

WEA Instituting Central Returns Policy; All Records, Tapes Returned To Indiana

NEW YORK — WEA is instituting a nationwide system of consolidated returns, whereby all product on all three WEA labels, in all configurations, will be returned to a central return warehouse in Richmond, Indiana. The move, which may save WEA significant amounts of time and money at the individual branch level where all returns had formerly gone, will not be wholeheartedly welcomed by wholesalers and retailers outside of the immediate Indiana area. They will now bear the added expense of shipping goods to a much further location, with resulting higher freight costs. The move to centralized returns is being implemented immediately, and will affect all Warner/Reprise, Elektra/Asylum and Atlantic/Atco product, on singles, albums and tapes.

WEA Statement

In response to an inquiry from **Cash Box**, WEA president Joel Friedman issued the following statement: "WEA this week confirmed that the company is experimenting with a new system of central returns. The move is designed to further streamline the company's return processing procedures and will enable customers to make returns on a direct basis to a central return processing warehouse in Richmond, Indiana, rather than to individual WEA warehouses. Customers will benefit as a consequence of improved service at the local WEA level, and similarly benefit by a central, uniform system of returns processing. WEA customers will henceforth be able to make returns of all configurations, of all WEA labels to one plant, rather than making separate returns."

Control Over Inventory

By moving to centralized returns, and freeing the individual branches of the need to deal with returns at all, WEA should gain better control over inventory costs, and provide for more expeditious handling (and ultimately, recycling back to accounts) of salable returns. For example, on albums or tapes with large initial sales, some immediate returns, and then a continued smaller sell-through of a few hundred to a few thousand pieces a week, shipments on orders of those

albums can come from this one location. As a result, it becomes unnecessary for WEA to maintain six additional inventories of varying amounts, in varying stages of being sent out or coming back, at six different warehouses around the country. Similarly, on catalog items where less than 5000 pieces or so are sold each week, all the returns and all the shipments can come from and/or go to the same place. And the lower the total weekly volume on the record, the more sense it makes and the more economical it becomes to handle the specific titles centrally.

While WEA will gain by a reduction in overall inventory levels, it, too, will be faced with higher shipping costs when its orders are sent back out to accounts. WEA will also have the added

By Gary Cohen

cost of operating an additional warehouse facility plus added personnel and managerial costs for employees involved exclusively with returns. However, since this will be a full-time operation dealing strictly with returns, operating efficiencies will result, meaning a probable overall net saving for WEA.

Higher Freight Costs

Dealers and distributors may be expected to react negatively to the new procedure, especially in those cases where their freight charges will rise. There was some speculation that the increased freight charges that would result from this plan would specifically hurt singles, where freight charges are eating up an ever larger percentage of the markup between singles cost and selling price. And the expected rise in trucking

rates, as a result of the settlement of the Teamsters strike, is expected to exacerbate the situation.

Like Indie Distributors

In what might be considered a turn of events, retail and wholesale customers of WEA who are far away from Indianapolis, and who will have to absorb higher freight costs, may be able to better understand the plight of the independent distributor, who is presently forced to pay the freight on shipments from the pressing plant to him, and then in the case of returns, to pay for the freight back to the plant. Freight charges on every level of the business are taking up a significantly larger share of overhead costs, and also have an effect on profits.

Similar ABC Move

In a related development, ABC Records, as part of their branch con-

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Arista Distrib. Changes: Salstone Named In St. Louis; Industry Sees Moves As Furthering Regional Distrib. Concept

by Gary Cohen

NEW YORK — Arista Records is the first company to go with Milt Salstone's new M.S. Distributing operation in St. Louis, and has simultaneously implemented a series of other distribution changes. Many appear to be part of the growing national trend towards regional distribution, consolidating the number of distributors and giving each one more territory or an extra market to service. News of Salstone's opening in St. Louis was revealed exclusively in **Cash Box** last week (April 10, 1976).

The move to Salstone in St. Louis, who also distributes Arista in Chicago, can be understood as part of the burgeoning regional distribution concept.

Consolidation

In addition to switching in St. Louis, it was learned that Arista was in varying stages of implementing these other distributor changes:

- pulling the line from Apex Martin in New Jersey, and giving that territory to Alpha in New York
- pulling the line from Supreme in Cincinnati, and giving that territory to Pika in Cleveland
- pulling the line from Music City in Nashville, and giving that territory to Heilicher in Memphis
- a further change, made approximately a month ago, involved switching from Aimar to Record Sales in Denver.

It was not clear at press time if any further distributor changes were being considered. But it was understood that Arista was hoping to acquire additional muscle with the remaining distributors by giving them larger territories, a larger selling area, and less potential transshipping into their market while requiring extra personnel to work Arista product. Perhaps these moves are the first in a series by independent manufacturers to reduce their number of distributors, while leaving the survivors with more territory. Of course, the orders from those distributors who do remain will be expected to increase commensurate with the billing that was given up by the exiting distributor.

More Or Less

While fewer distributors with larger

territories may be in vogue right now, the contrasting philosophy, previously in vogue, was to have more distributors (with either clearly defined or overlapping territories). Multiple distribution, however, does not appear to be a viable solution for solving manufacturers' needs today.

If the consolidation trend is continued by other manufacturers, as some in the industry believe, it could mean the end of some independent distributor operations altogether. That would be especially true in two cases: 1) where the entire market would be absorbed (for distribution) by an adjacent market and/or 2) where the independent distributor was "pure," and had no non-distribution business to keep him going. But who might go, when and where are purely speculative at the moment.

'Ludicrous'

Joe Martin, owner of Apex-Martin in New Jersey, where the loss of Arista comes shortly after the loss of A&M (which also went to Alpha in a regional distribution move), termed the regional distribution concept "ludicrous." Martin made a number of pertinent comments on regional distribution, and asked, "Why have fewer distributors owing a manufacturer more money, as opposed to more distributors owing a manufacturer lesser

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Coury New RSO President; Phonodisc To Distrib. Label

LOS ANGELES — Al Coury has been named president of RSO Records by Robert Stigwood, chairman of the board of The Robert Stigwood Organization. Stigwood named Bill Oakes vice president in charge of creative development, RSO television, and also announced that Phonodisc (a Polygram company) will distribute RSO product in the U.S., and that worldwide arrangements with Polydor would be continued.

Stigwood commented, "I am delighted to welcome Coury to RSO. He has a unique and formidable track record in the industry and I look forward to a close personal working relationship. Bill Oakes has been instrumental in the launching of our label and in his new assignment I expect to utilize his own talent more fully."

Coury began at Capitol Records as a salesman, and spent two years as an executive producer in their a&r department.

In 1972 he became senior vice president in charge of promotion and artist development, then expanded his duties

to take on a&r responsibilities, remaining exclusively in that area for the past year and a half.

Oakes

Oakes, whose TV affiliation began in 1973, started in the music business in 1968 as personal assistant to the Beatles. He joined RSO in New York when the company launched "Jesus Christ, Superstar!" and returned to Europe at the inception of RSO Records as international manager. Since he became label president in 1974, RSO has become a full-fledged U.S.-based company.

Reaction among RSO artists to Coury's appointment has been favorable. Eric Clapton, who is recording his new album, said, "RSO has always been a personalized company. Welcome to the family, Al!"

Chris Youle remains as European manager of RSO Records, and will be reporting to Coury, who will be headquartering the label at RSO's offices in Los Angeles at 9200 Sunset Blvd., phone (213) 278-1680.

Warners Will Distribute Leon Russell's Paradise

LOS ANGELES — Leon Russell's Paradise Records will be manufactured and distributed by Warner Bros. Records, who have just shipped Leon and Mary Russell's "Wedding Album," the first Paradise release under the agreement.

"We have great confidence in Leon's abilities as a performer, writer, musician, arranger, producer and executive," commented WB president Mo Ostin. "His stature in the international music community is virtually unequalled and we're pleased to be associated with Leon on both a creative and business level."

A national tour is planned in conjunction with the release of the album with

specific dates to be announced in the near future.

Leon Russell's career credits range from session musician (he worked on many of the Ronettes and Righteous Brothers sessions produced by Phil Spector) hit songwriter ("Superstar," "A Song For You," "Delta Lady" and many others are in his catalog) to producer (Joe Cocker and others) and finally major recording artist in his own right. Mrs. Russell, former Mary McCreary who recorded two previous albums as part of the Sly Stone-produced group Little Sister, has done session vocal work for many artists.