

Exploiting The Potential Of Portables

For decades, manufacturers and retailers have touted education as the key to involving a greater segment of the population in music making. At virtually every industry gathering that has ever addressed methods of expanding the market, there has been unanimous agreement that a well-thought-out education program is part of the solution. Against this backdrop, it is ironic that a great majority of the industry has turned its back on one of the greatest educational opportunities to arise in recent memory namely, portable keyboards.

By virtue of their ease of operation, broad-based appeal, and apparent value, portables have attracted a large new group of consumers to music. Informed estimates place portable sales at 400,000 units for 1984. Of that total, approximately 175,000 were sold in retail music stores; the remainder were sold by department stores and mass merchants. Given the pricing on most portables, 175,000 units translates into almost \$90 million in retail sales — a sizeable amount in relation to total industry sales.

Yet, little is being done on the retail level to enhance or cultivate this business. With few exceptions, retailers ignore the total opportunity that portables represent and instead model their merchandising strategies after the likes of K-Mart; in other words, stack it high and sell it cheap. This approach borders on the criminal in that it fails to maximize sales and profits, and it does nothing to cultivate music.

Portables represent high-level electronic technology. However, like every other musical instrument, they take a certain amount of time, effort, and instruction to master. Market research performed by one of the largest portable manufacturers indicates that in the absence of education, most portables end up in the closet after 30 days. Over the years, the industry has lamented the build up of "negative good will" due to thousands of unused organs, guitars, etc., gathering dust. Yet, the same fate could easily befall portables.

For portables to reach their fullest potential, the music industry must provide the type of educational service that enables the consumer to enjoy his purchase. Educational service is never easy, and rarely fun, but, like some bad-tasting medicines, it gets the job done.

In terms of portables, the benefits of education are numerous. First, it ensures satisfied customers. Secondly, it can generate sales-building store traffic. Thirdly, it enables the retailer to justify a price that is higher than a competing K-Mart or department store. And lastly, it makes it possible to create step-up sales.

Those who scoff at the prospect of step-up sales in portables should re-evaluate the more recent price lists. Single-manual portables currently range in price from under \$100 to almost \$1,700. In addition, there are a host of related electronic keyboards that sell for even more. Teaching the individual who purchased a \$300 unit could ultimately result in thousands of dollars in additional sales.

Retailers should also consider trying to exploit the tremendous unit volume generated by mass merchants and department stores. Most of these sales are units retailing for \$200 or less. In the days when Magnus sold hundreds of thousands of cheap reed organs through mass-merchant outlets, many music dealers worked out deals to include free lesson coupons with each unit sold. The result was that numerous Magnus Organ purchasers, who were only dimly aware that music stores existed, went in, took a few lessons, and, in a number of cases, purchased better instruments. Obviously, every portable buyer is not a prospect for a better instrument, but if a mere 5% could be encouraged to trade up, it would create a sales bonanza for the industry.

This potential bonanza is not completely idealistic. However, it will never occur unless music dealers work to educate the portable buyer so that he or she reaps the full benefit of musical participation. In the area of merchandising, advertising, and pricing, no music dealer can hope to compete effectively with a department store or a mass merchant. However, in the area of service, a music dealer *should* be unbeatable.

Let's hope that in 1985 the industry will take to heart past mistakes and capitalize on its ability to serve the customer fully.

Brian T. Majeski
Editor

Anaheim Is Where It's At

A large segment of the music industry is increasingly becoming "technology driven." One of the by-products of the application of technology to music is an accelerated rate of product change. This makes the upcoming NAMM Winter Market more valuable than ever.

Given the rapid pace of product change and obsolescence, retailers who pass up the Winter Market will inevitably pass up a host of new profit opportunities.

Airfares, meals, and lodging have never been cheaper, and the show has never been quite as important from a profit standpoint. Thus, dollar for dollar, the Winter Market represents a great pro-

fit opportunity.

Additional dividends are provided by a host of exceptional educational seminars and by California's balmy climate. We urge every dealer to make the effort to go to the show. If nothing else, the stupendous display of musical products of all types will stimulate enthusiasm for this unique industry. For complete details on the show and how to register, as well as a comprehensive exhibitor listing, turn to page 46 of this issue.

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