

BY CR STAFF



Joe Perfito

Taking the High Road to Dealer Success

Tributaries President Joe Perfito explains the company philosophy on dealer support, making money and oh, those expanding lines!

CustomRetailer: How has Tributaries changed the way it does business to survive and ultimately thrive in this challenging economy?

Joe Perfito: While other suppliers were in a “race for the bottom,” at Tributaries it was decided that we were not going to get down in the dirt and mud-wrestle. Instead, we took the higher road and introduced the new High Performance Series 8 product line. We redesigned all the models for Series 8 by updating the conductor geometry and using Long-Crystal Oxygen-Free Copper, a higher grade of copper than we had previously used. These products have generated a great deal of excitement and praise from both dealers and end-users. We believe there is always a market for high-performance, high-quality products that are properly priced. A second change was to increase the commitment we have made to improve our assortment of AC Power products. This year, in addition to our current assortment of rack mount Power Managers and power strips, we introduced a third Power Manager and three UL® certified in-wall power products; two AC Extenders and one dual-gang outlet with built-in surge suppression, line filtering and under/over voltage protection. This summer, we expect to introduce two IP-addressable Power Managers.

In February, we launched two new websites, one for our representatives and one for our dealers. Both websites allow the user to place orders directly into our system as well as review previously placed orders, product purchased, sales by month, etc. Dealers and reps can now place orders and review their accounts 24/7/365.

CR: Do you feel there is an upswing for the cable/accessories market despite the increase in cooper, etc.?

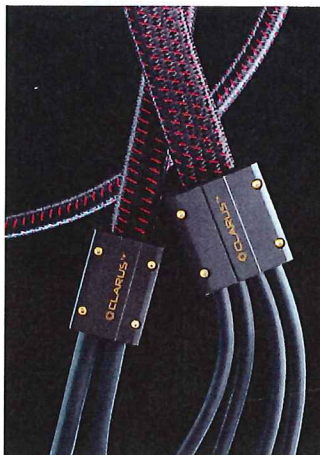
JP: As dealers are getting squeezed by shrinking profit margins on most video products, they are putting more emphasis on selling accessories. The savvy dealer doesn't consider cables an accessory, they consider it another component and demonstrate the improvements a high-performance cable can bring to audio/video systems; it's not just about the TV or Blu-ray player anymore. Dealers who understand this concept sell more cables at higher prices and better margins.



T200 Home Theater Power Manager

CR: What products are top sellers right now, and what new products will consumers DEMAND in the very near future?

JP: HDMI cables are currently the top seller. However, we are seeing a definite increase in the sales of higher-end, more expensive two-channel audio products. In the power category, we believe products that give the consumer the ability to control energy usage in their home and, therefore, control the cost of energy will definitely be in demand.



Clarus brand of high-performance, high-quality, high-end audio cables

CR: How do dealers increase profitability and solid business practices?

JP: First make selling cables a priority. Increase commission, provide sales training and be sure the cables are part of an in-store system display. Take the “courtesy cables” that are packed in the box with some products and throw them in the garbage. Then take the time with your customer to demonstrate the improvement better cables make to the overall listening and/or viewing experience. Educating your customer adds trust and builds relationships rather than the “best price,” race-to-the-bottom environment the big-box stores have created.

CR: Tell us more about the new brand that you recently launched?

JP: In October 2011, at the Rocky Mountain Audio Fest in Denver, we introduced our new “Clarus” brand of high-performance, high-quality, high-end audio cables. Totally separate from Tributaries, Clarus is designed by music lovers for music lovers specifically to appeal to the two-channel audiophile dealer. Clarus is engineered with multiple patents and manufactured using PCOCC, the highest-quality copper, providing incredible clarity, tonal balance and a live-performance sound stage experience. The brand has been enthusiastically accepted by a number of high-end dealers and end-users.

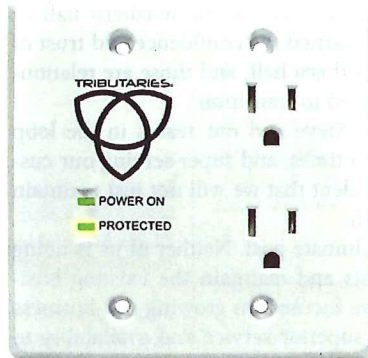
CR: Do dealers directly influence what products you bring to market?

JP: Absolutely! Almost every product we make was influenced by a dealer saying, “Joe, what we need is a [fill in the blank].” Sometimes the

idea is right on the money. Other times it generates other ideas, which lead to new products. The upgrade of Series 8 was a dealer suggestion as was the multiple requests for In-Wall Power Products and IP-addressable Power Managers.

CR: How should manufacturers distinguish themselves among their competitors in the crowded accessories market to ensure strong dealer relationships?

JP: We take relationships very seriously at Tributaries. We are a small American company that listens to its dealers and cares about the experience our customers have with our products, sales reps, customer service and me personally. Just like our small independent dealers who work hard to build a personal relationship with their customers, my staff and I work hard to build trusting relationships with our dealers. My dealers have access to my direct phone number as well as my personal cell phone. I am always



PWRI-PRO In-wall AC Power Management Outlet

interested in how they are doing; this business doesn't work without the partnerships we build.

On the manufacturing side, we do not produce "me-too" products. At Tributaries, every product we develop has to separate us from our competitors; it has to have something different or something new. Another way is by providing dealers with the necessary profit margins to stay in business. If a dealer isn't selling a brand like Tributaries, their profitability will be limited as will the success of their business. **CR**