

July/August 2007  
Volume 6 Issue 4

## Recent and Upcoming Events

### June 13 & 14

“Experience the World  
Renowned” Show  
Featuring  
Wilson Audio Products  
Innovative Audio  
Manhattan, New York  
with David Wilson,  
Peter Mcgrath, and  
Daryl Wilson

### June 27 & 28

Home Theater Event  
Definitive Audio  
Bellevue, WA  
with John Giolas  
and Jerron Marchant

# WILSON<sup>®</sup> AUDIOFILES

The article below originally appeared in *TWICE* Magazine's July 2, 2007 issue. *TWICE* may be accessed online at [www.twice.com](http://www.twice.com).

## Supreme Court Ruling Could Raise CE Prices

by Doug Olenick and Steve Smith

*This news article first appeared in Twice Magazine and is reprinted here with permission. It refers to the recent Supreme Court decision overruling a previous anti-trust statute making MAP (Minimum Advertised Price) illegal.*

*We see this ruling as a victory for both independent retailers and specialty manufacturers. It enables manufacturers to create suggested retail prices that reflect the cost of service, installation, and flooring demonstration equipment. Manufacturers can, with this ruling, more effectively create and maintain a dealer network dedicated to generating and selling an experience within their stores. It allows dealers committed to a high level of customer service to remain profitable.*

*The ruling is also important inasmuch as it enhances the specialty manufacturer's ability to maintain its brand equity and its efforts to safely protect the perceived value of its products. It gives the manufacturer the tool to act without fear to terminate dealers unwilling to maintain its cultural principles – dealers who employ a sales strategy based on discounting to the detriment of the entire dealer network.*

*It has been disheartening to witness several once great high-end audio companies move to a mass-market marketing and distribution model. While some of this has been motivated by shortsighted greed, other instances have been born out of desperation. It was discouraging to see a respected specialty loudspeaker manufacturer resort to selling its products through the very large, well known mail order website, Crutchfield. Similarly, several Krell, DynAudio, and other well established manufacturer's products appear on the website <http://www.hifioverstock.biz>. They advertise products on this as new and factory sealed. If this is real, where are these products coming from?*

*The topic of proper specialty distribution has become something of a polemic here at Wilson; our strong and outspoken position comes from a real desire to protect an industry we love.*

*Let me know if you have any questions on the implications of this ruling. — John Giolas*

**“Washington** — The Supreme Court ruled Thursday in a 5-4 decision to make it easier for manufacturers to require retailers stick to minimum advertised prices (MAP), a move that could raise prices at retail, the dissenting justices said.

The high court's decision overrules a previous anti-trust statute that said MAP agreements were illegal. In the future courts will decide on a case by case basis whether the MAP agreement violates anti-trust laws.

“It is a flawed anti-trust doctrine that serves the interests of lawyers,” Justice Anthony Kennedy wrote, adding the old legal standard required “manufacturers to choose second-best options to achieve sound business objectives.”

Dissenting justices said the ruling would likely drive up retail prices.

The original case stemmed from a 2002 decision involving a Texas clothing fashion retailer who had broken a MAP agreement with a manufacturer. The vendor broke off its relationship and retailer sued winning \$3.6 million. A lower court upheld the decision, but it has since been overturned.

**(Cont. on pg. 2 as “Ruling”)**

## Ruling (Cont. from pg. 1)

The CEA issued the following statement on the ruling. “CEA applauds the Supreme Court decision today reversing the per se rule against resale price maintenance. The Supreme Court holding that the “rule of reason” should apply to the legality of manufacturer pricing decisions, means simply that all the facts will be examined before a finding of illegality — replacing a black-and-white rule of illegality in every case. Reasonableness has come back to the antitrust laws, and in the consumer electronics industry, where sales training, industry marketing, and after-sales service are highly valued by manufacturers and reputable retailers, it makes perfect sense to consider these factors when evaluating a manufacturer’s requirement that threshold prices be maintained.”

Richard Glikes, executive director of the Home Theater Specialists of America (HTSA) buying group, commented, “I’ve been around long enough to remember [the] Fair Trade [law]... which was actually a wonderful situation for retailers since it guaranteed [retailers] full margin on the product. It created a very orderly market and the benefit was that everyone played

on an equal playing field.”

He noted, “Under Fair Trade consumers bought from the most knowledgeable retailers and not necessarily the one with the best price.” Glikes backed the Supreme Court decision as “a good thing for retailers.”

Dave Workman, executive director of the PRO Buying Group, doesn’t think the Supreme Court decision is a return of Fair Trade but that it will help enforce “the MAP laws that are already on the books. [Suppliers] will be able to further enforce MAP and can discontinue relationships with those retailers who break the rules.”

Workman noted that independent dealers “want compliance to MAP. Internet retailers should be the ones that get affected [by the decision] more than anyone.” And he added, “Today, when a national chain goes off MAP many suppliers now give them a slap on the wrist. With the ruling, you may be able to warn them more.”

Jim Ristow, general manager of Home Entertainment Source, the specialty A/V division of buying group BrandSource commented, that in the past two years “several suppliers who traditionally did not have

a policy have gone to a firm MAP policy. The real issue will be execution and accountability at all levels, and will everyone have the discipline to live by the letter of the law.”

Rob Standley, merchandising and marketing director of Vann’s, said that for the Montana-based electronics/appliance retailer, “Since we are a specialty retailer and require a cost structure where we can hire the right people, train them and show some differentiation, we hope that this ruling will stick. We hope it could help improve margins, which would be a good thing. Of course if manufacturers don’t enforce this it doesn’t matter. But overall our outlook is one of measured optimism.”

Micro Center did not think the ruling would have a major impact. Kevin Jones, the retailer’s merchandising VP, said larger vendors already enforce some sort of MAP policy today. In most cases MAP is controlled more from ties to significant back end funding rather than the threat of pulling the business. He added, this could impact retailers whose primary differentiator is only price.”



Plácido Domingo prepares to conduct *Tosca* in the Vienna Opera house.

## Music Around the World

As Dave Wilson and the Wilson team made preparations for Dave and Sheryl Lee to attend the Munich Hi Fi Show in Germany, Wilson WATT/Puppy 8 owner Peter Poltun, who is the Director of Archives for the Vienna State Opera, made plans of his own.

Since they were already in the neighborhood, Dave and Sheryl Lee took the opportunity to visit Vienna and indulge their musical passions, taking in several operas and performances by the Vienna Philharmonic. They were able to visit with Plácido Domingo before he conducted *Tosca*, as well as with conductors Seiji Ozawa and Daniele Gatti.

With renewed energy, the Wilsons then traveled to Munich where they could share the passion that is music with others.



Peter Poltun and Dave on a stroll in the Vienna Woods.



Wolfgang Linhard of Audio Components presents the WATT/Puppy 8s at the Munich HiFi Show.

Quoted with permission from *SoundStage!* Articles were posted on [www.soundstage.com](http://www.soundstage.com) on March 1 and April 1, 2007.

## Wilson Audio Specialties WATT/Puppy 8 Loudspeakers

### Parts One and Two

by Marc Mickelson

“With its companion Puppy woofer module, the WATT has become one of the best-selling and longest-lived audiophile products ever....

“The WATT/Puppy 8 may represent the most radical remaking of the speaker yet, though you would never know it from outward appearances. One of the biggest changes was brought on by having to comply to European Union requirements to get the lead out -- remove the lead ingots from the WATT’s cabinet....

“While the [*price*] increase is a product of inflation, rising manufacturing costs and the speaker’s greater complexity, the market itself is bursting with higher-priced competition that doesn’t show the engineering and cosmetic refinement of the WATT/Puppy 8....

“Its ability to resolve musical information and untangle dense or complicated recordings is consummate and complete. *What* you hear -- and *how* you hear it -- via the speed into and out of each note and the overall presence of the performers -- are deftly balanced. There is no deconstructive analysis, no highlighting, no presentation of detail for its own sake. Instead there is integration -- a presentation in which the sonic elements fuse into a comprehensive, impressive whole....

“This is an exceedingly honest speak-

er, yet one that doesn’t become merciless. Truth and beauty are often at odds in audio equipment; too much of one leads to too little of the other. I’ve maintained since I began writing audio reviews that the very best equipment balances both....The WATT/Puppy 8 reveals what’s on each recording with great precision, but it does so in a thoroughly pleasing way....

“Of course, this means it has a very wide dynamic range; only the bigger Wilson Audio speakers can play more expertly from very soft to deafeningly loud among the dynamic speakers I’ve heard.... The WATT/Puppy 8, though, sounds pure and delicate with only a few watts, or like a sonic sledgehammer with the full output of a solid-state bruiser behind it. It has the widest applicability of any speaker I know, combining the sonic advantages of disparate technologies.

“...there are two specific areas in which the System 8 improves on its predecessors, and these make the newest WATT/Puppy the best of the bunch by an ample margin.

“First, the WATT/Puppy 8 is a more linear speaker than earlier iterations, one with fewer tendencies and idiosyncrasies. The System 8 presents the signal with even greater fidelity than its predecessors....

“The WATT/Puppy 8 is certainly still dynamic and has remarkable bass, but nei-

ther trait is pronounced, leading to a more even, honest presentation....With Garcia’s guitar and Grisman’s mandolin [*So What*] in opposite channels, the WATT/Puppy 8 unfolds the soundstage with such crispness that walking amongst the musicians seems possible.

“...the System 8 is not merciless in its chasing of the signal’s purity. It retains its intrinsic beauty, and may perhaps sound a bit more radiant because of its evenhanded approach. Thinking back to my earlier reviews, it seems inconceivable for the WATT/Puppy to become a *more* truthful speaker without affecting its sheer music-making abilities, but it has....

“The second area in which the System 8 trumps its ancestors is coherence -- the drivers’ coalescence into a uniform presentation....The WATT/Puppy 8 is now one of the most cohesive-sounding multi-driver dynamic speakers on the market. In fact, I can’t think of one that’s better. High to low, the System 8 is steady and unbroken in tonal quality, sounding neither forward nor recessed, warm nor cool, lean nor rich. This makes the WATT/Puppy 8 a speaker for all kinds of music, not one that sounds best with classical or jazz but falls apart with electrified rock.”

Excerpted with permission from the UK’s *HIFICRITIC* May/June 2007 issue. See [www.hificritic.com](http://www.hificritic.com).

## Wilson Audio WATT/Puppy System 8

by Martin Colloms

“As the system and the speaker location was optimised, it became clear that while detail wasn’t projected at you, the sound was nonetheless highly detailed, and visitors could not help but like its kind-hearted character. It wasn’t demanding in a hair shirt, audiophile sort of way: it simply sang its heart out, in an open and strain-free manner, on a broad range of important midband sounds - brass, percussion and not least singing voice.

“...This speaker majors on sheer listenability, sounding consistently informative, focused and fatigue free....Capable of playing at really high sound levels without compression or hardness, full orchestra was no problem at all, nor was full blooded rock material. At the same time they cope with some of the most deli-

cate nuances in jazz....

“The new claim for seamless mid-to-treble transition was easily verifiable: these two drivers sounded just like one....

“The speaker proved easy on the ears over long listening sessions...

“Smooth almost to the point of being laid back, it seduces the ear with its very low distortion, excellent perspectives and stable deep imaging. It is easy to get on with, yet has rewarding levels of detail, and one of the best treble sounds in the business. It’s hard not to like this loudspeaker: it makes friends with your system, the music and room, and to a remarkable degree. As such, recommendation is assured.”

# Wilson Audio Expansion Project Completed

Building expansion and remodel, begun in May 2006, is now completed, and the sales team is looking forward to using the expanded facilities for dealer training visits beginning in August. The ground breaking for the original Wilson building took place in Jan. 1991. The photo below (1993) shows the 25,000 square foot manufacturing and office facility that was completed in 1991.



Shipping and receiving on south  
July 2007



With the new addition, the Wilson facility totals almost 40,000 square feet. Additional landscaping features, such as a stream and waterfalls that empty into the pond, were added to help facilitate drainage.



North Parking and R & D Wing



A third shipping dock has been added to the south side of the building, making access for long trailers much easier. The south addition also includes increased storage space for shipping and receiving, a new shipping office, and storage for raw materials.

The parking lot and driveway has been expanded around the entire building, and more employee entrances have been added on the back and the north side. A new wing on the north side is dedicated entirely to research and development of new products.