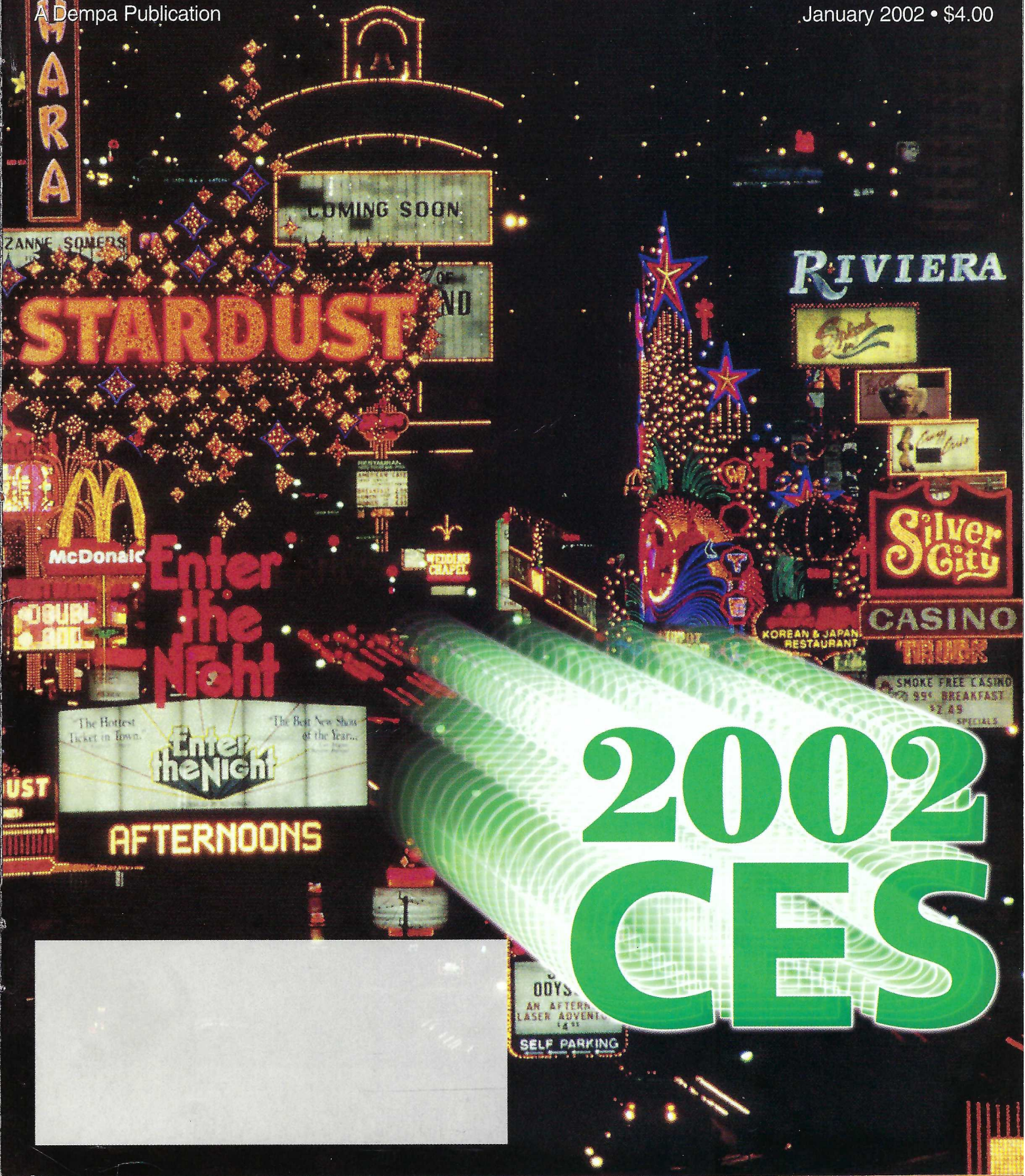


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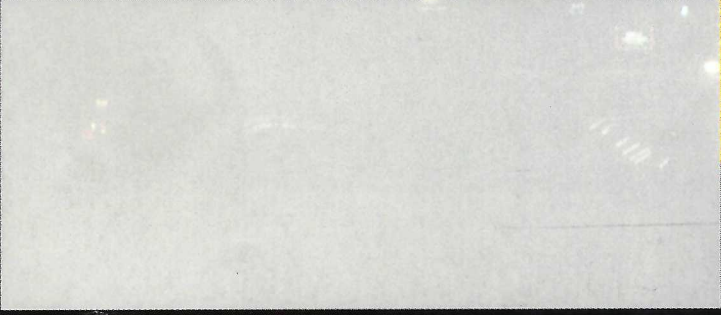
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BIG BAYS

HOW POWER RETAILERS TACKLE MOBILE ELECTRONICS INSTALLATION BY MICAH SHEVELOFF

The complex world of mobile electronics presents unique challenges to the nation's largest consumer electronics retailers. No other product category requires an installation bay or a crew capable of doing electronics work as well as upholstery, fiberglass and wood fabrication. As the 12-volt industry has expanded its sales network from independent shops to include national chain stores, the adaptation has required power retailers to create a 12-volt-specific infrastructure, including buyers, trainers — and of course, installers. These are the professionals who provide technical service to consumers in the industry's 'big bays'.

CIRCUIT CITY

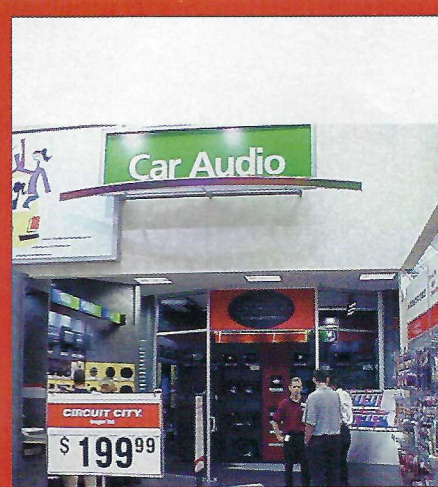
Circuit City averages three bays per store, giving the operation a staggering total of close to 2,000 installation bays currently operative in the U.S. In order to maintain control over such a vast mechanism, Circuit City employs both localized district managers and regional managers. The district managers are responsible for the operation of 20 stores, and the regionals oversee 150 in total. There is an entire field organization supporting all 12-volt operations called

Circuit City's Roadshop, taking consumers from the point of sale through the completion of their installation. "There is one Roadshop manager per store who is responsible for seeing that a specially trained salesperson or an installer is on the sales floor to assist the customer," reports Steve Anto, general manager of the Roadshop division. "Our salespeople and installers interact as one team. They possess the product knowledge and can give the customer a proper product demonstration on the sales floor. Once the consumer has made a selection, they are handed off to our carefully trained installation crew," adds Anto. Each installation bay, he says, is stocked with the necessary hardware and accessories, allowing the technicians to inter-

face seamlessly with virtually any automobile.

The Roadshop operations team is responsible for category-specific marketing, merchandising, personnel, and training within Circuit City. Recently, Circuit City has shifted significant resources to Web-based training for employees, and an internal Web site has been created by the company to provide valuable and in-depth technical support for its installers.

In order to create an overall awareness and stimulate excitement for the mobile electronics category, Circuit City hosts DB Drag events in store parking lots. "The vendors really run the events, although Circuit City does provide the manpower. Hosting DB Drag, as well as our booth presence at car



L.: USAC COMPETITORS BEN & MELISSA SAMs, WHO WORK AT THE KNOXVILLE CIRCUIT CITY. R.: CIRCUIT CITY'S LATEST-DESIGN CAR STEREO AREA



shows such as Hot Import Nights and NOPI, has been a very effective way of promoting both the sales and installation services available at Circuit City stores," reports Eric Simon, special events manager at Circuit City.

Circuit City recently participated in the Dallas and San Diego launch of XM Satellite Radio service. "Satellite radio is going to be great," adds Anto, who reported that the whole staff is excited about this new category and the opportunities that will exist for 12-volt retailers.

TWEETER HOME ENTERTAINMENT GROUP

With the recent acquisition of Florida-based Sound Advice, Tweeter now operates 144 install centers nationally. "Our core customers are in three categories: 35 and older — mostly male, the kids with their boom cars, and the baby-boomers looking for in-car video systems," reports Marc Spatz, mobile electronics buyer. "Tweeter is able to attract a broad range of customers because we are capable of providing truly elaborate installations," he adds. Each new store is equipped with an install bay that includes a fully stocked wood-working shop. Tweeter also expends vast

resources training installers, using both an installer/mentor program and dedicated "custom" training. The mentor program pairs veteran installers with the new hires, covering all of the basics and teaching the "Tweeter way." The custom installation training course covers numerous fabrication techniques, including kick-panel building and how to work with fiberglass and Plexiglas. At the 2001 Spring Break Nationals in Daytona Beach, FL, Tweeter fielded a team for the Installer Challenge, highlighting the skills of its top technicians working under the watchful eyes of thousands of spectators.

Tweeter also instructs its salespeople to use the installers as a resource during the sales process. "Get the installer involved!" exhorts Spatz. "For the higher-end, more complex jobs, bring the installer out to the customer's car," he instructs. Spatz emphasizes the critical importance of having sales and installation under one roof, and making certain that there is a good working relationship between the departments. "At regional meetings, we bring both the sales and the installation staff together, developing a cohesiveness that is very important to our operation," he adds.

"One of the things that differentiates Tweeter from the competition is our emphasis on installation skills and the broad range of services we can provide to our customer," explains Spatz. "We hire

TWEETER'S MENTOR PROGRAM PAIRS VETERANS WITH NEW HIRES, COVERING ALL THE BASICS & TEACHING THE 'TWEETER WAY' IN THINGS LIKE FABRICATION TECHNIQUES, KICK-PANEL BUILDING & WORKING WITH FIBERGLASS

installers who are truly passionate about their work, who enter cars in the competition circuit, and who are inspirational in their dedication to their craft." Tweeter recently acquired Big Screen City, a group of stores located in the western portion of the U.S. that was never focused on mobile electronics. The long-term plan, he says, is to relocate the stores, and the modernized facilities will include installation bays to service the 12-volt category.

"I am looking forward to satellite radio, and I am excited about the opportunities it will bring to the retail floor," says Spatz. "Better-sounding radio is a potential reason for consumers to buy improved audio systems. If satellite radio drives people into our stores looking to upgrade the sound quality in their cars, then I am excited about the potential up-side of satellite radio," he adds.

BEST BUY

Best Buy operates over 400 installation centers in the U.S., and divides up the task of servicing so many outlets between regional and district managers. The management structure provides the sales and installation staff with the necessary training to operate a successful mobile electronics division which is, in total, a small part of what Best Buy does overall.

"Our national circular is targeted to a key demographic, and it drives a large percentage of our mid-level



L.: TWEETER INSTALLER AINSIE FUKUDA'S JOB HAS NEON-ENHANCED JL AMPS. R.: A FORD EXPOSITION INSTALLATION BY TWEETER'S FRAMINGHAM, MA STORE, WITH A TEAM LED BY SHAWN ARMSTRONG



and higher-end 12-volt business,” says Greg Mack, general manager—mobile installation. “The circular will bring consumers into Best Buy who are looking for a more specialist product, such as mobile video,” adds Mack, who explains that national advertising, combined with the heavy foot-traffic in Best Buy stores, insures that the mobile electronics department is busy. “It is our job to make sure that there is a knowledgeable person on the sales floor to serve these customers, and that the installers are ready to support the sale,” he says.

Best Buy is focused on serving its customer and having the correct selection of products for that group of consumers. “We will never be the super-high-end shop, offering esoteric brands and customized vehicle modification. We leave that to the people who specialize in that type of work,” Mack explains. What Best Buy does quite effectively is offer an enormous selection of products and present a willing and capable installation staff that is on the job seven days a week. The bays are even staffed for seven hours on Sundays (in most communities).

Mack emphasized the importance of the vendor relationship, and the energy invested in getting all of the right pieces and parts into the stores for the Best Buy customers. “We are important to each other,” states Mack, who says he appreciates the partnership-style relationship Best Buy has with its suppli-

ers. “Our vendors have cooperated in an effort to create sales and installation training programs, and even a vehicle technical database called Tag Zone,” he reports. Tag Zone allows each technician within the Best Buy organization to provide new vehicle information to a central point, making the entire

rity, cell-phone hands-free kits, and portable radar-detector hardware installations. “Best Buy emphasizes the fun-factor and convenience of automotive security to the consumer, and the stores have done quite well with hands-free cell phone kits due to a peak in consumer demand,” explains Mack.

■ ■ **WHAT BEST BUY OFFERS QUITE EFFECTIVELY IS AN ENORMOUS SELECTION OF PRODUCTS & PRESENT A WILLING AND CAPABLE INSTALLATION STAFF THAT IS ON THE JOB SEVEN DAYS A WEEK. BAYS ARE EVEN STAFFED FOR SEVEN HOURS ON SUNDAYS** ■ ■

ULTIMATE ELECTRONICS

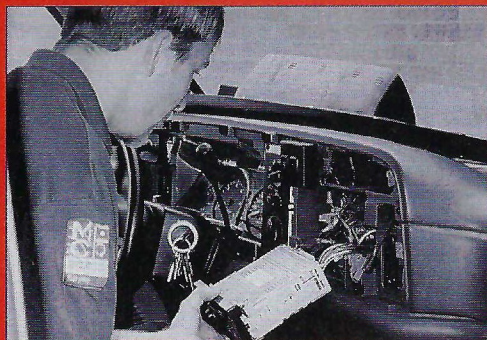
Ultimate Electronics is a rapidly growing chain of 41 stores. The company anticipates the opening of five additional stores before year-end, and also plans an expansion into the Dallas market next year. Ultimate currently employs over 300 mobile electronics installers, who also team up to handle custom home and satellite installations.

“Our goal is to offer the consumer value, rather than trying to wave the price banner,” explains Gerry Demple, vice president of installation innovation. “Our prices are certainly competitive. However, we also offer the customer better services,” Demple adds. He highlights a few of the attributes that make up Ultimate Electronics’ Red Carpet Installation: “Our staff is meticulous about how each car is received and returned to the customer. The consumer is sure to get his vehicle back clean, as all installers are instructed to use a disposable floor mat and seat cover to protect the environment while they are at work. A complimentary garbage bag is left inside, along with a per-

installation division more efficient in its day-to-day operations.

It is part of the Best Buy culture to promote employees from within the company. When a new Best Buy store is opened, an effort is made to put an existing staff member in charge of the new installation center. Of course, people are also hired from within the local area, but the ranks are always explored internally first. New bays are outfitted with all of the basic tools needed for mobile electronics installation, including dash kits and wire harness adapters.

In addition to mobile audio and video systems, Best Buy also trains installers to be proficient with secu-



L.: BEST BUY INSTALLER CLAYTON MCLAGAN, AT WORK. R.: THE BAY



sonalized thank-you note from the installer who worked on the car.”

Another way that Ultimate Electronics insures the satisfaction of its 12-volt customers is to encourage and nurture the relationship between the consumer and the installer. “There is often a genuine trust there,” adds Demple. Ultimate Electronics does man the showroom floor with 12-volt-specific salespeople who do not hesitate in introducing the installer into the sales process. The consumers are able to see the value of having skilled technicians and the wisdom of paying for such a service, just as they would expect that a better-quality CD player or loudspeaker would cost a little bit more.

In addition to audio systems sales, Demple reports, consumers are buying a lot of overhead rear-seat video systems to captivate their children’s attention on long trips. Regionally (based on climate), Ultimate Electronics also does well with the sales and installation of remote starters. As for accessories, either the salesperson or the installer can suggest vehicle-specific interface devices or wire upgrades such as Monster Cable to the customer, each making certain that the consumer ends up with the

correct hardware and installation parts.

GPS satellite navigation systems have had a minimal impact on overall sales, and Demple attributes the category’s slow start to limited desire and practical need. “Maybe navigation is useful for someone in sales who is on the road constantly. However, most people generally know where they are going and how to get there. For the occasional instance when they are unsure of the best route, they seem comfortable enough grabbing the road map out of the glove box,” explained Demple.

One of the constant challenges for any mobile electronics retailer is to keep up with the rapid changes in technology, especially the original equipment available from the auto makers. “The key is evolution,” says Demple, who remembers all of the doom-and-gloomers predicting that the aftermarket would be gone by the time the 21st Century had arrived. “You have to be able to adapt to the changes,” he added, noting that the quality and complexity of the OEM systems are becoming a bigger challenge every day.


Ultimate Electronics has cultivated both the mobile video customer and the younger audience in search of the booming audio system to supplement its traditional car

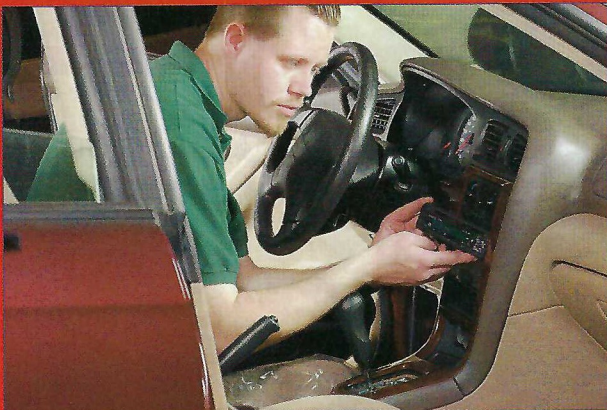
stereo business.

“Satellite radio offers a solution,” says Demple, in anticipation of the new technology’s upcoming launch. “Many of our customers drive in areas where it is very difficult to get a clean radio signal, such as Eastern Colorado, Arizona, Minnesota, and Oklahoma. Satellite radio will enable these motorists to capture a broadcast

■ ■ ULTIMATE INSURES THE SATISFACTION OF ITS 12-VOLT CUSTOMERS BY ENCOURAGING AND NURTURING RELATIONSHIPS BETWEEN THE CONSUMER & THE INSTALLER — STIMULATING A GENUINE FEELING OF TRUST ■ ■

where they were unable to previously,” states Demple.

Each of the nation’s four most powerful consumer electronics retailers has tailored its own, unique approach to operating a successful mobile electronics division. Customer service, training, and technical resources are the common thread among them, however, resulting in more knowledgeable and efficient employees. The drive to devise the best system for the sales and installation of 12-volt products is sure to refine the ‘big-bay’ machinery — and benefit all consumers down the road. 



**L.: INSTALLER PHIL JONES, AT ULTIMATE’S THORNTON, CO STORE (SOUNDTRAK #7).
R.: ULTIMATE’S BUSY INSTALLATION BAY**