

Strength In Numbers: WHY JOIN A BUYING GROUP?

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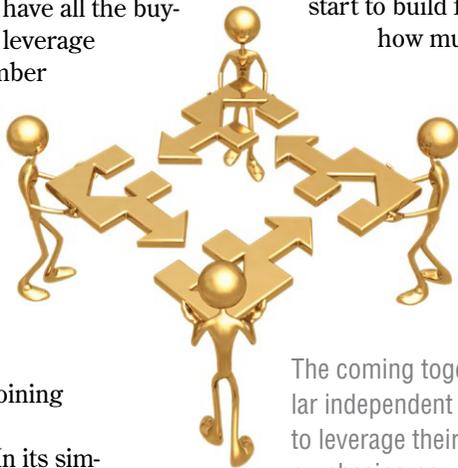
You just opened your e-mail only to see an ad from a big-box or chain store offering the same merchandise to consumers at a lower price than you're paying for it. How many times have you commented on (or griped, complained and ranted about) how these businesses have all the buying power because they have leverage with vendors due to their number of locations?

We've all witnessed this, and it's not fun. Actually, it's extremely frustrating. Some dealers simply accept it, saying, "That's the way it is," and try to focus on products that are not heavily discounted. Others are doing something about it: They're joining buying groups.

What's a buying group? In its simplest form, a buying group is the coming together of similar independent businesses to leverage their combined purchasing power to receive better pricing and terms on the products they buy. Successful buying groups bring benefits to their members and participating vendors that extend beyond simply flexing their "strength in numbers" to leverage a better deal. Vendors appreciate the efficient manner of dealing with a group, as compared to incurring the added costs associated with making individual deals. They place value on working with a committed group of retailers and justify discounts from these cost-saving measures. Smart vendors understand the benefits, and they're gaining more floor space, increasing sales and nurturing commitment as a result.

Why join a buying group? Because they help generate margin at all levels. Without decent margins, no one survives. Buying groups do more than help you buy; they also inform. And, in today's business climate, information is the currency of survival.

Many buying groups do substantially more for their dealer members than just negotiate better pricing. They focus on building stronger relationships with vendors, educating retailers and encouraging collaboration at every level. Participating vendors do more than just sell product. They work together to create special promotions, and many provide valuable support materials like ad content for print and e-mail. They may offer sales training and in-store visits utilizing product specialists and clinicians to help influence your customers' buying decisions.



Benefits of joining. Perhaps the greatest benefit is the collaboration and networking opportunities with other retailers. Some groups include online forums that make it easy to share ideas instantly. For example, let's say that your lessons program needs help and you've been working on a few ideas. You could use the forum to ask questions, to which members would respond with their comments, suggestions and feedback. Over time, you'll start to build friendships and establish trust with dealers across the country. Imagine how much fun it will be to meet your new friends at a NAMM show!

Our industry has a number of important and viable buying groups. Each has its own unique personality and mission. Here are a few to consider:

AIMM - The Alliance of Independent Music Merchants (www.musicmerchants.com)

An alliance of leading musical instrument retailers and manufacturers whose mission is to help develop and grow the music industry. By focusing on quality products, educational programs and exceptional customer service, AIMM empowers member stores to provide better value to their customers.

AIMM's membership represents more than 55 retailers with approximately 200 storefronts. Music industry veteran George Hines is a founding member. The retailers in the group consist of well-known leaders, and most are found on the industry's Top 100 list. Many talented and focused people are involved with AIMM, all of whom are dedicated to the growth and wellbeing of our industry.

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IMMG - Independent Music Merchants Group (www.immggroup.com)

The Independent Music Merchants Group is a non-profit association of musical instrument retailers sharing information to improve member stores, their industry and service to their customers. IMMG consists primarily of band and orchestra dealers and is committed to providing dealer members with the tools for success. With a long history in the music products industry, IMMG has the experience and know-how to help members excel within today's music retail climate. Many well-known industry icons comprise the group's membership, including John Bertrand, Jessica Freehling-Kazzie, Larry Biernacki and Greg Weast.

iMSO - Independent Music Store Owners (www.msoibuy.com)

The Music Store Owners (MSO) forum was started by five music store owners who felt an online place was needed to communicate and work together. They laid the groundwork to create one of the first online forums for store owners to interact and collaborate. Meanwhile, another group of hardworking music store owners had put together IMRA, the Independent Music Retailer Association. MSO and IMRA shared similar goals and ideals and, eventually, merged to form the iMSO (Independent Music Store Owners).

Today, membership exceeds 500 independent music stores. The main function of the iMSO is to supply independent music retailers with a way of staying in touch with each other and furthering local brick-and-mortar music store interests. A board of volunteers manages the group and Gordy Wilcher, Owner of Owensboro Music Center, is the current President.

Members have exclusive access to the iBUY portal, a members-only ecommerce Web site populated by products from the group's preferred vendors. Dealers may browse through thousands of products, make side-by-side comparisons and place orders from multiple vendors with just one purchase order. The system analyzes the order and routes the products to the correct vendor for fulfillment. Advanced technology ensures that the dealer is receiving his or her correct pricing and terms. Dealers are buying direct from their vendors using the system to save time and money. Non-members may take a tour of the Web site and will see

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only list prices. They may apply for membership and contact the group with questions.

If you're not yet a member of a buying group, you should be. There are various items you should consider when reviewing groups that you are considering. Spend some time getting to know each organization. Buying groups have varying membership fees and commitments, so take the time to compare the services they offer, pricing benefits, membership, staff, culture and return on your investment.

Networking is perhaps the hidden gem of buying group membership. The best way to learn new business strategies, marketing ideas and operations efficiencies is to get them directly from your peers. Buying groups rely heavily on dealer involvement, so remember this: The more you give, the more you get. They are usually run by volunteers and are focused on helping you (not themselves) make money. Although it's easier to sit back and learn, it's better for your business and the overall wellbeing of the group and industry when you participate. R

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SUMMER NAMM'S A CRUCIAL BRIDGE FROM SPRINGTIME TO THE HOLIDAYS

program and the benefits that honorees enjoy. "It was created to accomplish a couple of key outcomes," he explained. "Firstly, we wanted to celebrate the very best of the local community music stores, which we believe are critical to getting more people into playing music. Secondly, we wanted to highlight just what *makes* them successful, so that others could emulate and find similar success themselves." Lamond noted that many Top 100 dealers have used the designation to get positive media coverage in their local community and increase their competitive advantage. "This industry is different in that some of these friendships go back generations," he added. "It's pretty cool to see how many members have gotten into this and how supportive they are of each other."

Summer NAMM's focus on—and advocacy on behalf of—independent retailers cannot be overemphasized, and nowhere is this clearer than in its numerous education and training offerings. Of course, there will be the popular Breakfast Sessions we've come to look forward to...but those are just the tip of the iceberg. "Zach Phillips and his team have put together a NAMM U line-up that addresses the biggest challenges of the independent music retailer," Lamond emphasized. And, he added, "Retail Boot Camp, which debuted at Summer NAMM last year, is truly worth the trip all by itself." Having spoken to Chris Basile (South Jersey Music), Gordy Wilcher (Owensboro Music Center) and other iMSO members, I can tell you the consensus is that Retail Boot Camp's been an absolute revelation. And let me stress that, even if you attended last year, there is still plenty left to learn! Retail Boot Camp is on July 10, with registration at 8:30am and the program running from 9:00am to 4:30pm. It's free for NAMM retail members.

Being in the trenches of music products retail on a day-to-day basis, you're acutely aware of the time and effort you expend to ensure your store's continued success and ultimate longevity. As such, chances are, you spend a hell of a lot more time than the standard "40-hour work week" working *in* your store. And to leave your business, even for only two or three days, does have a cost at some level. But what's the cost of not taking a little bit of time twice a year—in January and in July—to work *on* your store? What practical strategy might you never have the chance to implement? What inspiring business advice might you never hear? What lucrative deal might never materialize because you weren't at that awards event, educational seminar or Breakfast Session to make the connection? Successful retailers never build their business plans by concentrating on a single day, week or even month; instead, savvy retailers take a longer and more strategic view. This same type of view reveals the persuasive value proposition that Summer NAMM has always had, and continues to present.

"We know everyone is super busy and the last thing some might want to do is travel again," Lamond admitted. "But where else can you spend a couple of days, see hundreds of business partners, sharpen your skills and have a blast in one of the most musical cities in the world? The bottom line is, the industry is changing faster than ever and those who go the extra mile will be the ones you'll be featuring in *The Music & Sound Retailer* for years to come."

Our editorial team will be in Nashville in full force. If you see me on site, let me know what you think of the show, and of *The Retailer*. I look forward to speaking to everyone face-to-face and hearing about how, during this long period of economic uncertainty, you're all continuing to persevere and usher in the next generation of music makers. R

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