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EUROPE'S NICHE IN 12V DEEPENS

'EUROGEAR' IS DRAWING DISCERNING 12V CLIENTELE IN THE U.S. MARKET — & CREATING RETAIL PROFITS BY MICAH SHEVELOFF

Retailers and consumers alike have noted that currently, most 12-volt product lines have been designed to address the perceived preferences of those consumers who are credited with buying the most gear: The youth market. Comprising the largest piece on the marketing analyst's pie chart, today's young consumer can choose from any number of flashy head units with screen savers or enormous subwoofer systems dressed in chrome plate or other glossy finish du jour. There are a group of European manufacturers, however, that have created a successful niche for themselves despite the glitz and glitter that has taken over many car audio showrooms. Audison, Brax, Helix, Canton, DLS and Focal have all brought their designs to this marketplace, allowing their dedication to build quality and audio performance speak for itself amongst competitive brands. These products offer an option for those music-centric consumers whose passion for great sound was the foundation on which the entire mobile electronics industry was created in the first place, and a group of forward thinking retailers in the US have already demonstrated that there is a place for such components in their product mix.

BRAX/HELIX: Peter Lufrano, formerly a high-end 12-volt retailer in California, is now the distributor for

the Brax and Helix lines, German-built car audio products designed by Heinz Fischer. Lufrano's company (www.theautophile.com) also handles some additional products (Phase Evolution, HSS Fidelity, and Audio Development) that hail from Europe. "The majority of the Brax products are handmade," reported Lufrano. Brax offers both amps and speakers in its lineup, in addition to several power capacitors. Additionally, Lufrano spoke of a new damping compound from Brax that is completely unique. Made from Fiberglass, sand and silicate, the water-based compound is completely non-toxic and highly effective in reducing resonances. "Overall, the mobile electronics market is a challenging one, and these high-end European products offer a unique opportunity," said Lufrano. "We only work with better brick-and-mortar retailers. These products and the consumers who would be interested in them demand the expertise of a specialist to get the systems installed correctly," he added. "I am from the old school; I used to own a retail store and I understand the concept of protected lines that allow the small retailer to flourish. That is what we offer here." Brax amps carry a lifetime warranty if installed by an authorized retailer, and the Helix products are warranted for five years. "We offer large, exclusive territories and higher



THE BRAX AMP LINE

profit margins than many other lines, which allows the specialist to sell their own skills rather than battle it out over price point," continued Lufrano. "I hear retailers complaining constantly about big-box competition, low-cost products manufactured in the Far East, and the OEM problem. It is products like Brax and Helix that help small retailers differentiate themselves. There is a niche for the truly skilled 12-volt specialist," Lufrano concluded.

Mike Kelly is one of the owners of Custom Exotica, a Brax and Helix retailer in Mountain View, CA, just outside of San Francisco. "These products are for the true sound enthusiasts; they are the cleanest amplifiers I have heard in my 16 years in the business," he reported. "The products are beautiful to look at, and the Brax amps offer a lifetime warranty, although, to date, I



have never had one fail," Kelly added. Custom Exotica has been selling Brax components for about three years. "Service from the distributor (The Autophile) is first rate; they are one of the best vendors I have," Kelly stated. The Helix line is a less costly option than the Brax products; however, Kelly explained, he favors Helix for an entirely different reason; "The Helix amplifiers are very compact, and they allow us to build a great-sounding system in many of today's more compact vehicles. I have never had a Helix amp fail on us, either," Kelly concluded. "I look for products that are a notch above what is out there, and with a better warranty. The profitability is excellent with both lines," said Kelly.

CANTON: "The high-end automotive loudspeaker market is challenging, it requires a more intense effort than ever before," reported Paul Madsen, president of Canton USA (www.cantonusa.com), whose headquarters are in Germany. "I think it needs the focus of a completely separate network of sales reps, and we are up against better and better OEM audio

systems," he added. "That being said, there are a lot of hobbyists who are truly passionate about what they like, and the one aspect of these new car sound systems that usually can be upgraded is the loudspeakers," said Madsen, who reported that Canton has done very well with its home speaker line over the past three years, creating more exposure for the brand. "It is a natural thing to want something better, and I see that there is definitely a market out there. That is how a line like Canton fits in for the specialist retailer," Madsen added. Canton is planning to expand its product offerings in the U.S. by creating two series of loudspeakers, broadening its range of affordability while maintaining the quality for which it is known.

Ray Garst, owner of CARS in Old Greenwich, CT, has been selling Canton loudspeakers to his clients for over 15 years. Garst said he has always been a proponent of speaker demonstration, and of "allowing consumers to choose what they like best. Canton has always done very well for me, and a large percentage of my customers choose Canton because of the sound quality. They have a pleasing, warm sound," Garst added. In terms of serviceability, Garst insists that Canton USA responds quickly to orders, rarely has any backorder issues, and in the rare case of a broken component, ships a replacement (within the two-year warranty period) without requiring the return of the defective component. "It saves us a lot on wasted shipping costs," said Garst in support of Canton's warranty policy. "I can sell Canton at full retail. I never hear about Canton for less down the street, or Canton on the Internet," he reported.

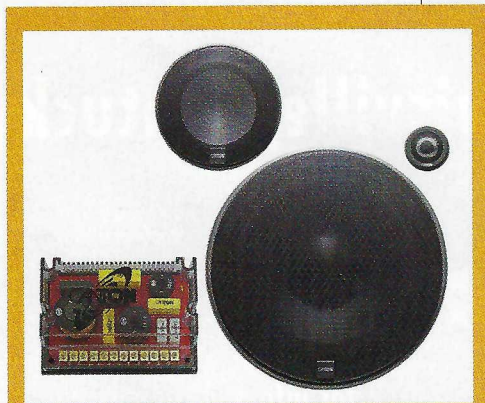
DLS: DLS America (info@dls-america.com) is based in Sunny Isles Beach, FL, and president Pinny Burgan is in charge of finding a dealer network for the Swedish line of car speak-



**DLS'S OA12 12"
SUBWOOFER**

ers and amplifiers. "We cater to professional car audio dealers, we do not sell over the Internet or to big chains or distributors," said Burgan. "We are looking for the higher echelon of 12-volt specialist, because if the system doesn't sound good, the consumers tend to blame the product, not the installation," added Burgan. There are three levels of product within the DLS line: Basic, Reference, and Ultimate. "Our customers are really interested in sound quality; we are truly a sound-quality company for enthusiasts," related Burgan. "We service our products here in the U.S., but we replace items under warranty so that the customer does not have to wait," he added. DLS uses a rep-based sales force, with California, Chicago, and New York/New Jersey territories currently covered.

Jon Abrams is president of Advanced Speed and Sound in Naples, FL, a retailer that is a staunch supporter of DLS products. "Their entry-level line is competitive with most other brands' mid-scale offerings," said Abrams. "Although many of the mainstream customers today are just looking for a loud system, DLS is for those who want better sound quality," he added. Advanced Speed and Sound sells both amps and loudspeakers from DLS, although the company has had the greatest success with the speakers. "Pinny at DLS goes out of his way for us. DLS is a great company to deal with," said Abrams. "The UR-15 is a 15" woofer designed for sound-quality applica-



**CANTON'S QS328
COMPONENT SYSTEM**

tions, and it's one of the only drivers of that size I have heard that truly performs," he added. In terms of profitability, Abrams insists that you can easily double your money, and the value is truly there for the customer, as well. "There really has been nothing like the DLS products for us. We get our inventory quickly on a line that offers a wide range of profitable products," said Abrams.

FOCAL AMERICA: Focal America (www.focal-america.com), importers of the French-made line of Focal automotive loudspeakers, has recently taken over U.S. distribution of Audison, an Italian-built lineup of car audio amplifiers (see below).

"Focal is really an engineering company that sells product," explained Jesse McKindley, national sales manager for both Focal and Audison. "We see a low rate of return with the Focal product due to the manufacturing standards," said McKindley. "The factory is equipped with test vehicles that have interchangeable interior panels so that all products can be auditioned in an automotive environment," he added. Focal offers four series of loudspeakers: Access, Polyglass, K2 Power, and Utopia, at the top of the line. "We spent about \$1 million engineering the new K2 Power line, which features components and woofers," said McKindley. "Another hot product for Focal has been the 165V Slim (part of the Polyglass series), which is designed to fit into such shallow applications as Honda cars and Toyota trucks," he added.

"We are showing a higher-end line of speakers to customers who might not know what is available out there," said Larry Pagelsdorf, president of Kartunes in the Milwaukee area. "I sell Focal speakers to all types of cus-

tomers across the board," he reported. "We sell both loudspeakers and subwoofers from Focal, but the majority of the business we do with them is component speaker sales. The Focal 165K is on our display for \$574 a pair, and it is the most popular speaker in our store," he explained. "We get our inventory from them within five business days, and they are exceptional to deal with regarding warranty," said Pagelsdorf. "Focal is the second most profitable line in our store, the first being an accessory



FOCAL'S 165V SLIM SYSTEM

line," he concluded. Pagelsdorf admits that he occasionally encounters Internet-pricing issues with Focal, but says that the company does try to maintain a clean marketplace. "Our closest competition with the line is about 40 miles away," he stated.

AUDISON AMERICA: Audison amplifiers are engineered and built in Italy, and come available in three series: SRX, LRX, and VRX. "The entry-level SRX product incorporates much of the technology from the upper segments of the line, and boasts amazing reliability," reported national sales manager Jesse McKindley. "There are two-, three-, four- and five-channel versions of the SRX series, with a mono block expected in the near future. The SRX products have a cooling fan built on-board," added McKindley. The LRX series adds power and an upgrade in terms of audio quality from the SRX series, and the top-grade VRX line uses highly flexible system-tuning modules that can be added to the amps' circuitry via an access door on the top surface. In addition to high performance and reliability, Audison amplifiers provide retailers with a degree of installation flexibility because of their compact size and sensible layout.

"Typically, our client is the more



AUDISON'S LRX2502 AMPLIFIER

astute listener," said Dennis Barish, manager of the car audio department at By Design Automotive Group in Los Angeles. "For the customer who is in search of a highly sophisticated audio system, where imaging and detail are critical, we use Audison amplifiers as a reference," said Barish. "They fit into many of today's high-performance cars, and the Audison amps deliver a musicality that is above what the average amp can deliver," he added. "The tuning capability being located on top the amplifier makes things easier for the installers," said Barish. "We have a very good rep here in L.A., and Audison seems to cater to the specialist retailer. You don't see their amps out on the Internet. They have done excellent business with us this year, and I look forward to another successful year in 2004," he concluded.

During what has been referred to as a challenging economy across the nation, it is of paramount importance that mobile electronics retailers make the most of every opportunity afforded to them. Some European manufacturers have created an opportunity for insightful retailers to sell quality products as the foundation on which to build first-rate audio systems, with a focus on sound quality and solid construction. Clearly, there still is a group of consumers who value quality sound, and possibly an entire generation of young audiophiles who simply need to be shown the passageway from the SPL room to the promised land of high fidelity. Imagine that!