

the
TOP

25

IDEAS

FROM THE 2008 NAMM SHOW

By Zach Phillips
& Jenny Domine

&

The NAMM Show, at its core, is about ideas. New technologies, gear innovations, business strategies — these make up the lifeblood of those four days in Anaheim, Calif. For this reason, *Music Inc.*'s writers scoured the 2008 convention to bring back the 25 most helpful retail ideas presented from Jan. 17–20. Look to the following pages for a year-round source of better-business concepts.



Four idea generators at NAMM (clockwise, from left): Falcetti Music's Tony Falcetti, Rick's Music World's Rick Santos, Red Octane's Ted Lange and Hartland Music's Ellen McDonald



Rick's Music World's open mic night

PROMOTIONS

SELL MUSIC CULTURE

THURSDAY, 3:30 P.M., IDEA CENTER

In 2001, Rick Santos converted his store, Rick's Music World of Raynham, Mass., into a veritable community music center. The company has since doubled its sales volume. Here's what Santos did:

- Refocused on music education as a core competency.
- Hired store design guru Chris Miller of Pacific Store Designs to give the showroom a hip look that would appeal to people ages 3 to 83.
- Created a café complete with a stage and big-screen TV where parents could wait for their kids during music lessons. The area doubles as a performance space.
- Hosted in-store community music making events, such as singer-songwriter nights (think The Bluebird Cafe in Nashville, Tenn.), more in-store concerts — as opposed to clinics — and regular open mic nights.

PROMOTIONS

KEEP PEOPLE IN THE STORE

THURSDAY, 1:50 P.M., SHOW FLOOR

Getting people into a brick-and-mortar store is tough. Keeping them is even tougher.

Tony Falcetti leveraged consumers' love of gathering places (like Starbucks or a Barnes & Noble café) when he built a café into Falcetti Music's Enfield, Conn., store. This space gives parents a place to wait — other than their cars or a couch — while their kids take music lessons. It also keeps music making front-of-mind. And like Rick's Music World's café (above), Falcetti's doubles as a venue for live music, as well.

"We, as an industry, have great gathering content: education and music," said Falcetti, the company's president. "People love to gather and talk about music. So my thought was if you put a café in [a store], it will really get people to sit down. The more time they can spend in our store, we're better off."

PROMOTIONS

HOST EVENTS, NOT SALES

FRIDAY, 11:35 A.M., IDEA CENTER

During NAMM University's "Ask the Experts" session, Dietze Music's co-owner Ted Eschliman discussed the value of hosting events instead of sales. Last April was guitar month at his operation. To draw people into the store, Dietze Music launched the "Good Guitarkeeping" promotion, a take-off on *Good Housekeeping*. Customers brought in their guitars to receive "free inspections," which included advice on what the guitars needed to play better.

The promotion brought people in who would not have otherwise walked into Dietze Music and turned them onto the store's selection of guitars and guitar-related products.

PROMOTIONS

MARKET TO HOUSES OF WORSHIP

SATURDAY, 1:45 P.M., IDEA CENTER

Live music venues are dwindling. The exception: houses of worship (HOW), which are incorporating more live music than ever. Roland's Market Development Manager Corey Fournier discussed four simple concepts for reaching this market:

1. Develop relationships with local HOW leaders — music directors and pastors. This requires nothing more than a few simple phone calls where you introduce yourself as a retailer. "You can be candid about it," Fournier said. He added that hosting an informal introductory event can be effective.
2. Scout out the local and regional worship conferences and attend them. It's becoming more common for dealers to take out small booths at these events.
3. Promote your diversity. Many HOW are now incorporating media, video and lighting to reach new attendees. The market's not just limited to pianos and B&O and combo instruments.
4. Don't pander. It's a turn off, and they'll see through it. "They don't want to see ads with scripture in them," Fournier said. "It's primarily a progressive, younger audience."

PROMOTIONS

GET OUTSIDE THE STORE

WEDNESDAY, 6:15 P.M., ANAHEIM HILTON HOTEL

Billy Cuthrell, owner of Progressive Music Center in Raleigh, N.C., said he always wanted to try rock climbing but didn't get motivated to do so until he saw a rock-climbing wall at a local fair.

That's the type of visibility he wants to bring to both his store and the Percussion Marketing Council's promotions. (Cuthrell has been appointed as a new member of the council.)

Cuthrell takes his music-making message outside the confines of his store to new audiences at places like local shopping malls.

This promotes his music lesson program to a broader audience.

Promote music making to consumers at shopping malls



PROMOTIONS

THE GREENER, THE BETTER

THURSDAY, 3 P.M., AURALEX BOOTH

Rather than debuting new products at the NAMM Show, Auralex announced its acoustic foam was going "green." The company's Studiofoam-branded products now include soy components, which reduce petroleum-based chemical usage and lessen dependence on crude oil. Studiofoam's production process also saves energy costs in Auralex's factory.

"Consumers as a whole are moving toward ecologically friendly lifestyles and products," said Dave Paxton, Auralex's director of operations.

The message? Carry green products and promote the green angle whenever possible. It instantly translates into corporate integrity.



PROMOTIONS

LEVERAGE 'GUITAR HERO'

FRIDAY, 2 P.M., 2ND FLOOR, ANAHEIM CONVENTION CENTER

The NAMM Wanna Play Guitar? booth drew dozens of gamers and onlookers at any given time during the convention. There, attendees competed on the popular *Guitar Hero* video game. If you sell guitars or offer music lessons, hosting *Guitar Hero* competitions could drive new customers into your store and turn them on to real instruments. NAMM's Wanna Play Guitar? campaign provides dealers with a demo version of the game and promotional materials for *Guitar Hero* competitions. Go to namm.org for details.

PROMOTIONS

GO TO THE TOP

SUNDAY, 11:30 A.M., IDEA CENTER

During the “Ask the Experts” NAMM University session, one retailer asked how to get financial support from suppliers when hosting promotional events. Greg Billings of Steinway Piano Gallery in Bonita Springs, Fla., offered a simple solution that has worked for him: Go straight to the top.

He mentioned the overwhelming support he receives from vendors when he writes a simple letter to the company president or vice president explaining the promotion and soliciting help.

PROMOTIONS

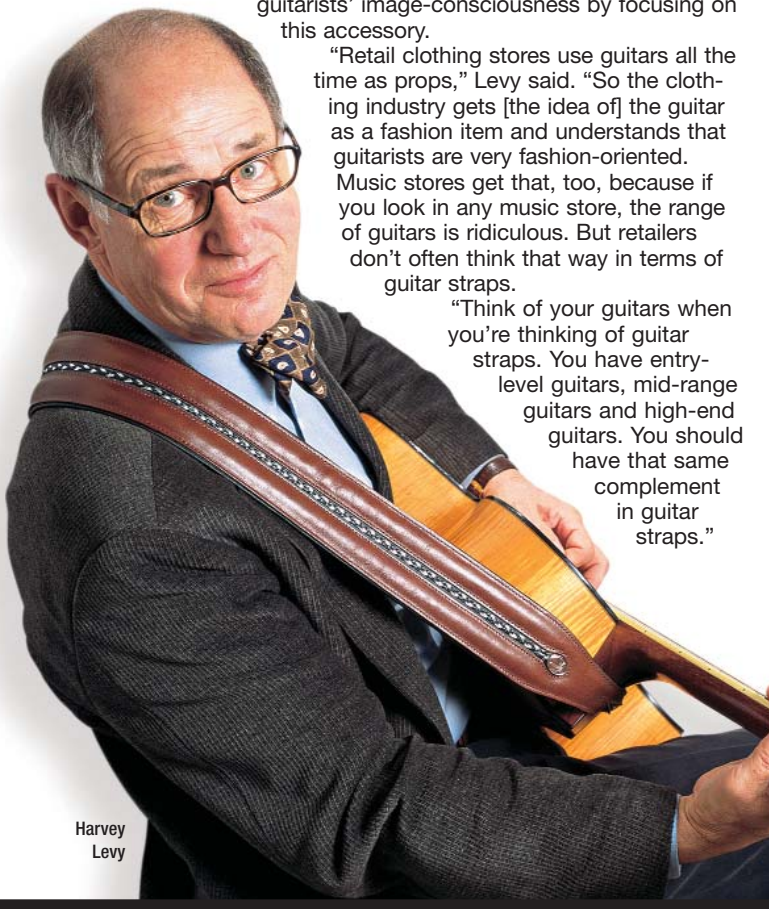
THINK FASHION

SATURDAY, 11 A.M., SHOW FLOOR

A guitarist's instrument makes a statement about the player — his or her style of music and overall image. Levy's Leathers' Harvey Levy argued the guitar strap does the same. It's a fashion piece, and he said retailers can better capitalize on guitarists' image-consciousness by focusing on this accessory.

“Retail clothing stores use guitars all the time as props,” Levy said. “So the clothing industry gets [the idea of] the guitar as a fashion item and understands that guitarists are very fashion-oriented. Music stores get that, too, because if you look in any music store, the range of guitars is ridiculous. But retailers don't often think that way in terms of guitar straps.

“Think of your guitars when you're thinking of guitar straps. You have entry-level guitars, mid-range guitars and high-end guitars. You should have that same complement in guitar straps.”



Harvey Levy

DESIGN & DISPLAY

CLUTTER KILLS

THURSDAY, 2:45 P.M. IDEA CENTER

During his NAMM University session, Paul McManus of Music Industries Association showed a photo displaying the outside of a beautiful British music store. Unfortunately, the exterior was marred by stacks of boxes. Afterwards, he brought up a photo of a bare, sleek Apple store — a model of perfect retail design. The point was clear: clutter kills. In the inventory heavy music retail business, dealers could do well to remember Apple's example when they walk into their stores each morning.

Paul McManus



DESIGN & DISPLAY

PROP ROOM

FRIDAY, 1 P.M., IDEA CENTER

Gayle Beacock cautioned retailers to never underestimate the power of good store displays. “Displays that tell a story, educate or entertain will translate into higher sales — period,” she said.

Beacock recommended retailers create a “prop room,” a closet or shelves to store more universal display materials. “Small tables, little chairs, crates, buckets, glass jars, faux flowers, baskets, easels, little boxes, table covers, etc. — include anything you can use to create [displays],” she said.

Keep props handy to encourage year-round displays

MANAGEMENT

LOOK OUTSIDE THE FAMILY FOR THE FUTURE

FRIDAY, 12:30 P.M., MARRIOTT LOBBY

On March 31, veteran school music retailer Denny Senseney will retire from his post as owner of Senseney Music in Wichita, Kan. Instead of looking within his family, Senseney found a capable successor in one of his most savvy employees, Lori Supinie, the company's vice president.

Small businesses are hard-wired to think in terms of family for succession. Do you have an employee with the right skills, age and financial competency to take the reigns? If so, start grooming now.

LESSONS

SUPER-CHARGE YOUR LESSON PROGRAM

THURSDAY, 4:30 P.M., IDEA CENTER

Music lesson guru and Alta Loma Music owner Pete Gamber offered four simple steps any dealer can take to better promote a lesson program.

- Create a flier explaining your lesson program that can be given to every customer.
- Create individual teacher bio sheets, and include their photos.
- Schedule a lesson-related event, like a student showcase.
- Make sure you and your staff talk about your lesson program with every customer.

MANAGEMENT

SHARE YOUR VISION WITH STAFF

FRIDAY, 12:15 P.M., IDEA CENTER

Consultant Bill Hinely posed this challenge to NAMM attendees: Decide exactly what you want your business to become in the future down to the last detail, and communicate your vision with everyone at your company. This will help you define future goals and also get staff on-board.

"I had one large international company actually create an entire front section of a [fake] *Wall Street Journal* that contained multiple articles about their company 10 years in the future," Hinely said. "They distributed it to every employee worldwide."

He added that once a retailer has defined its vision, everything must be consistent with the vision, including its merchandising, inventory, promotions and policies.

Define your future and communicate it with employees

Bill Hinely



LESSONS

GOT SUMMER BAND CAMP?

**SATURDAY, 1 P.M.,
IDEA CENTER**

Any music store can and should host a summer rock band camp. So said Myrna Sisen of Middle C Music in Washington, D.C. She reasoned that the camps cost next to nothing to host, and they bring families into a brick-and-mortar store during a slow time. Sisen added that it doesn't matter if a store has a lesson program or if it's a tiny operation — it can still host a summer camp. She runs hers with the help of one teacher and two interns.

"Many of us are small, independent retailers," she said. "The only way we can survive and be successful — and by successful I mean make money — is if we are an integral part of our communities. The rock band camp is a great way to achieve that end."



LESSONS

RMM ESSENTIALS

**SUNDAY, 9 A.M.,
ANAHEIM HILTON HOTEL**

Retailer Debra Perez laid out the necessary factors for a successful recreational music making (RMM) program during the Piano Marketing Association International's NAMM meeting. Consider the following:

- Make sure the entire staff communicates the same message about RMM. ("Anyone can learn to play.")
- Hire teachers who understand the concept of recreational music making and can teach it. "With a teacher who doesn't understand or agree with the RMM philosophy, the program will quickly dissolve," Perez said.
- Ensure constant communication between sales and teaching staff to generate instrument sales. "A system is necessary to follow-up and follow-through with all students needing instruments," Perez said.

LESSONS

MARATHON RECITALS

THURSDAY, 2 P.M., SHOW FLOOR

Music recitals are part of Hartland Music's daily routine. In fact, Ellen McDonald, owner and president of the Waukesha, Wis.-based retailer, likened them to "marathon" events. They give kids the opportunity to perform and bring tons of new people into the store.

Each teacher sets up recitals independently, and kids pay to perform. (This year, it was \$15, and kids received a knapsack with free music and giveaways.) The money goes to student scholarships for those who can't afford lessons.





Bob Negen



The 'Ask the Experts' panel. Eschliman is seated, far left

SALESMANSHIP

THE CUSTOMER IS NOT THE ENEMY

SUNDAY, 11:45, IDEA CENTER

DIetze Music's co-owner Ted Eschliman discussed the frustration small retailers feel when customers come to them for support after having bought from the competition. Rather than looking down at these "treacherous, hopelessly misinformed customers," as he jokingly referred to them, Eschliman suggested taking the high road.

"The real enemy is the buying culture, not the actual buyer," Eschliman said during NAMM University's "Ask the Experts" session. "Take the opportunity to evangelize your store, not belittle the customer or the competition."

Don't get angry. Evangelize your store

SALESMANSHIP

GIVE GIFT CERTIFICATES

THURSDAY, 2:15 P.M., IDEA CENTER

Bob Negen of WhizBang! Training suggested giving away gift certificates during slow times. They can get people into the store and serve as a valuable networking tool. "Gift certificates allow you to respond to stress with action," he said.

Negen recommended retailers give away gift certificates instead of business cards when they meet anyone outside of the store. Certificates make a nice giveaway at chamber of commerce meetings, and when packaged with a brochure at consumer shows, they'll not only cause people to hold onto the brochure but drive people into the store, too.

Substituting a gift certificate for a business card can create store traffic during tough times

SALESMANSHIP

THE CLUB CARD

SATURDAY, 9:45 A.M., ANAHEIM HILTON HOTEL'S PACIFIC BALLROOM

Peter Sides of Robert M Sides Family Music Center suggested the use of a store "club card" to build loyalty and promote small goods and services. "It's like a 'buy 10, get one free' card that people use [for] buying stings," Sides said.

Retailers can customize the card to fit their needs, promoting any particular small good or service.

Sides noted the importance of having accessories priced right, a strong push from the sales staff and a solid knowledge of customer needs in order to make a club card work.

"The reed card actually seems to be the most popular since moms [with kids in B&O lessons] tend to keep better track of these loyalty cards than kids and teens," he said.

As a sidenote, Sides won the NAMM University breakfast contest, "The Retail Apprentice."



SALESMANSHIP

OFFER FINANCING

THURSDAY, 3:15 P.M., IDEA CENTER

GE Money's Lisa Gabbert made a convincing argument for offering consumer financing during her NAMM University session. Consider the numbers:

Source: GE Money. Study conducted by the Stevenson Co., an independent market research firm.

93%

The percentage of consumers who said they are "somewhat" to "extremely" likely to consider financing options suggested by a sales associate.

MORE THAN 80%

The percentage of consumers who considered a financing program "very or somewhat appealing."

38%

The percentage of consumers who found the ability to pay for purchases over time with low monthly payments particularly attractive.

72%

The percentage of consumers who said they'd be "very likely" or "extremely likely" to return to their local music store if it offered financing.



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Alan Friedman

BUYING & BUDGETING

MONITOR YOUR INVESTMENT

SATURDAY, 3:30 P.M., IDEA CENTER

Think you've made a buying mistake? Friedman suggested checking the GMROI, or gross margin return on investment. This is calculated by taking gross profit for the year and dividing it by average inventory each month (for the past 12 months). This number should be 1.5 or higher. It can also be applied to specific brands or segments.

$$\text{GROSS PROFIT FOR THE YEAR} \div \text{AVERAGE INVENTORY FOR EACH MONTH (FOR THE PAST 12 MONTHS)} = \text{RETURN ON INVESTMENT (SHOULD BE AT LEAST 1.5)}$$

"Implementing this one idea in our company can really benefit us in the future," said Mike Guntren, general manager of Ray's Mid-Bell Music. "It will help track the products that move quickly and produce the most profit, and will help influence our future buying habits."

BUYING & BUDGETING

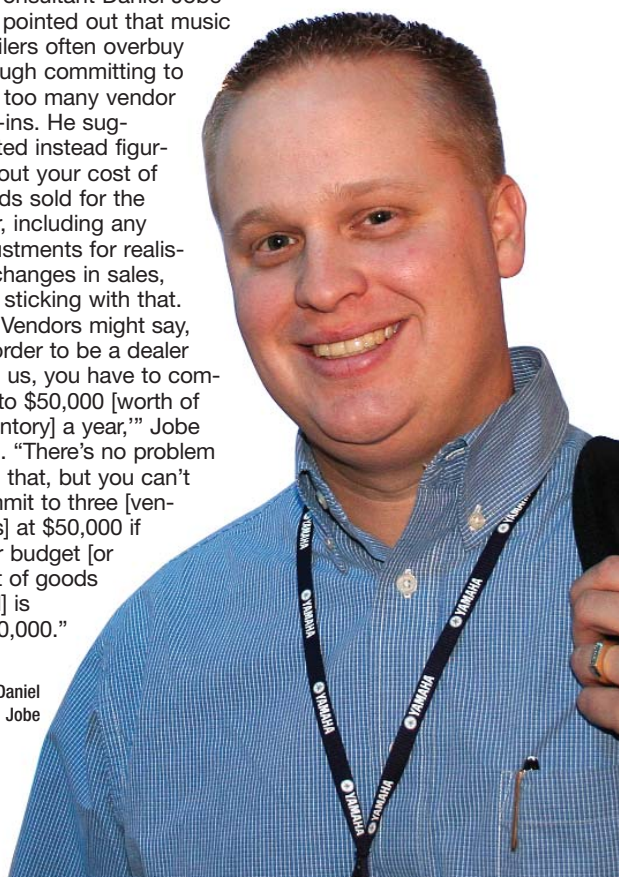
THINK BUDGETS, NOT BUY-INS

FRIDAY, 10 A.M., SHOW FLOOR

Consultant Daniel Jobe pointed out that music retailers often overbuy through committing to one too many vendor buy-ins. He suggested instead figuring out your cost of goods sold for the year, including any adjustments for realistic changes in sales, and sticking with that.

"Vendors might say, 'In order to be a dealer with us, you have to commit to \$50,000 [worth of inventory] a year,'" Jobe said. "There's no problem with that, but you can't commit to three [vendors] at \$50,000 if your budget [or cost of goods sold] is \$100,000."

Daniel Jobe



BUYING & BUDGETING

HOW TO BUY SMART

THURSDAY, 11:30 A.M., IDEA CENTER

Music retail consultant Alan Friedman offered the following formula for making smart inventory buys. Multiply your anticipated gross profit percent (as a decimal) on the product being considered by the number of days in a year. (Friedman rounded it to 360 for simplicity's sake.) The resulting number represents how many days it should take to move that product. If you can move it in that time period, buy it.

$$\text{GROSS PROFIT PERCENT} \times 360 = \text{NUMBER OF DAYS, OR LESS, IN WHICH A PRODUCT SHOULD SELL}$$

(DAYS IN A YEAR, ROUNDED)

For example, if you can sell a guitar for \$1,000 that costs you \$750, you'll make \$250 — a 25-percent margin. So, multiply 0.25 by 360 (the rounded-off number of days in a year), and you'll get 90. This means if you can sell the guitar in 90 days or less, buy it. If not, don't buy.

Bee Bantug



TECHNOLOGY

**GET CONNECTED
WITH SOCIAL
NETWORK SITES**

**SATURDAY, 12 P.M.,
IDEA CENTER**

Internet retailer Jen Lowe of BoomBoom Percussion pointed out that Web sites MySpace and YouTube are easy ways to create international buzz about your business.

Fellow NAMM University presenters also encouraged dealers to get onto social networking sites. Bee Bantug of Retail Up!, in her session "Web 2.0 and Beyond," mentioned the popularity of a homemade YouTube video selling a blender. It showed the unit shredding everything from tennis rackets to golf balls.

To underscore the simplicity of using sites like MySpace and YouTube, Lowe and her business partners got a retailer up and running on both sites during their 50-minute NAMM University session.

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