



## EDITORIAL

# WATCH WHAT YOU WISH FOR

There's that old saying, "Be careful what you wish for...you just may get it." For decades, our industry has been fervently hoping for a higher public profile for the value of music making. "If only more people appreciated the benefits of music," was a common refrain at industry gathering and in our columns. The good news is that John and Jane Q. Public have finally come around to the industry's way of thinking. Want some proof? Consider the following.

As this issue went to press, Paramount Picture's *School of Rock* had just become nation's top grossing film. For those who might have missed it, the film tells the story of a down and out rock and roller who accidentally stumbles into a job as a substitute teacher at a snooty private elementary school and promptly transforms his class of Ivy league aspirants into a pint sized cross between Led Zeppelin and AC/DC. Initially horrified, school authorities and parents are won over in the end when the kids prevail at a local battle of the band contest. Critics call the film funny, original, and uplifting, but we think it can best be described as the most compelling industry public service announcement ever.

Some argue that popular entertainment shapes attitudes and beliefs. We contend it's less of an influence and more of a reflection of the mood of the time. *School of Rock* is probably not going to initiate a surge of fifth graders walking into m.i. stores demanding a guitar. However, what the film does is hold a mirror up to a mass culture that views musical participation as a uniquely valuable and worthwhile pursuit.

In addition to "School of Rock," two other major releases in the past six months have also cast an extremely positive light on making music: *Drumline* (think of the underdog-triumphs-against-long-odds sports flick, but substitute a marching band for the football team and better yet, kids in the band are the coolest kids in school) and *The Fighting Temptations*, (same plot line but with a Gospel choir and a bit of romance.)

Want some more evidence that the general public sees music as akin to apple pie and motherhood? Just watch as Presidential aspirants Howard Dean and John Kerry try to burnish their image by strapping on a guitar at every possible opportunity. When guys like this start to think of guitar playing as a substitute for kissing babies, you know that music making is held in high esteem.

So what could possibly be the downside of this increased interest in music? The answer can be summed up in two words: more competition. The public's interest in music has attracted the attention of some of the world's

most formidable retailers. As reported elsewhere in this issue, Costco, Wal-Mart, and Sam's Club have added band instruments to their existing offering of guitars.

At each of these stores, stocking decisions are based entirely on the numbers...items produce an acceptable combination of turnover, sales-per-square-foot, and gross margin or they get dropped in a hurry. (David Glass, former Wal-Mart CEO once said in an interview "With the right numbers, are buying decisions aren't based on opinion, they're based on fact.") So it's safe to conclude that more shelf space for music reflects an increase in consumer demand.

Just how much do Costco and Wal-Mart do in music? The two retailers won't say. However, based on information received from factories in China, we estimate that Wal-Mart alone may have moved as many as 200,000 guitars last year. Wal-Mart, Costco, and Sam's Club operate about 3,600 outlets in the U.S. and they average over 9 million customers a day between them. With those kinds of numbers, 200,000 instruments is hardly implausible.

Before m.i. retailers panic at the prospect of competing with mass merchants it's worth noting that this is not an entirely new situation. During the height of Beatlemania in the mid '60s, Sears, K-Mart, Montgomery Wards, Woolworths, and virtually every other general retailer rushed to stock guitars. As the guitar sales cooled in the early '70s, these big stores sharply cut back their offerings.

The world is forever taking unexpected turns, but there are a few things that are fairly predictable. One is the cycle of supply and demand: Manufacturers and retailers start off complaining endlessly about the need to stimulate demand. When the demand finally materializes, it's accompanied by a slew of new entrants into the market and equally vocal complaints about the ills of too much competition. That pretty much sums up the current state of the music products industry. Whatever profit pressures there are not due to lackluster demand, but to an upsurge in the number of competitors.

We're not quite sure if there's any moral to be drawn from this analysis, other than that a better consumer demand may be exciting, but it's no guarantee of a profitable business.

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