

Helping Retailers Maximize Accessory PROFITS

How Musicorp's competitive pricing, timely delivery, and hard-hitting sales programs take some of the sting out of the recession



VIRTUALLY NO SECTOR of the music products industry has escaped the effects of the recession, but accessory sales have fared better than most and, for some retailers, played a significant role in keeping their doors open. With its truly vast selection of top name brand accessories, distribution giant Musicorp has always been well positioned to help its dealers maximize their small goods sales. But over the past 18 months, as many customers tightened

their belts and postponed major purchases, Musicorp has been even more supportive in delivering both products and practices that help retailers make the best of current market realities.

The right accessory, for example an effects pedal, can help rejuvenate a musician's interest in playing. On a more fundamental level, some accessories can affordably spruce up an instrument or even restore its playability. "We realize that some of our dealers'

customers are opting to either upgrade their current instruments or have repairs made using new accessory items and parts," says Musicorp Vice President Daniel Roberts. "The breadth of our product line presents some great opportunities to our dealers to keep serving their customers and keep them coming into their stores."

A division of KMC Music and owned by Fender Musical Instruments Corporation, Musicorp offers a number of programs designed to help its dealers maximize their sales and profits in the critical guitar and percussion accessories categories. Examples include the company's Gold and Silver Preferred Dealer Programs, which allow dealers to receive a freight allowance and best pricing with an annual commitment in their purchases from the company.

Musicorp frequently runs value-added promotions that help its dealers create more excitement for their consumers in spurring sales of these product lines at retail. For example, Musicorp offered a free Fender lunchbox to dealers who purchased 24 sets of Fender guitar strings or six sets of Fender bass strings. Dealers could award this cool item as a drawing prize for Fender strings purchasers or use it in other promotions that ultimately helped them build their contacts databases.

Musicorp has also strived to help its dealers sell its accessories more effectively. As a wholesale distributor, Musicorp encourages its dealers to order products in quantities that help maximize turns at retail while keeping inventory investment levels manageable.

With credit tight and cash flow trickling, many retailers have trimmed their inventories to the bone while at the same time striving to remain as attractive to consumers as their e-tail competitors near and far. Combined, these dire conditions heighten the exigency of timely supplier order delivery. With distribution centers located in Louisville, Kentucky and Ontario, California, Musicorp's shipments to dealers are usually received in one to three days. Says Roberts, "We're very proud of our ability to ship orders on the same day they are received, prior to our afternoon cutoff time. This quick service provides the opportunity for dealers to replenish

inventories as goods are sold at retail, helping to increase their ROI.”

To help drive customers into its dealers’ stores and simultaneously equip those dealers to answer their questions, Musicorp supports its proprietary lines’ new product introductions with trade and consumer advertising and a robust presence on social networks such as Facebook, You Tube, and Twitter. (Musicorp also uses Twitter and Facebook as supplementary tools to communicate with its dealers.) In addition, the Musicorp product catalog features many of its suppliers’ ads, helping

its dealers stay current on the newest accessory products available on the market.

In the area of merchandising, Musicorp has developed a number of POP support aids for its proprietary product lines. Recent developments include the transition to new color packaging for many MBT Lighting, J. Reynolds, J B Player, and Stageline Stands products. POP merchandising kits for lines such as Sierra Guitars, Barcus-Berry, and MBT Lighting include banners, specific product catalogs, and swag with qualifying purchas-

es.

Kawai America Senior Vice President Brian Chung recently delivered a message to the company’s top North American dealers that applies equally to all corners of the industry: “It’s in challenging times like these that we really learn who our friends are.” One of the ways Musicorp helps its dealers through the current slump is by offering a wide variety of payment options. “While many of our dealers prefer to buy on a COD or credit card basis,” says Roberts, “others prefer to set up and purchase on open account. Our credit team works very closely with our dealers to try to accommodate our customers’ credit terms requests, to provide as much support to our customers as possible.”

With its proprietary brands, Musicorp has helped retailers lure increasingly value-conscious consumers while avoiding the margin-crushing “race to the bottom.” Roberts explains, “All of us at Musicorp recognize that consumers are looking for good products and great prices. Musicorp has always strived to offer great quality products at great prices on our proprietary product lines, and our commitment to customer service of these products is well known in the industry. While we always aim to offer attractive pricing on our products, we don’t want to sell products that may create problems for our dealers with returns and quality issues simply because they are the lowest-priced goods available. We help our dealers create long-term customers by supplying products that consistently lead to positive buying experiences.”

Aware that the rising red ink in many state governments threatens to drown school band and orchestra programs, Musicorp has worked hard to assist its school music dealers with a variety of special programs. In 2009 donations made by Musicorp employees helped sustain band and orchestral programs at two Charleston, South Carolina schools, and the company plans to participate again this year. Last summer Musicorp also provided support to Ye Olde Music in Hanahan, South Carolina, for its Rock Camp program, which helped give young guitar players the knowledge and experience to move forward with their music education and careers.

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A tiny fraction of the enormous selection of accessories distributed by Musiccorp: Musiccorp Vice President Daniel Roberts with some of the items featured in a special Fender guitar and bass strings promotion.

"All of us at Musiccorp are very passionate about the need to increase the number of students participating in school music programs," says Roberts. "We certainly encourage Musiccorp employees and everyone to write letters to their government representatives in support of music programs in our schools."

In response to one of the oft-cited sources of retailer anxiety, Musiccorp has taken steps to help its brick-and-mortar dealers remain competitive with

their online counterparts. One "phenomenal success story" is the number of Musiccorp dealers who have signed up to place their product orders online. Over the last three years, says Roberts, "the increase has been exponential. The convenience of being able to order at any time of day or night helps our dealers utilize their time more efficiently; online ordering doesn't need to happen while the stores are open, when employees are most needed on the sales floor."

For years, in strong and soft markets alike, Musiccorp has been one of the world's leading music products distrib-

utors. Combining an unbeatable range of top-quality and high-value products with responsive customer service, Musiccorp offers its dealers, perhaps especially with its prodigious array of music accessories, a lifeline leading to better days ahead. "All of us at Musiccorp have a great passion for the music business," says Roberts. "We are working as hard as we possibly can to help our wonderful customers be as successful as possible in these difficult times. We will continue those efforts when business conditions improve, which hopefully will be soon."

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