

THE RETAIL DOCTOR | BY BILLY CUTHRELL

Small-Box Lessons

So Guitar Center and Sam Ash have finally waded into the pool and are making ripples with their new lesson programs. You, like many independent MI retailers, may feel your safe haven is under attack from the deep pockets of national retail. Of course, if you've been around for the last 10 years, you've probably been under attack before. Remember Mars Music and, more recently, Best

Buy's inroads into MI and music lessons? I'm sure these keen retailers have done their homework and studied what everyone else is doing, so they can roll out venues where learning an instrument will be fun and educational. But after looking closely at the differences between the big-box boys and small mom and pops, I don't see a reinvented mousetrap, nor do I necessarily see us sharing the same customers.

In his May 2011 *Music Inc.* column, "Welcome to the Jungle," Pete Gamber suggested that astute store owners could look at big-box lesson programs and learn a thing or two. Gamber's article also pointed out that dealers who relied on GC and Sam Ash for lesson referrals are in trouble, and I couldn't agree more. I've always believed a healthy business shouldn't rely on referrals from a potential competitor, and I've always had a feeling that Sam Ash and GC were only a few steps away from moving into the lessons business. Yet, to truly prepare for more competition, we must examine big-box programs and what they mean to their bottom line.

DON'T FORGET MARS

According to a recent article in *Twice*, a consumer electronics trade magazine, Best Buy plans to shrink some of its U.S. stores and trim underperforming areas, such as CDs and DVDs. At the same time, it plans to capitalize

on accessories, support services and subscriptions for mobile, broadband, cable/satellite and digitally delivered content services. Nowhere in the article was there mention of Best Buy's MI plans or the lesson program's affect on the bottom line.

Of course, Sam Ash and GC are better positioned to make a go with music lessons. That said, their overall models seem similar,

and I believe they will eventually face many of the same pressures as Best Buy. Consider a recent report from Moody's Investors Service that Guitar Center has asked lenders to extend maturities of its \$650 million secured debt payments by two years to early 2017. The report also estimated GC's debt load to be \$1.6 billion. This hasn't stopped the company from rolling out new store models with an emphasis on lessons and rehearsal space.

Look back only 10 years to Mars Music, which had the first national lessons campaign from a big-box retailer. I used to worry about the company's big budgets and strong talk, but I went head to head with Mars with no budget when it was right across the street with 300 students. I opened with zero students, and within a few months, we pushed our way into 200 clients by offering lessons with quality teachers with a genuine interest in our customers.

I discovered something that a Moody's analyst or savvy investor can't pinpoint on a P&L statement, and we still work under that premise today. It's something money can't buy and something that's hard to instill in an employee who has never met the company owner or founder. That something is quality and genuine interest in the customer — two key ingredients for all lesson providers. Yes, the big guys will have quality in everything



Independent lesson programs have an X factor that big-box retailers can't replicate

they do, but it's up to you and your front line to show interest in your customers.

REAL RELATIONSHIPS

In my shops, we have solid relationships with customers, and we maintain and protect those relationships. We know our customers by name and live in the same neighborhoods. Our kids attend the same schools and day care centers, and we shop at the same neighborhood grocery stores. We sponsor the local PTA programs, donate to the school band programs and get involved — and by involved, I don't mean just as Facebook friends. We call or send postcards, not to sell product but to check in with them. We help carry their instruments and purchases to their minivans every week because they have their hands full with two kids and baby strollers. We say "hello" to everyone who walks through the door because we're genuinely glad to see them.

We periodically give them gift cards to restaurants and shops (locally owned) to thank them for being our patrons, and we have a special night at the local Triple-A baseball field where we rent a suite, complete with food and beverage, and give it to students and parents who've taken lessons with us for five or more years. Yes, it's expensive, but it's a fraction of what those clients have spent with us during five or more years as dedicated, quality customers.

You can spend millions on your facility and make it look as shiny as possible, but people coming into your shop aren't there to learn from your carpet, doors and fixtures. They want to have a relationship with the people in your store, and if you're genuine, you'll attract quality customers who want to be a part of your lessons program.

Customers aren't always looking for the lowest price, greatest store design, flashiest website or biggest showroom. Sometimes, they're simply looking for quality relationships with people who care about how their day's going, who don't greet them with sales pitches or always try upselling them.

Gamber mentioned the lessons binders that GC offers every new student, and I like that idea, as well. Still, I wonder if it will be too constricting to students' needs and our relationship-building process. Our personal relationships with clients set us

apart from so many lesson providers, big and small. Those relationships let us customize and tailor our lesson programs to each individual. That keeps our print music sales strong since we have multiple teachers using multiple method books. Developing a lesson program with a print partner is great, but you have to remember that every student is different and has different needs.

Your new competitors might advertise

their tailored lesson programs, expensive equipment and state-of-the-art facilities, but when they need to move product, they'll try it at the student's expense. The student will know it and won't fall for the gimmick. If you've treated students well from the start, they'll remember that relationship and stick with you. **MI**

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