

Philadelphia 'Price War' Probed 177

future. We try to meet the competition (he mentioned Goody, Wee Three, and Record Museum) with our prices, which are \$4.49 on specials unadvertised except in the store, and \$3.88 for ad sales, which feature the top 20-30 titles weekly."

For Brent, the situation is not like it used to be, because of increased competition. "In this area central Philadelphia, nobody

makes out like a champ; everybody gets a slice of the pie." Each retailer's slice, therefore, is predicated on the attractiveness of his pricing structure, for the most part, and this can create irritating, if not critical problems. "At \$3.88, you make a little bit, but not much," Brent said, almost resignedly. "Less than \$4 sales will continue."

'Price War' Is Here

That seems to imply that the retailing situation is not as healthy as it might be. Perhaps it's even eroding? "It's beginning," warned Sam Cass, tape buyer for Richmond Brothers, a wholesale distributor of records and tapes and owner of the Sound Odyssey stores. "It started with Goody's prices (less-than-\$4 sale prices) and all other chains — Wee Three, Music Scene, Sound Odyssey, Record Museum — followed to be competitive. I don't think they're making any money at \$3.69 or \$3.77 or \$3.99. They're killing everyone in the business, because they all run different specials and if a consumer is smart he can shop from store to store and pay less than \$4 for everything."

Cass predicates these conclusions on the large overheads that these stores carry. Most are located in malls and, accordingly, 40-50¢ marked up on each LP seems insufficient. "We sell to retail stores at \$3.45 — \$3.60 and with deals and free goods sell as low as \$3.50 — \$3.35, so I can't see where the profit margin is."

Other Problems

However, the chains are not the only concern of Cass and others. Recently, primarily during the past year, stores merchandising everything from cameras and watches to stereo equipment and calculators have sprung up in a radius of approximately five blocks, centered at Chestnut and Market streets in the center of Philadelphia's "center city." These stores sell the top 20 or 30 records and tapes at prices as low as \$2.99 and \$3.35 to induce customers to shop in their stores and they're creating problems for record stores in the area. "These people are in the record market, because it's a real come-on, especially in R&B," said Cass in a tone of exasperation. "They're selling cheaper than we are and we're wholesalers. I don't expect to see these newcomers on the strip in the next couple of years. But right now, I'm baffled." Cass conceded that the Odyssey stores were "feeling it" (the competition), but that it was, at present, "not critical."

Jerry's Records

Dennis Horn, store manager of the center city outlet of the five-store Jerry's Records chain, is also feeling the accelerated competition yet he is not as cautious in his assessment of the marketing picture. "There is somewhat of a 'price war' going on," he said emphatically. Horn puts the blame on the little stores in the center city area that Cass described. "They sell records for \$3.39 and \$2.99; it beats me how they do it. But we try to keep up."

As a result of the competition, Jerry's sells the top 30-50 LPs each week at \$3.39. In addition, the chain offers assorted specials of old and new LPs for \$2.99. Several thousand records are involved in this conglomeration of \$6.98 list titles and sometimes they are even available in bulk. At Horn's store, recently, there were available about 35 copies of Nazareth's latest LP as well as the Grateful Dead's "Blues For Allah" and Jefferson Starship's "Red Octopus."

Horn concedes that "I guess we're not making money" but it "gets people into the store to buy catalog merchandise at \$4.95." The present policy has been effective for almost one year, but Horn doesn't miss the old days. "I've been digging these prices more and more because it does get people into the store, which definitely affects sales."

'Obscene' Pricing

Norman Cooper, owner of Norman Cooper One-Stop, recently opened a retail outlet, Platters Ltd., and he, for one, has no use for the prices he's forced to charge. "Prices are obscene at times," he fumed. "We're in the middle of a price structure which is bad. One guy around the corner is in to \$3.48, which is obscene."

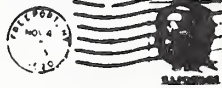
looking ahead to the top 100

- 101 **KID CHARLEMAGNE**
(ABC/Dunhill — BMI)
STEELY DAN (ABC 12195)
- 102 **IT AIN'T THE REAL THING**
(Meadow Ridge — ASCAP)
BOBBY BLAND (ABC 12189)
- 103 **LIGHT UP THE WORLD WITH SUNSHINE**
(Blacksheep/American Dream — ASCAP)
HAMILTON, JOE FRANK & DENNISON
(Playboy P6077)
- 104 **STRUTTIN' MY STUFF**
(Crabshaw Music — ASCAP)
ELVIN BISHOP (Capricorn/WB CPS 0256)
- 105 **CHERRY BOMB**
(Bad Boys — BMI)
RUNAWAYS (Mercury 73819)
- 106 **DEVIL WITH A BLUE DRESS**
(Stone Agate — BMI)
PRATT & McCCLAIN (Reprise/WB RPS 1361)
- 107 **FREE SPIRIT**
(Low-Sal — BMI)
ATLANTA RHYTHM SECTION (Polydor PD 14339)
- 108 **RESCUE ME**
(Cheis — BMI)
MELISSA MANCHESTER (Arista AS 0196)
- 109 **SOLITARY MAN**
(Tallyrand — BMI)
T.G. SHEPPARD (Hitsville H6032F)
- 110 **LOVE ON DELIVERY**
(Black Sheep/Heath Levy — BMI)
BILLY OCEAN (Ariola America/
Capitol P-7630)
- 111 **ROXY ROLLER**
(Beechwood — BMI)
SWEENEY TODD (London 5N-240)
- 112 **THE BEST DISCO IN TOWN**
(Can't Stop Music — BMI)
THE RITCHIE FAMILY (Marlin/TK 3306)
- 113 **NITTY GRITTY ROCK AND ROLL**
(Stansell — BMI)
COYOTE McCLOUD (Midland Int'l./RCA MB 10722)
- 114 **STRANGER**
(Resaca — BMI)
JOHNNY DUNCAN (Columbia 3-10302)
- 115 **THE MORE I SEE YOU**
(Bregman, Vocco and Conn — ASCAP)
PETER ALLEN (A&M 1813)
- 116 **LET'S ROCK**
(Kaskat — BMI)
ELLISON CHASE (Big Tree/Atlantic BT 16072)
- 117 **BETTER THAN AVERAGE**
(Foxborough Jr./Intersong USA — ASCAP)
BRIAN GARI (Vanguard VSD 35192)
- 118 **SING YOUR OWN SONG**
(Anneuser — ASCAP)
MARK LINDSAY (Greedy G-106-AS)
- 119 **YELLOW VAN**
(Don Kirshner — BMI)
RONNIE & THE DIRT RIDERS (RCA PB 10651)
- 120 **GET IT WHILE IT'S HOT**
(Stone Diamond/Mills & Mills — BMI)
EDDIE KENDRICKS (Tamil S4270)

continued on pg. 21

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