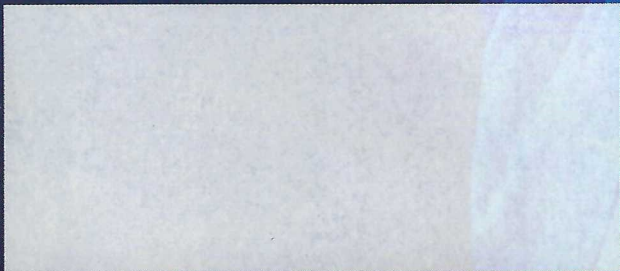
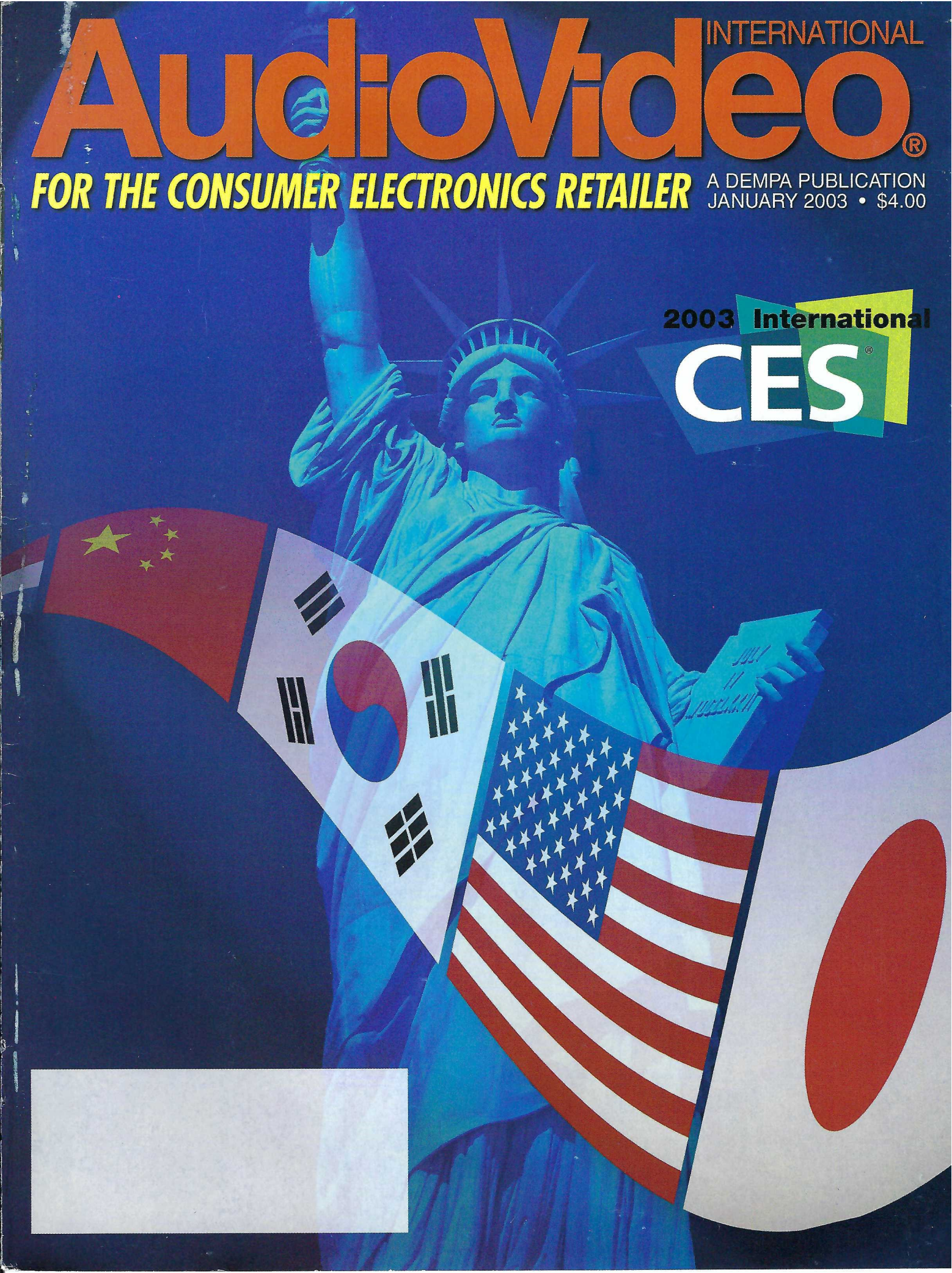


# INTERNATIONAL AudioVideo®

**FOR THE CONSUMER ELECTRONICS RETAILER** A DEMPA PUBLICATION  
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**CES®**





# SELL THAT FACTORY UPGRADE!

**OEM SYSTEMS PRESENT AN OPPORTUNITY TO EXPAND YOUR  
CUSTOMER BASE AND INCREASE PROFITS BY MICAH SHEVELOFF**

**T**he automobile industry has evolved in such a way that the aftermarket electronics sales and installation business has had to adapt as well. Audio, security, navigation, and video systems are all easily available to consumers from the automakers, so it has become the mission of the retailer in the 21st century to know how to enhance what rolls off of the assembly line. Consumers still show an interest in acquiring better sound, upgraded video, or advanced security and convenience. The profit dollars are out there for those who know how to marry aftermarket products with increasingly complex OEM systems.

## HELP IS ON THE WAY

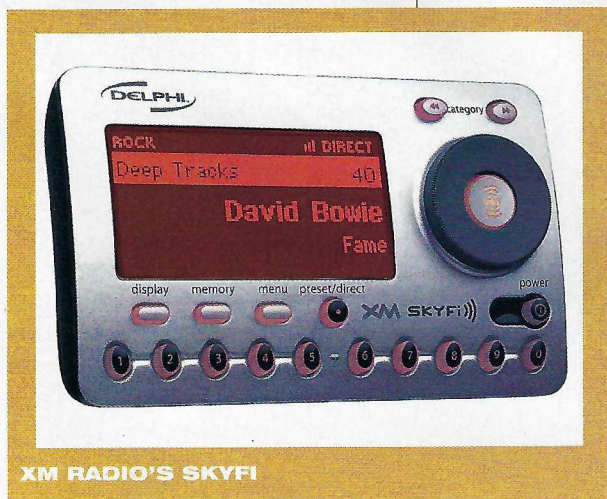
Installers have two substantial allies

in their corner: the electronics manufacturers that want to peddle their wares, and the interface companies that specialize in industry-related problem-solving. "The real challenge is to know how to add aftermarket products into the OEM (original equipment manufacturer, better known as the 'factory system') environment," stated AAMP of America VP Ron Freeman. "It is critical that we are able to interface with the automotive data bus systems, which is a wide-open field and very exciting," added Freeman. "This is serious business, because there are liability issues involved, and the on-board data bus system is the key to being able to add security and convenience features for the consumer," Freeman explained. AAMP is showing a new interface device (called the

DLWGM1) at the 2003 CES that ties into the data bus on many 2003 General Motors vehicles with only three wires, giving the installer access to door lock/unlock wires, power window controls, door pin, dome light, and a host of other security and convenience features that consumers want or

need as part of a security or remote start upgrade. The new device translates discrete logic level on/off signals into the complex, proprietary GM commands that control car features and monitor vehicle status. The 12-volt aftermarket installer will come to respect this category of interface products as the gateway to numerous profit opportunities.

Rob Putman, president of Soundgate, agrees that interface with the OEM systems is critical to the future of the aftermarket installer. "We have created the GM Chime Module (SRP: \$89) that duplicates the critical vehicle functions that exist within the factory radio of many late model GM cars," Putman explained. The factory radio provides the audible confirmation for engine, seatbelt, door-ajar, and other on-board system alerts. In the past, installers have actually had to relocate the OEM radio to some hidden area inside the car when installing an aftermarket head unit — a tedious and time-consuming chore. Additionally, GM has substituted a traditional switched 12-volt power source for its radio, going with a digital "wake up" trigger instead. The Chime Module also serves to convert the data trigger back into the 12-volt wire necessary in order to power an aftermarket head unit. "With the GM Chime Module and the required dash kit, radio installation time in a 2000



**XM RADIO'S SKYFI**

through 2003 Cavalier or Sunfire is that of a normal head pop," added Putman.

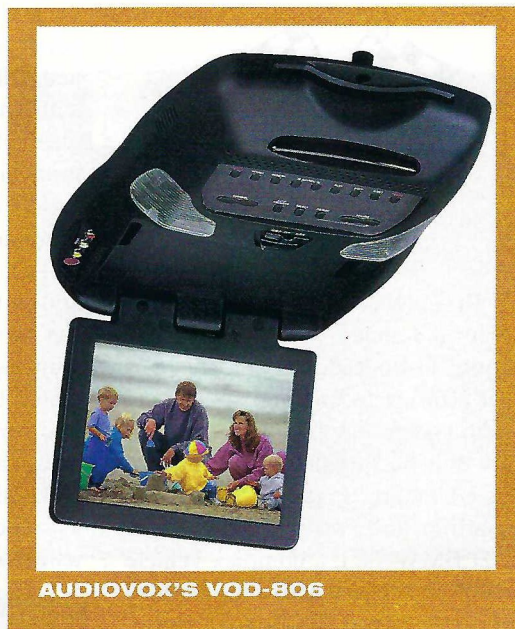
### NEW-TECH SOLUTIONS

Putman also acknowledges the importance of the satellite radio opportunity, as new consumers begin to seek out the technology at local retailers. Soundgate offers interface devices that allow original equipment radios capable of controlling a CD changer to also directly connect to either a Pioneer/XM or Kenwood/Sirius receiver. "Our CD changer interfaces with satellite radio control are flexible in that the consumer can choose to purchase either satellite radio or a CD changer, however the interface is also capable of handling both sources in the same vehicle," explained Putman. "That means that the consumer could select a CD changer for now, with the option to upgrade to satellite radio in the future," he added. The interface devices are currently available for BMW, VW, Chrysler, Ford, and GM vehicles, with a range of list prices from \$119.95 to \$159.95.

Dan Murphy, VP of retail marketing and OEM distribution for XM Satellite Radio, points out that there are numerous OEM upgrade possibilities; "Virtually every car is an opportunity," said Murphy, who is excited about the introduction of a new device called the SKYFi T Radio, made by Delphi. "This is the most significant product in satellite radio," Murphy forecasted. The SKYFi is a compact, portable

remote/receiver package. With an MSRP of \$129.99, an available vehicle kit (\$69.99) and a home accessory kit (also \$69.99) the SKYFi makes satellite radio accessible to a wide range of consumers. "SKYFi creates a universe of applications centered around the main unit," Murphy added. There are numerous in-vehicle mounting options, and the remote was designed to be compatible with Belkin cellular phone mounting kits. SKYFi can be integrated into an OEM audio system in several ways, including RCA-style audio outputs, an

FM-modulator, and a tape cassette-style interface. The portable remote unit nestles into a docking station, multiples of which can be purchased for use at home, in the car, or at the office. There is a large, five-line display, allowing all of the song title, artist name, and station information associated with the satellite radio format to be easily viewed by the user. SKYFi, slated for availability this past fall through Best Buy and Circuit City, was to work its way to other retail outlets after the initial launch. In regard to distribution, a spokesperson at Delphi reported that "we are committed to satisfying the demand of our retail channels. We will consider on-line sources as the product availability allows." XM's Murphy said he fully expects to see the product supported by national, regional, and independent retailers. "SKYFi will allow dealers to grow their businesses," Murphy stated, and he reminded retailers that satellite radio has stimulated growth within a category sorely in need of a shot in the arm. "XM is driving consumers into stores, and it has been those dealers who have gotten behind satellite



AUDIOVOX'S VOD-806

radio that have been able to generate higher ticket sales and increase overall profitability," added Murphy.

"There are Sirius satellite receivers available from all of our manufacturing partners; Kenwood, Clarion, Panasonic, Jensen, and Audiovox," reported Todd Goodnight, director of retail brands for Sirius Satellite Radio. "Each offers a universal FM adapter that allows Sirius service to be integrated into almost any automobile," said Goodnight. "You add it right on to the existing OEM system, and the kits include the control unit that displays artist's name, song title, and full navigation of the Sirius features." Universal FM adapters do require installation; however, the wiring uses conventional connectors to reduce complexity, and consumers can keep the user-friendly OEM radio that they are already comfortable with. Additionally, this type of interface does not interfere with such conveniences as steering-wheel-mounted radio controls, and the FM kits provide a solution for cars with factory radios that are difficult or impossible to remove. These opportunities, plus the interface components from companies such as Soundgate, provide retailers with a variety of possibilities for using satellite radio as a stimulant for OEM upgrade sales.



AN ELEMENT OF SOUNDGATE'S DOCKING STATION (SDS-1)



## IT WORKS FOR ME

Derek Kenney, owner of Sound in Motion just outside of Boston, agrees that offering to upgrade an existing audio system has created opportunities that he might otherwise have missed out on. "I recently installed an amplifier and two subwoofers in a 2003 BMW 745i, a complex vehicle with numerous electronics systems integrated into the factory radio. Rather than lose a sale altogether, I took a high-level audio signal from the output of the stock subwoofer amplifiers and integrated a powerful dual 10" JL Audio sub system with a customized enclosure in the trunk, far surpassing what came in the car," said Kenney. Some of the other cars that Kenney has commonly sold upgrades in are the Audi A-4 and the Mercedes CL-500. "The European cars tend to come with the best audio system platforms that support a decent upgrade," added Kenney, who reported that others, such as Chrysler cars, do not have the audio quality there to begin with, and may not justify a substantial upgrade.

AAMP of America's Freeman agrees that the OEM audio upgrade sale is a viable opportunity. "It's exciting — our industry has always responded to these challenges, and every shop has to know what's out there in order to offer consumers true specialist-level services," Freeman commented. AAMP of America is showing a new device at CES called the Super Vendetta (otherwise referred to as the SVEN4), an evolved version of its Vendetta series of audio interfaces. "What is unique about the Super Vendetta is its versatility," Freeman explained. "It combines eight of our devices into one highly flexible package, reducing

the number of SKUs that the retailer needs to have on hand," he continued. The 4-channel (left/right front, left/right rear) Super Vendetta uses a series of setup switches that allow the installer to configure the device for a variety of applications. It can be used as a line output converter (LOC) so that an aftermarket amplifier can be added to an OEM head unit, or it can serve as a differential converter, allowing an aftermarket radio to be mated to a Bose, Ford JBL, Infinity or Monsoon OEM audio system. There is even a bass-restoration circuit built in to compensate for the low-frequency rolloff often caused by using an LOC-type device. "The

play to be situated overhead for rear-seat entertainment, one of the most sought-after products in mobile electronics retail today. "Our goal was to provide solutions to the installer that were elegant and look like they came from the factory," explained Tom Malone, senior vice president at Audiovox. "Based on our years of experience with both expeditors and retailers, we saw complexity of installation as a major obstacle for the growth of the in-car video category," added Malone. "Success in mobile video is all about applications, and what you do to get the system into the car," he stated. "Our systems provide good profits for the retailers, and

■■■ **'EUROPEAN CARS TEND TO COME WITH THE BEST AUDIO SYSTEM PLATFORMS THAT SUPPORT A DECENT UPGRADE.'** ■■■

Super Vendetta is the granddaddy of audio interface devices," Freeman said.

With consumers frequently seeking to use both video systems and MP3 audio in their cars, Soundgate has introduced a product called the Soundgate Docking Station (SDS-1). It is a master black box that gets wired in-line with the CD changer cable of select vehicles, and provides two switchable RCA-style audio inputs. The front-mounted controller has two LEDs indicating which input is in use. The SDS-1 allows the installer to add the audio from a DVD player or a VCR, in addition to the audio output of an MP3 player to a factory audio system. Putman has seen success with the SDS-1, due in part to new automotive radio antenna systems that do not allow for the addition of an FM modulator. The SDS-1 has a list price of \$89.95, and the OEM cable sets range from \$29.95 to \$89.95.

## PERFECT VISION

Audiovox is a manufacturer of vehicle-specific video upgrade kits that allow a flip-down flat-panel dis-

they no longer need an 'A' grade installer to do the job." Audiovox is now shipping its latest version of the overhead video console that comes with a DVD player built in. "It was always a chore to find a place for the VCR or the DVD player in the car," said Malone. "Now, it's all wrapped up in one elegant, color-matched solution, and consumers feel that they are getting real value for their investment," he added. Audiovox has recently re-tooled all 40 of its vehicle-specific consoles to incorporate the new single-piece DVD design. Malone reports that demand for the consoles is as high as he has ever seen for any product category in his 17 years at Audiovox.

There are many companies serving the needs of the 12-volt retailer, trying to keep up with trends and the ever-changing automotive industry. It is clear that those shops with the capacity to embrace the OEM upgrade sale are not only adding to their profit potential; they are opening their bay doors to new customers — a long-term equity that nobody can afford to overlook, particularly at this time, or indeed, at any other.