

# DON'T JUST TAKE MY WORD FOR IT... LISTEN TO WHAT **GE CAPITAL BANK** SAYS

**By David Hall, eBusiness Catalyst**

Consumer credit icon GE Capital Retail Bank (GECRB) has released its second annual Major Purchase Shopper Study. The results are promising for music retailers that sell online, and they give hope to those with brick-and-mortar stores. The study shows a growing number of consumers extensively research and compare prices and financing offers online before making major purchases.

More than 3,200 consumers who had recently made purchases of \$500 or more were surveyed and interviewed by Rothstein Tauber, a marketing research company based in Stamford CT. Purchased items came from 12 product verticals, including appliances, electronics, flooring, home furnishings and bedding, home improvements, jewelry, eyewear, power sports products, and lawn and garden equipment. Additionally, more than 2,200 of the participating consumers were GECRB account holders, and one-third of respondents were random shoppers.

According to the study, 81 percent of consumers spend time researching their purchases online before heading out to a store. This number is up 20 percent from last year. Consumers spend an average of 79 days gathering information before making a major purchase (more than \$500). Additionally, signs that consumers are becoming more willing to make larger purchases are validated by the findings that 41 percent of random major-purchase shoppers say they are more open to making a large purchase than they were a year ago.

Another interesting finding from the survey states the following: "The propensity for using the credit program again was also high, with 79 percent of cardholders stating they are likely to use their card again. So, cultivating loyalty and high customer satisfaction can lead to reuse, referrals and favorable reviews." As the economy continues on its recovery, this is especially good news for high-ticket music product purchases. Consumers are using credit to make major purchases, and many reuse this tool to make follow-up purchases.

"We took a deeper look at how consumers use digital tools to approach a major purchase, including the role of mobile devices and preferred

search engines, keywords and sites," said Toni White, Chief Marketing Officer of GE Capital's Retail Finance business. "While online research plays a bigger role throughout the major purchase process, 66 percent of consumers start by visiting a search engine, then go to the retailer's Web site and, ultimately, 88 percent made their final purchase in-store."

Music retailers should never underestimate the power of customer reviews. With so many shoppers going to the Web first when starting to look for music gear, it's in dealers' best interest to do everything they can to provide a pleasurable shopping experience. Findings reveal that potential customers rely heavily on product and customer reviews. It's worth saying again: Consumers do not always make purchases based purely on price; they buy from retailers that provide them good information and instill confidence in order to make solid buying decisions.

Consumers are looking for retailers that provide financing options. Nearly half of all shoppers research payment options before visiting a store. Financing influenced the decision to buy from a specific retailer for 77 percent of GECRB cardholders surveyed, and nearly half would not have made the purchase or would have gone to another merchant if financing had not been available. This means that, if you offer financing and loyalty programs, make sure you promote them to ensure consumer awareness.

Mobile devices continue to surge in popularity, and they have become an important factor in the buying process. The survey includes startling findings regarding how, when and where these devices are used. First, 15 percent say they did product research online via their mobile device while at home. Mobile devices are being used in every

part of the home. Impulse buys are bolstered by the convenience of use that these devices provide.

As smartphones become more engrained in consumers' lives, people tend to be very selective about from whom they shop. They choose stores that present their products in a format that's easy to interact with and that provide an enjoyable shopping experience. Some 19 percent of those surveyed say they "think it is very important for a retailer to offer a mobile-enabled Web site for optimal shopping." Retailers that deliver product information to shoppers in the manner that they now expect are creating better overall shopping experiences. This leads to more sales and repeat business.

The findings also revealed:

For one out of four major-purchase shoppers, their purchase was part of a larger project. This is especially good news for dealers that sell sound systems, DJ lighting, instrument packages and percussion products.

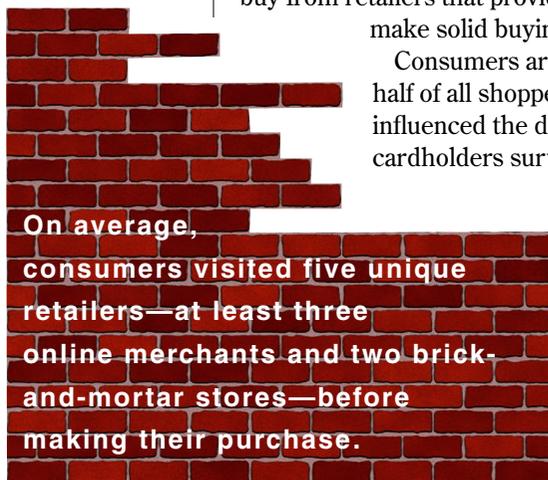
Replacements and upgrades are the two most prevalent triggers to purchase. Consumers are more willing to spend money, and they're buying equipment to replace outdated gear. Focus on stepping customers up to better products.

The length of the purchase cycle and price are highly correlated. Develop a follow-up system and stay in contact with customers as they work through the cycle. Great follow-up helps increase sales.

Consumers say digital tools empower them to compare prices and find the best value. Don't be afraid of showrooming, or of customers who use technology to research products. In most cases, they are looking for information that will validate their purchasing decisions.

Shoppers search for the following when they visit the retailer's Web site (*in order of importance*): warranty information (66 percent); pricing (52 percent); specs/model information (51 percent); payment/financing information (47 percent); sales/discounts; availability; and shipping information. Adjust your sales tactics, including in-store signage and Web site content, to reinforce these priorities.

On average, consumers visited five unique retailers—at least three online merchants and



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## Korg

Korg has announced the KR mini rhythm machine. Designed for guitarists, bassists, pianists or any musician looking for easy rhythm accompaniment, it features nostalgic looks and a simple design focused on easy, push-button control. The KR mini is also lightweight, can run on batteries and



has a built-in speaker, allowing it to provide a backing rhythm pattern anywhere at any time. Playing a rhythm pattern is easy and intuitive, with all controls on the surface. A total of 60 diverse rhythm patterns are available to accompany any practice session or performance. A wide range of genres is included, such as eight-beat, 16-beat, rock and pop, with six patterns for each genre. Alternatively, users can tap in their own beats via a simple record function. There are also eight song patterns containing drum parts that are several measures in length. In addition, a chain function allows the ability to arrange favorite rhythm patterns and fill-ins to create complete songs.

An optional pedal switch allows the user's foot to perform functions like start/stop and for triggering fill-ins, providing smooth control over the KR mini in a performance environment. For added power, the KR mini contains a headphone/speaker output, so it can be connected to a PA system or used with a guitar amp to create a simple setup for live performances. 

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two brick-and-mortar stores—before making their purchase. Simply put, make your experience with the customer memorable and enjoyable. It's not always about price!

Take a closer look at how you're interacting with customers. Find ways to focus on the fun of shopping and to build trust wherever possible. What we buy online helps shape the experiences we share with our friends and family. Consumers have both functional and emotional needs as they shop. They're focused on both finding

the best products and deals for enhancing their lives and taking care of their family, friends and loved ones through their choices. 

*David Hall, eBusiness Catalyst, helps retailers and vendors understand the benefits of eCommerce and the potential for sales growth it offers. He is able to explain technology in easy-to-understand language and translate that into effective sales growth. For more information or to contact David, e-mail him at david\_c\_hall@sbcglobal.net.*

## FIVE MINUTES WITH

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Between jobs created within our own walls and those of our suppliers, this program has resulted in the creation of over 100 jobs in a very short period of time. Imagine what our economy would be like if even a small percentage of companies put their minds to this type of initiative. Anything would be possible.

**The Retailer: What does D'Addario's future hold? What changes can we anticipate? Which new avenues might be**

**explored?**

**D'Addario III:** Every three years or so, our family and management team re-focus our strategic planning and establish new goals for the business. One of our primary new goals revolves around our new re-branding initiatives, as we strive to make D'Addario an iconic brand in the global music industry. We have already introduced a new logo, mark and look to our marketing and new product campaigns, which, we believe, better reflect

our legacy of innovation and dedication to our customers. Essentially, we are trying to capture our company's DNA as part of our brand identity. When people visit our factories, for example, it invariably changes their entire perception of our company and the products we make. As soon as you set foot in our factories, you can feel the incredible energy, dedication and passion that go into

everything we do to ensure higher quality products and services. We are making a concerted effort to capture that spirit in our new brand image, messaging, new packaging, social media, video initiatives and Web site. Whether it is Evans, ProMark, Puresound, Rico or Planet Waves, they are part of the D'Addario family of brands and all share the same D'Addario continuous-improvement philosophy. 

A green Maxon OD808 Overdrive pedal is the central focus of the advertisement. The pedal has two knobs labeled 'OVERDRIVE' and 'TONE', and a footswitch. The text 'Maxon OD808 OVERDRIVE' is printed on the pedal. The background is dark with a glowing green light effect. The text 'Other companies make overdrives - Here's where they got the idea.' is written in a stylized font at the top. At the bottom, it says 'Maxon OD808 The ORIGINAL Overdrive' and 'www.maxonfx.com'. The year 'est. 1979' is also visible on the left side.

A black and white advertisement for Road Hog Touring Cables. The top part features the brand name 'Road Hog' in a large, bold, stylized font, with 'TOURING CABLES' underneath. Below this is a list of bands: 'FALL OUT BOY', 'FOREIGNER', 'AUGUST BURNS RED', 'BUCKCHERRY', 'GARY ALLAN', and 'THEORY'. To the right of the text is a coiled black cable with a red and white label that says 'THE ORIGINAL ROAD HOG GUARANTEED FOR LIFE TOURING CABLE'. At the bottom, there are three lines of contact information: 'WWW.RAPCOHORIZON.COM', 'WWW.FACEBOOK.COM/RAPCOHORIZON', and '1.800.467.2726 1.800.255.9822'. The text 'OF A DEAD MAN' is written in small letters below 'THEORY'.