

Homer's survives storm of corporate retailing

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stores, too," Fratt said. But as the 1990s wore on, most additions to the Homer's chain started disappearing in Lincoln at an alarming rate:

Locations at 17th and P, 70th and O and 56th and Highway 2 all closed their doors as the decade progressed. Add in four Omaha locations who have turned their lights out for good, and Homer's now has only seven outlets.

However, Fratt claims his company knew at the time of purchase that a significant number of the new stores would eventually close. Some of the shops were located too close together for them all to succeed, he said. At one time, they had two downtown Lincoln stores within four blocks of one another.

So why would they buy stores they believed would go under? "We felt we had to increase our account to compete with everyone else," Fratt said. "And we couldn't just select a few stores, we had to buy the whole franchises."

Fratt said the '90s have been tough on independent music retailers. Like a veteran of bookkeeping wars, he spoke of past in-state casualties of competition with a sense of camaraderie and respect.

"A good example of what was happening during 1993 to 1997 was our beloved Dusty's out in western Nebraska," he said. "He used to have stores in Kearney, Grand Island and Hastings and now they are all gone. It's too bad because those stores were important to the college kids out there."

Fratt said the arrival of Hastings Video and Music in Kearney, for instance, helped drive the staple location of the western Nebraska chain out of business.

His tone on the topic of new corporate competition is predictably less affectionate. His feelings are all business and understandable for someone with high interest in the independent market.

Fratt said that before 1997, department-store music retailers such as Best Buy were selling tapes and compact discs at prices lower than actual cost.

"It was looking rough - really rough," he said.

Such seemingly unfair economic competition rarely corrects itself without the intervention of government.

But then Homer's, along with independent retailers nationwide, received a little policy assistance from the nation's leading music distributors: Warner Brothers-Elektra-Atlantic (WEA), Sony, EMI, Polygram, BMG and Universal. (Polygram distribution is now owned by the Universal company.) These five multimedia conglomerate entities are known in the independent music biz as the "5 Wicked Stepsisters," Fratt said.

Fratt said in late 1996 the companies created a policy called M.A.P., short for minimum advertising price.

M.A.P. keeps big chains from advertising prices that are below actual cost. This baiting tactic is normally devised by corporate retailers to lure customers into their stores to buy a cheap compact disc with hopes that the shopper will move about the other departments and spend

bigger cash. Conveniently, this method has also been known to drive the local music-shop competition off the scene.

Surprisingly, the effort by the aforementioned distribution giants to make more money with its minimum advertising price policy is also helping the little guys.

Fratt said the new policy helps Homer's prices compete with those of corporate outlets.

"They had to come the rescue of independent retailers or see a cannibalization of the industry," Fratt said. "By the time they did something, most of the smaller retailers were already gone."

However, he believes there are reasons other than M.A.P. that explain why Homer's has recently flourished. Fratt said his business has been doing better since October 1997 because of its improved music selection.

"People are starting to come back to our stores because they can't find what they want elsewhere," he said. "Bottom line: Either you have it or you don't."

Best Buy merchandise manager Greg Gaines wouldn't comment on whether he believes Fratt's statements are true.

Gaines, in a phone interview Monday, did say that he recognizes Homer's as a force in the market.

"We take all competition seriously," he said.

Fratt also said his store has "the best customer service," which will help his stores "stay in business for years and years."

Janet Froscheiser, manager at Homer's at 48th and Van Dorn streets, said the corporate competition has made her store focus more on customer service.

"I think the competition has been good," she said. "We've had to re-recognize what we're good at, and that's knowledgeable, friendly service."

Froscheiser, who has managed record stores in Lincoln for more than nine years, said her store's style of friendly service sometimes becomes its enemy.

"I think initially a lot of people tend to see record stores like ours as threatening places," she said. "They are immediately approached by people they kind of see as druggy, funny-colored hair types. But sooner or later, they figure out that the people we hire are pretty normal and easy to talk to."

Maybe it's M.A.P. maybe it's the funny hair colors. Whatever the case, something has been working better recently. Without giving bank-account statistics, Fratt went on record that Homer's is back in the black.

And really, any level of independent success is impressive in this market: One that, according to Fratt, has 80 percent of its national music retail industry owned by only seven companies.

Froscheiser said the resiliency of Homer's, which is owned by Tom and Sue Weidner of Omaha, may be because of its independent roots.

"I think people look at Homer's as this big chain, but really we're just a bunch of mom and pops stores," she said. "And we're actually owned by a real mom and dad."

Used music stores add rare items, collectibles to Lincoln retail scene

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"There's no way in hell Best Buy will buy back used CDs," Mills said. "There will always be a market, always be a niche."

Kolnick says he provides a service the big stores don't, and he welcomes the competition. He says the more record stores there are in a city, the better. And with Backtrack Records now only on the Internet, his store is one of the last places left selling vinyl.

"I sell a lot of vinyl," he said. "DJs are buying old records to mix into dance tracks, metal people are buying old metal hard to find on CD and collectors are buying 12-inches, Led Zep, Pink Floyd, blues and jazz."

Records, long since obsolete to the average consumer, are big money for collector-friendly stores. Kolnick says some hard-core collectors travel around the country and frequently stop in at his store.

Both stores also sell hard-to-find posters, T-shirts and music videocassettes.

"I pretty much make the same money off these," Mills said.

Kolnick agrees. "Sometimes I think more about posters and paper goods than the music," he said. "I have 3-4,000 posters."

Both Kolnick and Mills predict big changes in the music industry will trickle down to their stores in the future. But while Mills is concerned with the computer revolution, Kolnick is interested in major-label consolidation and its effects on the independent music scene.

"Tapes are virtually eliminated," Mills said. "Now you can download CDs off the computer and burn them to another CD. We'll have to grow with the technology."

With corporate mergers reducing the number of major labels from six to five, Kolnick wonders how this will affect the little guy.

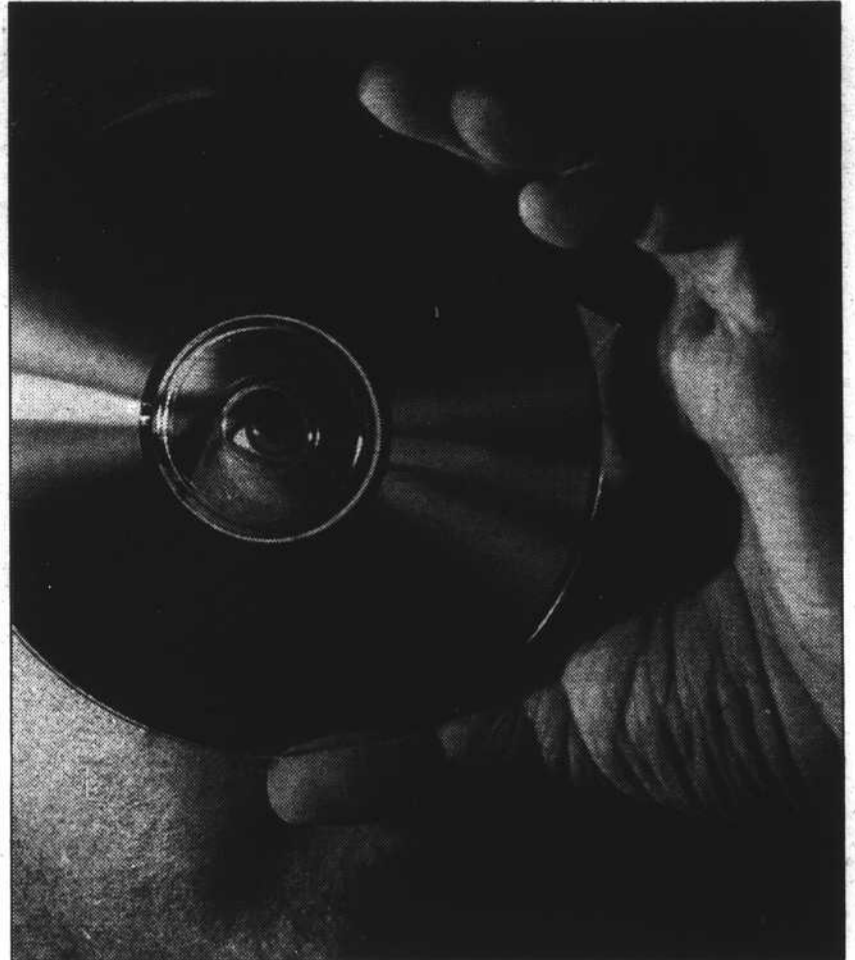
"Lots of bands won't have labels now with the changes," he said. "There will be lots of new, smaller labels starting up now. I'm interested in seeing what kind of distribution and networks they will have, and seeing it here in the store."

Mills may not wait around for the changes. He says he will probably get out of the record store business in the future.

Kolnick intends to hang around for a while, and he says Lincoln is a good place to do it.

He said the specific nature of radio in Lincoln helps his business out. Omaha radio is mainly Top 40, he said, but Lincoln has a college station, community radio and a hard-rock station. These stations' target audiences are among Kolnick's best customers, he said.

Moving his store from the Haymarket to downtown O



HEATHER GLENBOSKI/DN

STUART KOLNICK, owner of Recycled Sounds, offers bargain hunters and collectors an outlet for their obsessions. The store contains CDs, tapes, rare posters and T-shirts.

"I have 100,000 different items. I couldn't tell you 1 percent of what I have."

STUART KOLNICK
owner of Recycled Sounds

Street has increased his business, he says. Benefits from this move include better traffic flow, more crowds and more room to put out his product, of which there is plenty.

"I have 100,000 different items," he said. "I couldn't tell you 1 percent of what I have."

Kolnick and Mills say their stores provide an original service for music buyers. Mills says Disc Go Round has most of the same titles as the big chains for less money.

"We do what we do well," Mills said. "People find good titles, and save more cash than anywhere in town."

Kolnick aims his store at die-hard collectors.

"We have lots of goodies if you're looking for something you can't find," Kolnick said. "You don't need to order it by mail. We're here, you can pick it up and take it home."

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