



EDITORIAL

UNIQUE SELLING PROPOSITIONS

A recent issue of *The Wall Street Journal* outlined dramatically different approaches to customer service at competing department stores. Target Corporation, which operates the Marshall Field's and Mervyn's chains, is investing heavily in training programs, striving to woo customers with a courteous and knowledgeable staff. At Federated Department Stores, parent of Bloomingdale's, Burdines, and Rich's, the strategy is to rely on technology to enhance the shopping experience. In selected Federated stores, robots are greeting shoppers as they enter the store, strategically placed scanners allow customers to access sale pricing information, and shopping carts and automated checkout systems speed the transaction process.

It's been a tough decade for department stores; their share of total retail has gone from 20% to 11% between 1992 and 2002. Federated and Target managements are betting their companies on a vision of what will appeal to customers. It will take a year or two before the market renders a definitive verdict, but these large strategic efforts underscore the challenge all retailers face: namely, how to attract customers when there are so many venues for shopping.

Advertising pioneer David Ogilvy coined the term "unique selling proposition" to describe the special attributes that distinguish a product or service from the competition. The Top 200 ranking of music products retailers in this issue includes a diverse roster of businesses. The common quality that unites the more successful companies on the list is an easily understood "unique selling proposition." For a newer company like audioMIDI.com, which sells music technology products online, it's an informative and easy-to-navigate website, backed by an efficient shipping department that keeps customers coming back. Music & Arts relies on an inviting small-store format that appeals to harried moms who are outfitting their kids for school music programs between other errands. Guitar Center's draw is a tremendous investment in well-merchandised inventory, backed by aggressive pricing. Jordan-Kitt's has a skilled sales organization that can help customers get comfortable with the idea of spending thousands on a pricey grand piano. At Gruhn Guitars, proprietor George Gruhn's encyclo-

pedic knowledge of American guitars provides the lure for vintage instrument buyers.

Not too long ago geography insulated music merchants from competition. When it was more time consuming to travel any distance, before 800 numbers, and before the advent of the internet, local merchants could rely on a significant share of the market by default. The local store may not have had a great selection or much of a salesforce, but customers had few other choices, so it got the business. These days a merchant needs more than location to succeed.

Every retail interview we've run in the past decade has been full of anecdotes that illustrate how that market has become increasingly competitive. Here's a fact that puts it in stark relief: In the past ten years, no fewer than 53 retailers have fallen off the Top 200. The details differ, but the bottom line was that the delisted retailers were unable to withstand the new competitive reality.

While the market is more brutal than ever, it's not without an upside. Thanks to the increased prosperity of our society, the business has grown to the point where it can support a much larger number of players. When *The Music Trades* first began publishing in 1890, the industry consisted of piano and organ stores and the occasional general store that stocked a few violins and cornets. Today we have a market large served by roughly 7,000 specialty stores.

The interest in music is strong, and customers have plenty of discretionary money to spend. The challenge for retailers is to devise a unique selling proposition to get their fair share. For some insights into how some retailers are prevailing, turn to page 146, where we profile the fastest-growing retailers of the Top 200. Their stories show that the opportunities have never been better.

Brian T. Majeski

Editor

email: brian@musictrades.com