

Light At The End Of The Tunnel

The economist John Kenneth Galbraith once noted that "Economists don't predict the future because they have any exceptional prescience, but rather, because they are asked to." Galbraith's observation rings particularly true for anyone who has read a newspaper over the past six months. On any given day, the media spews out a vast array of contradictory reports. Adding to the confusion, the Presidential candidates feel compelled to share their economic musings with the slightly baffled electorate.

Assessments of "seasonally adjusted GNP growth," and "inner city teen unemployment" may provide entertaining reading and help fill the airwaves, however, they provide little guidance for anyone trying to run a business. For those in the music industry looking for a sign that business conditions seem to be improving, the wait appears to be over. Sales data, for the month of February, released by the Piano Manufacturers Association International showed that grand pianos surged 24% to 2,627 units and uprights increased a respectable 4% to 6,492 units over the same period a

year ago. The increase in piano shipments is particularly significant, given that the industry has experienced depressingly steady monthly declines over the past two years.

While pianos represent only one segment of the industry, the February sales gain is good news for all manufacturers and retailers. Pianos are one of the industry's most expensive, discretionary, and postponable products. Thus, when consumers start to spend more on pianos, it's a good bet that they are feeling more prosperous, generally. A one month sales gain doesn't make for a full recovery, and better piano sales do not necessarily mean better business for all other segments of the industry. Having issued that qualification, let it be said that the Piano Manufacturers data is the best hard news the industry has had in months, and very probably, the first tangible sign of an economic rebound.

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Putting Reps To Work

Sales reps are the people dealers love to hate. When the subject of sales reps comes up in one of our periodic dealer surveys, we are invariably deluged with a flood of negative comments. Comments like, "They're lazy," "They have no ethics or integrity," "All they want to do is load you up...they couldn't care less whether you can make a profit," typify the average retailer's view of the sales rep.

There are good sales reps who deserve praise and there are also less competent individuals out in the field representing a given product line. Unfortunately, these quality variations are going to be a permanent part of the landscape for the foreseeable future.

Most retailers are content to complain about the problem of marginal reps. However, the 15-store Guitar Center chain has opted to go beyond complaining and is trying to effect a positive change. In an effort to foster a better working relationship between reps and its sales staff, the company has

created a "Technical Advisory Board," comprised of 13 sales reps and Guitar Center management.

While most sales reps tend to spend most of their time tracking inventory and writing up sales, Guitar Center management felt that there was a glaring need for better training of retail sales personnel. The Technical Advisory board represents a formal effort to shift the sales reps' focus from writing orders to training sales people, and more effectively meeting the needs of its customer, Guitar Center.

Will Guitar Center's Technical Advisory board be a raging success? It remains to be seen. However, this willingness to address problems rather than just complain about them is one reason why Guitar Center is the largest music retailer in the country. There is lesson for other retailers here.

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