

MONEY

IN REPETITION

Offering in-store repairs can boost sales ...
but how do you ensure it's profitable?

By Morgan Ahoff

**Note: this article is written about a guitar shop, but is applicable to any product category with a technological component: drums, keyboards, PA equipment, etc.*

Think of how ridiculous it would be if you woke up every morning and said, “Hmm. How can I make some money? Hey, I’ll sell something! What will I sell? Maybe some guitars. Where can I get some? How much do I need to buy them for so I can make some money selling them...?” Yeah, that’s bonkers.

To run a business, you need systems in place. You need supply lines and procedures and the tools for the job. You need price stickers and glass cleaner and a payroll for the employees...

A repair shop has a particular problem when it comes to running it as a business: when a device breaks, it’s completely random. Broken guitars are like snowflakes – no two are alike.

Sure, you can group them into categories – \$80 for a set-up, \$120 if it’s a Floyd Rose, \$200 for a fret dress... But each guitar is different. It’s designed differently, and it’s made from wood, which comes from trees, which are all different. And every player is unique, so the way they’ve been using the guitar is different.

Bottom line, it’s really hard to shoehorn things that are inherently different into

nice, neat categories, convenient price points, and time schedules that fit neatly into a business model.

What can be done? There are a few things...

Move the Bulge

Here’s a little secret: expensive guitars are easier to work on than cheap guitars. Expensive guitars are well-made and do what the repairperson intends. Working on cheap guitars is a bit like a scavenger hunt: find the one thing this guitar will do well, and set it up to do that. Do you like low action? Too bad; can’t do it with this guitar.

More expensive guitars are built to be repaired. It’s expected that you’ll keep them long enough to run into the need to repair them, so they’re designed with that in mind. Budget guitars have employed all kinds of cost-cutting measures to keep the purchase price affordable, and that often means building them in such a way that repairing them exceeds the cost of buying a new one.

“We’ve got to get more valuable guitars in the hands of our customers,” is the conclusion I came to after working in a repair shop for a while.

In every guitar shop, the instruments the customers own span the range from \$250 student models to \$10,000 heirloom models all decked out with mother-of-pearl. If you analyze the value of the instruments your customers own, there is likely a “bulge” at a certain price point, meaning more customers own an instrument at this

price point than at any other.

In the shop where I work, this price point is about \$400. What’s the problem with that? Well, customers are generally willing to spend half the replacement cost of the instrument to get the one they own fixed. That gives us a “budget” of \$200.

Okay, a guitar is checked in because it isn’t playing well. The retail staff say, “It probably just needs a set-up.” The technician starts working on it and discovers it needs more than an \$80 setup to make it play properly. Because it wasn’t built well at the factory and it’s been ravaged by time and use, a \$120 fret dress is required. That’s used up the entire \$200 budget; if it needs anything more than that, the customer should have just spent the money on a new guitar.

How Price Points Fit into Your Business Model

You’ve got to not only think of price points in terms of “How much were you planning to spend?”, but also in terms of how they fit into your business model.

Imagine you succeeded in shifting the “bulge” in your customer base from \$400 to, say, \$550. There are still going to be customers who own \$250 student models (because maybe they’ve got a kid who’s a student) and you’re not going to convince all your customers they should be playing a \$3,500 Duesenberg.

But if that \$550 guitar needs an \$80

setup, it's worth it. And when it needs a \$120 fret dress, it's worth it. And if it comes in with the head stock busted off, and it's going to cost \$225 to put it back on, it's still worth it. (Well, just barely – but it has sentimental value!) Even with all those little costs – a \$20 saddle, a \$60 bone nut, \$30 to re-glue that pick guard that's peeling up – the customer is more likely to decide it's worth it, and give you the go-ahead.

And Get Paid for Your Time

Think of it another way: if you need to charge a shop rate of \$80 per hour to stay afloat, that \$200 cap means if a cheaper guitar takes much more than two hours, you're in the red. Or you're working on four guitars per day. That sounds like a hobby, not a business.

The curious thing that makes guitars exceptional is this: for most consumer goods, that 50% of replacement cost holds true. Consider electronics like a flatscreen TV: for a little more than the cost of fixing your old one, you can get a brand new one with the latest features.

But with guitars, there are no latest features. Guitars have been built the same way for 50 to 400 years, depending on whether it's electric or classical. Old and worn, tried and true – “vintage” is good. Besides, guitarists don't want to start over with a brand-new guitar; it's a badge of honor to have wear marks from the hours and hours you've spent playing the music you love.

Nudging that “bulge” upwards will benefit the repair shop, but it's ultimately a sales issue. The sales department needs to set the goal of shifting the holdings of the customer

base so that it “plays nicely” with the shop's business model.

In most guitar stores, the repair shop is integral with the sales department. The repair shop supports the sales team, which ultimately pays the rent. If a customer brings back a guitar they bought because it's not working right, having an on-site repair shop gives the sales team one more option. Without it, what can they do? Issue a refund (which you try not to do – when someone gives you money, hang onto it), exchange it (which is fine for consistent, modern guitars like Yamahas and Fenders; not so much if you sell one-of-a-kind vintage gear), offer an in-store credit for use when they see something they like as well, when it turns up? None of these is as good as offering a solution to the problem they're having so the guitar they chose functions as well as expected.

MIKE LOMONACO Just Drums – Toronto, ON

Just Drums is a specialty store that sells and services acoustic and electronic kits, world percussion, hardware, accessories, and educational materials.

CMT: Generally speaking, how has offering repairs and tune-ups benefited your business? Have you found repair services have led to other sales or service opportunities or earned you repeat business?

ML: Repairs are great across the board. Any time you can offer a service you can't get

through a web portal or anything like that, people want to take part. They want that human touch. Getting to talk in detail about any issues and then learning about what's being done is educational [for the customer] and drives trust. It also drives sales if you're doing it right. It's easy to fix someone's hi-hat stand and get your \$20 or whatever it is, but you can also assess the person's needs and offer suggestions for upgrades or other solutions to serve them better.

CMT: What about benefits for you and your staff? Does offering repairs boost your knowledge on instruments, offer insights that are helpful on the sales floor or with ordering, etc.?

ML: Any time we can determine if there's a problem item that might pose a conflict with the customer's experience, it's important to know that and share that information with our staff and our customers. And for our sales team to see how something gets fixed, it helps them offer an elevated, more informed customer service experience and, again, to establish trust.

CMT: What are some of the inherent challenges or things to keep in mind with running a successful repair department that might not seem obvious to anyone thinking of adding one to their business?

ML: Time management. That's the biggest concern you'll always have for repairs. Parts are usually easy to get, and if people want something specialized, they're usually willing to wait, but managing how long things might take and not promising something you can't deliver is important to that overall customer experience, and our internal operations.

CMT: Did you see an influx in repairs/tune-ups coming in through the pandemic lockdowns? If so, to what do you attribute that, either based on what customers were telling you or your own observations?

ML: Repairs definitely saw some action [through the pandemic]. People were digging old stuff out of their basements and were ready to freshen things up. New heads and general overalls were a big part of that, and cymbal cleaning, too. That's a cool thing we offer that other stores don't – we have a specialized machine and it really brings your cymbals back to life. It's not that expensive and has been getting more and more popular.



Making the Call

This is about having a good handoff system from the repair shop to the sales department. When a technician checks out a guitar and determines that the cost of repairing it exceeds 50% of the value of the instrument, the customer should get a phone call from a salesperson, explaining the situation and offering a guitar the shop has for sale that the customer might prefer to spend their money on. This provides the customer with

reasonable options, any of which involves spending money at your shop. Telling them it's not worth fixing their guitar and they should shop around for a new one doesn't support your business model.

First and foremost, the service a guitar shop offers its customers is clarity in navigating decisions about owning a guitar. Mapping out available choices within your business model enables you to offer superior service, all the while keeping the business running.



Morgan Abhoff is an experienced repair technician based in Vancouver, BC.

DAVID REYNOLDS Nightlife Electronics – Vancouver, BC

Nightlife Electronics is a shop dedicated to the sale, service, and restoration of new and vintage synthesizers, drum machines, DJ equipment, and more.

CMT: Generally speaking, how has offering repairs and tune-ups benefited your business? Have you found repair services have led to other sales or service opportunities or earned you repeat business?

DR: Having a repair shop has helped our business greatly. Because we started out as solely a repair shop, we were able to build a reputation locally as being the “go-to” specialists for all things synth-related. This was a big bonus when transitioning to offer retail sales along with repairs. We know the equipment inside and out and can offer insight that most other retailers can't.

CMT: What about benefits for you and your staff? Does offering repairs boost your knowledge on instruments, offer insights that are helpful on the sales floor or with ordering, etc.?

DR: We have a small staff here at the shop and everyone helps out in all aspects of the business. Getting hands-on and helping repair gear has been good for the staff working here because it not only helps them understand gear better for sales but also builds skills in an area of the industry that is hard to gain experience with.

CMT: What are some of the inherent challenges or things to keep in mind with running a successful repair department that might not seem obvious to anyone thinking of adding one to their business?

DR: The main challenge is that while it is a complementary business, it is a completely *additional* business. It requires as much care, time, and attention as our retail shop and the workload of having two businesses is quite significant. The list of qualified/experienced synth techs in Canada is pretty short and I handle 95% of the repair work we do. It's really not the kind of job you can just put up a “help wanted” sign for.

CMT: Did you see an influx in repairs/tune-ups coming in through the pandemic lockdowns? If so, to what do you attribute

that, either based on what customers were telling you or your own observations?

DR: We entered into the lockdown feeling very uncertain about what might happen in terms of sales and repairs but were quite surprised to see things stayed busy and sales increased. Our repair shop closed early on in the lockdown – actually a week before it was recommended – but gradually started taking in equipment once we could put safety procedures in place. This obviously caused a drop off in repairs early on but once we reopened, things picked up again quickly.

There are probably many reasons we saw an uptick in business but I think a lot of people had more free time to devote to following their passion of making music, finishing projects, and just focusing on the things that make them happy.



RICK POPIEZ

A&R Music – Walkerton, ON

A&R Music is a full-service music store offering quality brand-name instruments, accessories, and books, as well as onsite repairs, since 2009.

CMT: Generally speaking, how has offering repairs and tune-ups benefited your business? Have you found repair services have led to other sales or service opportunities or earned you repeat business?

RP: Offering repairs, set-ups, and restrings helps bring different customers into the store than those looking to buy a new instrument or a better amp or a birthday gift. Also, repairs create their own market to sell parts and strings. Customers who brought in one repair and were happy with the results would bring in other instruments or make recommendations to friends.

There's a relationship that develops with customers when they trust you to take care of their instrument so, on the retail side, they also trust you for advice about something they are looking to buy or a product you carry.

CMT: What about benefits for you and your staff? Does offering repairs boost your knowledge on instruments, offer insights that are helpful on the sales floor or with ordering, etc.?

RP: A major benefit is I can service what I sell. My knowledge benefits customers as they know that if they buy a new guitar or amp and something goes wrong down the road, they can bring it back to me for service.

You get familiar with instruments from working on them over the years so, if some parts aren't available, sometimes I make them myself – bridges, nuts, saddles – and custom-fit them. It might take longer but the customer will get a really nice repair that will last.

My experience from working on so many different instruments and brands over the years has really come in handy. There is a huge market for counterfeit guitars and other instruments. Sometimes customers come in looking for advice for something they want to purchase online. I can give them pointers on things to look for, like sloppy inlays, logos and serial numbers that don't match, paint flaws, wood filler on the fretboard, broken bindings, painted chrome...

A personal benefit for me is that I've gotten to work on some really unusual and one-of-a-kind instruments. I have worked on a rebab, zithers, a 1920s mandolin, and a 1960s Mosrite electric guitar. As a music-lover, that's been really cool.

CMT: What are some of the inherent challenges or things to keep in mind with running a successful repair department that might not seem obvious to anyone thinking of adding one to their business?

RP: A repair department can be a huge time commitment. Not only is a lot of time spent sourcing parts, schematics, and service manuals, but some processes, especially for structural repairs, need to be done after-hours because they require concentration and careful attention. It can sometimes be challenging to estimate how long a repair might take as parts may not be available or sometimes it's more work than it originally appears once the instrument or amp is opened up.

It's also important to know how to be diplomatic with customers because sometimes you don't have good news. Doing repairs lets you develop a relationship with customers and I love working on instruments and making them playable again; however, it can be tricky to balance what the customer expects for turnaround or the result they want with what is right – especially if the item is either not fixable or the repairs are well beyond the value of the instrument.

CMT: Did you see an influx in repairs/tune-ups coming in through the pandemic lockdowns? If so, to what do you attribute that, either based on what customers were telling you or your own observations?

RP: The pandemic was really hard on the music industry in so many ways, but a good thing was music became so important to help people cope and more people were at home and looking for things to do. I had a lot of repairs come in from people cleaning up basements or closets and deciding that it was a good time to learn an instrument or pick it up again. Some had an instrument or amp they had been putting off getting fixed but during the pandemic they had the time so they brought it in.

