

# IDEAS

>>> Inside IDEAS

> Logistics Page 44

> The Lesson Room Page 46

MARKETING | BY GREG BILLINGS

## PHILANTHROPY AS MARKETING

Last summer I was chatting with the president of a piano manufacturer, and he asked me about business. I told him we were doing OK, but I had heard a lot of whining about the slow spring. “You know, it’s the guys with a ‘sale’ sign in their window who are in real trouble,” he said.

While driving home a few hours later, I passed one of my competitors and noticed a “sale” sign in its window so old the ends were curling and the ink fading. This begged the question: If we can no longer rely on “sale” advertising, how can we conduct a reasonable marketing program?

The terms marketing and advertising are often used interchangeably, but according to my college professor (30-plus years ago), advertising is just one aspect of marketing, which also includes merchandising and public relations. But the distinction between PR and advertising often gets blurred. Think of it this way. Advertising is capital intensive and has short-term effects. Public



Photo by Theresa Rogers

**Greg Billings on how giving back can be a retailer’s most effective promotional strategy**

relations is labor intensive and has long-term benefits.

We all know how to advertise. It’s like throwing spaghetti

at the wall and hoping some sticks. I’ve heard that only 10 percent of advertising works, and the trick is to know which 10 percent. For most of us, our results are too small to be reliably measured, so we end up operating on instinct. Unfortunately, our instinct is to throw more spaghetti at the wall.

Public relations is an entirely different challenge. When customers read a story about us, it has a lasting effect. When customers see an ad, it often has no effect. So how can we, as small businesses, get the attention of the press, the same press that’s trying to sell us advertising? I say for free. In my business, we have found philanthropy to be one answer to this PR quandary.

### GIVING AND GETTING BACK

Philanthropy should not be confused with altruism. Altruism is the elusive “selfless” act. Philanthropy has a specific purpose that can serve both giver and receiver. Think of it as doing good by doing good. As you’ll see, you can do a lot of

good by leveraging a little money with focused effort, and you can generate significant public relations in the process.

Eight years ago we formed the Steinway Piano Society, a tax-exempt 501c3 organization. We didn’t understand the marketing potential of a philanthropic organization at the time. We’d hoped it would nurture our Steinway owners and bring others into the fold. We quickly learned that our local media took interest in the Steinway Piano Society. When we sent an e-mail with digital photos of an event, they magically appeared in print. Sometimes, the press even sent reporters and photographers to cover our events. Suddenly, we were getting feedback from people who had seen their pictures in magazines. And clients started saying, “We want to do business with you because of all you do for the community.” (Honestly, we hear that all the time.)

After each event, we’d write short articles (i.e. press releases) and send more pictures to the press. Reporters are always on



Lauren Schaefer performs in the The Steinway Piano Society/Florida Gulf Coast University Piano Competition

## + CROSSBRANDING WITH A NON-PROFIT

It took me several years to realize I should use the Steinway Piano Society as the leading edge of our marketing program. We found several ways to crossbrand the Society and the Gallery:

- 1. Underwriting the “Piano Guy” on our PBS TV station was expensive for the Gallery and provided just one 15-second mention at the end of the program. As a non-profit organization, the Society was able to underwrite the program for less money and get two 30-second mentions at the beginning and the end of the program.
- 2. During the Public Radio pledge drive, Society members visit the station to answer phones. A few mugs and tote bags are used as pledge premiums. Our visit ends up being a three-hour commercial for our Gallery and Society, and we get to talk about the benefits of music making to thousands of listeners. This exposure is free, and people thank us for doing it.
- 3. By branding our big fall event “The Steinway Piano Society Physicians Talent Show” and partnering with the Neighborhood Health Clinic, we can solicit and accept corporate sponsorships. We collected \$18,000 last year. We also received free newspaper, magazine and radio advertising before and after the event, and a public radio feature. Local TV personalities volunteered to be our emcees, and their station covered the event. Rent for the theater went from \$3,500 to \$1,400. There were seven letters published in the local newspaper praising us.
- 4. Similarly, by branding our big spring event “The Steinway Piano Society/Florida Gulf Coast University Piano Competition,” we were able to generate corporate sponsorships, and we were able to further our relationship with the university. All of the \$11,000 we awarded in Scholarship Prizes came from sponsorships last year. As a bonus, the public TV station produced a one-hour documentary on the competition, which will run 20 times throughout the year. The TV program spawned a one-hour radio interview with a teacher, a student and me; a feature article in its member’s magazine; and another newspaper article. This is the domino effect of public relations. All for free. (Disclaimer: We do spend a small monthly amount as an underwriter of the Public Radio station, which I consider an excellent value.)
- 5. The more PR you distribute, the more credible you become to the media. Just one phone call got the delivery of a new Steinway Concert Grand to our local university on four prime time TV newscasts. When pledge drive time comes, the radio station now calls us, and we are regulars on its afternoon talk show. When a reporter researches a story on music education, he or she interviews us for background. — G.B.

deadline, so if you make their jobs easier, you get more press. Soon newspapers, the public radio station and magazines were writing stories about us. It was clear: When we sent out a press release about the Steinway Piano Gallery, no one paid attention, except ad sales reps. When we sent out a press release about the Steinway Piano Society, everyone paid attention.

### THE BIG BUSINESS EXAMPLE

The press is hungry for community stories and pictures of people. There is a strong relationship between philanthropy and public relations. When you position yourself as a benefactor, your public perception is changed. While this may be news to music merchants, it is well known by big business. Think of the Bill and Melinda Gates Foundation.

The public relations problems of Wal-Mart are well known. The slightest hint that Wal-Mart plans to open a new store spurs protests. Target, on the other hand, is welcomed nearly everywhere. One of the principal differences between those two big-box, discount retailers is that Target stores are good at local community involvement. Wal-Mart donates about \$187 million per year to charitable causes. Target, only about one-sixth Wal-Mart’s size, donates roughly \$156 million per year.

While it’s unlikely any of us are going to give away millions of dollars, consider Target’s formula. Since 1946, it has given 5 percent of pre-tax profits each year, mostly to benefit the arts and education. There’s a lesson here. If you budget for philanthropy and commit to a percentage, even if it’s 1 percent of your annual income, it becomes easy to say “yes” when an opportunity presents itself.

### ALFREDO’S EXAMPLE

There is a great tradition of public philanthropy in our industry. Alfredo Flores of Alamo Music is known as the unofficial mayor of San Antonio. When people in his south Texas town need a musical instrument, his store is top of mind. Al doesn’t have a formal organization or foundation, just a spirit and tradition of community involvement. He has served on countless local boards and committees, including his local symphony. Al says, “It’s not like I’m out asking for business. I’ve just made a lot of contacts (read: friends), and when someone needs something musical, they think of me first.”

Alamo Music has loaned instruments for the Music Petting Zoo, where symphony musicians interact with local kids. He’s on the UTSA Fine Arts advisory board and supports the Fiesta Under the Stars concert series for music majors. As chairman of various fund raising committees, he has arranged to mail their solicitations on Alamo Music letterhead. Recipients naturally connect Alamo Music with the charity. He has also donated pianos to charities for their silent auctions, which puts Al face to face with local community leaders. San Antonio has some big-box stores, but they haven’t had much effect on Alamo Music and the town’s unofficial mayor.

### KATHI’S EXAMPLE

South Florida’s Kathi Kretzer has been active in her community for 21 years and said she wouldn’t have survived without her charitable involvement. Almost every competitor she had when she first opened Kretzer Piano is gone. Like Al Flores, she often says “yes” when she’s asked to help.

In addition to serving on the board of the Youth Orchestra and the Executive Women’s

Association, she sponsors monthly concerts at City Place. Those concerts have raised more than \$100,000 for local music education. She partners with the city government, newspapers, public and commercial radio stations, and a PR firm. She takes pianos to local charity balls and sponsors other concert programs. Of course, she gets tons of favorable free press. I once asked Kathi if customers say they want to buy from her because of all she does for the community? "It happens all the time," she said.

**THE TALENT SHOW MODEL**

So, how can you become the Alfredo Flores or Kathi Kretzer of your community? Here are a few ideas.

There isn't a music store in America that couldn't organize a talent show with its existing customers. Finding a worthy cause

to support is easy. Look in your own backyard. Charities will gladly co-brand an event with a music store for half the proceeds, leaving the other half for your own scholarship or charitable uses. You'll become their hero, and they'll tell their friends and supporters about you. As a bonus, everyone in the talent show will buy gear for the performance and thank you while spending money in your store.

Ask your bank, your suppliers and the charities' financial supporters to sponsor the event. Medical supply and pharmaceutical companies are always knocking on doctors' doors. These people will gladly sponsor an event involving physicians. A music competition can be financed in a similar way.

The press will provide free ads and do a story about you. All you have to do is make it

**'Clients started saying, "We want to do business with you because of all you do for the community."'**

easy for them by taking the pictures and creating a press release. Make sure it has a few quotable sound bytes.

As a sidenote, there are two schools of thought about sponsorships. Kathi Kretzer never asks anyone for cash, preferring to trade space or services. I ask almost everyone, including prospective customers, to purchase sponsorships.

Another approach is to go into their world. Charities,

usually those supported by our customers, often ask for contributions. Since owners aren't predisposed to give away their inventory, the answer is usually "no," or worse, we waste a few hundred dollars on a useless little ad. There are many cost effective ways to say "yes" in these situations.

**THE AUCTION MODEL**

We have auctioned one-year leases on about 50 baby grand player pianos at charity ball silent auctions. Roughly 80 percent have been purchased at the end of the lease, and we have raised nearly \$100,000 for local charities. The piano doesn't go to the ball alone. One of us dons a tux and spends cocktail hour demonstrating the instrument. It's like working a fancy state fair, but with hors d'oeuvres and lots of wealthy




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prospects. An added bonus is the list of unsuccessful bidders.

We also take a few smaller items, like a \$500 gift certificate toward the purchase of a piano and a certificate for a piano tuning. Recently, we auctioned "An Evening of Wine and Music at the Steinway Piano Gallery." For the cost of a case of wine and a pianist,

we filled our store with a music-loving host and 30 of his best friends on an evening we would otherwise have been closed. Some of the guests ended up customers.

The charity ball program is a real business builder. We are seen as benefactors while we're busy selling pianos to an elite clientele we would rarely have in our store.

Plus, we are helping the charities.

Your own philanthropic organization can put you eyeball to eyeball with the wealthiest and most influential people in your community, and empower you to define your status in the community. When you have an opportunity to meet the chairman of a hospital or the president of a university and speak passionately about your organization's efforts on behalf of music education, you will be remembered.

The tax-exempt status of the Steinway Piano Society lets us solicit tax-deductible sponsorships (usually \$1,000) for our programs and has enabled us to form the piano bank. Clients donate their used instruments to the piano bank, as opposed to trading them in. We loan the pianos to economically disadvantaged kids referred to us by their piano instructors. Teachers love us for helping the kids. Kids, who might otherwise fall through the cracks, take piano lessons, and we don't have to take in or sell the used pianos. Plus, the press loves stories about music and kids.

The biggest obstacle a dealer faces in forming its own charity is technical. We slogged through the paperwork for the Steinway Piano Society without the help or expense of an attorney, but the bureaucratic hassles are enough to discourage most small businesses. NAMM and the major manufacturers could help by forming an industry foundation. We work with our local Community Foundation, which acts like a clearing house for people who want to be charitable but don't want administrative details. Once you establish your fund, it will invest your money, disburse it at your direction and prepare the tax forms. Essentially, a donor can operate under the umbrella of their 501c3 status. NAMM could establish a similar foundation and act as a clearing house for dealers wishing to engage in charitable activities using the donations of others.

Start small. Partner with a local charity to raise funds with a musical event. Take an instrument or a gift certificate to a silent auction. Volunteer to serve on a board. And don't be shy about it. Take pictures of people, write stories and send them to all the local press. You'll be surprised at how good you can do by doing a little good. **MI**

Industry veteran Greg Billings is the owner of the Steinway Piano Gallery in Bonita Springs, Fla., and founder of the Steinway Piano Society.

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