

IDEA #1 – SALE – Green Bag

The best marketing campaigns, in my opinion, should always include two important qualities: they should be both “experiential” and “resonant.” That said, my favorite promotion in all of my 28 years in retailing was our “Green Bag” promotion we held this past August. We effectively combined something “resonant” (like the whole “Green Earth” recycling mentality) with something “experiential” (like a customer “discount coupon” that could be used for an entire year). Here’s how it worked...

During the month of August only, our customers can buy a limited availability, reusable linen carrying bag with our store’s logo on it. This particular bag serves two purposes: first, it prevents wasting paper or plastic shopping bags and, second, it signifies the bag holder is part of an exclusive buyers’ club entitling him/her to an extra discount off any product bought in our store during the next 12 months. The bag can be purchased for \$15 and used immediately on any purchase. But our real goal was to establish long-term, endearing relationships with our customers while, at the same time, create an incentive for the customer to return to our store over the next 12 months. Basically, we’ve created an exclusive discounted Buyers’ Club.

The rules for using the bag were simple. The bag would have to be present at time of each purchase, without exception. This gave us some additional advertising exposure throughout the community, as well as became a permanent reminder and stimulation to the bag holder to return to our store.

We thought this would be a huge hit in Print Music, but it was a little slow at first. A customer would have to spend a couple hundred dollars over the next year to make it worth buying the \$15 bag. But more important than “how many” customers we attracted was “who” we attracted – the exact “preferred customer” we wanted to reward! Frankly, if someone is regularly coming to our store and routinely spending money, we feel they deserve special treatment.

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Our next demographic success was in our guitar and band departments. Our staff started using these bags as incentives to close deals on bigger ticket items. By giving the customer a way to get a discount off of each purchase, we not only sold bags and closed bigger deals, we also increased our chances for the customer to return over the next year. These big obnoxious bags would lie around our customers' houses constantly reminding them to visit our store and save money. But the real beauty of this promotion is the resonant "Green" theme. Since people are already thinking green, this bag made us look ecologically conscious.

Now here's the best part. A thousand of these bags cost us \$5.50 a piece, or \$5,500. By selling them for \$15 each, we only had to sell 367 of the 1,000 bags to recoup our cost. Our advertising cost us nothing because we promote these bags via our sales staff, website, email and word-of-mouth...and, duh, the bag itself! With previous promotions, we'd easily spend more than \$3,000 in direct-mail expense and have nothing to show for it except our hope to increase sales. With this promotion, the customer paid our advertising costs and retained a highly visible incentive to return to shop at our store for a whole year. Yahtzee!

Ted Eschliman, President
Dietze Music
Lincoln, Nebraska

IDEA #2 – SALE – Recital DVDs

For my best idea, I suggest that we forget about turns, target numbers and bottom lines for a while and concentrate on integrating our stores into our communities. If the community likes us, they will come and spend money and create the turns and bottom line profits we need. How can we do that?

Most, if not all, of us have lessons in our stores. But additionally, we should be having recitals for our students at least twice a year. Most importantly, these recitals should never go offsite – you should always have them in your store. And the size of your store doesn't matter. We schedule all recitals after store hours, allowing us to use the center of the store for the recital.

This year, for the first time, we videotaped each recital and gave each student a copy of the DVD. This takes a one-time outlay of cash to purchase a camcorder, video-editing software and a computer tower that'll make 7 multiple copies at a time. We've designed the DVD labels with our store logo and store address on each disc. This investment has come back to me tenfold in the goodwill we created among our 300+ students and their families. Could I have charged for the DVD's? Sure, but I got back way more by giving one to each family. So far, the response has been overwhelming, as these are the people who did their holiday shopping at my store instead of elsewhere. And they are telling all their friends and neighbors about the great things going on at our store.

Edith Head, one of Hollywood's greatest Oscar-winning costume designers once said "If you want to make a million, you've got to look like a million". In our business, if you want to make a million, you've got to look like you're giving a million. I had 10 recitals in December alone.

Myrna Sisen, President
Middle C Music Corporation
Washington, DC

IDEA #3 – SALE – In-Store Clinic

A professionally run in-store “event”, that is more personable and accessible than ordinary product clinics, will grow the musician marketplace. Many stores will typically hold product clinics for existing customers, some of whom may already own the featured product. Instead, hosting an entertaining and inspiring “event” that showcases the store’s inventory and services can attract a community thirsty for literal priceless entertainment during a downturn in the economy.

Like anything of value, results require investment. You can often get manufacturers to shoulder some of the expense (like the clinician and promotional materials). But even if they pull back during this difficult economy, retailers can reach out to clinicians for a deal; don’t forget – clinicians need to work too! Hire a clinician that will focus on the store, its inventory and the needs of the attendees – not just his/her own chops and favorite gear. The clinician probably can already captivate the audience with their skills and entertaining road stories. But they should generate goodwill for the store by educating the audience on what questions to ask when shopping for gear. A good clinician can train and inspire the store’s sales staff and the sales force hidden behind closed doors, the teachers. Create incentives for them all to attend, including their customers & students.

Community events are often worthy of free press. Distribute press releases to local media and ask the clinician to be available for interviews. A charitable angle adds value and can generate media attention. Consider a low-cost raffle with 100% of proceeds benefiting a local charity, or charge a small cover and waive it for anyone who brings canned goods. Neighboring restaurants might provide complimentary hors d’oeuvres in exchange for cross promotion. Musicians are always eager to check out gear, but nothing beckons louder than free food!

What can you expect from a memorable event? Several things, like (a) an increase in sales, (b) a new or renewed interest in store’s services and products, (c) an inspired and more knowledgeable sales staff, (d) teachers who are more inclined to promote inventory and support the store, and (e) a community that has been reminded of the value often found at your local community music store. Best, Ravi.

IDEA #4 – SALE – Thank You Party

At the end of the 2007-2008 school year, we decided to host a “Thank You Banquet” for the band & orchestra, choir and general music directors of our school accounts. We also invited new prospects to attend as well. Several of the “new” customers who attended wound up sitting next to some of our very “loyal” customers. I cannot even begin to express how much “public relations” value this event generated for our business.

As an integral part of our event, we had a few of our existing customers randomly speak to the entire group. They told the audience how spectacular our service was or something we had done during the year to “save the day.” The first year we held this event we had 39 people attend. This past year we had 78 people attend. So far, it looks we’ll have over 125 attend this year’s “thank you” banquet. And, oh yeah, it was really fun!

Tristann Rieck, Owner
Brass Bell Music
Glendale, Wisconsin

IDEA #5 – SALE – Instrument Petting Zoo

We wanted to make new relationships with parents of school age kids who had an interest in instrumental music. So three years ago we started our "Back-to-School Musical Instrument Petting Zoo.

We hired our teachers to work the event and set up three instrument lands: woodwindland, brassland and stringland. Each one was placed in a different part of our store. When the parents and kids arrived, we greeted them and gave them a passport to the world of instrumental music. The passport had pictures and histories of all the instruments in the woodwind, brass and string families. They could go to any or all of the different "lands" in any order they chose. At each "land", their passports got stamped to show they had visited the land. At each station, our teachers would demonstrate the instruments and then let the kids play any instrument they were interested in. Each kid got a mini lesson and most were playing a tune before they left; the excitement this generated was incredible.

At the exit point each child had to write which instrument they found most exciting. We took that opportunity to tell the parents about our products, rent-to-own plans and private lessons, and gave each family one of our music folders containing brochures of all our products and services.

As a result, we achieved more business than we've ever received from any other promotion, and accomplished our main objective of creating new relationships. We are now finding better ways to administer and promote the event. The first year we did it 4 Sundays in a row, which was too much. The next year we did it one Sunday only, which was too little. This year we did it two Sundays in a row, which was perfect. We found that besides advertising in our local newspaper and "parent type" magazines, the best promotion came from our local band directors. Since many of them no longer have the resources for recruitment, we do their job for them. Bar far, this event has been the best "relationship builder" and long-term business building promotion we've ever done. It's a lot of work, but well worth it.

John & Nedra Pedersen
Pedersen's Band & Orchestra
Burbank, California

IDEA #6 – SALE – New Horizons Band Program

My idea is one that's certainly been around for a while but well worth revisiting...the New Horizons Band program or "NHB". NHB followed on the coattails of Weekend Warriors, the brainchild of Skip Maggiora of Skip's Music, which was a great way to tap into the baby boomer musician market. Pleased with the instantaneous success of bringing one-time rockers back to the garage at an affordable time of their life, NAMM went hunting for the next opportunity and found it in the "over fifty" crowd – another untapped segment of our society that enjoys participating in active music making.

Dr. Roy Ernst of The Eastman School of Music at the University of Rochester conducted the first NHB pilot program in 1991. To participate, one had to be at least fifty years of age and played a musical instrument back in high school or college, but not since then. Dr. Ernst recruited senior citizens from the greater Rochester area, put together a band, and with the help of some of his Eastman students, the band was an immediate hit. Ward-Brodts was the first music store to jump on board and did so with great gusto and success.

In early 1995, I was contacted by a now retired junior high band director who had heard about NHB. Together, we formed a board to create our own NHB and in October 1995 we formed the Prime Time Band. We had 33 people turn out for our initial band meeting, and it has today grown into a mature group of about 85 people. A majority of the original members still belong, and the original director now plays in the band, having stepped off the podium after leading the group for ten years. We hold 2 major concerts annually in the Spring and during the Winter holidays; both are free and held at a local high school.

A few years ago, we applied for and obtained "not-for-profit" status which allows us to apply for grants. These grants allowed us to buy a set of four copper timpani and a sound shell for outdoor concerts. Our director is now paid a competitive salary which is funded by quarterly dues of \$75 from each band member.

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There have been at least two marriages in the band, and as well as some min groups including a brass quartet, a clarinet choir and a Dixieland band. But best of all, our store has received enormous recognition in the community for supporting this venture, not to mention rentals, sheet music and accessory sales, and oodles of pro instrument sales.

It never ceases to amaze me how many dealers don't take advantage of this program. Even ignoring the income it generates, it's one of the best feel-good promotions you could be part of. Add in the income and it's a home run. There's a place for this type of group in almost every community big enough to support it. The "over-50" crowd wants to play with their peers, but have stayed away from typical community groups because they don't want to compete with younger "hot shot" players or step outside their social circles to play. While some NHB members will venture out and join other groups, most of them will still stay in NHB. The program is almost as much social as it is musical, even though everyone takes band rehearsals with serious attention. Practice groups get formed, new relationships flourish and the band becomes one big happy family. Check out our band's website at www.ptband.org

Nick Rail, President
Nick Rail Music
Santa Barbara, California

IDEA #7 – SALE – Free Press

My best idea is to use the press. It's free, and it's the best advertising you can get. Music retailers talk a lot about stretching their advertising budget, but they don't talk enough about public relations. An article in a community newspaper about a music store's charitable activities, youth outreach or music education programs can generate a lot more interest, goodwill and foot traffic than any paid advertisement. And, not least of all, it's free.

Take 20 minutes to write a compelling, newsworthy, honest press release after you host an event or make an instrument donation to a worthy cause. Chances are, the public hasn't a clue about all of the things you do to benefit the community. Make sure they know. Keep a press release to one or two pages, and include the vital information (the "who", "what", "when", "where" and "why"). And then make a polite follow-up call to the reporter/editor to see if there anything other information they need. In my opinion, this is by far one of the best ways to stretch an advertising budget.

Zach Phillips, Editor
Music Inc. Magazine
Elmhurst, IL

IDEA #8 – FIN – GMROI

As CFO for Palen Music Center, a 5-store full-line dealer, I was held chiefly responsible for inventory management and financial reporting. But I saw this as an opportunity to help increase our store's cash flow by increasing the sell-through of our inventory. In the end, we accomplished just that through our understanding and use of GMROI, or Gross Margin Return on Investment (inventory being the investment).

Using the capabilities of our store's retail accounting software, we began running inventory analysis reports to find out what product areas were moving and which ones were underperforming. We then started using the "min/max" ordering functionality of our accounting software to help us determine how much inventory to carry based upon current sales levels. When you think about it, stocking product that that moves quickly not only reduces all carrying costs, it also reduces the chances of obsolescence.

But nothing helped us as much as using the GMROI calculation to guide us on our overall inventory management. GMROI is a calculation that perfectly delivers the effect of both the profit margin and inventory turns you are achieving for your store or a particular department, product line or SKU. By understanding GMROI in conjunction with the power of our accounting & POS software, we were able to cut our overall inventory by 30% and didn't miss a beat with sales or profitability. Best of all, cash flow started increasing!

I've taken these valuable lessons with me in my new job as a music retailing accountant & consultant, as I now financially counsel other music store owners. Some of our clients have improved GMROI by 25% to 30% in one year by simply using and tracking GMROI. Most music retail accounting software packages provide this reporting with literally a push of a button. But even if you don't have that capability, just drop the necessary numbers onto an Excel spreadsheet and start tracking GMROI that way. Whatever system you use, GMROI will help you make better buying decisions. And don't be afraid to cut your losses on a bad buy. Use an inventory aging report to help identify and get rid of bad inventory quickly. All of this will help your GMROI and ultimately increase profitability and related cash flow.

Daniel Jobe, Accountant – Friedman, Kannenberg & Company, P.C.

IDEA #9 – FIN – Evils of Credit Cards

Here's some great advice that I've gotten through the benefit of hindsight: Beware of the hidden risks with using credit cards. For me, it started with a credit card reward program. As more and more manufacturers began to accept (and in some cases, even prefer) payment of their invoices with credit cards, it was enticing to pay them with plastic to get a little extra float time on my cash outlay. Plus I'd accrue membership points redeemable towards travel, fine dining and fabulous Timex watches!

It started out innocently enough. I used my business credit card to pay vendor invoices to make sure I didn't lose any early payment discounts. I would also make sure to set aside funds for payment of the credit card bill when it arrived. But just as "necessity" is the mother of invention, "temptation" is the brother of a lack of fiscal discipline. A buying pattern that made plenty of sense at first, ultimately crept in and became a pattern of dependency.

Gerson Rosenbloom, President
Medley Music Corp.
Bryn Mawr, Pennsylvania

IDEA #10 – FIN – Negotiate to Cut Operating Expenses

Like everyone else, we've been feeling the pinch from the recent downturn in our economy. So we all got together to try do a few things to help relieve some of the financial pressures we're feeling, and here's two things we came up with to help reduce operating expenses.

First, we called all of the banks we are currently doing business with and were able to renegotiate lower interest rates. We were also able to successfully reduce the interest rate we're paying on credit cards. We contacted all of our credit card companies who dropped their interest rates significantly. One of them reduced our rate from 19.99% to 12.9% with barely a discussion.

We then looked at what we once thought were core expenses that we couldn't change and, in fact, were able to negotiate better deals on most of them. One of those expenses was our website and e-mail hosting charges. We were paying a local company almost \$600 a month for this service. Through a connection my mother-in-law had with a local city government official, we are now paying less than \$100 a month for the same exact website and e-mail hosting service. So, don't stop trying to reduce expenses by negotiating with your vendors. You'd be surprised how far some companies are willing to bend to retain your business.

Liane Rockley, V.P.
Rockley Music Center
Lakewood, Colorado

IDEA #11 – FIN – Financial Education

Our company believes education is the answer to many of the challenges facing our industry. Last year we deployed a brand new educational program for our dealers, called “Financial Advantage”, which teaches our customers (owners & managers of music retail stores) the essential financial tools to run their business. By providing this education at essentially no cost to our dealers, we can more easily attract dealers to attend this program. This program gives them the opportunity to improve the quality of the financial reporting and cash flow we both need...a true win-win.

Our ultimate objective is to not only help keep our dealers in business, but also to get better “sell through” information. This will allow us to forecast production more accurately and have our products in stock at the exact times dealers need them. This, in turn, allows the dealer to buy the same (or even more) by incurring less inventory carrying costs, reducing inventory excess and improving both of our GMROI and related cash flow.

Gary Winder, National Sales Manager
Yamaha Music Corp, B&O Division
Buena Park, CA

IDEA #12 – FIN – Driving Profits Through Information Management

I wanted to put a management information system in place that would focus each department manager and his/her staff on the daily activities that drive the numbers we consider most critical to our success. So, we identified the most critical numbers for each department, like contribution margins, inventory levels and availability, timely and accurate financial reports, cash flow statements, on-time and accurate product delivery data, marketing and communications schedules, web-site updates and data on customer satisfaction.

We then measured this data each week, month and quarter and would review our store's performance as a team. We would congratulate our staff when they met or exceeded their goals, and would require an explanation from them when they didn't meet their goals. When a department meets or exceeds their goal, they receive a bonus. Essentially, we use our management information system to hold our people accountable.

These steps have literally transformed our company, as we now look at our business completely differently. We're more aware of how we spend our time and its impact on our goals. We've adjusted inventory levels so we have product when and where we need it, we've increased margins, lowered expenses and increased sales in certain areas. So far this year our net profit is hundreds of thousands of dollars higher than last year. It's important to remember this is a work in progress, and adjustments to those critical numbers will always need to be made to reflect the current state of music retailing reality.

Mark Goff, President
W.H. Paige and Co., Inc.
(d/b/a Paige's Music)
Indianapolis, Indiana

IDEA #13 – FIN – Rummage Sale

As we've learned from Alan and other financial counselors in our industry, product should never have a birthday candle in your store. Aging product ties up cash flow, floor space and other vital and often limited resources. Not to mention that some high-tech or "fad" inventory is a wasting asset and will lose most of its value in a short period of time. Old product needs to go, and sometimes at any price.

So, in an effort to move a bunch of old inventory, we decided to have a good old-fashioned "Rummage sale". We created a "Music Rummage Sale" banner and posted it on the corner where our store is located, which happens to be at a major intersection in town. We then rented a tent for our parking lot and dragged out a whole bunch of old guitars, used drum sets, a big box of violins, dozens of drumheads and a variety of other aging inventory. We then put some tags on all of this stuff at a price that basically just covered our cost.

Our total investment in getting ready for the Rummage Sale was \$280. In return, the total revenue from our first weekend rummage sale was \$8,000. While this may not sound like a ton of money, it was really "found" money, since most of that aging product would never have sold, or certainly not any time soon.

We then had a "Guitar Disposal Sale" on black Friday weekend and sold about 15 guitars we thought would never sell. We've used our tacky banner at the intersection and old paper price tags for all 3 rummage sales we've had this year. The first Rummage sale was clearly our most successful one, but since these sales events are so inexpensive to execute, we've continued to have them every 6 months or so to keep our inventory fresh and our cash flowing.

Leslie Faltin, Co-Owner
Instrumental Music, LLC
Tucson, Arizona

IDEA #14 – FIN – Overhaul Advertising Budget

We didn't do all of this in one year, as it took about 3 years. But we attacked our advertising budget with a blunt axe. Our goal was to increase the effectiveness of our advertising, reduce waste and get advertising down to our industry's 3% benchmark, as reported in the annual Cost of Doing Business Survey.

We started by looking hard at what worked and what didn't. Our approach was gut feel and common sense rather than hard numbers, mostly because we didn't have any. Our philosophy became "Just because it worked in the past doesn't mean it will work anymore." So, we took the following 9 steps:

1. We eliminated or drastically reduced all traditional forms of advertising.
2. We eliminated **all** discretionary advertising, like pens and refrigerator magnets, to name a few. If it wasn't in the original budget, we said no.
3. We eliminated any events that involved too much risk or a marginal return on our investment, in favor of product-specific advertising.
4. We improved our website, added cable TV advertising and replaced classifieds with the use of internet-based "Craig's List"
5. We increased direct mail advertising using our own list and mostly jumbo post cards and newsletters.
6. We increased home-grown in-store events and talent shows.
7. We relentlessly pursued free media placements.

By doing all of the above, we achieved our goal of reducing advertising expense to 3% of sales in 2008 and committed to maintaining that for 2009. We also maintained profitability despite a significant (and potentially catastrophic) drop in sales revenue. If we hadn't started this program 3 years ago, we would not have made what little profit we made this past year.

We've continued to refine our website by adding more video content, fine tune our placements on Crag's List, improve the quality of our in-store events, and keeping an eye open for the next new way people will shop.

I hope this idea of overhauling the way you advertise helps. I know that if I can walk away with just one good new idea that I can implement now, it'll make this whole session worthwhile for me.

Greg Billings, President
greg@steinwaynaples.com

IDEA #15 – TECH – Automated Phone Calling Service

This is not an original idea, as it comes from other people in the industry. The reason why I'm sharing this idea is we proved to ourselves this new concept works way better than we ever thought. This idea has saved us money over our normal methods of advertising, which have traditionally been direct mail and newsprint. This idea takes less time to plan and increases our odds for an on-time delivery of our message – trust me, delivering your advertising message when you want it delivered is far from absolute. Lastly, the use of this idea has resulted in one of our most successful warehouse sales out of the 5 we've had. So, this great idea is the use a "phone calling service."

We used this service recently to announce our annual warehouse sale to over 40,000 customers. While we also placed a small ad in the classified section of our city newspaper, no other advertising was used. We recorded two slightly different 60-second messages. One was designed for human pickup and the other for answering machine pickup. If the service detected a human answering the phone, the message was "Sorry to interrupt your day, but knowing your interest in music we thought you'd be interested in our warehouse sale...and so on." If the answering machine picked up, the message would say "Hi, this is Paul from Willis Music; sorry I missed you but I know you'd want to know about our biggest sale of the year...and so on."

Here's the proof as to how successful this phone calling service was. We had a greeter all three days of our sale who would ask each person entering our facility how they found out about the sale. Seventy-five percent (75%) mentioned the automated phone call. The other twenty-five percent (25%) was an even mixture of word-of-mouth, the classified ad, one of our local stores, and a direct mail flyer (which, ironically, we never sent).

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Our cost for this phone service was 12 cents a completed call. Approximately 23,000 calls were completed, the other 17,000 calls (totaling 40,000) were “no answer” or “no longer in service” calls. Our total cost was less than \$3,000. The calls were all delivered within an hour and we had a report of the results within that same hour. If we had to do it over again, we would have tried to contact the 17,000 no response calls earlier that evening to try to reach a human. That was an option offered by this phone service.

Before we decided to use this phone calling service, we were hoping an answering machine would pick up our calls – that’s changed, as we had not one complaint. So many people told us they got the call on their cell phone and thanked us for it (we were initially concerned about calls to cell phones too).

The traditional way of advertising this event would have cost us about \$15,000. This phone service basically saved us about \$12,000 in advertising costs. Not to mention we were able to get our message to our customers one day before the sale began, instead of a week in advance. Plus, it’s never fun to hear a customer complaining about receiving the sale notice a week “after” the event. Bottom line, we increased sales by more than 20% above last year’s totals.

This phone service is provided by Premiere Global; check them out at: www.premiereglobal.com.

Dan Herbert, V.P.
Willis Music Co.
Florence, Kentucky

IDEA #16 – TECH – Search Engine Optimization

In an effort to cut and redirect traditional advertising costs, we turned to technology to provide us a better way to advertise. Here's how...

When someone uses a search engine and does a search using key words like "band instrument rentals", the search will generate a list of participating advertisers and links to their website on the right-hand side of the results page. Every time a consumer clicks on an ad link, the advertiser is charged anywhere from a couple of pennies to a couple of dollars depending on how competitive the search is. We tried this service and budgeted a cost of \$500 a month for this service, but exceeded it every month by another \$250 or so. While it did drive more people to our site, most of those visits did not convert to sales or rentals.

So we then took approximately two-thirds of our pay-per-click cost and spent the money instead on search engine optimization and a new direct-mail campaign. At an initial cost of about \$4,000, we hired somebody to do the keyword research to get us a high ranking on the first page of any normal internet search. We had him focus on getting us ranked higher "locally" instead of "nationally." It's been fairly cheap to have him maintain our search ranking, at an annual cost of about a \$1,000. This translates into an ongoing savings of about \$8,000 a year over the pay-per-click service and has produced as many hits to our website as the pay-per-click service did.

This redirection of cost not only helped us save a bundle on our advertising costs, it also created a measurable increase in the website traffic that actually turns into new band instrument rental income. Our plans now are to modestly increase the size and frequency of our direct mail campaigns and have our S.E.O. completed before the busy 2009 rental season.

Frank Pampanella, President
PM Music Center of Aurora, Inc.

IDEA #17 – TECH – Electronic People Counters

Like most retailers, our company wanted to achieve two goals: to increase store traffic, and to increase sales from that increase in store traffic. We accomplished these goals by purchasing and installing “door counters.” These devices are effectively electronic people counters that attach to our front doors and measure the number of people who walk through our doors every day.

Once we installed these devices, we started to collect daily, weekly and monthly averages to determine a "benchmark" number of people we focused on increasing. To achieve our first goal of increased traffic, we did promotions and then measured the impact on store traffic. Being able to measure the number of people walking in the store allowed us to determine which promotions were most effective and which ones were marginal. You can't increase store traffic unless you have a solid idea of your current traffic numbers.

To achieve our second goal of increased sales, we calculated an average value for each customer that walked through the door. We did this by taking the gross sales for the day and dividing it by the number of people who came into the store that day. We referred to this number as "dollars per person a day" (or DPP). We then worked on store efficiency in the selling process to increase the DPP. For example, if 100 people walk in and the sales for the day are \$4,000 then you have a DPP of \$40 per person. To increase our PPD benchmark, we worked on increasing accessory add-on sales and the overall efficiency of the sales force.

We also were able to get an exact benchmark on our conversion percent. We did this by dividing the total number of sales transactions rung through our Point-of-Sale system by the total number of people who came in the store that same day. For example, if we had 40 POS transactions on a given day for 100 people who came in our store that same day, we could say we had a 40% conversion rate. Once we had our conversion rate benchmark, we again would set increased targets for our sales to meet. We'd then help our staff meet these targets by training them on how to interface with more customers and improve their sales techniques.

Lastly, by benchmarking your store traffic count you now have a way to measure decreases in store traffic that may be occurring from an increase in competition or changes in the economy. This ultimately allows you to develop other ways to combat adverse influences on your business.

George Hines, President
George's Music

IDEA #18 – TECH – Put Video on Your Website

Our great idea, which is a no-brainer, is to put video on your website to sell product. We routinely videotape musician artists demonstrating product, giving in-depth interviews, and positively exploiting the instruments we sell on our web site. By “watermarking” our videos and placing them on YouTube, we are able to direct prospective sales right to our site.

Just one year ago we produced a video of a musician playing a cajon, which has already received over 184,000 hits. That video and others has given our business a free opportunity to socially network with the ever-growing global internet community and create a positive viral-like effect. If a picture speaks a thousand words, video speaks ten thousand; it audibly and visually shows people the many creative ways a product can be used. We try to keep the videos short and to the point, as well as light-hearted and friendly. Our goal is to assure the viewer that anyone can and should play a musical instrument. Once you make the investment in a camera and some editing software, online videos are essentially a free marketing tool, as their only cost is a little bit of your time.

Tom & Mike Nessen, Co-Partners
BoomBoom Percussion, LLC
Atlanta, Georgia

IDEA #19 – TECH – Credit Checks at Point-of-Sale

My best idea is for retailers to start using Credit Checks technology at the point-of-sale. Our company started doing credit checks on all rental customers using an integrated online credit service through our AIMsi POS system, and the system was simple to use. Here's how it worked...

The customer information, which is provided anyway on the rental agreement, was entered into the system. Based on pre-established credit criteria, our retail sales staff would only see a "Pass" or "Fail" response and proceed accordingly. Fail meant the customer couldn't "rent" the instrument but would have other "Plan B" type options, like purchase a used instrument with a 50% buyback, or getting another person to be responsible for the instrument contract, and other options.

In the end, we could more easily credit check all retail customers at the counter. It was quicker, and we didn't have to train our staff on how to understand credit scores. Most importantly, it kept our staff from being exposed to sensitive consumer credit information, as the test produced only a "pass" or "fail" result.

By credit-checking people up front, we certainly turned down a lot more people because of their "less than acceptable" credit score, but our collections continue to improve. And we've found that, in most cases, if the customers can't rent because they have bad credit, they'll find another way to get the instrument – i.e. Plan B. Of course, those who failed and didn't choose one of "our" Plan B options went down the street to our non-credit checking competitors!

Joel Menchey, President
Menchey Music Service, Inc.
Hanover, PA

IDEA #20 – OP – Downsize Business

Product distribution in our industry has changed dramatically over the past 5 years, as we've unfortunately given up market share to others. In light of this trend, about 14 months ago we decided to scale the store back to a manageable, more focused business. We analyzed all our profit centers and product segments and their related administrative costs. We identified and capitalized on our greatest strengths and niche markets, and started eliminating unprofitable products & services, and their related costs.

While painful, some layoffs were required. But while these cuts have made us smaller, they've also made us better and more profitable. We effectively cut operating expenses 25% more than the gross profit we lost. We effectively reduced costs by closing departments and discontinuing product segments that were no longer profitable for us. All of this has generated a significant upward swing in our bottom line.

Michael "Mick" Faulhaber, President
Ward-Brodt Music Company
Madison, Wisconsin

IDEA #21 – OP – Support Music Advocacy

My one idea is for people to get involved with music advocacy. Here's what we did.

We wanted to make our company known for supporting what music teachers do and assisting in getting as many students involved in music as possible. While more music makers of course means more sales and lesson revenue for us, we wanted to be known more for music advocacy than making money. So, we became the local “go to” for music advocacy.

First, I joined the SupportMusic Coalition and took it upon myself to learn as much as possible about advocacy. I then offered my “advocacy services” to the teachers we serve in our school districts, and gave some presentations to parent groups. I include some form of music advocacy message in basically everything we do – email newsletters, rental instrument literature, rental presentations, etc. But on top of that, I've immersed myself in enough music information to promote advocacy and address the woes of music educators better than before. This has created (a) better relationships with our teachers, converting them from business associates to friends with common goals, (b) a better understanding on what we can do to help get kids involved in music and keep them involved, and (c) an outlet for teachers to speak openly about any problems in their program.

I now can demonstrate that I actually understand what they're going through and can offer ideas that have actually worked. I get all of these ideas from both other teachers I speak with, as well as from information I find when researching music education advocacy via the SupportMusic Coalition. The bottom line is by doing this we not only show we care about music, but also now benefit from a greater amount of business from the schools and teachers we've helped promote music advocacy.

Mark Despotakis
Progressive Music Company

IDEA #22 – OP – Shop Your Competitor

My big idea starts with having every music store owner and each of their sales staff visit a competitor's store to see how they're treated as a customer. Walk in your competitor's store with a product in mind and allow the competitor's salesperson describe the product BEFORE you dazzle them with your own astute product knowledge. More importantly, walk into one of your competitor's stores with either a younger or older person. You'll now get some first-hand experience on how sales staff typically treat the young, elderly or inexperienced musician customer. Lastly, store owners should have a non-musician friend come into your store as a secret shopper to see how your sales staff treat that new novice customer. Why do I suggest this as my "best idea"? Here's just one of the many stories I have of visiting music stores over the past 40 years that exemplifies my point.

I recently went with a musician friend of mine to a local large music store where I've been shopping for nearly thirty years. I'm on their preferred customer list and often get mailings for special deals. I was in the store on this particular day to purchase a Celestion "Greenback Thirty" – which most of us know is a speaker. I was approached by a "salesdude" who apparently felt the need to ask me several times if I understood that this was just a speaker, and not an amplifier. I assured him I knew it was only a speaker. But perhaps most exasperating was when he asked me if my purchase was for my son or grandson. After my friend got me to release the sharp object from my clenched fist of fury, I told the salesdude that "no, this wasn't for the son I don't have, or my unborn grandson from 14 & 16 year-old daughters. In fact, I told him I wanted to buy the speaker because I thought "it might make a nice hat." While my friend was getting nervous at the thought of having a potential hostile situation requiring a music store SWAT team, peace and love prevailed as I told the salesdude not to worry; I'm just 52, which makes me very old and cranky.

Ronald Bienstock, Esquire & Bass Player
The Music Law Firm of Bienstock & Michels, P.C.
New York, New York

IDEA #23 – OP – Meet the New Teacher

My idea is a simple one: introduce any "new" music teacher to your sales staff. Here's why...

The store staff have a tendency to book new students with the "old familiar" teachers. Unfortunately, the staff don't pay attention to the new teacher, making it take forever to get students on the new teacher's schedule. Then, out of sheer frustration, the new teacher quits.

Why does this happen? I guess it's because the staff feel safe booking a "known" entity. They know the old teacher is cool and can play and, like all humans, they're creatures of habit. Some of the staff never even meet the new teacher because (1) they have no students are never in the store – because they're new!, and (2) the staff member never works on Wednesday, which is the only day the new teacher teaches.

So, here's the solution. Have a staff meeting where you can "intro" the new teachers!! Have the teacher play something prepared (maybe a few styles, if applicable) that shows their expertise on their instrument. Have the teacher talk about themselves, like where they went to school, bands they play or played in, favorite musical artists, etc. Then have fliers printed up on the new teacher that you can hand out to the staff and they, in turn, hand out to new students.

This will end the "I don't know this teacher" issue when a customer asks "What can you tell me about this teacher?" This will speed up the sign-ups for this teacher and gets the staff all fired up about new teachers; they're no longer just a random name on the schedule. The new teacher becomes familiar with the sales staff, which builds a better lesson team. This, in turn, retains new teachers, which helps grow your Lesson Program!!

Pete Gamber, Owner
Alta Loma Music

IDEA #24 – OP – Join RPMDA & Other Trade Associations

We've been attending the NASMD convention since the late '60's. We send all our school service reps and store managers each year because of the educational benefits the sessions offer. The camaraderie alone makes it worth the trip every year.

Approximately 15 years ago, we joined RPMDA (Retail Print Music Dealers Association). I've gotten several "best ideas" and inspirations from the RPMDA sessions and educational meetings. While it would have been impossible to implement every idea we walked away with, we've certainly had great success from the ones we have used. RPMDA, NASMD and other organizations who are friends of music making are great ways to obtain the vital information and education we need to run our businesses. Not to mention the long-lasting friendships they forge.

I consider all the education we gain at these conventions to be an invaluable asset for training our employees and management. Every NAMM Trade Show offers insightful educational sessions, like the NAMM Town Hall meetings and programs offered through NAMM U. Everyone in this business should take advantage of these organizations.

Jessica Freehling-Kazzie
Assistant General Manager
Art's Music Shop, Inc.
Montgomery, Dothan and Birmingham, Alabama

IDEA #25 – OP – Creating Customer Loyalty Through Differentiation

Here's my best idea. We all need to start asking ourselves "Why us?" and start creating customer loyalty through differentiation.

In marketing, the term "Differentiation" refers to a coherent strategy of systematically distinguishing your business in a crowded marketplace. As the music retail marketplace continues to evolve, our customers have a growing number of choices. A competitive marketplace threatens to lure our customers away from us and erode our unique selling positions. To remain relevant we must give our clientele compelling reasons to do business with our companies and answer the question "Why should a customer shop with us?"

Every music store has an opportunity to create a meaningful experience that reinforces customer loyalty. By reviewing your organization's "points of customer contact", you can create a unique differentiation strategy that will send a clear and compelling message to your customers telling them why they should choose to do business with your store. Our 3 stores are located in Southern California in close proximity to several national competitors. Here's 7 ways how we use our strategy of differentiation:

1. Direct Mail Marketing - We deliver a unique looking document with a personalized message.
2. Store Design & Display - We offer a comfortable professional environment that puts customers at ease and makes product look good; our guitars are always in tune and properly set-up.
3. Sales Interaction - We use relationship-oriented selling; we address our customers by name and make a personal connection. We deal with price issues by conveying the value of the product we sell and the service we deliver.
4. After-Sale Reinforcement - After the close of each sale, the sales associate explains our customer support services, and then walks the customer to their car. This "outside of the sales environment" is a great place to establish a positive rapport with the customer.

5. Price & Product selection - We promote a unique product selection and carry items you can't get at a chain store. We promote our "guaranteed best price" policy.
6. Unique Services - We offer in-house repairs and educational programs to show we care about our customer's success.
7. Follow-up & Prospecting - We routinely send thank you notes and follow-up with our customers. This, in turn, promotes both referrals and repeat business.

The process of differentiating is an ongoing, dynamic process which should come from an in-depth analysis of your store's unique strengths and culture. Again, ask yourself "Why me"? "Why would a customer shop want to shop at my store?" Answering and successfully acting upon this question will help you cultivate customer loyalty and undoubtedly will improve sales & profits.

Bryan McCann, President
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