

FROM THE TRENCHES | BY MYRNA SISLEN

Price Properly or Perish

If you don't attend Summer NAMM, you should. The pace is slower, and there's more time to speak with vendors. Since exhibit space costs less than it does at winter NAMM, there's always opportunity to discover new products. And I love new products. I am proud to say that during the past 10 years, I have been the first customer for many first-time exhibitors and have watched with pride as their businesses took off.



That said, I ran into a number of new producers this year that offered some very interesting new products but missed the point in a fundamental way.

My main issue — and I have written about this before — concerns pricing.

The scene usually goes like this. I am walking through the show and come upon a new product. Let's use one guitar-related gadget I saw as an example. I stop and look at the product. It looks interesting enough: a square plastic thing. I ask how to use it. It still seems interesting, so I ask about pricing. I am told the price and ask, "What is the dealer discount?"

That's when the trouble starts.

The inventor looks me straight in the eye and says, "It's a 30-percent markup."

"That won't work for me," I say. "At 30 percent, I am losing money on this product. I have to display it, pay my employees to explain what it does and sell it to the customer."

"No you don't," says the new producer. "This product sells itself."

I toss the squarish, nondescript piece of plastic on the table. "I don't think so."

THE BOTTOM LINE

Why do new producers believe a 30- or even 40-percent markup is good enough for us? Their pricing covers their costs and makes a profit for them, and they want to sell at the lowest possible price to benefit the customer. They forget that someone has to actually sell and display that product.

Quite simply, I believe that we are all in this equally: the

manufacturer, the retailer and the customer. Each one needs the other — none is more important than the others. Please understand: I would never ask a manufacturer to lower his or her price. They should ask what they need to ask for a product. I do ask that they make the retail price high enough to let the seller stay in business, though. And they must understand that virtually 100 percent of these new products are discretionary for retailers. As we all know and experience every day, there are many items — too many, in my opinion — that we must carry in our stores at a 30- to 33-percent margin, and over which we have no control. These new products most certainly do not fall in that category.

Let me be more direct. If your new product does not offer a 50-percent or higher margin for me, I can't and won't have it in my store. There's no way that I will work for you and not benefit equally from the effort. I will go further and recommend that all music retailers adopt the same philosophy. If we work together to educate new presenters, I believe everyone will win. And it certainly will eliminate a lot of arguing on the convention floor. **MI**

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