
Coping With A Retail Revolution . . . Look To The Giants For Direction.

Music industry members have an overwhelming tendency to discuss at length the "uniqueness" of their commercial calling. Granted, the music industry, for better or worse, has some distinctive character traits that separate it from most other businesses. However, in focusing attention on these singular qualities, there is a danger of closing one's mind to the rest of the business world and failing to acknowledge that we have a great deal to learn from other industries. The same individuals who celebrate the music industry's "uniqueness" are generally those who also dismiss out of hand any idea generated outside of the industry by stating, "That would never work here; this is the music industry!"

Ironically though, most of the great ideas that increased the fortunes of the music industry were borrowed from other industries. The installment purchase plan, which sent piano sales soaring in the late 19th century, was directly copied from the sewing machine industry. The concept of a co-op advertising program was originally the brainchild of the auto industry. More recently, calculator technology resulted in the creation of the industry's hottest selling product, the portable keyboard.

Currently, the rise of discount merchandising, increasing price sensitivity, and a proliferation of credit cards have created a revolution at the retail level. Many music retailers dismiss these changes and maintain the status quo in their businesses, declaring, "We are unique." However, attitudes of the music industry's customer base are shaped to a large degree by their experiences at Sears, K-Mart, and all the other major retailers they deal with on a regular basis. To prosper and thrive in the long term, retailers would do well to observe and selectively borrow successful techniques that help generate sales at these giants of retailing.

One of the guiding principles of the mass merchants is the use of special events to create a sense of drama on the showroom floor and give the customer a reason to buy . . . now. K-Mart and a host of leading department stores are continually promoting special "events," running the gamut from "Christmas In July" to "Groundhog Day Rise & Shine Sales," that draw customers with the promise of better values. By contrast, the overwhelming majority of music stores have never even considered the use of promotional events to stimulate sales. Those music stores that have staged events like parking lot sales, mini trade shows, or performer clinics have enjoyed tremendous sales results, as well as increased visibility in their trading areas.

Due to an overwhelming quantity of discount advertising flooding all media, the buying public has become conditioned to paying less than the "suggested list price," whatever that is. Interestingly enough, some of the retailers renowned for offering deep discounts and unbeatable prices enjoy hefty gross margins.

The secret of this is hardly new or earth-shattering. It simply involves a process of selective discounting designed to convince

the customer that he is receiving a good value. The casual observer strolling through a K-Mart, or similar operation, can't help but notice that there are always a few products that are singled out in a special price promotion. While most consumers may not be interested in the promotional item, the fact that it is offered at an attractive price assures them that the rest of the merchandise in the store is fairly priced. Unfortunately, most music retailers eschew this type of pricing, preferring to apply a straight mark-up to all products in the store. Healthy margins are the lifeblood of any retail operation, but a rigid approach may be self-defeating and unquestionably goes against the grain of today's buying public.

When you ask most music retailers about their advertising, talk invariably drifts towards the relative merits of television, radio, and various print media, yet most dealers ignore one of the most important and effective advertising devices there is, namely, in-store advertising.

Large retail operations outside of the music industry make extensive use of in-store advertising. Posters, displays, and informative wall cards and hang tags have been proven as highly effective means of communicating product information and helping to make a sale, yet the number of music retailers who take advantage of extensive in-store advertising materials provided by the manufacturers are in a distinct minority.

On a similar subject, while musical products are generally very visually appealing, few music stores expend much effort to display them to their best advantage. The average department store can offer a wealth of display ideas in terms of lighting, color use, and store layout.

None of the ideas mentioned above is a panacea to a given store's particular problems. Rather, they are submitted to underscore the idea that the music industry can benefit greatly from the experience of other industries.

One way in which the music industry is unique is that it has one of the smallest customer bases of any industry in the world. Given this reality, our success depends on how effectively we sell that customer base. Of all people who enter a K-Mart, over 72% walk out with a purchase. Until the music industry achieves that type of retail performance, it would be wise to stop praising our uniqueness and start looking to other successful retailers for valuable lessons in marketing our products.

Brian T. Majeski
Editor