

Does any form of customer service still exist in the retail world? Certainly when buying anything from the quasi monopolies the customer is treated with contempt, as anyone will know after trying to get Vodafone et al. to solve a problem. The same is true of products in demand such as Mercedes cars, with dealers seemingly trained to treat their customers to the Arthur von Daley school of after-sales support. And going still further upmarket I will never forget my experience at the Prada store in New Bond Street where my attempts to buy my daughter an exclusive shoe design thrust me into the world of those black attired seventeenyearolds who are especially bred to have less brains and motivation than the mannequins in the window. Yet the theory still exists that the high street retailer can succeed by offering an excellent standard of service as an effective counter-balance to the low-prices and convenience of internet outlets. Does this theory hold water in the real world?

It so happened that a few days before Christmas we decided to buy a digital piano so my wife visited the best piano emporium in Cambridge. The salesman quoted a price and suggested that I call in the following day to meet him and to try out the instrument. I duly arrived to find absolutely no sales staff on duty so I amused myself for a time after which I took to the phone to try a few other dealers. Later that day I telephoned the owner of said emporium to discuss delivery and mentioned in passing that as much as I wanted to support a local company he was 20% more expensive than everyone else. He told me that this was a deliberate policy ("Never knowingly oversold") because most of his customers would not bother to phone other dealers although he had no way of justifying the pricing uplift and in any case I shouldn't be buying a digital piano;

what I needed was a traditional grand piano. After I pointed out that I already owned a good piano he said that in any case he didn't have time to get a not-inexpensive digital piano from the store-room for me before Christmas! This terribly nice gentleman (no really!) then told me that he was thinking of dropping digital pianos from the range because he just didn't sell any.

Much later that evening I went onto 'tinternet and found a dealer about one hour away who listed a 24 hour phone line. So just before the bells chimed midnight I spoke to a tired sounding retailer who announced that he had my piano in stock; in the right wood finish; at the right price and it would be ready for collection at 9am the following morning. This guy then apparently got up very early to fetch a piano from his warehouse; unpacked it; tested it and re-packed it. And the following morning it was waiting for me in his really quite tiny showroom. Now that's what I call service, so well done Young's Pianos of Leicester.

Now I would go back to that dealer even if his price wasn't the lowest and I would also recommend him to friends because I know he will try harder. And even though the musical instrument industry is a bigger blood-bath than the hi-fi industry I know he'll still be around in five year's time.

As the retail figures for December 2004 have shown, internet sales are not going to go away; indeed the competition will become more intense and retailers may have no choice but to try to match it price-for-price. But if you could get a low-price from a high street store with a good demonstration; fresh coffee; delivery to your home and after-sales service why would you even consider an internet-only supplier? In marketing-speak this is called "retail differentiation" but you could equally call it a no-brainer. Of course overheads are overheads and they

have to be paid for. Since manufacturers are not going to turn their backs on the internet outlets perhaps the time has come for a degree of differential pricing. Legally manufacturers cannot discriminate against different customers but lawyers tell me that there is no obstacle to payments being made for services rendered. So for example a payment could be made for a demonstration leading to a sale and for a home delivery and installation. That way the manufacturer could manipulate their discounts to help defray the cost of the extra overheads faced by the retailer. Because, as we never tire of saying, if the high street demonstration facilities disappear then many manufacturers are going to find it difficult to differentiate their products in the marketplace.

Manufacturers love to talk about their commitment to the retail trade; their desire for high-quality demonstrations and for standards of customer service reflecting the quality of the products they are selling.

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Perhaps as we enter a new year the time has come for the manufacturers to put their money on the line and to be proactive with some form of differential pricing. And if they do this the retailers need to learn to hold the prices and to put the extra margin into service even if that means they have to get up at 4.30 am to get the products ready for the customer.



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