

inside track™

*Audio-Video
Retailer*

your profit adviser: • independent • up-front • daring

December 16, 2008 to February 3, 2009
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Dealers Rated Epson #1 Overall (Video Display Group) for the 2nd Year in a Row

ABOUT THE SURVEY

In extremely trying economic times, like those we are confronting now, the value of vendor/dealer partnership - of working together toward mutual success - takes on even greater significance than it holds in good times. For 24 years, the **inside track** Supplier Loyalty Test survey has measured vendors' partnership qualities based on how those vendors' own dealers grade them on 16 parameters. ... The **i.t.** survey is not a side-by-side comparison, where some 'objective' entity measures each company on every parameter and pronounces who is best and who is worst. Rather, in essence, the Supplier Loyalty Test is a dealer satisfaction barometer. Every participating dealer looks at the companies he does business with, then awards grades between 0 (F) and 4.5 (A+) to each of his vendors on every parameter. ... Given that the

YEAR 2009 SUPPLIER LOYALTY TEST							
HOME VIDEO							
OVERALL RESULTS							
Ranking		Company	No of Dlrs		Grade		
'08	'09		'08	'09	'08	'09	
1	1	Epson	(27)	(32)	3.61	3.53	B+
3	2	Runco	(60)	(54)	3.50	3.41	
5	2	P-Elite	(60)	(64)	3.43	3.41	
10	4	Pioneer	(43)	(38)	3.11	3.25	
8	4	Marantz	(32)	(15)	3.21	3.25	
3	6	▼ SIM2	(17)	(18)	3.50	3.22	B
13	7	▲ Hitachi	(33)	(33)	2.93	3.15	
9	8	JVC	(25)	(28)	3.15	3.10	
11	8	Mitsubishi	(43)	(28)	3.05	3.10	
12	10	Sony	(68)	(56)	2.97	3.09	
15	11	Panasonic	(44)	(40)	2.77	2.93	B-
18	12	Toshiba	(31)	(23)	2.69	2.80	
17	13	Sharp	(74)	(44)	2.74	2.78	
16	14	Samsung	(61)	(50)	2.76	2.77	
14	15	LG	(76)	(57)	2.87	2.75	



Epson Team of Winners (L to R): **Rajeev Mishra**, Dir. Projector Product Mktg & Dvlpmt., **Marge Ang**, Sen. Prod. Mgr., Home Entertainment, **Jason Palmer**, Channel Mgr, H.E., **Ed Colfer**, Manager, H.E., **Tom French**, Dir. Commercial AV, Dist., PI Sales

spread from 0 to 4.5 is quite narrow, and companies are often no more than a few hundredths of a grade point apart in the rankings, it makes most sense to look at the three tiers: In the shaded top tier you will find the outstanding A+, A and A- graded companies. Good (B+, B and B-) companies are in the unshaded mid-section of the tables, and fair-to-poor companies are in the shaded bottom tier. The tables also show each company's previous year's rank and grade (if the company met last year's survey inclusion criteria). The number of dealers who graded each brand both this year and last year is shown as well. ... How is this information useful? For one thing, vendors can see how they stack up vis à vis their competition, and secondly, they are shown on which parameters they either improved or dropped relative to their previous year's performance. Increases or drops of 0.20 grade points or greater are highlighted with up- or downward pointing arrows. ...

The 2009 Survey ... is the very first one that was conducted completely electronically ... Given the challenges many dealers had to overcome to successfully participate, our return rate of **220** (vs.

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229 last year) is quite satisfactory. ... **208** dealers from **44** U.S. States plus **12** Canadian dealers participated in this year's survey. ... (thus) every dealer can now tap into the experience of his peers all across North America. ...

THE BEST ALL-AROUND SUPPORT IN THE VIDEO DISPLAY GROUP

The more sophisticated the product, the more important is outstanding **Technical Support**. ... In the Video Display Group, **Epson** finished in second place on this parameter, a mere 1/100th of a grade point below parameter winner, SIM2. ... It's good practice to review the results on **Resolution of Service, Return, Repair Issues** in conjunction with the Product Reliability results. ... **Epson** once again captured the top spot for **Resolution of Service Issues** as the only top tier company in the Video Display Group with an A- grade that is significantly up over its last year's winning grade. ...

When dealers want to keep inventory carrying costs low, a vendor's performance on **Just-in-Time Delivery** becomes very important. ... **Epson** once again captured the top spot on this parameter in the Video Display Group with a B+ midfield grade. ...

YEAR 2009 SUPPLIER LOYALTY TEST						
HOME VIDEO						
Technical Support						
Ranking	Company	No of Dlrs		Grade		
'08	'09	'08	'09	'08	'09	
1	1	SIM2	(17)	(18)	3.65	3.53 B+
5	2	Epson	(27)	(32)	3.40	3.52
2	3	▼ Runco	(60)	(54)	3.57	3.28
7	4	P-Elite	(60)	(64)	3.10	3.06 B
8	5	Pioneer	(43)	(38)	2.92	3.05
12	6	▲ Hitachi	(33)	(33)	2.65	2.98
11	7	JVC	(25)	(28)	2.82	2.96
6	8	▼ Marantz	(32)	(15)	3.15	2.87 B-
10	9	Mitsubishi	(43)	(28)	2.85	2.74
17	10	▲ Sony	(68)	(56)	2.24	2.55 C+
13	11	Panasonic	(44)	(40)	2.36	2.47
14	12	Toshiba	(31)	(23)	2.29	2.32
19	13	Samsung	(61)	(50)	2.11	2.25
14	14	Sharp	(74)	(44)	2.29	2.18 C
16	15	LG	(76)	(57)	2.28	2.15

YEAR 2009 SUPPLIER LOYALTY TEST						
HOME VIDEO						
Resolution of Service, Return, Repair Issues						
Ranking	Company	No of Dlrs		Grade		
'08	'09	'08	'09	'08	'09	
1	1	▲ Epson	(27)	(32)	3.53	3.82 A-
3	2	SIM2	(17)	(18)	3.47	3.29 B+
8	3	JVC	(25)	(28)	3.02	3.17 B
7	4	P-Elite	(60)	(64)	3.13	3.15
11	5	▲ Mitsubishi	(43)	(28)	2.80	3.14
12	6	▲ Hitachi	(33)	(33)	2.68	3.12
10	7	Pioneer	(43)	(38)	2.95	3.10
17	8	▲ Panasonic	(44)	(40)	2.51	2.95
5	9	▼ Marantz	(32)	(15)	3.23	2.93 B-
6	10	▼ Runco	(60)	(54)	3.15	2.88
14	11	▲ Sharp	(74)	(44)	2.63	2.87
13	12	Sony	(68)	(56)	2.66	2.71
18	13	Samsung	(61)	(50)	2.47	2.64 C+
15	14	Toshiba	(31)	(23)	2.60	2.61
16	15	LG	(76)	(57)	2.53	2.57

YEAR 2009 SUPPLIER LOYALTY TEST						
HOME VIDEO						
Just-in-Time Delivery						
Ranking	Company	No of Dlrs		Grade		
'08	'09	'08	'09	'08	'09	
1	1	Epson	(27)	(32)	3.52	3.51 B+
5	2	Runco	(60)	(54)	3.30	3.45
3	3	SIM2	(17)	(18)	3.38	3.29
9	4	▲ Mitsubishi	(43)	(28)	2.81	3.28
14	5	▲ Pioneer	(43)	(38)	2.68	3.25
6	6	Marantz	(32)	(15)	3.27	3.15 B
15	6	▲ Panasonic	(44)	(40)	2.67	3.15
7	8	JVC	(25)	(28)	3.14	3.12
15	9	▲ Samsung	(61)	(50)	2.67	3.04
17	10	▲ P-Elite	(60)	(64)	2.65	2.96
10	11	Hitachi	(33)	(33)	2.80	2.95
18	12	▲ LG	(76)	(57)	2.56	2.92 B-
12	13	Toshiba	(31)	(23)	2.71	2.86
12	14	Sharp	(74)	(44)	2.71	2.64 C+
19	15	▲ Sony	(68)	(56)	2.10	2.59

YEAR 2009 SUPPLIER LOYALTY TEST						
HOME VIDEO						
Quality of Sales Representatives						
Ranking	Company	No of Dlrs		Grade		
'08	'09	'08	'09	'08	'09	
1	1	▼ Epson	(27)	(32)	3.76	3.53 B+
7	2	▲ Marantz	(32)	(15)	3.23	3.52
4	3	Runco	(60)	(54)	3.58	3.45
3	4	SIM2	(17)	(18)	3.59	3.42
6	5	P-Elite	(60)	(64)	3.35	3.23 B
13	6	▲ Hitachi	(33)	(33)	2.76	3.20
10	7	Mitsubishi	(43)	(28)	2.98	3.13
12	8	Pioneer	(43)	(38)	2.94	2.97
9	9	▼ JVC	(25)	(28)	3.10	2.89 B-
14	10	Sony	(68)	(56)	2.75	2.84
18	11	▲ Sharp	(74)	(44)	2.35	2.66
15	11	Panasonic	(44)	(40)	2.52	2.66
11	13	▼ LG	(76)	(57)	2.97	2.61 C+
17	14	Toshiba	(31)	(23)	2.36	2.55
19	15	Samsung	(61)	(50)	2.33	2.50

Independent representatives (or local factory people) are literally the face of the vendor to the dealers. Some dealers will stick with mediocre brands if the rep is outstanding, others will abandon potentially rewarding and lucrative brands because of an incompetent or uncaring rep. ... In the Home Video Display Group, although down 0.23 points from last year, **Epson** held on to its No. 1 position in **Quality of Sales Representatives**. ...

With the parameter **Ease of Doing Business** dealers grade the support they receive from vendors' headquarters personnel, and generally speaking those grades are very good across the entire survey. ... In the Video Display Group **Epson** is once again No.1 with the only top tier grade in the Group on this parameter. ...

Dealer Training: Even during the most dismal times we can try and find opportunities. I can't count how often I heard from dealers, over the course of the first half of 2008, *'I'd like to take advantage of this or that vendor's training offerings, but I just don't have the time; I'm too busy.'* If you now should find that you have extra time on your hands - and you may not; with leaner staff and fewer customers to sell to, you may have to run hard just to keep your business above water - but

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whether you have ample time or need to consciously set it aside, make sure you and your people take advantage of every opportunity to get training. Why? First class competence is always a fantastic way to differentiate your business and gain or keep the trust of skittish clients. ... As a group, Home Video does not exactly have a strong reputation for outstanding **Dealer Training**, and none of the companies in the group achieved top tier grades. **Epson** came in third. ...

TOP TIER PRODUCT PERFORMANCE & INNOVATION, WITH THE SECOND HIGHEST PRODUCT RELIABILITY GRADE IN THE VIDEO DISPLAY GROUP

Products are the foundation of the business. Without products there is no business ... **Epson** is in the top tier with an A- grade for **Product Performance** and finished in second place with an A+ for **Product Reliability**. ... Five years ago ... we separated the *Product Quality & Reliability* parameter into 3 distinct parameters: *Product Performance*, *Product Reliability* and *Product Innovation* ... we gained better transparency, and dealers had a chance to grade different aspects of product independent of one another. And even though dealers profess to be leery of “bleeding edge” technology, there is no denying the excitement and allure - not to mention the profit potential - of having something totally new (or imaginatively re-thought) come to market. But it goes beyond even that: Innovation creates the future. ... **Epson** is in the top tier with an A- grade for **Product Innovation**. ...

One or two products, generally, do not a line make - but it does not follow that 99 products are necessarily an ideal assortment. What we are looking for is the just-right assortment - one that is not missing a crucial SKU nor has way too many redundant, barely differentiated models. ... **Epson** is in 7th place, up 0.12 grade points over last year, with a high midfield, B+ grade on **Appropriate Assortment**. ...

SIGNIFICANTLY BETTER THAN AVERAGE PROFITABILITY IN THE VIDEO DISPLAY GROUP

Generally, in Video as well as in most (though not all) groups, the more upscale products carry higher margins - but usually you also sell fewer of these higher priced products, and it typically takes more time to sell them. So the metric you want to look at (and compare) is profit dollars: profit margins times turns. But then you must tweak it further: Sheet margins and obtainable profit margins are rarely the same. The first thing to make sure of is **Product Reliability** as well as **compatibility with other products** in a system. Where applicable, **Ease of Installation/Use** enters the picture; **Price Protection** does, too. **Programs** can impact profitability, which is why dealers tend to maximize their business with fewer brands - to be able to qualify for the best programs. Lastly, **Tech Support** and **Resolution of Service Issues**, the **Quality of the local Representative** and **Ease of Doing Business** with the factory, as well as ready access to **Training** and a company that reliably ships **Just-in-Time** - almost everything, in other words, can impact profitability. ... **Epson** is in 5th place, with a 3.23/B, in the Video Display Group for **Obtainable Profit Margins**. ...

Years ago, **Distribution Policies that Support Specialists** used to have an almost one-to-one correlation with **Obtainable Profit Margins**. While this is not always the case anymore, it is still important to look at Distribution Policies as an indicator of how a particular vendor intends to go to market and accomplish his own revenue goals. If a

YEAR 2009 SUPPLIER LOYALTY TEST						
HOME VIDEO						
Ease of Doing Business						
Ranking	Company	No of Dtrs		Grade		
'08	'09	'08	'09	'08	'09	
1	1	Epson	(27)	(32)	3.85	3.69 A-
3	2	▼ SIM2	(17)	(18)	3.71	3.39 B+
9	3	▲ Mitsubishi	(43)	(28)	3.15	3.36
8	4	P-Elite	(60)	(64)	3.18	3.33
5	5	Marantz	(32)	(15)	3.38	3.30
4	6	Runco	(60)	(54)	3.41	3.24 B
11	6	▲ Pioneer	(43)	(38)	3.00	3.24
7	8	JVC	(25)	(28)	3.32	3.22
12	9	Hitachi	(33)	(33)	2.96	3.12
18	10	▲ Panasonic	(44)	(40)	2.58	3.06
14	11	Sharp	(74)	(44)	2.79	2.93 B-
17	11	▲ Toshiba	(31)	(23)	2.73	2.93
15	13	Sony	(68)	(56)	2.77	2.90
19	14	▲ Samsung	(61)	(50)	2.57	2.83
16	15	▼ LG	(76)	(57)	2.76	2.53 C+

YEAR 2009 SUPPLIER LOYALTY TEST						
HOME VIDEO						
Dealer Training						
Ranking	Company	No of Dtrs		Grade		
'08	'09	'08	'09	'08	'09	
1	1	Runco	(60)	(54)	3.63	3.63 B+
5	2	▼ SIM2	(17)	(18)	3.15	2.92 B-
6	3	Epson	(27)	(32)	2.98	2.86
8	4	Marantz	(32)	(15)	2.75	2.75
7	5	P-Elite	(60)	(64)	2.79	2.68
9	6	Mitsubishi	(43)	(28)	2.55	2.59 C+
14	7	▲ Hitachi	(33)	(33)	2.24	2.56
11	8	Sony	(68)	(56)	2.34	2.44
13	9	Pioneer	(43)	(38)	2.25	2.34
10	10	JVC	(25)	(28)	2.38	2.24 C
12	11	LG	(76)	(57)	2.32	2.13
17	12	Panasonic	(44)	(40)	1.61	1.67 C-
19	13	Toshiba	(31)	(23)	1.47	1.61 D+
18	14	Sharp	(74)	(44)	1.55	1.56
16	15	Samsung	(61)	(50)	1.63	1.52

YEAR 2009 SUPPLIER LOYALTY TEST						
HOME VIDEO						
Product Performance						
Ranking	Company	No of Dtrs		Grade		
'08	'09	'08	'09	'08	'09	
1	1	P-Elite	(60)	(64)	4.30	4.39 A+
7	2	▲ Pioneer	(43)	(38)	3.87	4.10
11	3	▲ Marantz	(32)	(15)	3.64	4.03
2	4	▼ Runco	(60)	(54)	4.13	3.93 A-
6	5	Sony	(68)	(56)	3.89	3.87
9	6	JVC	(25)	(28)	3.82	3.84
8	7	Epson	(27)	(32)	3.83	3.79
4	8	▼ SIM2	(17)	(18)	4.00	3.78
14	9	Mitsubishi	(43)	(28)	3.55	3.65
12	9	Panasonic	(44)	(40)	3.61	3.65
18	11	▲ Hitachi	(33)	(33)	3.33	3.58 B+
13	12	Samsung	(61)	(50)	3.58	3.53
15	13	Sharp	(74)	(44)	3.52	3.50
19	14	Toshiba	(31)	(23)	3.31	3.44
17	15	LG	(76)	(57)	3.35	3.34

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vendor is in the top tier on Distribution Policies - and has ranked there consistently over the years - you can be reasonably certain that this is a vendor who has determined that the specialist channel is the right channel for him. ... Of course, dealers have also long since figured out that if they join a buying group, they, too, can get more advantageous pricing, additional programs, plus often better access to the product. In addition, as a specialist dealer or custom integrator, your strength is that you can add unique value. Competence, and the word of mouth reputation that backs it up, will make you appealing to the right clientele. Therefore, if you have determined that a line fits your business, even if it offers only average margins and not the most limited distribution, reassure your customers with your own strengths. Today, more than ever, product is just the starting point. What you offer the client is the security of knowing that you stand behind the systems you sell, that you will teach them how to use those systems and thereby give them superior value at a variety of different price levels. ... **Epson** is in 3rd place with a 3.36/B+ in the Video Display Group for **Distribution Policies that Support Specialists**. ...

Specialist-Oriented Business Programs: How can a vendor support his dealers and encourage loyalty? The right programs - from financial and personal participation in dealer events, in show houses, from advertising support to longer dating, to rebates and demo deals - will go a long way. ... In the Video Display Group, **Epson** finished 2nd with a 3.34/B+. ...

Inventory Turns or Ease of Installation/Use: For retailers, Inventory Turns, in part, determine profitability: Products that sell "like hot cakes," i.e. turn frequently, mean good profitability for the dealer, even at modest price points and average margins - always provided, of course, vendors can ship promptly, so dealers are able to keep inventory carrying costs low. Obviously, Product Reliability affects profitability, too - it's all interconnected. Excellent reliability is even more important for integrators because for them, having to repeatedly swap out malfunctioning products will erode profits. For the 3 Custom Installation subgroups (ALMA, DAV-SPA, W&C) we asked dealers to grade on Ease of Installation/Use, rather than on Inventory Turns, because for the products in these groups it is important that they go in quickly and smoothly, and stay installed problem-free. That lets the installer keep the profit margins he has earned. Conversely, difficult to install and program products eat up too much of an installer's time and affect his profitability negatively. ... For the past few years we had dealers grade Video Display and Screen companies on Ease of Installation/Use, prompting some dealers to comment that this was the wrong yardstick. So - this year, those two groups were graded on Turns. Comparisons to last year's grades within these two groups are therefore not possible. ... **Epson** finished in 4th place (and only 0.15 grade points behind parameter winner, Sony). ...

Product Changes/Price Protection: It's great when companies continuously develop new and better products - as long as they also price-protect their dealers. ... In the Video Display Group, **Epson** finished in 4th place with a 3.26/B+ on this parameter ...

MAKING A NAME FOR ITSELF IN VIDEO

Brand Name Recognition: There are vendors who spend prodigiously to market their brands to the consumer. In fact, really successful marques are instantly recognized by their icons - whether that is the MacIntosh apple, the Nike swoosh, or the Target bulls eye. In our industry, some brands also strive for Brand Name Recognition at the consumer level, while others - those who particularly target dealers who insist that their names, not the vendors', is the brand that counts the most - really market themselves to the dealer community.

YEAR 2009 SUPPLIER LOYALTY TEST						
HOME VIDEO						
Product Reliability						
Ranking	Company	No of Dtrs		Grade		
'08 '09		'08	'09	'08	'09	
1	1 P-Elite	(60)	(64)	4.14	4.09	A+
2	2 Epson	(27)	(32)	4.02	4.04	
3	3 Pioneer	(43)	(38)	3.90	3.99	A
5	4 JVC	(25)	(28)	3.86	3.96	
4	5 Sony	(68)	(56)	3.88	3.93	A-
9	6 ▲ Marantz	(32)	(15)	3.61	3.90	
10	7 ▲ Panasonic	(44)	(40)	3.57	3.88	
13	8 ▲ Toshiba	(31)	(23)	3.37	3.68	
11	8 Hitachi	(33)	(33)	3.49	3.68	
14	10 ▲ Mitsubishi	(43)	(28)	3.29	3.60	B+
8	11 Sharp	(74)	(44)	3.62	3.58	
11	12 Samsung	(61)	(50)	3.49	3.47	
15	13 SIM2	(17)	(18)	3.18	3.35	
16	14 LG	(76)	(57)	3.10	3.13	B
18	15 Runco	(60)	(54)	2.93	2.74	B-

YEAR 2009 SUPPLIER LOYALTY TEST						
HOME VIDEO						
Product Innovation						
Ranking	Company	No of Dtrs		Grade		
'08 '09		'08	'09	'08	'09	
1	1 P-Elite	(60)	(64)	4.13	4.16	A+
4	2 Sony	(68)	(56)	3.88	3.93	A-
6	3 Pioneer	(43)	(38)	3.76	3.86	
11	3 ▲ JVC	(25)	(28)	3.60	3.86	
2	5 Epson	(27)	(32)	3.92	3.83	
13	6 ▲ Panasonic	(44)	(40)	3.43	3.67	
16	7 ▲ Hitachi	(33)	(33)	3.20	3.64	B+
9	8 Samsung	(61)	(50)	3.67	3.63	
6	9 ▼ Runco	(60)	(54)	3.76	3.54	
15	10 ▲ Marantz	(32)	(15)	3.22	3.53	
12	10 Sharp	(74)	(44)	3.56	3.53	
4	10 ▼ SIM2	(17)	(18)	3.88	3.53	
14	13 LG	(76)	(57)	3.34	3.41	
18	14 Toshiba	(31)	(23)	3.11	3.28	
17	15 Mitsubishi	(43)	(28)	3.13	3.23	B

YEAR 2009 SUPPLIER LOYALTY TEST						
HOME VIDEO						
Appropriate Assortment						
Ranking	Company	No of Dtrs		Grade		
'08 '09		'08	'09	'08	'09	
1	1 Sony	(68)	(56)	3.96	3.87	A-
9	2 ▲ Panasonic	(44)	(40)	3.49	3.71	
4	3 LG	(76)	(57)	3.65	3.67	
3	4 Samsung	(61)	(50)	3.66	3.65	
5	5 Runco	(60)	(54)	3.61	3.64	B+
8	6 Sharp	(74)	(44)	3.55	3.62	
11	7 Epson	(27)	(32)	3.41	3.53	
13	8 ▲ Toshiba	(31)	(23)	3.28	3.49	
7	9 Pioneer	(43)	(38)	3.56	3.38	
10	10 P-Elite	(60)	(64)	3.48	3.29	
19	11 Hitachi	(33)	(33)	2.91	3.09	B
14	12 JVC	(25)	(28)	3.08	3.01	
18	13 Mitsubishi	(43)	(28)	2.92	2.99	
12	14 ▼ SIM2	(17)	(18)	3.30	2.97	
16	15 Marantz	(32)	(15)	3.02	2.93	B-

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What I have come across during interviews with dealers is that when all other things are equal (i.e. same product performance, reliability and innovation, similar support), dealers tend to go with the better known brand, provided the brand is available to them. Other dealers will pick a brand that has made a good name for itself within the industry, arguing that “*we know who this company is and what it stands for.*” ... In the Video Display Group **Epson**, up significantly over last year, finished in the top tier on this parameter. ...

OVERALL RESULTS

How we calculate the Overall Results: Given that the range from 0 (F) to 4.5 (A+) is quite narrow, the parameter averages have already been rounded to 2 places after the decimal and, additionally, are often bunched closely together, the most precise way to calculate Overall averages is not to simply add up, for each vendor, the 16 parameter averages and divide by 16. Instead, we always compute *Dealer Averages*, i.e. we add up all the grades Dealer A awarded Brand XYZ and divide by the number of parameters the dealer actually did grade. Ideally, that would be 16 parameters, but some dealers may skip one or several parameters because a line may still be relatively new to them.

YEAR 2009 SUPPLIER LOYALTY TEST							
HOME VIDEO							
Specialist Oriented Business Programs							
Ranking	Company	No of Dlrs		Grade			
'08	'09	'08	'09	'08	'09		
2	1	Runco	(60)	(54)	3.57	3.54	B+
1	2	▼ Epson	(27)	(32)	3.65	3.34	
7	3	P-Elite	(60)	(64)	2.95	3.01	B
6	4	Marantz	(32)	(15)	3.06	3.00	
3	5	▼ SIM2	(17)	(18)	3.53	2.89	B-
11	6	▲ Hitachi	(33)	(33)	2.64	2.85	
9	7	JVC	(25)	(28)	2.82	2.78	
10	8	Mitsubishi	(43)	(28)	2.80	2.75	
15	9	▲ Pioneer	(43)	(38)	2.12	2.69	
13	10	▲ Sony	(68)	(56)	2.24	2.44	C+
14	11	Panasonic	(44)	(40)	2.22	2.15	C
12	12	▼ LG	(76)	(57)	2.49	2.12	
18	13	Sharp	(74)	(44)	2.01	2.08	
16	14	Toshiba	(31)	(23)	2.08	1.89	C-
17	15	▼ Samsung	(61)	(50)	2.07	1.87	

YEAR 2009 SUPPLIER LOYALTY TEST							
HOME VIDEO							
Inventory Turns (Ease of Installation/Use)							
Ranking	Company	No of Dlrs		Grade			
'08	'09	'08	'09	'08	'09		
5	1	Sony	(68)	(56)	3.63	3.49	B+
2	2	P-Elite	(60)	(64)	3.81	3.46	
4	3	Pioneer	(43)	(38)	3.64	3.38	
1	4	Epson	(27)	(32)	3.96	3.34	
14	5	Panasonic	(44)	(40)	3.43	3.18	B
10	6	LG	(76)	(57)	3.49	3.14	
18	7	Runco	(60)	(54)	3.31	3.09	
15	8	Samsung	(61)	(50)	3.40	3.00	
11	9	Toshiba	(31)	(23)	3.47	2.97	
12	10	JVC	(25)	(28)	3.46	2.92	B-
6	11	Hitachi	(33)	(33)	3.58	2.90	
8	12	Mitsubishi	(43)	(28)	3.57	2.83	
16	13	Sharp	(74)	(44)	3.36	2.80	
6	14	Marantz	(32)	(15)	3.58	2.77	
13	15	SIM2	(17)	(18)	3.44	2.62	C+

YEAR 2009 SUPPLIER LOYALTY TEST							
HOME VIDEO							
Obtainable Profit Margins							
Ranking	Company	No of Dlrs		Grade			
'08	'09	'08	'09	'08	'09		
1	1	Runco	(60)	(54)	3.92	3.79	A-
2	2	SIM2	(17)	(18)	3.75	3.57	B+
4	3	P-Elite	(60)	(64)	3.46	3.32	
8	4	▲ Marantz	(32)	(15)	3.06	3.27	
6	5	▼ Epson	(27)	(32)	3.43	3.23	B
9	6	▲ Hitachi	(33)	(33)	2.80	3.03	
10	7	Pioneer	(43)	(38)	2.79	2.92	B-
12	8	Mitsubishi	(43)	(28)	2.67	2.75	
11	9	JVC	(25)	(28)	2.68	2.69	
15	10	Toshiba	(31)	(23)	2.21	2.23	C
17	11	Sony	(68)	(56)	2.04	2.20	
13	12	▼ LG	(76)	(57)	2.56	2.08	
19	13	Sharp	(74)	(44)	1.99	1.92	C-
18	14	Panasonic	(44)	(40)	2.03	1.88	
14	15	▼ Samsung	(61)	(50)	2.38	1.86	

YEAR 2009 SUPPLIER LOYALTY TEST							
HOME VIDEO							
Distribution Policies that Support Specialists							
Ranking	Company	No of Dlrs		Grade			
'08	'09	'08	'09	'08	'09		
2	1	Runco	(60)	(54)	3.86	3.87	A-
3	2	SIM2	(17)	(18)	3.67	3.53	B+
5	3	Epson	(27)	(32)	3.48	3.36	
7	4	P-Elite	(60)	(64)	3.03	2.98	B
12	5	▲ Hitachi	(33)	(33)	2.50	2.95	
9	6	Marantz	(32)	(15)	2.81	2.78	B-
11	7	Mitsubishi	(43)	(28)	2.52	2.70	
10	8	Pioneer	(43)	(38)	2.63	2.63	C+
13	9	Toshiba	(31)	(23)	2.36	2.33	
8	10	▼ JVC	(25)	(28)	2.96	2.20	C
17	11	Panasonic	(44)	(40)	2.10	2.05	
14	12	LG	(76)	(57)	2.15	1.96	
19	13	▲ Sony	(68)	(56)	1.67	1.92	C-
14	14	▼ Samsung	(61)	(50)	2.15	1.86	
18	15	Sharp	(74)	(44)	1.90	1.76	

The minimum number of parameters a dealer must grade is 8. Fewer grades disqualify the entire string of grades, the rationale being that a dealer who is unable to grade on at least 8/16 parameters cannot possibly know that brand well enough to judge it. We compute the *Dealer Averages* for all the dealers who graded Brand XYZ, then add them up and divide by the number of dealers who graded the brand. This process is repeated for all brands, and these averages are used to rank companies within their groups for the Overall Results.

Home Video Display Companies: For the second year in a row, **Epson** captured the top spot Overall in the group, based on 4 parameter first places (**Resolution of Service Issues, Quality of Reps, Just-in-Time Delivery and Ease of Doing Business**), along with second places for **Product Reliability, Tech Support, Specialist Business Programs**, and third places for **Distribution Policies and Dealer Training**.

FINDING OPPORTUNITY IN TOUGH TIMES

In just about the worst business climate since the Great Depression of the 1930s **Epson**, a vertically integrated market leader in front projection and the owner of the 3LCD technology, continues to hold an optimistic outlook for 2009. Said **Jason Palmer**, Channel Manager, Home Entertainment in a Feb. 24, 2009 interview with inside track, “*We are*

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not putting on blinders, but we are trying to see this as an opportunity. Somebody has to win, even in difficult economic times. We can continue to invest in innovation, and we can continue to support dealers in ways that some of our competitors can't. That is an opportunity for us to pick up market share."

Epson is acutely aware of the pain dealers are feeling. "Certainly, we are hearing, 'there are fewer people walking in the door.' 'Fewer people want to invest as much money as they previously were in luxury goods such as home cinema,'" Palmer said. But consumers are now also turning to market leaders, he believes, and are demanding products of top quality and performance at optimal price points. And given that dealers need products that their customers want that are also profitable for the dealer, "we looked at how we can broaden the range of customers that dealers could sell front projection to," said Palmer. "We examined the obstacles our dealers were encountering and asked ourselves, what tools can we give them to help them sell more front projection?"

One of the things Epson has come up with is a "temporary room that can be constructed in about 3 hours. We ship these rooms with our Ensemble HD System [which consists of a 1080p projector, a screen, all cabling, brackets and wiring channels] to a dealer who puts it up at a local home show." Epson makes sure the room and the Ensemble theater arrive in flawless condition and at no cost to the dealer, who installs the room and the theater in it, and then has a chance to wow attendees at the Home Show with a cinematic performance that can be theirs for \$6,999 plus installation - and for the install Epson has laid out a protocol that, if followed, permits the dealer to complete the job in one morning, Palmer said. What's more, a supportive dealer stands to make 35-40% profit on the equipment, he added. Epson, in other words, offers the dealer an innovative and reliable product as well as the tools to successfully demonstrate, and then sell it at a decent margin. The company intends to beef up this program so that each of its 17 representatives will have a room and demo product that is dedicated to each representatives' region and the Epson dealers in that region. In

YEAR 2009 SUPPLIER LOYALTY TEST						
HOME VIDEO						
Product Changes/Price Protection						
Ranking	Company	No of Dlrs	Grade			
'08 '09		'08 '09	'08 '09	'08	'09	
7	1 ▲ Sony	(68)	(56)	3.13	3.34	B+
2	2 P-Elite	(60)	(64)	3.37	3.30	
9	3 ▲ Marantz	(32)	(15)	3.05	3.27	
1	4 ▼ Epson	(27)	(32)	3.50	3.26	
6	5 Runco	(60)	(54)	3.14	3.23	B
3	6 ▼ Mitsubishi	(43)	(28)	3.34	3.09	
11	7 ▲ Hitachi	(33)	(33)	2.74	2.98	
13	8 ▲ Pioneer	(43)	(38)	2.67	2.95	
10	9 LG	(76)	(57)	2.96	2.84	B-
13	10 JVC	(25)	(28)	2.67	2.69	
4	11 ▼ SIM2	(17)	(18)	3.25	2.68	
16	12 ▲ Sharp	(74)	(44)	2.26	2.55	C+
17	13 Panasonic	(44)	(40)	2.18	2.35	
15	14 Samsung	(61)	(50)	2.32	2.21	C
18	15 Toshiba	(31)	(23)	2.17	2.20	

YEAR 2009 SUPPLIER LOYALTY TEST						
HOME VIDEO						
Brand Name Recognition						
Ranking	Company	No of Dlrs	Grade			
'08 '09		'08 '09	'08 '09	'08	'09	
1	1 Sony	(68)	(56)	4.39	4.33	A+
4	2 ▲ Panasonic	(44)	(40)	4.03	4.23	
3	3 Pioneer	(43)	(38)	4.04	4.13	
4	4 P-Elite	(60)	(64)	4.03	4.04	
8	5 ▲ Samsung	(61)	(50)	3.72	3.94	A-
7	6 Sharp	(74)	(44)	3.79	3.91	
12	7 ▲ Toshiba	(31)	(23)	3.48	3.80	
6	8 Mitsubishi	(43)	(28)	3.91	3.78	
11	9 ▲ Epson	(27)	(32)	3.50	3.73	
10	10 Hitachi	(33)	(33)	3.62	3.69	
9	11 JVC	(25)	(28)	3.70	3.67	
14	12 ▲ Marantz	(32)	(15)	3.28	3.57	B+
13	13 LG	(76)	(57)	3.38	3.48	
16	14 ▲ Runco	(60)	(54)	3.06	3.30	
18	15 ▼ SIM2	(17)	(18)	3.00	2.61	C+



Ed Colfer, Epson Manager, Home Entertainment, at the 2009 CES in Las Vegas

addition, dealers can also put up an Ensemble in their own place of business, for which the company offers special demo terms. Epson, furthermore, sees the Ensemble as a great "incubator" system: It helps you create a happy, satisfied customer, and that customer will come back to you in the future and buy better and better systems from you.

So, even during a difficult economy, Epson anticipates growth in 2009, and by working hard at ways to support their dealers, they are also focusing on winning the #1 Overall position in the Video Display Group of the inside track Supplier Loyalty Test next year as well. "We are not resting on our laurels," said Palmer. "We are going to continue to innovate, not just on the R&D side, but also with tools to help our dealers, like the temporary rooms and an improved website."

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