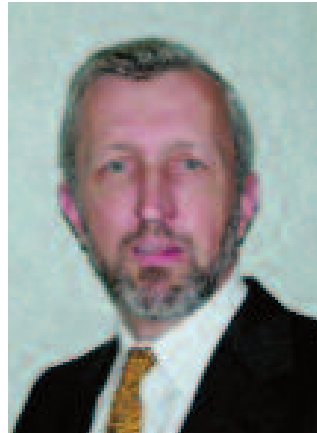


NAMM Gives You A New Chance To Be Heard

The growing presence of guitars and to a lesser extent band instruments and digital pianos in the mass-merchant channel has drawn the ire of independent m.i. dealers. On the heels of a Christmas season that was characterized by disappointing sales of entry-level guitars, retailers have flooded our Letters columns with harsh assessments of current distribution practices. Their arguments can be distilled into two broad themes. First, they point to an un-level playing field. Why is it that mass merchants can return unsold merchandise, but independent m.i. dealers end up owning whatever they order? Mass merchants like to say that their nearly unlimited return policy enables them to stock in greater depth, which in turn leads to higher sales for their vendors. This may very well be true, but wouldn't the same argument hold for specialized m.i. retailers as well? Second, there's the issue of customer satisfaction. Independent retailers say they provide the kind of after-sale service—from lessons to repairs—that improves the customer's experience and fosters the development of long-term music makers. Mass merchants, by contrast, offer no service, as evidenced by the widespread reports of Wal-Mart and Costco managers returning guitars with a broken string as "defective." Which distribution channel, ask the independents, should manufacturers be emphasizing?

The industry's suppliers are asking themselves the same question. While large opening orders from a chain with hundreds of locations can give the top line an immediate boost, suppliers are understandably concerned about becoming overly dependent on a handful of massive retailers. A high profile executive in the consumer audio business we know recently offered a disheartening account of being captive to Best Buy, Circuit City, and other massive chains. "Every month they come after you saying 'give us a better price' or fund this 'bucks off' newspaper flyer," he explained. "Then, after a few years of continually driving you to push your selling price down, they turn around and say, 'We're cutting back on your SKUs. Your brand image has gone down.'" Clearly, m.i. suppliers worry about suffering a similar fate.

Neither independent retailers nor suppliers have the answer, by themselves, for working through this thorny issue. However, the upcoming NAMM show in Austin, Texas (July 14-16) holds the promise for seeing clear to



attend.

One of the major frustrations independent retailers have expressed in the recent spate of letters to the editor is that major suppliers seem unconcerned about their fate. Every company is different, so making sweeping generalizations is difficult. However, we would assert that the industry's major suppliers remain vitally interested in the health of their core of independent retailers. Some may just need a little guidance—which brings us back to NAMM's upcoming town hall. On Saturday morning, July 14, retailers will have an opportunity to make their concerns known in ways that could very well have an impact on distribution policies. Every supplier we know will be listening intently.

In staging this event, NAMM is taking a page from the politicians, who have a penchant for the town hall format. Unlike some "made for TV" events, however, at NAMM's forum, questions won't be scripted, and wherever you stand, you'll get a chance to be heard. It's a rare opportunity to speak out and, more importantly, be heard. And, like the electoral process, don't complain about the outcome if you don't bother to vote.

There are lots of reasons to make the trek to a NAMM show. This is just one more. To get your badge, call NAMM at 800-767-NAMM, or go online to www.NAMM.com.

Brian T. Majeski
Editor

Email: brian@musictrades.com