

# LOS ANGELES BUSINESS JOURNAL

## **Prescriptive Music Cues Up Deals for Background Tunes**

**By SARAH FILUS - 1/14/2008**

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The soothing sounds of Prescriptive Music can already be heard in Wolfgang Puck's restaurants, Spa Nordstrom, and the Four Seasons L.A. hotel. And the Woodland Hills-based company that provides atmosphere soundscapes in restaurants, spas, hotels, and doctors offices recently signed two of its larger contracts to date.

Marriott International has procured Prescriptive Music as its only custom music programmer across 375 of its hotels in the United States and Canada.

Around the same time, Rockville, Md.-based Avendra LLC, a hospitality service company, contracted for Prescriptive Music's services. The deal will lead to business from Avendra's clients, which include Intercontinental, Hyatt, Wyndham, and HMS Host hotels.

The Marriott agreement alone is expected to cause a 45 percent increase in sales for Prescriptive Music this year. In 2007, the company brought in approximately \$2 million in revenues.

Prescriptive Music, with its 10 employees, will create different music compilations for J.W., Renaissance, and Marriott hotels, all under the Marriott Brand.

In most of the locations, Prescriptive will control the music on the premises remotely by computer. In other words, Prescriptive Music programs what songs get played and when. Specific music is chosen to accommodate customers in the morning, afternoon, and evening.

Different selections can also be played in multiple locations around the hotel, so that the music playing in the lobby is different than the music in the pool area, the restaurant, or the bar.

If a hotel wants a song changed at any particular time, they can call Prescriptive Music and have it changed immediately.

"There are a lot of companies that do background music," said Jason Shapiro, the chief operating officer of the company. "But there are not many in the space that do a custom-end to it."

Prescriptive Music was founded in 1999 by Shapiro and Chief Executive Allen Klevens, who has been a musician since he was 4. When he decided to start Prescriptive Music, he did in-depth studies on how particular aspects of music, such as beats per minute, affect people.

### **Future Pennies**

The announcement that a shareholder of 99 Cents Only Stores has called for rethinking the company's future hasn't exactly thrilled the stock market.

The City of Commerce-based company had an eventful January. Akre Capital Investments, a shareholder of the company, increased its stake to 13.4 percent and called on the discount chain store to come up with new strategies. The share price continued to fall since the announcement, hitting a 52-week low closing price of \$6.48 on Jan. 9.

"Akre believes there is a lot of value in the company, but they question the current management's ability to execute the turnout," said Joan Storms, an analyst that covers the company for Wedbush Morgan in Los Angeles. She has a "strong buy" rating on the company. The company's share price has been faltering in the past several months.

Charles T. Akre, the investment company's managing member, wrote in a letter to the board of 99 Cents Only Stores that operating profits have been declining each year and the company is now near break-even.

He called for repurchasing the company's depressed stock, discontinuing growth plans and closing unprofitable divisions.

"99 Cents Only is a complicated story because it is a company that underinvested in its infrastructure for many years," Storms said. "They have to go back and implement systems and make changes to the supply chain. That doesn't happen over night. They are going to have to show some improvement over the next couple of quarters. I do think there is a lot of value in the company."

Last week, when then the discount retailer reported a same-store sales jump of 2.9 percent for its fiscal third quarter ended Dec. 31, shares jumped 44 cents, but was still trading under \$7.

The retailer plans to release its fiscal third-quarter results after the market closes on Feb. 11.

### **Market Center Renovations**

The 3 million square foot California Market Center in downtown Los Angeles will undergo a number of renovations this year in order to open up space for additional manufacturers and vendors.

The California Market Center already houses more than 10,000 lines of clothing, footwear, accessories, toys, furniture and décor that are sold to retailers around the country. Since Jamison Properties took over the property from Hertz Investment Group in 2005, the contemporary and childrens' apparel showrooms have been fully occupied.

Another 80,000 square feet of space is being opened up and renovated in the three-building showroom complex to handle the overflow. California Market Center has not disclosed the cost of the renovations.

It is under pressure to stay competitive with the other showrooms downtown: the Cooper Building, the New Mart Building, and the Gerry Building.