

MUSIC STORE
professional

Digital duet

10

languages

31

tax rates

2006

year of migration



CHALLENGE

- Enable highly efficient, centralized management of Music Store's growing and international online business
- Provide effective marketing and couponing resources to selectively target customers
- Create a modern and attractive showcase for products that is optimized for mobile devices

SOLUTION

- Intershop Commerce Platform with powerful capabilities for customized promotions, coupons, and discount options
- Languages, currencies, shipping methods, and tax rates are managed centrally and deployed as required
- The storefront is automatically optimized for each user device (responsive web design)

ABOUT MUSIC STORE

Michael Sauer is the owner of Music Store, one of the world's largest businesses for musical instruments and equipment. Based in Cologne, Germany, it has a large brick-and-mortar store of 5,500 m² where you can look at, test and buy all kinds of instruments, including guitars, drums, pianos or triangles. Their storage warehouse of 15,000 m² covers over 14,000 storage locations. For almost fifty years now, Sauer has worked on building the business, both domestic and cross-border. We talk to him about what it is like to be one of the largest specialized music instrument sellers in the world.

www.musicstore.com

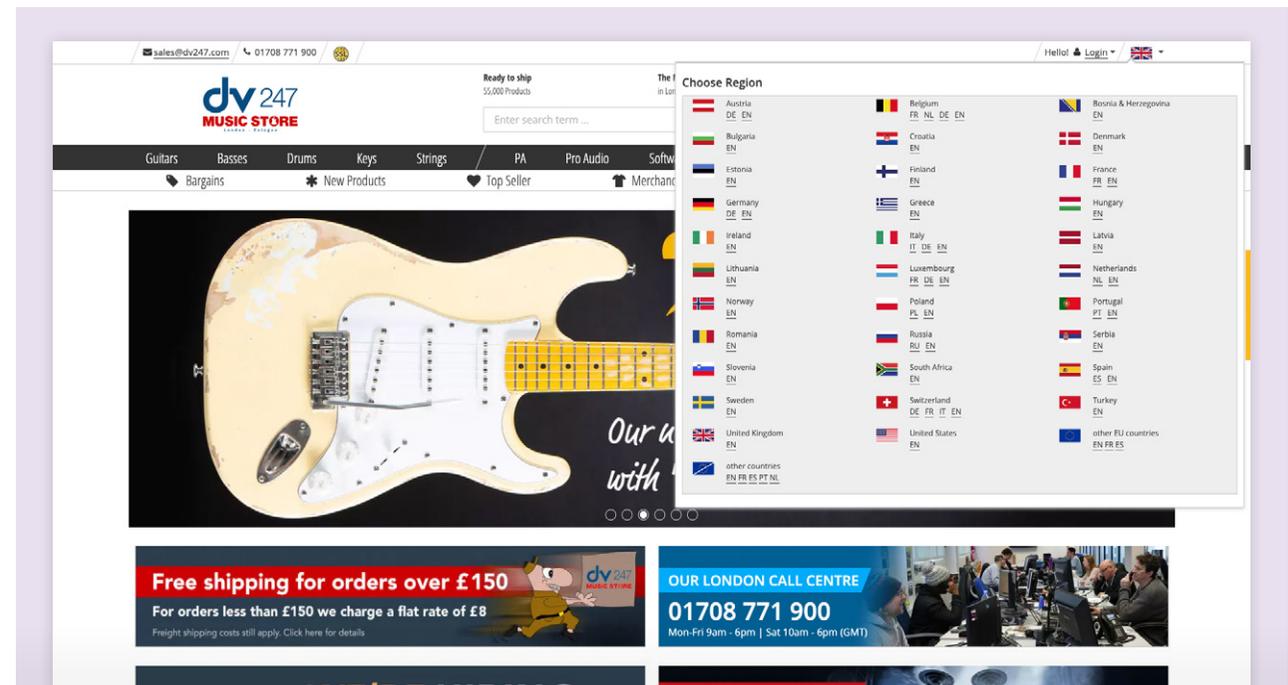
Michael, Music Store was founded in 1972. What did you want to achieve with the company at that time?

We aimed to build up a chain of music stores around Germany. In the very beginning, we had to work very hard to make money, but we managed to be successful. It was actually after a fire that destroyed half of our company that we really created a success story of our own. As a result of the fire, we had to sell large quantities of fire-damaged items. Of course, these couldn't be charged at full price. However, the discounted price really attracted a lot of people. It went so well that we continued to buy special items and sell them as cheaply

as possible. Later on, we really set ourselves apart from our competitors with the creation of a 500-page catalog, containing almost every item we had. We heavily invested and expanded our mail-order business, which achieved beneficial results.

What were the biggest challenges you faced?

Beside the fire, a very big challenge for us was setting up our automatic warehouse. Without this challenge, we would likely be 50% bigger today. It has been a serious obstacle for us as a business for three years. Right now, it is running but I do not think I would do it again if I could to make that choice again now.



As one of the largest musical instrument and accessories sellers, how do you instil a personal touch for your customers? Don't they prefer the local music store, where they can hold a new guitar?

For a shop the size of ours, it can be very hard to provide each customer with a very tailored, personal experience. The way we have constructed our business, based on the catalog, online and brick shops, has enabled us to do this to a certain extent, although we are still limited. For example, we can only enter one kind of foreword in our catalog. We do look heavily into the kinds of emails we send. I answer every email from customers myself and spend a lot of time in the shop talking to customers. That way, we are still well able to interact with customers and get a good understanding of what they expect and desire from us.

What was it like to switch from an offline strategy to both an offline and online, multichannel, strategy?

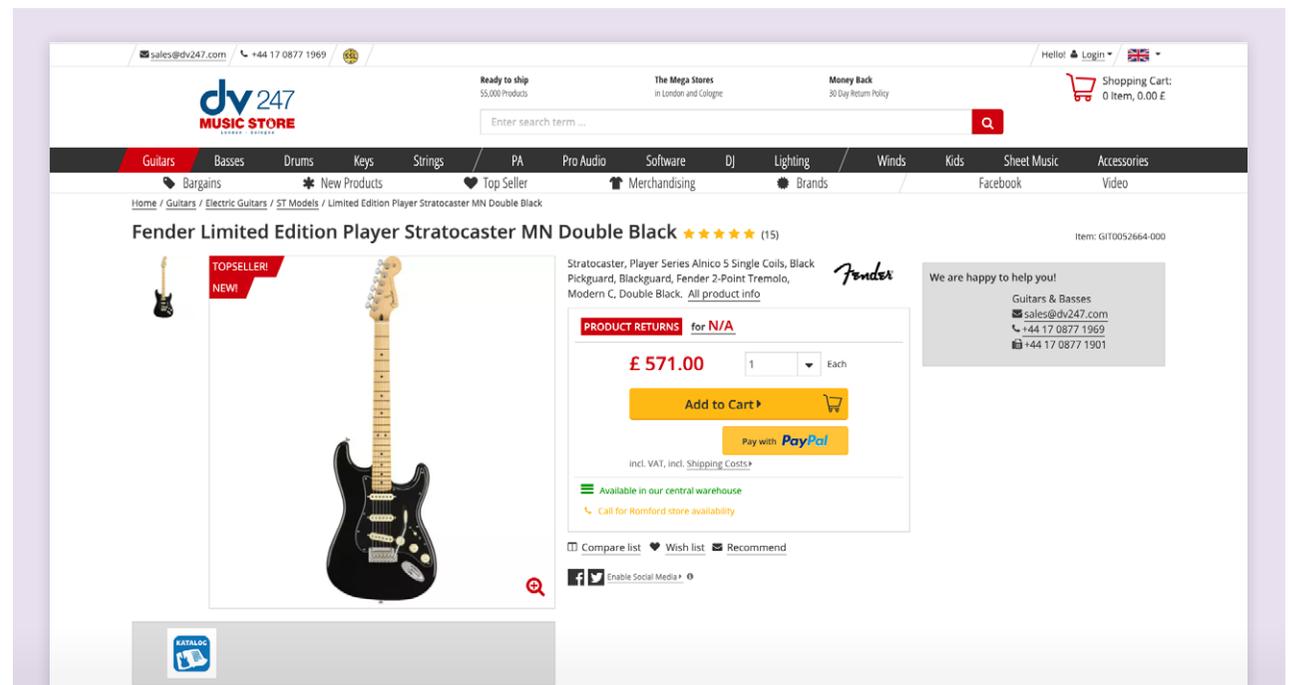
We switched too late to a multichannel model when the online business was starting up. While we left a lot of turnover behind, we were running with what we had. Our online business really took off when we partnered with Intershop. Afterwards, we also started to sell through platforms like Google and Amazon.

Any challenges there?

For us, it was a drastic change to get started with Intershop, but we believed that it could really benefit our business. About three years ago, we changed to a new version of the platform, which offered us the opportunity to use big sliders on our home page. Intershop offered responsive web design, with article pages that were structured like a printed catalog and many other features which appealed to us. It has helped us a lot to realize a strong sales increase once again. Currently, we are in the process of upgrading to the latest version. This again has many advantages and is something we are looking forward to.

What is it like to sell cross-border? And how did Music Store achieve this?

Selling cross-border was a lot of work to set up. We wanted to do this through our own platform and were finally able to achieve this with the help of Intershop. On our platform, we are now able to show products with different VAT prices in all countries in Europe, which expanded our reach of selling on an international scale by a great deal. While working with this platform solution, we were able to be online 24/7. Even during our highest peaks, for example during Black Friday, we manage to handle all requests and orders without the shop breaking down.



How do you deal with cross-border differences?

Due to the amount of stock keeping units we are selling, we heavily rely on a tool that helps us display all prices correctly in all countries. To supply so many countries with different national languages is a big challenge, too. Right now, we have managed to achieve this for our most important selling destinations. It is where 90% of our sales are generated, so we are well underway to complete this. As mentioned, the display of correct prices without tax in all countries is important, whether these countries are in- or outside the EU. With the aid of our platform, we are in control of this. In Portugal, we show a range of categories with different VAT-rates, for example. Another benefit is that we can display different sliders and banners on our shops in different countries where prices are dynamic and automatically displayed in the correct currency and with the correct VAT rate. As this can be very complicated to do so within all European countries, we are delighted to have made it. Our price tool checks up to 200,000 prices per day and automatically assigns them to our competitors according to certain rules. The tool ejects conspicuous divergences for manual control, which gives us the benefit of controlling our prices even more. These days, we are even receiving more and more orders from far-reaching destinations like China.

Where do you see Music Store in five years?

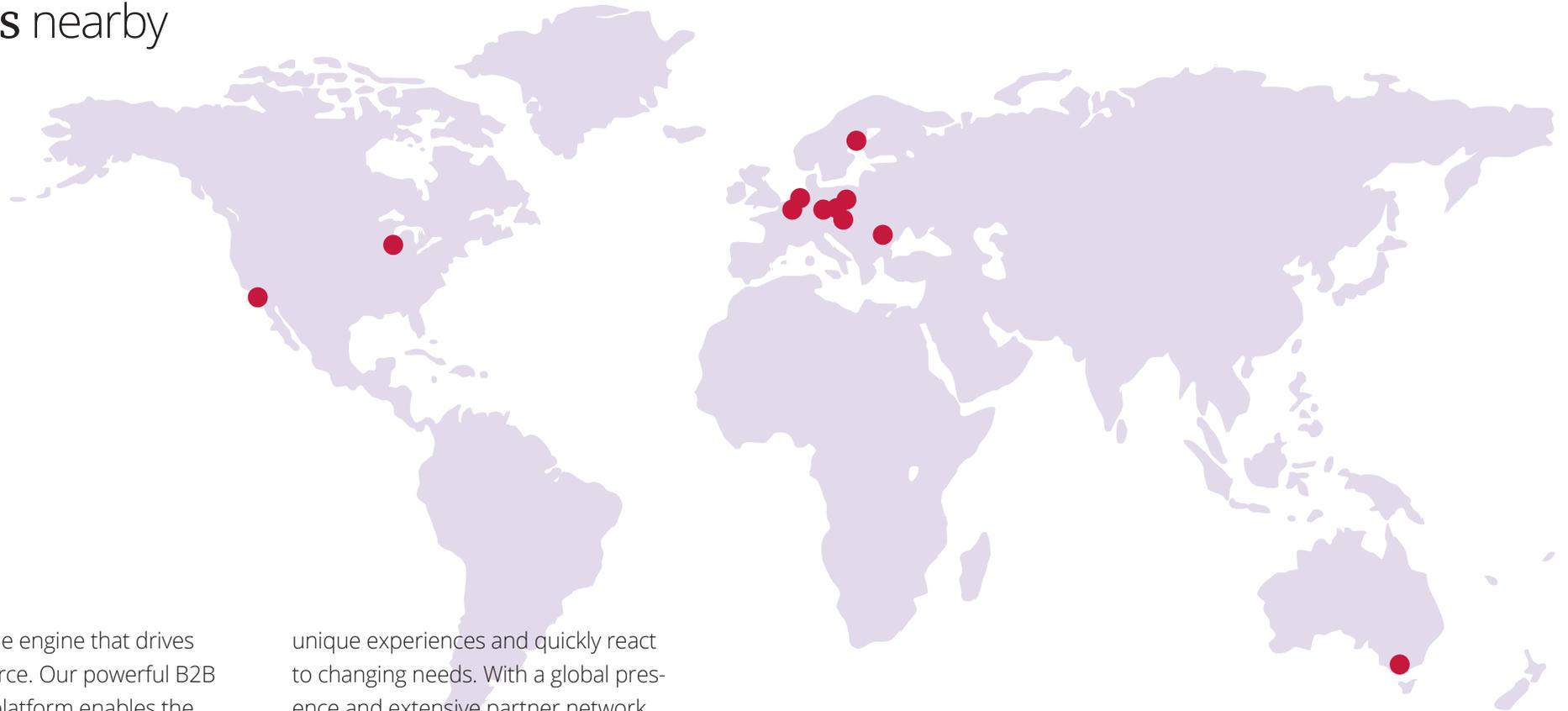
Considering our current business development, we continue to grow slowly but steadily, expanding very cautiously while always keeping an eye on costs. In the future, we will enter other national marketplaces besides Amazon and Google, that are of particular relevance in some countries.

“The Intershop omnichannel commerce solution has been fundamental to Music Store’s international growth since 2006. Our international shops are responsible for a large portion of our total revenue. Therefore, we had extremely high expectations for the new shop. Many of our requirements would have called for extensive programming by other providers. We know that the Intershop solution’s strength in internationalization can help us keep deployment costs to a minimum. We especially appreciate the store solution’s high dependability—we are able to easily manage even the busiest times of the year, such as the holiday period.”

Michael Sauer, CEO of Music Store

ABOUT INTERSHOP

Always nearby



Intershop is the engine that drives digital commerce. Our powerful B2B e-commerce platform enables the world's leading manufacturers and wholesalers to transform their business and increase revenue in a digital-first world.

Our cloud-based solutions give you an essential foundation for digital success, plus the flexibility to deliver

unique experiences and quickly react to changing needs. With a global presence and extensive partner network, we support your success every step of the way—creating opportunities to scale, innovate, and gain a competitive edge.

Intershop is built to boost your business. Discover what we can do at www.intershop.com.



SPEAK DIRECTLY WITH ONE OF OUR EXPERTS

www.intershop.com/en/locations
info@intershop.com