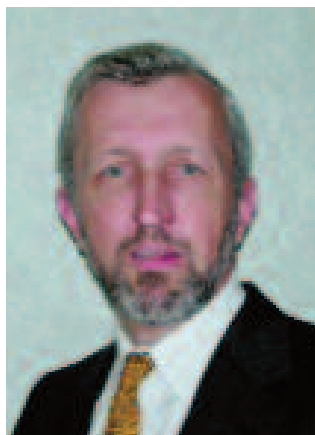


# China, The NAMM Show, And Are You Serious?

There's a high probability that any major city in North America or Europe, barring some epic disaster on the magnitude of Hurricane Katrina, will look pretty much the same five years from now. The same can't be said of China. Take Shanghai as just one example: 12 years ago, the tallest structure in the city was a mere eight stories high; today the city has more 50-story plus buildings than Manhattan, and construction continues at a fast and furious pace. The same dynamism that's spurring construction in China is also having a profound impact on the music products industry. Over the past decade China has evolved from a backwater into the world's largest manufacturer of music products. Its exports of music and audio products have doubled in each of the past four years to the present level of \$1.0 billion.

The rise of Chinese manufacturing has done more than just realign the global competitive balance. Low Chinese price points have literally redefined the way music and audio gear is bought and sold. Now that guitars are under \$200, they have made the transition from a "considered" to an "impulse" purchase with far-reaching consequences. Low-priced wind instruments could very possibly undermine the industry's longstanding rental practices. What does all this mean for suppliers and retailers trying to craft a viable business strategy for the coming year? The short answer is "we're not sure."

China and its manufacturers remain something of an unpredictable "wild card." There's talk that the combination of soaring energy prices and a revalued Chinese yuan will push the prices of Chinese-made goods higher in the near future. Yet to date there hasn't been any clear evidence of higher prices. If the Chinese market evolves like Japan, Korea, and Taiwan, the coming years could witness a major consolidation, with a large number of weaker suppliers falling by the wayside. But then China is very different from the other countries in Asia, so the analogy might not be valid. All we can say with certainty is that China will continue to be an important source of supply, and the more you know about it, the better off



you'll be when it comes to making decisions.

The best place to start your education is at the upcoming NAMM show (January 19-22 at the Anaheim Convention Center). As a vital global marketplace, the show has been a magnet for Chinese exhibitors. Four years ago there were just 18 Chinese firms at

NAMM. This year there will be at least 90, most of which you've probably never heard of. Some of them will be making their first and last NAMM appearance. But odds are, with 90 companies present, at least a few will evolve into important suppliers. The best way to get some idea of who's for real is by walking the aisles at the show. Instant communication in the digital age is wonderful, but there's still no substitute for face-to-face.

The emergence of China is just latest in a long list of reasons why everyone who's serious about this business should be go to NAMM. The additional 1,300-plus exhibitors from the rest of the globe will also be presenting important opportunities. There's also the opportunity to interact with your peers throughout the industry and partake of NAMM's excellent program of educational clinics.

Tally up the nominal cost of airfare and lodging and it becomes obvious that NAMM show attendance is one of the single best investments anyone can make. Don't miss out. For more information, call NAMM at 800-767-NAMM or online at [www.NAMM.com](http://www.NAMM.com)

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