

This Is Your Father's Guitar

The guitar business seems to defy gravity, posting double-digit unit increases like clockwork. Over the past decade, unit volume more than doubled, from 951,225 units sold in 1994 to 2,341,551 units in 2003. For all the talk about economic malaise, a swollen budget deficit, and the lingering effects of the war on terror, 2004 is shaping up to be another banner year as well. As we reported in our new Import Tracker Column (see p. 20), for the first half of the year imports of acoustic guitars are 23% higher than last year, and electric guitar imports have increased a staggering 59%. Some may quibble that the increases are inflated due to a dock strike last year that reduced imports. Maybe so. But the enormous gains still testify to a vibrant demand for guitars of all types.

In analyzing this growth, a lot of plausible explanations surface. Guitars are more affordable and accessible than ever. Guitar-based music remains at the forefront of popularity. Guitar, unlike the violin or oboe, is also one of the easier instruments to get started on. However, often overlooked is the enormous influence of demographics.

When the Beatles made their U.S. debut in February, 1964, they sent teenagers flocking to music stores clamoring for guitars, and industry sales rocketed to new records. Precise sales data from the mid '60s isn't available, but anecdotal evidence of the day indicates an overnight doubling of sales. Harmony and Kay, then the largest unit volume producers, struggled with 12-month backorders, Leo Fender publicly worried that production increases would compromise quality, and Martin guitar output surged from just over 6,000 units in 1963 to 11,500 units in 1965.

During the Beatles era, or the "first guitar boom," the business was unquestionably a youth-driven market. For the first time in history, millions of teenagers were trooping into music stores, buying instruments with their own money. Their instrument of choice was the guitar. Contemporary features in *The Music Trades* with headlines like "Selling To Teenagers" and the "The Teeny Bopper Phenomenon" reflected this phenomenon.



Fast forward 40 years. For those old enough to remember the film *Woodstock*, consider that those naked guys sliding in the mud are probably crowding 60 today. The same could be said for the artists who headlined the historic event (at least those who survived). Members of the Woodstock generation who are now on the verge of signing up for an AARP card, also remain hard-core guitar enthusiasts. In instruments priced

over \$1,000 retail, warranty card data suggests that the age of the average buyer is around 45.

In the 1890s improvements in manufacturing technology, most notably the steam engine and the concept of interchangeable parts, pushed selling prices down and made music-making accessible to the middle class for the first time in history. Previously it had been the exclusive preserve of the very rich. During this hundred-year-plus time frame, musical genres changed sufficiently quickly, that each generation seemed to have a different instrument of choice. A mandolin boom was followed by a banjo craze, which gave way to violin orchestras, which were supplanted by big bands, which evolved into jazz, folk, and ultimately rock 'n' roll. What the guitar has become today is perhaps without precedent: an instrument that appeals to several generations—from a legion of kids just big enough to get their hands around a fingerboard to Social Security recipients with fond memories of Ritchie Valens and Buddy Holly.

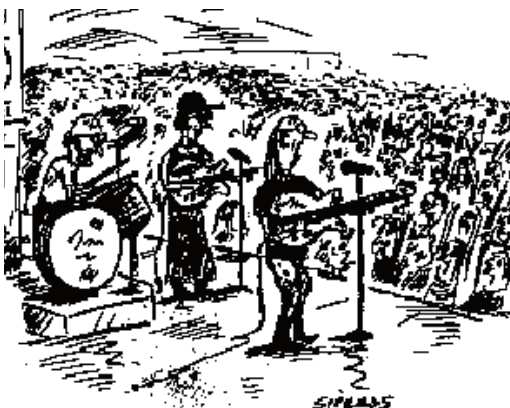
For all the challenges, and there are many, we can be thankful that lack of consumer demand isn't one of them.

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Then



Now



"This next one is a hard-rockin', kick-ass, take-no-prisoners tune we wrote about turning sixty."