



# POWERING PROFITS

Demand for electrical presentation products and their accessories continues, and a lot of dealers are cashing in. Chris Allsop looks at how this sector fared last year and what's shaping the market in 2006.

Unfortunately for those afraid of public speaking, making presentations at work is now a ubiquitous part of modern day business. Projectors, screens, and Powerpoint are all part and parcel of making a successful presentation and this technology is also enjoying a boom in use in the education sector. For those dealers who've picked up on the commercial opportunity increasingly represented here, it's an area that can prove to be a 'nice little earner'. But how did the market fare last year, and can dealers still take advantage?

According to TCI's MD Tony

Cochrane, while the market in value terms appeared similar to 2004, this by no means tells the whole story.

"Many, many more projectors were sold not only into business applications but also growing sectors such as education and home cinema," he explains. "However, because the price of projectors has reduced so rapidly there was no significant effect on sales value."

Andrew Barker of AV distributor Midwich also reported a successful year in 2005, highlighting the education sector and display sales as significant growth areas.

"Our display sales grew partly down to price erosion, because large format display solutions are now more affordable than ever before," says Barker. "Education was a key driver in 2005, due to government funding, but in the second half of the year the growth of other vertical markets sectors (such as corporate and SME) lessened the reliance on education sales."

Barker adds that the most significant growth area in the display market currently is large format LCD and plasma with XGA resolution and above.



"XGA projectors have been growing considerably over the past 18 months and will continue to dominate the market over the next 12," he predicts. Driving this is the advent of digital signage and the trend of SME users recognising the benefits of technology and beginning to invest in projection.

"Also, corporate customers that already have an installed base of units are now looking to upgrade – another key driver behind the growth of XGA units," adds Barker. TCI also reports a significant move to higher value options, including screens and accompanying furniture products.

"Dealers are still missing a significant opportunity to sell the appropriate accessories and add value to each projector sale," says

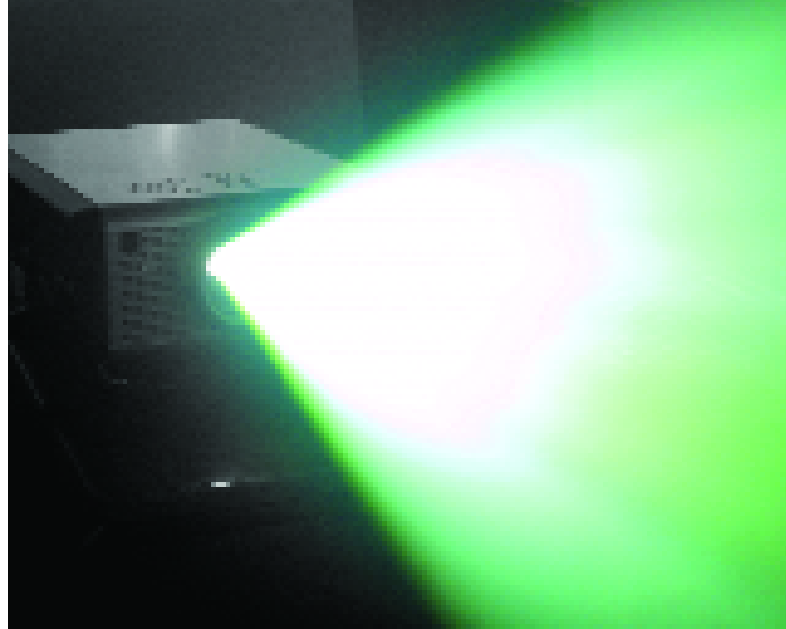
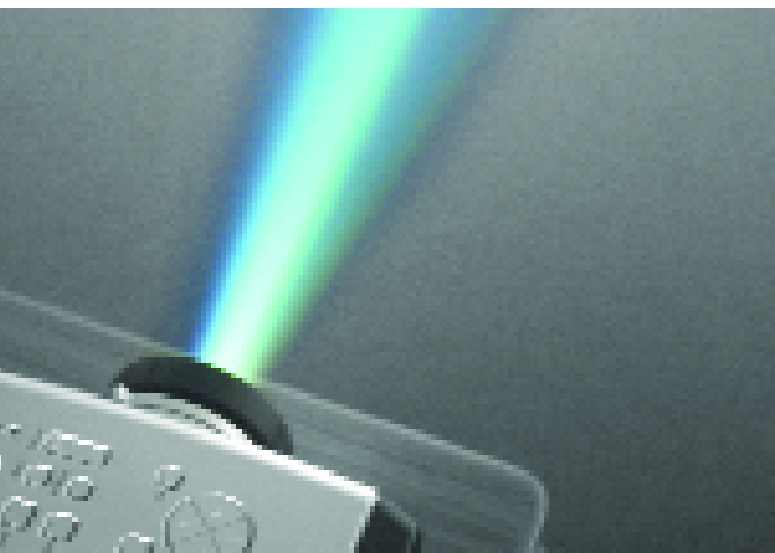
Cochrane. "We've seen more electric screens, often of the Plug & Play variety with an integrated remote control, being sold. Similarly, higher value furniture such as audio-visual cabinets also saw good growth."

Claire Hohenberg, assistant product manager for Nobo Multi Media, identified products that catered to the crossover market (for home and office use) along with portable products for mobile workers as trends currently on the up.

An interesting shift in consumer perception, according to Cochrane, is the burgeoning identification of projectors as computer peripherals.

"As a result, they are being sold alongside PCs/laptops, in much the same way as a printer or >>

**"Products that catered to the crossover market (for home and office use) along with portable products for mobile workers were also popular last year"**



## MARKET COMMENT

### Projectors and accessories

**Despite a boom in unit sales, there are challenges facing the projector market. Most distributors and manufacturers reported a downturn in sales against expectations in Q4 of last year (although unit sales for the year as a whole are still up on 2004), with the important education market beginning to slow down as BECTA funding ran out and new buying patterns started to emerge.**

**Judging by activity levels at last month's BETT education show, the market is far from dead and will grow again, but if schools, colleges and LEAs are going to be spending their own money then they may be choosier than in the past, with price, cost of ownership and security all becoming key issues.**

**The boom in volume sales and installations has brought about a corresponding level of activity increase in the mounts and accessories market, with mount/bracket suppliers prospering and proliferating, and areas like lamp supply and screen sales becoming important profit centres.**

**However, there's an argument which suggests that there is no longer one unified projector market. Even within the corporate/education sector there are big differences and the market has stratified into three levels.**

- **High output, highly specified projectors for the top end of the rental/staging market. Prices in this sector remain high (although they are lower than they were), but sales numbers are limited.**
- **Mid-range installation and rental/staging projectors with outputs of 2,500 lumens or more, high resolution and the features that used to be found only on top-end machines.**
- **Presentation and lower end installation units. With even sub-£1,000 projectors now offering plenty of light output, XGA resolution and 'installability' this is the highest volume (and most competitive) sector. But it is also the one in which volumes can rise and fall unpredictably and in which there is the most pressure on both margins and prices.**

*Extract taken from AV Magazine's 'Markets in transition' survey.*



scanner might be," he says. "As a function of this, it is now often the IT department that is managing the purchase."

Big is better this year as well, with larger projectors, now available at more affordable prices, creating opportunities for installation in lecture theatres, school halls and public venues. As a result, says Cochrane, his company is also selling larger screens, often over three meters wide.

"However, surprisingly, because these are still relatively small machines, most standard ceiling mounts and other furniture on which the projector can be positioned are still more than adequate," he adds.

So what's the way forward for the sales effort? With Cochrane's prediction that the improving specification and reducing price of projectors is set to continue, dealers can expect the value, both in turnover and pounds margin, of orders to also be further driven down. Hohenberg advises that to

achieve maximum profit, energies should be focused on accessories such as trolleys and pointers.

Cochrane agrees, saying that the value of the accessories is often now higher than that of the projector itself.

"Dealer sales people should seek to add value," he says. "Every projector needs a projection screen. It also needs to be positioned in front of that screen on a ceiling mount or a system that conceals it above the ceiling when not in use. Alternatively, on a trolley that can be moved into position when required or in a cabinet where it can be locked away when not in use or similar. The value of a sale can be increased still further by selling an electric screen, a professional portable screen or a higher value piece of furniture or mounting system."

Barker agrees with this assessment, saying that sales energies should be focused on high definition screens (XGA and above)

and digital signage, while adding spare lamps, theft insurance policies and upgraded hardware warranties to the upsell list. His prediction for the year ahead is that growth will continue throughout the year as the economy becomes stronger and sales of large format displays will continue to increase. Education will also be a large sector of the market and cannot be ignored. However, says Barker, new vertical markets are also emerging.

"The home cinema market is beginning to take off, and the arrival of HDTV will be a further stimulus in this area," he adds. "SME and corporate markets will remain strong and are likely to experience further growth."

And with the advent of the World Cup this month, and employers desperately trying to find a compromise with employees so they don't bunk off work, the time looks pretty ripe for projector sales. ■

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