



EDITORIAL

AMERICA...THE MOST MUSICAL NATION

As we prepare to go the press, the nation anxiously awaits the final outcome of the closest Presidential contest in the country's 224-year history. The foreign press, never overly fond of the U.S., is having a field day with the uncertainty. The front page of London's Sun carried side-by-side photos of Bush and Gore under the headline "Forrest Chumps!" At home, partisans on both ends of the political spectrum are predicting grim days ahead with a President struggling to stake out some claim of legitimacy. This dark diagnosis calls to mind Winston Churchill's observation about democracy: It may be the worst form of government, but it is still better than all the known alternatives.

Before anyone gives in to pessimism, it's worth taking a look at the larger picture. At the beginning of the twenty-first century, the United States is far from perfect, but when compared with the rest of the world, its blemishes and imperfections seem a lot less ominous. This fact is forcefully driven home by the data in our Global 225 Report, presented on page 76 of this issue.

With a population of 270 million people and one of the highest per-capita incomes in the world, it should come as no surprise that the U.S. is the world's largest market for music products. At \$6.51 billion in 1999, sales in the U.S. accounted for approximately 41% of the world market for musical instruments and related audio products. On per-capita spending basis, the U.S. is also the world's most musical country. To put this in perspective, consider that U.S. per-capita spending was \$23.94, compared with Britain, which came in at \$12.42, France, at \$10.64, and Italy at \$9.35.

How big is the U.S. market? Add up the populations of Germany, Canada, France, the United Kingdom, and Italy and you get a head count that approximates the U.S. population. Tally the combined music products sales of the same countries and you arrive at a total of less than half that of the U.S. market.

A lower tax burden and an efficient distribution system that delivers products at extremely low prices are two obvious reasons why music sales are so much higher in the U.S. The less obvious but equally compelling reason is our unique school music program. Over 75 years ago, a handful of music companies, led

by the management of C.G. Conn, launched a grass-roots movement to include instrumental music in the public schools. The school music movement has since become a fixture in the U.S., reaching an estimated five million school children each year. There is no program even remotely like it anywhere outside of North America.

Horn manufacturers and retailers are the direct beneficiaries of these school music programs; however, there is substantial evidence to suggest that kids who are introduced to music through the school band often go on to experiment with guitars, drums, and keyboards. How else to explain exceptionally high U.S. guitar, keyboard, and multi-track sales?

Since the music retail chains began opening stores at a fast and furious pace and consumers began using internet price quotes to negotiate better deals, we've heard from scores of disheartened retailers, complaining about the struggle to remain competitive. The challenge is real, and the margin for error in a retail business narrows with each passing month. However, U.S. businesses still benefit from a market size that retailers in other countries can only dream about.

Sales volume of this magnitude confers a commercial opportunity unavailable in any other corner of the globe. Seizing the opportunity is no easy task, as all our retail subscribers will attest. But if you look at the ranking of the world's Top 25 markets for music products, American retailers at least have the opportunity. The true wonder of the American market goes beyond the realm of commerce. Thanks to the efforts of thousands of dedicated educators, retailers, manufacturers, and parents, our country introduces more of its children to the joy of music than any other nation on earth. That's an achievement to be proud of, and one that no amount of electoral turmoil will change.

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