# EDITORIAL

# THE INDUSTRY SCORECARD

With the Music Industry Census, beginning on page 66, and the Top 125 Supplier ranking, beginning on page 106, we offer a numerical analysis of the size and scope of the music products industry. The data is comprehensive: dollar and unit volume numbers of 55 product categories and the 125 largest industry suppliers ranked by sales volume. These industry numbers are a bit like the final score of a basketball game: both express an outcome, but neither does full justice to the drama of the contest or the effort of all the participants. It's worth keeping this in mind in reviewing this year's industry scorecard.

For the year 2001, total industry sales were down 3.9% to $6.88 billion. From a strict numerical perspective, the decline was something of a disappointment. However, when viewed against the larger context of the year's events, we think it represents an exceptional performance in the face of daunting obstacles. This is more than the usual "is the glass half full or half empty" argument. The fact that the music products industry posted its second best year of all time during a twelve-month period that saw a recession and the horrific terrorist acts of September 11th reflects an unexpected resilience. It also challenges what has long been accepted as an article of faith: namely that the music products industry traffics in discretionary items that are easily deferred in challenging economic times. A closer reading of the sales data suggests that music is less discretionary than was previously thought.

Start with the guitar data. In 2001, sales advanced 5.6% to a record 1,742,498 units. Because of a shift to lower-priced products, dollar volume in the category was essentially flat. However, the indisputable fact is that the industry started more new guitarists in 2001 than ever before. Obviously, guitar playing has maintained or expanded its appeal. Better yet, surging guitar sales guarantee more sales of high-end guitars, multi-track gear, amplifiers, effects, strings, and accessories in the years to come.

There is similar good news to be found in the keyboard market. Aggregate unit volume of acoustic and digital pianos declined about 10% in 2001 to 168,657 instruments. However, sales of high-end portables, many of which feature weighted keyboards, advanced 48% to 210,000 units. Product preferences may have changed, but as in guitars, more people bought a keyboard instrument in 2001 than in the previous year.

These are just a few of the examples in our sales data suggesting an expanding number of people getting involved in music. Despite these unit gains, dollar sales were off a bit. But in a year that saw a well-publicized economic slowdown, complete with big layoffs, a stock market plunge, high-profile bankruptcies, and the resulting consumer jitters, should it really come as a surprise that people clutched their wallets a little tighter?

Credit for this outstanding performance is shared by every sector of the industry. Manufacturers, for their part, raised the value bar even higher and delivered the most appealing products in history. The brutal competition at retail that keeps people awake at night resulted in an unprecedented consumer marketing push. NAMM-funded research on the numerous benefits of music making has resulted in an avalanche of favorable industry publicity. While the data that fills most of this issue is the most accurate industry scorecard to date, providing a snapshot of activity levels and shifting consumer preferences, it can't do full justice to these industry-wide efforts to expand the market. Because of these efforts, some 35,000 industry employees performed exceptionally well in the face of a smothering recession and the handicap of a terrorist attack. More importantly, these efforts set the stage for a future run on all sales records.

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