IDEAS

INDEPENDENT RETAIL | BY TED ESCHLIMAN

WHEN TO CASH OUT

How to minimize the risks of taking on new gear

Last year, my business partner and I returned from Summer NAMM glowing. We had a contagious zeal and were eager to share our new finds with senior staff. Three things, in particular, had us downright giddy: a new bass line, a modular practice/stage monitoring system and an up-and-coming folk instrument line. These would represent our "keynote" fresh products.

Unfortunately, when we reviewed their sales histories seven months later, all three were total duds. Most of them still remained on the floor, despite the enticing "What's New" signage, the staff lip service and the Facebook updates. It was a real head-scratcher. In July, we were convinced we had Nashville's greatest hits, but now, they were marked for the cutout bin.

THE COST OF STORE TRAFFIC

On the brighter side, despite our marketing missteps, we were able to recover our net costs on these goods. After years of seeing similar decisions fated to our garage-sale tables, we counted our blessings that we were able to get our investments back.

Early in the purchasing process, we promised ourselves, "Six months, cut bait." In other words, we knew we were taking a chance and wanted to be ready to liquidate long before the inventory could become completely stale and unsellable.

Understand, this is a paradigm shift, even for us retail veterans. It's hard to let go of the old-school get-your-margin-at-any-cost mentality. Too often, music retailers hold on to wares too long in a Don Quixote-style quest for "impossible dream" profit. Sometimes, it just isn't there, and you have the choice of warehousing permanent junk or disposing it at a loss and moving on to the next thing. The former is the worst choice — slow-movers bury the good ones on your sales floor, taking up important retail space and valuable sales staff time.

Still, it's important to embrace new things. It not only invigorates the salesforce but also gives a fresh perspective on your old inventory, too.

Ironically, our curiosity in the unsuccessful bass line brought customers in that bought old, familiar bass lines. The new, outlandish orange and pink models were attention-getting, yet bassists ultimately took home the conservative vintage sunburst or solid-black models we'd sold for years.

The traffic-inducing practice/stage monitoring systems also tarried, but we sold high-margin cables, stands and mics to many who came in to check out the new product.

And the new folk instrument line we failed with brought sales-inducing comparisons to proven guitars and mandolins. Plus, we got a clearer picture of what we needed to reload with in time-proven SKUs.

BALANCING THE OLD, NEW

The trick is balance. We didn't return from Summer NAMM with abundant new lines; we chose a conservative three. Widespread brand desertion causes store-identity crisis with customers. It's good to morph changes in slowly, and when you pepper your store with new things amid the old, it exudes freshness and stability.

You want new, and you need new. Think of the old gambler proverb: Know when to hold them, when to fold them. That requires being conscious of when your inventory arrived and when it *didn't* sell. A premeditative inventory time limit lets you make mistakes and take a few chances on new gear.

Did we make purchase mistakes last NAMM? Yes. Will we make them again? Of course. But we'll know when to cash out. **MI**

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