

LESSONS LEARNED | BY GERSON ROSENBLOOM

Deciding What To Carry

Who makes the buying decisions in your company? Is it your purchasing agent? A committee? Do your department heads make these decisions? Maybe you use computer software to suggest orders based on sell-through, reorder points, lead time, or velocity. Or do you just shoot from the hip and make the decisions yourself?



Ultimately, the only folks with the power to make your buying decisions are your customers.

All of these options have varying degrees of effectiveness, but they're all wrong! No matter how long you've been in business, no matter how sophisticated your software, no matter how much combined experience your buyers have, they can't possibly live inside the consumers' heads. Ultimately, the only folks with the power to make your buying decisions are your customers.

While I learned this lesson repeatedly through my retail career, there are two examples that I think illustrate this principle particularly well. In my younger, more foolish days, I recall seeing a product at NAMM called Stylophone. It was a "keyboard" that you played with a metal stylus and it had all the charm of an Autoharp with rusty strings. My wife was positive that this would be the next big thing. And because I not only wanted to be at the cutting edge, but I also wanted to make superb profits, I saw fit to buy 48 pieces so I could get the end column price. The customers voted with their pocketbooks, and I recall giving them away as gag gifts for years. (She's my ex-wife now, by the way.)

A couple of years later, Casio came to NAMM with a new product called the Casiotone keyboard. Because of its chiclet keys, chintzy organ sounds, and terrible drum beats, I was sure that this gizmo produced by a watch company would flop in the marketplace. Still

reeling from the Stylophone fiasco, I was determined not to be bamboozled again. I wrote off the buzz at the show as marketing hype and decided I wouldn't follow the flock and sign up as a dealer. Casio made music industry history and the keyboard was a red-hot holiday purchase that year. By the time I noticed all the frenzy, it was too late for me to get on board for that season.

MAKING THE SAME MISTAKE

I had misinterpreted my original mistake. Thinking I had chosen a bad product, I was determined not to repeat my blunder. But my Stylophone miscue was really centered on the fact that I didn't allow the marketplace to determine the demand for the product. And because I didn't understand the problem, I made the same mistake with Casio. The correct approach, in hindsight, would have been to buy both products, but modestly, and allow the market to make its determination. This was a lesson learned that took me twice to understand.

And I've seen the same blunder on both sides of the counter. Often, companies will produce an instrument that, on first impression, has a design that makes it anything but traditional. Some dealers buy it specifically because it's so unique. Others won't touch it for the same reason. And neither is necessarily right until their customers weigh in.

What's so sad in a tough business climate is when dealers decides that something will "never sell," and then later on their customers go scrambling to find the instrument elsewhere, as soon as possible. I've seen the warranty cards; I know it happens. If only they had waited to ask their customers. **MI**

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