



EDITORIAL

DOES IT REALLY CHANGE EVERYTHING?

Trade shows have evolved into an informal, yet incredibly useful market research tool. Crowd all the industry's decision-makers under a single roof, listen to them voice their aspirations and concerns non-stop from morning till night, and after four days you'll have a pretty good idea what the market is calling for and which companies are best poised to deliver it. Like all previous NAMM shows in memory, the recent gathering in L.A. had the usual discourse about hot new products, new sources of supply, and the ongoing struggle between chain stores and independents; however, what was different was the fact that the single most talked-about topic was not some music or sound product or company but rather a broad based technological phenomenon, namely, the Internet.

The phrase "The Internet will change everything" has become almost a mantra in the press and among the hordes buying and selling dot-com IPOs. If this emerging technology has the power to reorder the conversational priorities of 60,000 trade show visitors, then perhaps it truly is world-altering. On the other hand, it hasn't seemed to diminish the interest in trade shows, arguably one of the more archaic methods of conducting commerce.

By the late 1400s, large book shows in Leipzig, Germany, were drawing people from all over Europe. Over 500 years later people around the world in every facet of commerce still feel the need to travel to some central location where they show their wares and mingle with colleagues. The Internet offers a treasure trove of information, but apparently reams of online data are no substitute for face-to-face meetings and the chance to see and touch a new product.

Mankind's social nature seems to be one thing that the Internet is having trouble changing. This should be encouraging to the many "bricks and mortar" retailers who are being told that they're just a few mouse clicks away from oblivion. If retailers still feel compelled to size up products and companies firsthand at a trade show before investing in inventory, it only stands to reason that end users place a similar value on "non-virtual" interaction with a product before making a purchase.

The fact that the very essence of music is about human interaction...either between musicians, or between musicians and an audience...makes this need

for human contact and up-close product evaluation even more critical. In short, Web sites will increasingly be a source of product data and low-ball price quotes, but don't expect them to change retail as we know it anytime soon.

As some retailers fret about being rendered obsolete by the Internet, a number of manufacturers are reveling at the prospect of being able to go direct to the consumer. From our vantage point, both viewpoints are equally misguided.

Working from the comfort of an office and buffered from the relentless demands of the buying public, suppliers often compile lengthy lists of retailer shortcomings. The retail network is certainly not perfect, but supplier gripes rarely take into consideration just how difficult it is to consummate a single retail transaction, let alone hundreds a day. Speaking of the sales manager of a major manufacturer, one dealer told us at the show, "I'd like to see how he'd deal with people trying to steal his inventory every day and all the other scams you see, not to mention to people who make abusing retailers into a hobby." Our advice to any supplier seriously thinking of going direct is simple: staff up, prepare to increase the complexity of your business exponentially, and reconcile yourself to plummeting levels of customer satisfaction.

By our estimate, there are over 30,000 people across the country employed in music retailing, and they play a vital function in moving product from the supplier's warehouse into the hands of the general public. As marvelous as the Internet is, in its present form it is neither as effective or as efficient as these 30,000 front-line personnel in answering the needs of consumers. As more than one person has observed, if our products could have been sold exclusively by postcard, stores would have gone away long ago. For aspiring online entrepreneurs or suppliers who would like to exert more control over their distribution, the Internet still has a long way to go.

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