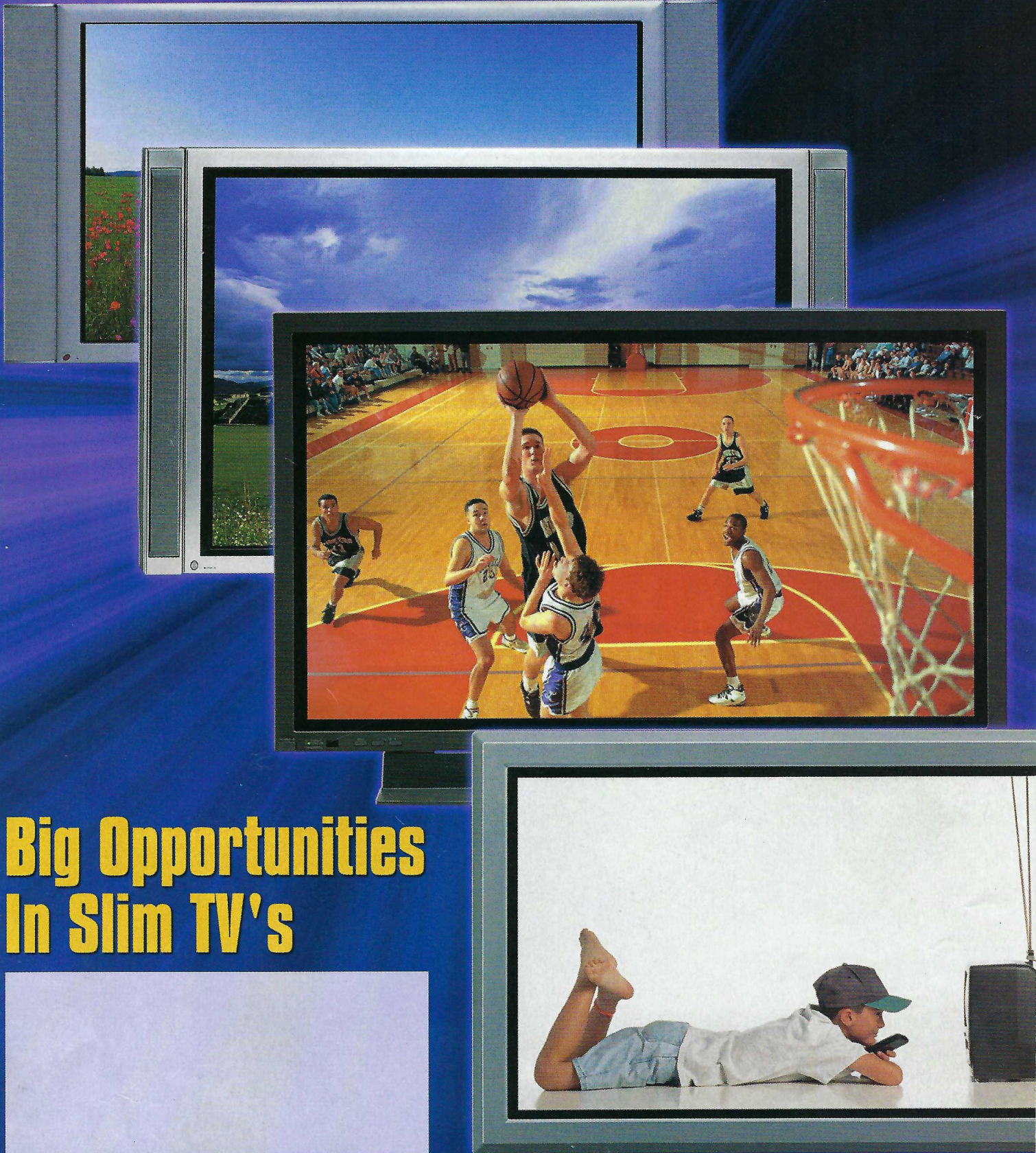


AudioVideo[®] INTERNATIONAL

A Dempa Publication

June 2002 • \$4.00



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RETAILING

J&R & Cambridge: NYC's interactive allies

Cambridge SoundWorks (CSW) was founded in 1988, and operates 25 stores in New England and San Francisco. Now owned by parent company Creative Labs, a worldwide leader in digital entertainment products for users of PCs and the Internet, the retailer/manufacturer has carved a niche for itself in the consumer electronics marketplace. Cambridge SoundWorks operates both a successful catalog sales business (printed and mailed six to eight times yearly) and has a presence on the Web with its comprehensive Internet site, hifi.com. CSW also operates an "expert call center" in order to provide its customers with access to truly knowledgeable people for advice and technical support. An analysis of sales indicated that the most fruitful mail-order marketplace for CSW was the metro New York area;

however, many consumers expressed an interest in being able to see and hear the Cambridge SoundWorks offerings before making their final purchase.

J&R Music World was founded in 1971, and is widely known for its catalog and Internet sales, as well as its successful storefront, located just blocks from Ground Zero in lower Manhattan. J&R had already been selling the CSW multimedia line, and the idea to expand the partnership to include the loudspeakers, subwoofers, and table radios was born in Las Vegas, at a CES. "The people at J&R expressed a real interest in supporting the CSW line, and that is when I became involved," reported Rob Mainiero, vice president of business development at Cambridge.

"They have a massive retail location in lower Manhattan, and the metro New York area is our number-one mail-order market. Our need to have a retail presence there was driven purely by consumer demand," he added. "J&R has a diverse clientele and a wonderful corporate culture. Some-

times, people just want to touch and feel our products, maybe hear them, and then be able to take them home on the spot. J&R gets that done for us in New York City," Mainiero said.

The top-selling products for Cambridge SoundWorks are the Model 88 Radio (\$199 MSRP) and Model 88 Radio with CD (\$349 MSRP), designed by the late Henry Kloss. The Model 12 Transportable



J&R Music World's lower-Manhattan location (above & left) has bounced back after a weeks-long shuttering of the storefront in the days after the 9/11 WTC attacks



Cambridge Soundworks VP Rob Mainiero (above) holds his company's Model 12 Transportable Music System, on display in J&R as part of the two operations' partnership

Music System (\$399 MSRP) also sells quite well, and has "a substantial following" amongst musicians and entertainers. These positive sales trends have continued at J&R, where the retailer has done a tremendous job showing and selling these items. Also on display at J&R were satellite speakers and powered subwoofers designed for music and home theater use. CSW manufactures several products in this category, including the P-500 subwoofer, available in slate, real mahogany and

real maple. The P-500 comes with a 500-watt digital amplifier (located within the woofer enclosure), and a crossover/controller that sits with the rest of the audio electronics. The controller is connected to the woofer box with a single telephone-style cable, making room integration a simple and tidy task.

"Overall, the fact that we both do mail-order business has created little, if any, cross-shopping. The Model 88 has

been in J&R since last fall, and we have noticed no signs of conflict in the marketplace," Mainiero stated. "Additionally, whether the consumer buys it from CSW or J&R, we win, as the manufacturer, and we get such awesome exposure from our relationship with J&R," he added. "Cambridge SoundWorks and J&R Music World are very similar, in that we both have showrooms, a catalog, and a Web site and we both represent only quality brands," said Mainiero. "We were thrilled to be able to offer our customers another quality line of speakers," added Mark Stein, audio/video merchandising manager at J&R. "Our philosophy is to be a hi-fi and video supermarket. We want to carry whatever the consumers want to buy," Stein said. "It's our objective to give the customer a great deal and the best variety. It is vital to us to have an excellent relationship with our suppliers, and we certainly have that with Cambridge SoundWorks."

Based on the success of this joint venture, Mainiero and CSW have been open to exploring other relationships with retailers across the U.S. The Cambridge SoundWorks/J&R Music World partnership may seem like an unlikely match at first glance, but both parties are pleased to let the results speak for themselves, and possibly pave the way for other comparable retailer interactivity in the future.

— Micah Sheveloff