electronics stores are designed to expose them to something better," stated Workman.

Workman also reported that the market analysis they had done of the St. Louis area indicated a tremendous opportunity existed due to the lack of a substantial "third power" in the marketplace. "The two national consumer electronics retailers have a presence in St. Louis, however there was no alternative for consumers between them and the smaller independent shops. This is exactly what we look for when considering a new territory for Ultimate Electronics," explained Workman. Ultimate's two new stores in St. Louis are a marvel inside. Gross square footage is 31,000 to 32,000. The perimeter of the showroom area is made up of several listening rooms, including "the experience room." The experience room is designed to immerse consumers in a home-like environment, allowing them to enjoy the true effects of home theater. The components are hidden from sight, and the décor of the experience room is not unlike a living room or den that might be found in an American home.

There are additional rooms dedicated to high-end audio and video components, including plasma screens and components from such manufacturers as Krell and Martin Logan. "We have carved out dedicated space in our stores to be able to show that type of equipment," reported Workman. "Our new hires spend three weeks in a classroom environment, gaining an understanding of how things are done at Ultimate Electronics, including the techniques of how to 'flagship-sell.' Additionally, we provide 200 hours

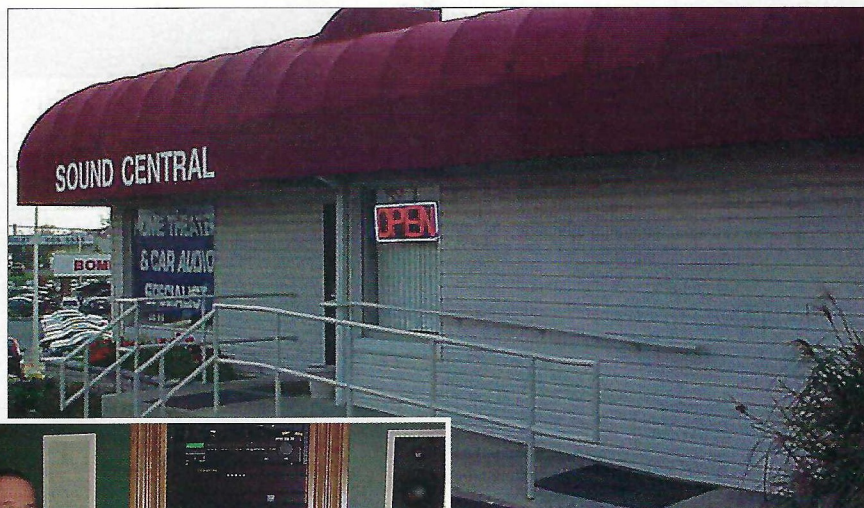


per year of training to all of our staff," stated Workman. Although the effectiveness of the sales force at Ultimate Electronics can be attributed to a heavy dose of training, low turnover is also a key to their success. "Our compensation package is almost double that offered by the national electronics retailers, and our average associate earns over \$40,000 yearly. Some of the top people have eclipsed the \$100,000 mark. When we enter a market, we begin with an intense recruiting effort, hand-selecting only the most qualified people. All of these factors insure that consumers will be greeted by a knowledgeable salesperson at Ultimate Electronics, and receive a high level of service from every department. "Ultimate Electronics does not care about being the biggest retailer out there," Workman explained. "Our growth will be determined by our ability to execute, and our capacity to continually get better at what we do."

There are numerous display areas arranged throughout the showroom floor at Ultimate Electronics, featuring such product categories as big-screen TV, portable audio devices, plasma displays and all-inclusive home theater systems. The organized presentation on the floor combined with the cozy listening rooms around the perimeter serve to excite the senses of every consumer, and it would be difficult for any individual to escape the Ultimate Electronics environment without having seen something they would love to take home.

## Sound Central

Before heading over to Sound Central on South Lindbergh Blvd., I had to eat lunch. I spotted a Steak and Shake, an old, established chain known in the territory for its "steak burgers" and thick milk shakes. I settled down to a steak burger with cheese sauce on white toast with a vanilla cola (I thought the milk shake along with the beef might stop my heart on the spot). Not being a fast-food person, I was shocked! Lunch was delicious. I headed back to the car, programmed Sound Central's address into the Nev-



**Above: Sound Central's exterior. Left: Owner Tony Leone poses with an in-wall speaker display arrayed around a component rack**



erLost, and continued on my journey.

I liked the feel of Sound Central as soon as I walked in. The store was a bit darker inside, making use of halogen lamps in order to highlight various audio components. The main hall featured a long wall of home audio components, all arranged on individual shelves. The president, Tony Leone, was presenting a pair of MB Quart automotive loudspeakers to a young man and his girlfriend at the front counter. Leone explained to the customer how important it was to have the speakers installed correctly, and after a reasonably brief education, the two came to an agreement and booked an appointment for the installation. "We are a service-oriented operation," explained Leone after the young man had left the store. "We give the customer the best products and service, and we provide the technical support necessary to insure that it all sounds and performs at its best." Leone started the store many years ago after friends had a terrible experience trying to purchase a Teac cassette deck. "Everywhere they went," he related, "the salespeople tried to do the bait-and-switch or some other means of talking them out of that particular Teac product." Within one year of that bad shopping experience, he had opened his store. In addition to

car audio and video systems, Sound Central displays and sells home audio and home theater products. "The whole company is made up of audio and video enthusiasts," reported Leone, who employs 12 people full time. The Sound Central store is 8,000 square feet, including the car audio installation facility.

Leone was busy preparing for Sound Central's yearly private-sale event, slated to occur just a few hours after my visit. He explained that he has had success with the private-sale format in the past, and was excited about this evening's festivities. With Leone's having come from a traditional audio background, the custom installation portion of the business was relatively new territory for Leone and the staff at Sound Central. "I have recently hired a grade 3 audio/video programmer to help us take our custom business to the next level," explained Leone, who clearly sees that segment of the industry as the future for the home electronics retailer. "We also have access to an electrical engineer to assist us when necessary with things like building codes, which are tough in this city," Leone added.

In response to the opening of Ultimate Electronics stores in the community, Leone seemed excited. "It can only be good for everyone to have a powerful force in town that can promote effectively and educate consumers away from the big-box mental-



ity. I am looking forward to their presence in town," he explained. Leone was also vehemently supportive of key industry organizations, such as PARA (the Professional Audio/Video Retailers Association), CEDIA, and MERA (Mobile Electronics Retailers Association), emphasizing the importance of educating both his sales staff and his installers.

## Custom Sounds

I concluded my tour of St. Louis with a visit to a 12-volt specialist retailer called Custom Sounds in Bridgeton, conveniently located close to the St. Louis airport. Custom Sounds was established in Austin, TX in 1987, and the company has recently expanded to the St. Louis area with seven stores. "We felt that there was an excellent opportunity for us in the St. Louis area, because there was no dominant

**'St. Louis consumers are enthusiastic about competition events, large systems and new products. The people of St. Louis are great.'**  
— Brian Dorsey

independent retailer established in the community," reported Custom Sounds vice president Brian Dorsey. "I am very happy with the way things have gone for us in the two years we have been here. The consumers are enthusiastic about competition events, large systems, and new products. The people of St. Louis are great," added Dorsey, who has been

with the company for 14 years. The Custom Sounds stores range in size from 3,000 square feet, to the largest shop (that I visited) at an impressive 6,800 square feet.

"A company can only be as good as the people on your staff. Our focus is on customer service and installation quality. These are the characteristics that separate us from the competition," Dorsey explained. Custom Sounds employees receive their indoctrination through a weekly training. "We do a good job of showing our salespeople how to build value for the items we sell and the installation services provided at Custom Sounds. We are confident that we can close the customer, even if they shop around," added Dorsey. "The objective is to discover the customer's needs. We go outside and look at their cars, we play music for them, and talk about our installations and the reputation of our company," Dorsey related.

There are both national and independent competitors in the area, and Dorsey outlined some of the ways Custom Sounds stays ahead of the pack. "We are very competitively priced when it comes to merchandise, however we do not want to be the cheapest shop in town, especially when it comes to installation," said Dorsey. Custom Sounds takes advantage of Yellow Pages advertising, as well as radio, localized print, and cable TV. "We just started our cable TV promotion this year, and it has been a tremendous success! Our spot included a rap jingle, and we have had customers coming in actually singing it to themselves," Dorsey reflected. Custom Sounds hosted eight parking lot events in 2001, and combined them with a week-long sale and promotion. Dorsey reported that the company expects to do even more such events next year.

The St. Louis area has an impressive selection of retail stores from which to purchase consumer electronics products. All of the stores I visited were well-merchandised, manned by enthusiastic employees, and generally busy with consumer traffic — encouraging signs that the gloom of a strained economy and a difficult year in America may be giving way to a desire to push forward and enjoy the marvels of audio/video technology.



**Top: Custom Sounds' exterior. Bottom: Brian Dorsey (l.) and installer Micah Brooks**