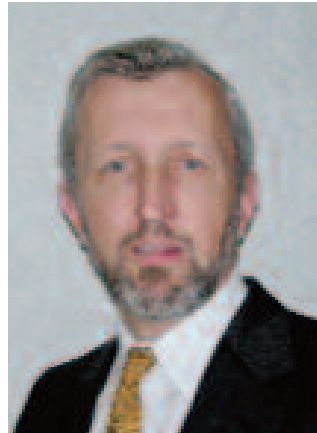


If This Trend Continues...

Concerned by the rapid growth of mail-order retailers, a prominent school music dealer declared in a 1990 issue of *The Music Trades*, "If this trend persists, there will be no more school music dealers, there will only be catalogs." With the recent bankruptcy of *The Woodwind & The Brasswind*, the largest and most prominent direct seller of band and orchestra instruments, it's now safe to say that the trend didn't persist. After a over a decade of dominating the step-up instrument market with a combination of rock-bottom prices and deep selection, *The Woodwind & The Brasswind* collapsed under the weight of \$22.3 million in bank debt, over \$20 million owed to suppliers, and a \$9.0 million legal judgment (see p 104 for more details). The reasons for the bankruptcy are complex and subject to debate. However, there is no debating the magnitude of the company's problems.

Like countless other stories we've chronicled since 1890, the rise and fall of *The Woodwind & The Brasswind* is painful reminder that trends, good or bad, never persist indefinitely. There is a human tendency to take the experience of the recent past, extrapolate it in a straight line, and then declare, "We have seen the future." There have been are countless instances of this kind of thinking in the music industry. Here are just a few fairly recent examples: In the late '70s there was the fear that Japanese manufacturers would put the rest of the world out of business. A few years later retailers and manufacturers pointed to the torrid growth of video games and concluded that active music making was at dire risk of extinction. After two decades of steady sales growth, the late '70s saw home organ manufacturers dramatically expand their factories to meet an what they were convinced was untapped demand. The creation of the MIDI standard in 1983 led to near unanimous concern that electronic instruments would render their acoustic counterparts obsolete.

As events would have it, these seemingly inevitable trend lines were derailed by unforeseen events. Rising labor costs and unexpected currency shifts blunted Japan's competitive advantage. Home organ sales abruptly collapsed in the early '80s for reasons that are still hotly debated. Despite incredible improvements,



digital technology has yet to provide a completely satisfying substitute for a vibrating string. And, for all their continuing popularity, video games have managed to coexist nicely with music making. In fact, on of current top sellers, *Guitar Hero*, actually celebrates music making.

What are some of the seemingly unstoppable trends people are discussing today? A few come to mind. China will take over the world, guitar sales will continue to expand in perpetuity, and *Guitar Center's* unchecked growth will leave the industry with a single distribution outlet. We wish we were smart enough to be able to pinpoint when and why these powerful trends might be derailed. But if the past is any guide, we think something will come along to upset neat forecasts. We would also add that more often than not, things have a way of working out for the better, as reflected by the increasing size and prosperity of the industry.

Absent some infallible crystal ball, the next best thing for getting a sense of where the industry is headed is the NAMM show. With 60,000 or so people under one roof, all trying to make a buck, you'd have to be deaf, dumb, and blind not to pick up at least one useful idea to take home. Amidst the chaos of competing suppliers vying for attention and dealers scrambling for the best deals, it's also possible to find untapped new products as well as the business concepts that have the potential to disrupt the trends of the day. If you're serious about your business and career, it's an opportunity that shouldn't be missed. To find out more, call NAMM at 800-767-NAMM.

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