



# Familiarity Breeds Contempt

Get a group of manufacturers together, and they can spend hours outlining problems with the industry's retailers. Space limitations preclude a comprehensive list of their complaints, but a few of the more popular include: "Music retailers are all a bunch of unsophisticated 'Mom and Pop' operators who are living in the dark ages"; or "M.I. retailers don't promote worth a damn...all they do is hang stuff on the wall and wait for customers to come in and buy"; or the ever popular "These dealers live in their own little world and have no sense of larger trends."

Manufacturers can gripe all they want, but we're here to say that m.i. retailers have been extremely successful in coping with a rapidly changing retail environment. Far more so than a great majority of small, specialized retailers. At a time when speciality retailers in scores of other businesses have been forced to abdicate large parts of the market, m.i. retailers have actually been expanding their scope. So, in the words of Rodney Dangerfield, how about a little "respect?"

Consider the sound reinforcement market, which is a focus of this issue. Twenty years ago, sound systems were almost exclusively the province of sound contractors. By last year, however, with a combination of merchandising savvy, competitive pricing, and hard-won expertise, m.i. dealers sold \$609 million worth of speaker enclosures, mixing consoles, power amps, and related products. And, to listen to some sound products manufacturers, (between the complaints), m.i. stores represent their fastest-growing distribution channel. Not dead for a bunch of no-nothing Moms & Pops who never read a marketing textbook.

Contrast this experience with that of the specialty photo retailer. Twenty years ago, the local dealer had a lock on sales of high-end cameras, photo finishing, and photo accessories. In addition, according to data compiled by Kodak, these stores sold over 65% of all film.

Today, 70% of all 35mm cameras retailing for over \$500 are sold by fewer than 20 major discounters, drug stores and grocery stores are in the photo finishing business, and the few surviving local specialists get by on a paltry combination of photo finishing, the odd accessory, and a little film. Kodak reports that specialty photo stores now account for only 22% of all film sales.

Or look at the bicycle business. In recent years, local bike stores have ceded low-end sales to mass merchants like Wal-Mart and Toys-R-U's, and lost major market share in high-end product categories to catalogs. Similar examples of hard pressed local merchants can be found in toy, sporting good, consumer electronics, and jewelry industries. All of which is by way of reminding manufacturers to be thankful for the strength and stability of the m.i. distribution network.

There's always room for improvement, but any group of retailers that can successfully defend its traditional turf, while adding product categories is deserving of praise. Anyone who doubts the abilities of the m.i. distribution channel need only review the exhibitor roster of the NAMM shows. The hundreds of new companies that have flocked to the show are there because they see the sales power of m.i. dealers.

Familiarity breeds contempt, as the old saying goes. And familiarity with m.i. retailers prompts some manufacturers to overlook the strengths of this distribution network. If they took a look at other industries, perhaps there wouldn't be so much complaining.

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