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BALLOT INSIDE
(PAGE 13)

K.C.: at the core of CE's heartland

Area consumers have the good fortune to be able to shop for their electronics in stores that have struck a balance between generating revenue and giving good customer service

BY MICAH SHEVELOFF

Although I thought the downtown area of Kansas City, MO had a lot to offer in terms of shopping, restaurants, and even some interesting architecture, most of the economic development has occurred in a nearby suburban community called Overland Park. Despite being just a few minutes away from the city, Overland Park is not in the state of Missouri; it is located in the neighboring state of Kansas, so it can begin to get confusing. After procuring a Hertz rental car with the NeverLost satellite navigation system, I proceeded to follow the guidance of my electronic companion in order to reach a group of electronics retailers located in Overland Park.

Brandsmart

Brandsmart serves the Kansas City area with four stores, and was founded in 1974. The original store was built in an old icehouse, which is now both a store and Brandsmart's corporate headquarters (BrandsMart USA, Inc., located in Southern Florida, is a completely separate entity). Vice president of operations Terry Davis was kind enough to play both historian and tour guide, highlighting the inner workings of the Brandsmart operation. "We give our customers good service, and offer our products at a fair price. We employ knowledgeable salespeople who can educate consumers," explained Davis. "In the early '90s, we began to push big-screen TVs, and since that time, Brandsmart has become known as the place to go for video. Our mission is not to compete with Best Buy. It's not our niche," added Davis.

The Brandsmart stores range from about 8,000 to almost 13,000 square feet in overall size. There are between 12 and 15 employees per store, and

about 100 total currently working for Brandsmart. Each store is equipped to sell and install mobile electronics, a category that is currently dominated by the demand for in-car video systems. "Mobile



Brandsmart stores range anywhere from 8,000 to almost 13,000 square feet. Left: An amplifier/head unit wall at the Brandsmart serving the Greater Kansas City area



video has become so strong for us, it is now on display in each of our stores," Davis explained. Brandsmart is planning to open a new store in another growing local community, and the new facility will feature a "house within a store" concept room. Although much of the home audio business nationally is being done around the concept of custom installation, Davis explained that Brandsmart remains dedicated to serving the retail customers who have been drawn into their showrooms. "We do a tremendous amount of promotion centered around local sports," said Davis, who highlighted the Kansas City Chiefs (football) and Royals (baseball) as generating the most interest along with regional NCAA (college) action. Brandsmart has even gone so far as to create a pregame promo, run just before a big game. Any customer who buys a siz-

able component (\$399 and over) will get a complete refund of the purchase price if the local team shuts out its opponent in the upcoming event. "If the person was on the fence about making

the purchase, the added incentive of possibly getting the item for free drives them into the store," Davis reflected. "The buzz of the promotion creates so much exposure for us, it's been a huge success," he added. Internally, Brandsmart teams up with an insurance company that provides coverage just in case the local team makes good and the retailer has to pay up. "We have also had excellent results from zero-interest financing promotions, as well as car stereo tent-sales at each location," he added. The company's advertising efforts have been focused on both print media and local radio stations.

Although Brandsmart could be considered a large independent operation, it focuses a lot of energy on providing value to the consumer, rather than simply on being a discount house. "Our customers pay for car stereo

installation, and they pay for deliveries on big-screen television sets,” explained Davis. Having continued to grow for over a quarter century, some of Brandsmart’s success may be attributed to its internal stability. Davis reported that the organization has employees who have been with it for over 15 years. Additionally, Brandsmart was one of the original members of MERA, and Davis applauded the efforts of CEDIA for remaining focused on the audio/video category, rather than becoming diluted by including electronic games and computers at its events. Brandsmart has also recently become a member of the PRO Group.

Santa Fe Autosound

One thing can be said for certain about Santa Fe Autosound: This is not another “me-too” car stereo shop. Located at the top of the Santa Fe Trail, where settler’s wagon trains headed West to California, the store has a completely unique look and feel, with a Southwestern décor and carefully sculpted displays. The showroom

is neat and organized, and all of the presentations are well lit and cheerful. “This store was founded in 1967 by my dad, who carried Clarion and Blaupunkt and did mostly automobile deal-



er work because so many cars back then still came from the factory with no radio,” explained owner Vicki Scrivner, who bought the business back in 1984 with her husband Mark. “This store was remodeled last year, and customers seem to like how it looks. It reinforces our credibility as a

Santa Fe Autosound has a unique look and feel, with its Southwestern décor and sculpted displays. Left: an eye-catching mobile display

business,” she added.

“Our clientele is not limited to the traditional 18-to-25-year-olds associated with the car stereo business,” reported Scrivner. “The best part of the Kansas City economy is located in Overland Park, and we have kept many of our original customers, who are now bringing their kids in to shop with us,” she added.

'I just don't care to compete in that area [of sales volume], having to slam out installations...'

**—Vicki Scrivner,
Santa Fe Autosound**

The Santa Fe Autosound facility is about 3,000 square feet, and employs seven. "Our business is now mostly retail, and we see tons of SUVs and pickup trucks," said Scrivner. Santa Fe Autosound specializes in mobile audio and video, security and remote start, and has recently diversified into such categories as performance parts and neon lighting.

"We sell a lot of remote-start units, even though Best Buy advertises them at \$159," Scrivner explained. "We are at least \$30 to \$40 over the average price in the community, because with the complexity of today's vehicles, the systems have to be installed with care. We differentiate what we do sell to our customers by presenting a higher-

quality installation and a better overall product. We sell the Ungo line of remote starters, and assure consumers that they do not have to worry about becoming stranded by a faulty product."

Although Santa Fe Autosound sells about as many remote car starters as they can get a hold of, Scrivner is aware that other retailers may be churning out much greater sales volume. "I just don't care to compete in that arena, having to slam out installations like that. Quite frankly, it scares me to work that way," she reflected. One interesting observation that Scrivner made recently was that when Santa Fe Autosound decided to increase its labor rates, she discovered that other local retailers did so as well, rather than attempting to undercut her newly established price scale.

Scrivner reported that everyone at her store is looking forward to the potential created by satellite radio. "The industry could certainly use the shot in the arm," she added. In regard to industry organizations, Scrivner is



Santa Fe displays use pastel colors and soft curves to offset the power-packing subs and other car audio gear that are its hallmark

very involved with MERA, and believes that the networking with other retailers that has become part of the MERA gatherings is a valuable opportunity for everyone. "The chance to have one-on-one interaction with the manufacturers is also highly beneficial," Scrivner said. "MERA has also

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provided some excellent benefits that can really save your company some money, such as deals on health and commercial insurance, and a discounted credit card rate."

"Our basic operating philosophy at Santa Fe Autosound is to treat people right," Scrivner reflected. "One of the most satisfying things about owning my own company is to be able to take care of my customers and my employees. I enjoy that," she said.

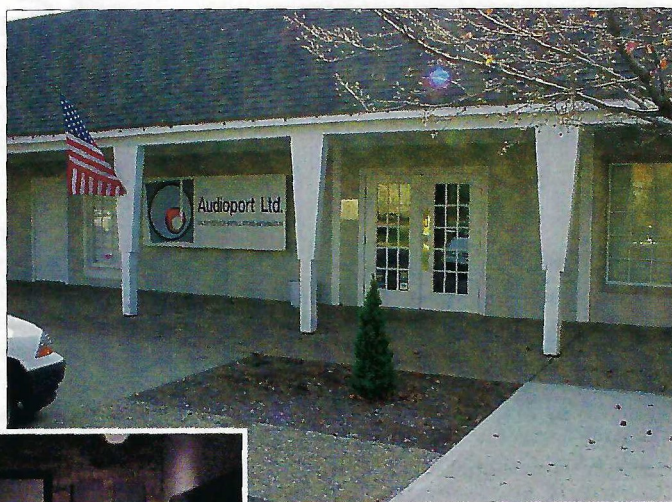
AudioPort, Ltd.

AudioPort is a very attractive and comfortable high-end home electronics store, located just a few minutes away from Santa Fe Autosound. "I purchased the store about three years ago, and it had been open for about 10 years before that," reported president Richard Milam. "I had two goals in mind when I altered the internal layout of the store: The first was to be able to demo the equipment we sell properly, and the second was to accomplish that within a pleasant, home-like décor. We show people how this technology can be integrated into real rooms, how it might work for them in their own setting." The store has a reception area just inside the front door, and several cozy listening rooms decked out with an assortment of audio and video components. One room featured a Runco projector mounted to the ceiling, creating the capacity to demonstrate high-end video along with a selection of electronics and loudspeakers, both freestanding and in-wall. Even the paint on the walls and the choice of furnishings provided the genuine feel of a room that might be found in an upscale home.

"Kansas City is a large enough metropolitan area to provide some of the perks, such as a decent symphony orchestra," reported Milam, "however, it is a relatively conservative community, certainly not cutting-edge. State-of-the-art home theater systems are still a growing concept amongst most local consumers," he added.

"We work hard on optimizing our presentations for both traditional two-channel audio systems and home theater," stated Milam. One phenomenon that Milam said he has seen occur frequently is the rebirth of a consumers'

interest in music, once they have heard how wonderful it sounds played back on an excellent home theater system. "Our job is to provide the experience for the customer, and allow them to take it wherever

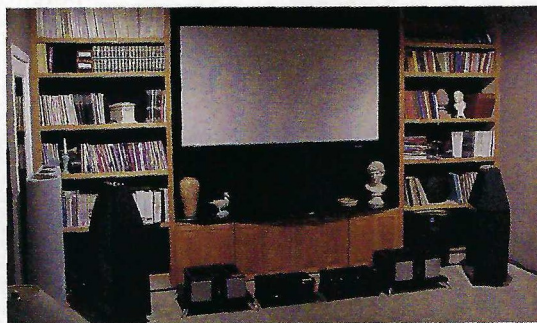


At Audioport, Ltd., sound rooms and home theater vignettes run the gamut in theme from bricks to books. Left: a natural-brick-wall speaker/video demo room, complete with fireplace. Below: a speaker demo area designed to appeal to the more literary-minded client

it leads them," Milam added. "Two-channel audio is not dead in the minds of the consumer, but if you quit showing it, of course, it will not sell," he reported. AudioPort displays such respected, traditional audio lines as Mark Levinson, Rotel, and AudioQuest.

"This is an enthusiast's store. Talk to us if you are interested in quality," stated Milam, sure of whom his customers are. AudioPort employs three full-time installers that service three categories of products: Home theater systems, two-channel audio, and custom control systems. "There are many consumers who just want to go to their homes and enjoy the experience we can offer them. They want to be informed by an expert, in order to make an educated purchase," said Milam. "Some of the technology is complex and often intimidating. We make it simpler for our customers so that they are comfortable making a decision. There is a large degree of trust that we have earned in the community," he explained.

"Our clientele comes from several industries that are located here in Greater Kansas City, such as telecommunications, marketing, and medical. Sprint has a large headquarters here,



as do several marketing firms. There is also an upscale outdoor shopping area called Country Club Plaza not far away, featuring excellent restaurants and shops," stated Milam, commenting on the retail climate in which he finds himself. AudioPort is a well executed interpretation of the salon store concept, tailored to suit the needs and expectations of consumers looking for quality in greater Kansas City.

There was something about the overall feel of Kansas City that I genuinely enjoyed. None of the retailers that I spoke with seemed frantic or out of control, even though they were all busy. The stores were geared toward value, rather than being impersonal discount machines. Consumers in Kansas City have the good fortune to be able to shop for their electronics needs in stores that appear to have struck a healthy balance between revenue and customer service.