

Accessories
add margin
points to
a sale, but
Ted Eschliman
stresses five
other reasons to
‘think small’



SWEATING THE SMALL STUFF

At Dietze Music, we've struggled to retrain seasoned staff from thinking about accessories the way they did in the 1980s and '90s — as a giveaway to pad or entice a sale. We now focus on which add-ons can be packed into a large-ticket, low-margin sale to make it a larger sale with a more respectable margin. It's no secret: an electric guitar sold at 22 points with the right amount of added items (a cable at 60 points, capo at 45 points and case upgrade at 40 points) can show a package margin closer to a respectable 30 points.

Yes, we sweat the small stuff, and for good reason. In that vein, let me introduce five other important benefits of "thinking small."

GROSS-MARGIN DOLLARS

It can be argued that the street price of guitars is about one-third of what it was 10 years ago. Thirty points on a \$300 guitar sale is \$90, and if we sell a \$100 guitar, that same margin — even in "musician math" (not an oxymoron) — yields \$30. Subtract shipping and reasonable prep work, not to mention store overhead, and there comes a point when we can't just think in terms of percentages but actual dollars made on a sale.

We're wired to think "net cost" (maybe shipping, too) in terms of what's invoiced by the manufacturer, but in the bigger picture, we need to factor in what it costs to get a product on the floor, including the intangible "nuisance charge" (listening to 120 dB renditions of "Stairway to Heaven").

Add-ons don't just increase margin percentage. They increase critical-to-your-business gross-margin dollars. That

sounds obvious, but does your staff get this? Do they understand that if you aren't recovering gross dollars in today's deflationary price spiral — with fixed rent and overhead costs, which are actually inflating — the only thing to go is labor? They may end up working those Thursday nights on the floor all alone, without their buddy salespeople — that's assuming they are the ones lucky enough to keep their jobs.

THE COMPLETE EXPERIENCE

We can't afford to think of accessories as mere add-ons anymore. They are necessities critical to the activity of music-making. In other words, they aren't the lipstick. They are the lips.

My daughter's Christmas present this past year, an Easy-Bake Oven, was pretty much worthless without batteries. How many times do our staff deny customers information about the relevance of a good protective case or what kind of flatwound strings a customer ought to experiment with on that new jazz box or the right polish for that high-gloss piano? What's more, our competitors outside of music retail generally don't stock these items, let alone know their significance.

We win the battle simply by opening our mouths and pointing to these products on the shelf. Accessories aren't about frills. They are about completeness. A store rendering this service and these deepening engagement opportunities offers true life-enhancement through its products.

BECOMING THE EXPERT

We have a rule in our stores about how *not* to answer the often-asked "What's new?" question when customers



drop in. The response “Nothing much” is a cardinal sin and grounds for corporal punishment. “What’s new?” to seasoned staff may be old industry news, but it won’t be to customers who don’t spend 40 hours a week living in the store. Maybe they haven’t heard of the new Planet Waves case humidifier or Tommy Lee cymbal bag, let alone what other similar items can do for vital instrument care.

We get the chance to become go-to experts for our customers, while getting a few extra bucks in the till. When our customers have that musical gear itch, we want to be positioned in their minds as the scratch. We want repeat visits and lots of them. But we need to be worthy of a cus-

tomers’ return. First, we must “pass the audition,” not once, but every time they come back. Internet Google search is a powerful competitive force for research, but it still can’t offer proactive tips on caring for a guitar or the title of that ear-worm song you can’t name, but someone on your staff can.

A CHANCE TO MEAN SOMETHING

OK, so a customer can get a guitar (or a guitar-shaped object) at a large-format retailer. Is her purchase an entry into the activity of playing guitar? Perhaps, but at best, it’s only a foot in the door and, arguably, a shoeless one at that.

If this customer wants to be an actual player, her activity will require crucial and ongoing nurturing, absolutely nec-

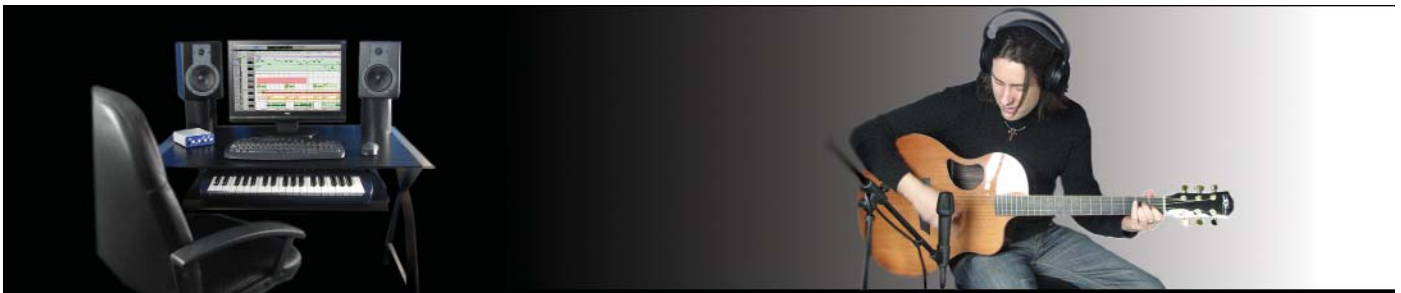
‘We can’t afford to think of accessories as mere add-ons anymore. They are necessities critical to the activity of music-making.’

essary to encourage and sustain her interest. A relevant selection of music methods or personality books, replacement strings (remember, your average first-time customer

does not regard strings as a replacement item yet), straps, care and maintenance items, really anything that can make playing easier and the enjoyment deeper, these are all the components of our very relevance to these individuals. Accessories, print music, music lessons and repairs are the lifeblood of this activity.

PROMOTIONAL OPPORTUNITY

We ran an out-of-the-box (pun intended) theme sale during our April Guitar Month promotion called “Good Guitarkeeping.” Knowing business had been soft industry-wide, we decided to take matters into our own hands and not limit ourselves to selling guitars, instead selling guitar-playing. One of our stores



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{THESMALLSTUFF}

hung dustpans and brushes with fishing line from the sales-floor ceiling alongside guitar polish and cloth.

We adopted this variation on the “Good Housekeeping” culture, focusing on — in addition to some healthy but random door-buster guitar markdowns and give-away drawings to collect e-mail addresses — many of our guitar-related peripherals. We reigned in all departments, including print music and our repair crew, with the goal of enhancing playing.

One week we featured guitar cases, another capos and stands, another care and maintenance items. Our biggest attention-grabber was a limited, 30-percent-off deal on guitar books and DVDs. I say “limited” because this is an area we don’t like to discount and won’t again in the near future.

Staff was reminded that if someone brought in their (Best Buy) Starcaster or big-box refugee guitar for some attention, this person was to be welcomed, red carpet and all — no provincial music store attitude would be tolerated. It was as important to sell the store during the promotion as it was our merchandise; internal marching orders translating into unconditional amnesty for those neophytes foolish enough to not buy from us in the first place. (Ahem.)

The sale was relatively successful, but we are hoping the bigger reward will be payback in the future — how the staff continually perceives their role in the lives of these music makers, both old friends and new. The month-long event served as much as an internal, corporate pep rally for them as it was a promotion to ring in a few extra sales.

As an industry, we need to rewire ourselves to think about how we take care of our customers. We must adopt and live by an “if we build it, they will come” mentality. We must make our stores *the* place for our customers to stock their own personal “music-making shelves.”

It sounds like a lot of work, and sometimes it is. But, I contend, it’s worth sweating the small stuff. **MI**

Ted Eschliman is an industry veteran of 27 years and co-owns Lincoln, Neb.-based Dietze Music. He also writes for Mel Bay Publishing, including a regular column in its online Webzine, mandolinsessions.com.

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MY TURN | BY PETE GAMBER

The Ultimate Accessory

once stood in a music store watching an adult customer return for a whammy bar. It hadn't come with the guitar he'd purchased. The manager resolved the situation to the customer's satisfaction and discovered the man was a beginner. The manager then spent 10 minutes demoing the new Wizbang-100 strobe tuner, discussing its features and benefits, and made the \$20 sale. The store made \$8 profit, but the manager didn't mention his store offered guitar lessons.

AN ACCESSORY THAT KEEPS GIVING

This scenario happens every minute of the day at music stores across the nation. We train our crew to add the gig bag, picks, music stands, tuners and metronomes into the sales transaction. Bean counters love items per transaction. We do this because small goods are what keep our doors open. But most of these items are a one-time sell.

Yeah, strings and reeds are consumables and need replacing, but the customer will only be motivated to come back to your store on an as-needed basis. You're not going to sell a \$99 hardshell case to the \$69 guitar purchaser.

Music lessons, on the other hand, are the ultimate accessory. Music lessons are not a one-time sell, like a gig bag. Music lessons are the only accessory that creates more accessory sales. Music lessons are the only accessory guaranteed to bring customers into your store every week. Music lessons are the only accessory that works for all instruments and voice.

They're the only accessory that costs nothing to stock. Music lessons create musicians, and that creates the need for music product retailers. No other accessory can lay claim to that.

FEATURES & BENEFITS

Your staff needs to be trained on selling music lessons the same way you train them on product knowledge, so they can sell the ultimate accessory to the customer — the same way you train them to know an accessory's features and benefits.

What are the features of this ultimate accessory? What is the benefit of taking music lessons for your customer? If your staff doesn't know, your customer won't have a clue.

Let's go back to the customer that just bought the tuner. He goes home, uses the tuner and still can't play. He goofs around trying to figure out how to play and discovers it's harder than it looks. And he decides bowling is easier than guitar. One less musician in the world, but you just made \$8

worth of profit on him.

Let's get in the phone booth at the Circle K in San Dimas, Calif., and go back one minute before this happened and change history.

Instead of pushing the Wizbang-100 tuner, Mr. Manager gets this customer signed up for guitar lessons. Mr. Manager says, "We can show you how to play!" He gets the \$20 registration fee, which his store charges, and sells a \$20 method book for the lessons and the tuner.

THE END RESULT

Now this customer shows up every Tuesday at 7 p.m. He's learning how to play. He buys a new strap, strings, *Classic Rock Play-Along* book, capo, glass slide, multi-effects pedal unit, guitar cables and more. See what that one "ultimate accessory" created?

Even better, he's now in for the store's Adult Jam Night, and his friends have started playing guitar. Try that, Mr. Guitar Tuner!

The ultimate accessory has created a musician, not just a consumer. This is what we need to do as an industry. Procter & Gamble might need consumers, but we need musicians. And it all starts with a simple small-goods sale. **MI**

Pete Gamber is the owner of Alta Loma Music in Rancho Cucamonga, Calif. He welcomes questions at pete@altalomamusic.com.



'Music lessons are the only accessory guaranteed to bring customers into your store every week.'