

INDEPENDENT RETAIL | BY TED ESCHLIMAN

# How to Compete

Everyone has a different take on competition. Some cut and run from it. Others claim they embrace it until the challenge threatens their livelihood. Still, others take a more distant, clinical attitude toward competition, understanding that our modern standard of life is arguably better because of it.

I see three broad conditions the independent music retailer can embrace to create an environment that survives against any competitor, whether it's the fellow mom-and-pop down the street, the big-box (either department store or music chain) or the less-tangible foes, such as the Internet frontier, consumer indifference or the local classifieds. These conditions are very basic, but if you want to know what it will take to polish your armor, start here.

**Be the best “you” you can be.** Man, that sounds so Dr. Phil, even a little Saturday Night Live “Stuart Smalley” — but hey, he became a Minnesota senator. Still, it's an ongoing process of honest self-examination and improvement that offers genuine security in the marketplace. It means knowing your weakness and exploiting your strengths.

How's your buying power? If you can't turn product quickly, you shouldn't extend your inventory by taking on risky items, no matter how large the vendor discount. How good is your staff at selling? If you don't have the expertise to handle P.A. systems, don't stack the sales floor with costly gear staff can't twig. On the other hand, if you have a sales team that's good at working with band directors or quality acoustic guitars, you ought to have a healthy investment in those categories.

Unlike the retail of even a decade ago, today's successes are no longer broad but in niches. You need to know what those are for you, exploit them and cull inventory — and people — that aren't a good fit for what your store can do better than anyone else in town.

**Make turns as important as margin — or more.** Cash is king in good economies, indispensable in slower ones. Along with being honest with yourself about what you can sell, consider what you can buy and the time factor in which you can

sell it. The retail of the 1970s and '80s allowed for generous inventory miscues because we had (or thought we had) margins to make up for it. Not today — those margins are gone. The good news is we can make just as much money, if not more, by selling our wares several times in a year, even at lower profit.

This is critical with inventory but even more so with used gear. The beauty of recycled inventory is it's harder to compare with something else like it. If you can acquire it through shrewd trade-in policy, there's good money to be made but *only* if you can sell it right away.

**Believe in what you sell.** This has to be the easiest part of our business. As a rule, we hire people who sing in church choirs, former band and orchestra students, retired music teachers, and local rock stars. These are folks who not only use our products but *live* them. If our employees enjoy making music on their time, it stands to reason they'll want to share that passion with anyone who walks in the front door. If they care about customers as people, every sales transaction is an opportunity to better someone's life.

That's not a competition. It's a playground. **MI**

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**Three conditions every music retailer can embrace to survive against the competition**