

EDITORIALS

ARE M.I. RETAILERS STUPID?

A favorite past time at supplier gatherings is to lament the incompetence of m.i. retailers. This should hardly come as a surprise, given that most of us find it more enjoyable to gossip about the foibles of our neighbors than spend time examining our own shortcomings. Listening in on one of these conversations, an outsider would get the impression that our industry's retail network was populated by half-wits and was on the verge of imminent collapse. To hear many of these suppliers tell it, retailers are too shortsighted and do little or nothing to promote to the outside world, they can't manage their people worth a damn, financially they are too dim-witted to balance their checkbooks, their approach to merchandising is from the Stone Age, and by the way, they don't seem to buy enough of what we're selling.

If you put supplier rhetoric aside and examine the performance of m.i. retailers on a more objective basis, it becomes apparent that the music products industry is blessed with a vibrant distribution channel that does a surprisingly good job at serving its customer base. Perhaps the best testimony to the quality of this distribution network can be found in the legion of non-music manufacturers who are scrambling to get m.i. dealers to stock their products.

Over the past 15 years, retailers who trace their roots back to school music programs and accordion studios have come to play a major role in the sound reinforcement market. At first, a number of manufacturers confidently predicted that m.i. retailers could never go head-to-head with sound consultants. Over time, though, they used their merchandising and marketing savvy to take a large chunk of business away from the consultants. What's more, in a surprising number of important markets, m.i. retailers reign as the dominant force in the sound business.

Visit the NAMM show and you'll see lighting manufacturers, DJ suppliers, and a host of other non-traditional music manufacturers clamoring to get m.i. dealers working for them. This is not an act of charity; rather, these manufacturers see our industry's

distribution channel for what it is: a strong and effective sales generator.

M.I. retailers have also been surprisingly good at withstanding the onslaughts of external competition. When musicians first began linking electronic musical instruments to computers, a large number of suppliers predicted that computer retailers would use their management and marketing skills to steal a huge amount of business from hapless m.i. dealers. A common refrain among MIDI suppliers was, "How can a small m.i. dealer possibly stand up to a retailer who can sell thousands of PCs? It's going to be a bloodbath."

It has been a bloodbath, but m.i. retailers haven't been the ones doing the bleeding. Computerland, Entree Computer, and scores of other once high-flying computer retailers never managed to get a piece of the music industry, not to mention the fact that they went bust selling prodigious quantities of computers. Ironically though, m.i. dealers have had some success in invading the computer market. Sales of computers through the m.i. channel represents a negligible portion of the total computer market; however, a good number of m.i. retailers have been successful in selling Macs to their customer base.

During the 103 years *Music Trades* has been chronicling the industry, fearless pundits have predicted that music retailers would be overcome alternately by the Sears Roebuck catalogue, department stores, mass merchants, and more recently, television shopping networks. We are not so concerned. As a group, m.i. retailers have demonstrated surprisingly good sales and marketing skills. These skills are documented on monthly basis in our Retailer Update column, which contains regular stories on dealers who find creative ways to reach out within their communities. (The article on Skip's Music's "Stairway to Stardom" promotion this month is particularly noteworthy.) Equally important, for a lot of m.i. retailers the business is a labor of love that goes beyond mere financial rewards.

As to the manufacturers, if sales of their products are not what they would like to see, perhaps they should look inward rather than criticize the retailers. Many manufacturers invest so much of their ego in their product that they immediately conclude that disappointing results are the fault of the dealer. Are retailers without fault? Hardly, but that's the topic of another editorial.

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