

# Meridian Posts Gains On Smaller Dealer Base

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By Joseph Palenchar -- TWICE, 2/18/2011

New York - Meridian America significantly scaled back its dealer base and product selection beginning in 2009 yet posted a 12 percent sales gain in 2010, CEO Peter Wellikoff told TWICE.

Meridian grew by focusing more resources on fewer, more committed dealers and by taking more of a luxury position in the A/V market, he explained.



With its greater focus on the luxury market, Meridian brought in new staff with a luxury-market background and opened up its U.S. headquarters here for use as a dealer showroom to demonstrate Meridian's high-end audio and video products to high-level business executives, athletes and actors who don't shop in retail stores, Wellikoff said. The company plans to make this strategy "bi-coastal," he noted.

Meridian also began to support dealers whose high-profile customers want a demo in their own homes. For these dealers, Meridian flies out products and staff to set up and demo a system in the potential customer's home and let the homeowner live with it for a day. About 90 percent of the time, Meridian staff makes the presentation to the consumer, but the dealer sets up the appointment and profits from the sale. All home demos to date have closed a sale, Wellikoff noted.

"The brand is better served by providing more resources to fewer dealers," said Meridian America CEO Peter Wellikoff.

The reduction in the U.S. dealer base began in late 2009, and by the end of 2010, the company had reduced its 250 active accounts to 150, Wellikoff said. By mid February, the company had pared more dealers, bringing the base to 120. And more cuts could be coming. "We hope to bring it to 100," Wellikoff said.

"The brand is better served by providing more resources to fewer dealers," he explained. Meridian also entices to make "full commitments" to the brand, he said. Among A/V dealers with retail storefronts, the commitment includes a Meridian shop within a shop.

At Stereo Exchange in New York City, for example, that means a Meridian A/V system is set up along with an alcove dedicated to Meridian products with Meridian signage.

To reinforce its luxury position, a Meridian-branded autosound system will appear globally this May in the Range Rover Evoque. The Meridian brand already appears on sound systems in McLaren vehicles. "McLaren and Range Rover customers are prequalified Meridian customers and vice versa," Wellikoff said.

In paring its selection, the company reduced its SKU count to 30 from as many as 130 in 2007, said Tim Ireland, CEO of U.K.-based parent Meridian Audio Ltd.

The company, however, is gearing up to add at least one more product, a six-zone Sooloos audio server that offers more zones and more output types per zone compared to the company's other multizone servers, said regional sales manager Ryan Donaher. The MediaCore 600 will be Meridian's first multizone server with proprietary SpeakerLink output. Although many specs haven't been finalized, the server will feature one analog output, one coaxial digital output, and one SpeakerLink output per zone.

SpeakerLink delivers balanced 96kHz/24-bit digital audio and control signals over up to 300 feet over CAT-5e RJ-45-terminated cable to the company's active DSP speakers, including its active in-wall DSP speakers. SpeakerLink eliminates signal losses and coloration induced by analog signals riding on a cable, and it simplifies cable connections because Meridian DSP speakers can be daisy-chained to avoid home-running cable from each speaker to a Meridian component.

The server's target delivery date is late spring.

Meridian is majority owned by Reinet, the investment division of Richemont, which owns a portfolio of luxury brands. Those brands include Cartier, Van Cleef & Arpels, Piaget, Vacheron Constantin, Jaeger-LeCoultre, IWC, Panerai and Montblanc. Reinet upped its investment last year to a majority controlling interest.

"Having met and worked with some of their senior staff, not to mention their enormous success in the luxury goods business, I consider this a great move," said Wellikoff. "I've already started to take advantage of some of their marketing resources." Meridian, in fact, is investigating opportunities to cross-promote its M80 tabletop music system with these other brands, he said.