



HMV

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THE MARKET

According to ARIA figures, the Australian wholesale music market was valued at over half a billion dollars in 1998. The recorded music market is very competitive with more than 2,000 individual retail stores servicing the Australian consumer. With new outlets and technologies continually entering the marketplace it is of course vital that HMV monitors and responds pro-actively to the challenges these present in order to maintain its strong market position.

This year HMV celebrates its 10th anniversary in Australia as a specialist music retailer. The first store began trading in Parramatta, NSW in 1989 and since then a further 27 stores have been opened in key retail centres on the eastern seaboard of Australia.

HMV's success cannot be explained by any



single factor but rather by a combination of elements including attention-grabbing store designs, service-orientated staff with outstanding product knowledge and a passion for music, dedicated IT systems, pro-active marketing strategies and the best range of music, video and related products for its customers.

ACHIEVEMENTS

Ever since Sir Edward Elgar officially opened HMV's first ever store at 363 Oxford Street London in July 1921, HMV has been at the cutting edge of music retail innovation and has subsequently grown to become the world's largest music retailer. Worldwide, HMV boasts over 270 music stores representing approximately 1.7 million total square feet spread across 9 countries including the UK, Ireland, Germany, USA, Canada, Japan, Hong Kong, Singapore and Australia.

HMV is the most universally recognised music retailer in the world. It can boast the world's largest record store as well as the oldest, and is also the world's longest-established music retail chain.

The original HMV store at 363 Oxford Street, London is still the world's most famous record store and it set the template for music retailing, anticipating many of the superstores now

common in the industry. The store led trends in retailing right from the beginning when it was embellished by "the most striking illuminated electric motion sign yet seen in London" as was stated in one PR message at the time. No other record retailer can claim such a significant role in shaping the way music has progressed from the concert hall to the home.

HMV has achieved many awards in its decade in Australia. It has been voted Record Retailer of the Year no less than 4 times by the industry and has also won the Westfield National Retailer of the Year - Leisure and Entertainment award in 1998 for its commitment to excellence.

HISTORY

The story of HMV is closely connected to the story of its logo, which unmistakably distinguishes the brand. HMV and its trademark logo of the 'dog and trumpet' is still instantly identified the world over and is one of the most recognised brands of the 20th Century.

Initially known as 'The Gramophone Company', HMV acquired its famous trademark, the painting 'His Master's Voice' (whence the abbreviated HMV name), in 1899 from the artist who created it, one Francis Barraud. It was in Liverpool, England that Nipper the dog discovered the phonograph and that his owner Barraud "often noticed how puzzled he was to make out where the voice came from". It wasn't until three years after nipper's death however that Barraud committed the image to canvas and sold



it for 100 pounds, including copyright, to The Gramophone Company.

No doubt the company was unaware at the time that it had just acquired what would become one of its greatest assets.

The Gramophone Company registered the "dog and trumpet" in 1900. Over the next few years, Nipper appeared on novelty promotional items such as gramophone needle boxes and advertising literature. Nipper graced his first HMV record label in 1909 in England. At last he was being used as the most distinguishing mark for the company's main product - its music. The title 'His Master's Voice' became the official trademark not long afterwards.

From 1910, Nipper also became the trademark of a range of brown and white goods such as TV's, radios, gramophones and refrigerators which were sold until the early 1960's.

Nipper himself did not live to benefit from his celebrity status, but HMV certainly did. Except for a brief spell in 1937 in Regent Street when the original building was destroyed by fire, the first HMV store in Oxford Street, London has occupied this prime position ever since it opened in 1921.

HMV had only this one store until the 1960's when the explosion of pop culture encouraged the company to open another 15 stores throughout London. The 1970's saw HMV consolidating its success, preparing for the growth that was to mark the 1980's.

For many years, HMV had been part of the EMI record company. When EMI merged with Thorn in 1980 HMV became an autonomous company within Thorn EMI, encouraging further expansion and preparing the ground for the boom that followed the launch of the CD in 1983. In 1986, the company opened the world's largest record store (as confirmed by the Guinness Book of Records), also in Oxford Street in London. It was also around this time that international expansion began with HMV establishing itself in all corners of the world, including Australia.

HMV opened its doors in Australia in 1989 with two stores in Sydney, at Parramatta and Chatswood. In 1990, HMV Australia opened its flagship store in the heart of Sydney. The 13,000 square foot superstore in Pitt Street mall is the largest music store in the Southern Hemisphere. It is a tremendous PR vehicle for HMV and sells more CDs than any other store in Australia. It has been awarded the ARIA chart store of the Year on 3 occasions.

Ten years on, HMV operates almost 30 stores in Australia and is steadily growing. Recent store openings in Chapel St, Melbourne, Chatswood Chase, Sydney and Carindale, Brisbane have assisted in developing the brand and opening the

doors to new markets. HMV has established itself as a major force in the Australian music market and will continue to grow into the next millennium.

THE PRODUCT

HMV offers a massive variety of products pertaining to the music industry. The core of the range is music in its various formats: CDs, tapes, records and videos. HMV aim to stock the best range of music available, at the most competitive prices.

HMV also generates sales from video films, DVD and computer games as well as a comprehensive array of related product and accessories including blank media, storage, T-shirts and magazines.

RECENT DEVELOPMENTS

Having previously acquired Dillons, the renowned UK chain of booksellers, HMV Media Group was formed in March 1998 by the partial acquisition of HMV and Dillons from EMI and the purchase of Waterstones, the second major U.K. bookseller, from WH Smith. Currently HMV Media Group operates over 270 HMV music stores across nine countries and over 200

bookstores. EMI and the US-based Advent International currently hold equal 42.5% shares of the group.

PROMOTION

The company's commitment to advertising, promotions and personal appearances has given HMV a very strong image in music retailing. Clearly, HMV's logo has had a major role to play in publicising the brand the world over.

The 'dog and trumpet' remains an integral part of all HMV's advertising and promotion. It conveys the heritage and experience associated with the brand. It has been represented in recent advertising campaigns accompanied by the slogan, 'Top Dog' which represents a positioning statement and brings the brand to life.

HMV's overall marketing strategy is rooted in the need to generate new and maintain existing customers with an abiding interest in entertainment - music, video and games. In-store design is tailored to creating atmosphere and ambience via video screens, listening posts, graphic elements and the like. Above all HMV aims to make its stores exciting to visit yet simple to shop for the customer.

In addition to strong merchandising activity, HMV pursues an aggressive marketing strategy across a broad spectrum of media, including TV, radio, posters and press advertisements. HMV actively promotes more than 500 different releases in any one year via co-operative



advertising approaches. Personal appearances by the rich, famous and musically talented - celebrities such as Bon Jovi, Sir Elton John, Public Enemy, Van Halen, Kylie Minogue, David Helfgott, kd lang, Lenny Kravitz, Celine Dion, and more recently shock rock star Marilyn Manson - generate consumer interest and a wealth of PR activity.

BRAND VALUES

The combination of heritage and innovation is the key to HMV's brand values. The company aims to provide the best range through outstanding product knowledge, matched by great service in an excellent atmosphere. HMV, above all, is a serious music retailer for people who are, whatever their musical taste, seriously interested in music.



THINGS YOU DIDN'T KNOW ABOUT HMV

- The HMV store in London's Oxford Street opened in 1986 is the world's largest record store and appears in the Guinness Book of Records.
- HMV's store in Oxford Street, London, used to contain a small cutting room to convert demonstration tapes to discs. On 8 May 1962, a Liverpool entrepreneur called Brian Epstein used the facility for his band, The Beatles. As a result the band was signed by EMI's Parlophone label.
- Nipper was part bull-terrier, part Jack Russell and was so named because of his tendency to nip at his visitor's heels.
- The CDs sold by HMV Australia in 1998 would reach well over half-way across Australia.
- The longest-serving album in the HMV Australia chart is the Whitlams' Eternal Nightcap, which remained in the HMV Top 40 for 79 consecutive weeks after its release in August 1997.
- HMV's biggest-selling single in Australia is Elton John's Candle in the Wind, '97.
- The company's 'His Master's Voice' painting is kept at its headquarters and firemen have instructions that, in case of a blaze, it is the first thing to be saved. The painting is not the original, which was burnt in the store fire in 1937, but a copy by Barraud himself.