

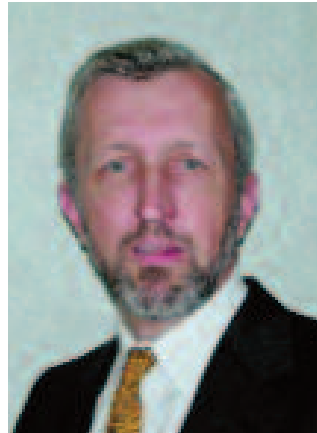
# There Is No Such Thing As “The Economy”

**S**oaring gas prices, continued turmoil in the credit markets, and a slumping stock market have moved the state of the economy to the forefront of just about every conversation in the music industry. Is it hurting business? Is it a non-factor? Based on survey responses from a broad cross section of retailers, as presented in the Top 200 report in this issue, our conclusion is that there is no such thing as “the economy.”

The data we use today to assess the economy was a product of the nation-state and was developed to give government the tools to monitor the health of the nation. The Census Department, the Bureau of Labor Statistics, and the Commerce Department all were created in the early 20th century at a time when the U.S. was a much more cohesive unit: It was its own market, its own source of consumption, and its own source of credit. However, as the economy has expanded in complexity and scale and become more global, these big-picture statistics have lost much of their relevance. They are blended averages that don't begin to apply equally to all 300 million Americans. The fact that the economy is growing or shrinking, or that consumption is expanding or contracting, is taken as indicative of the behavior of all U.S. consumers. Yet, the numbers fail to capture the broad range of individual experience.

Look at housing, widely regarded as a national calamity, yet regional differences depict something entirely different. In Stockton, California, one in 75 homes is in foreclosure; in Nebraska, the figure is one in every 1,459. Housing prices have plummeted in Miami and Las Vegas, but stayed stable or even risen in places like Manhattan and Silicon Valley. As for unemployment, it stands at 7.9% in Michigan, but is at 3.1% in Texas. In terms of economic growth, agriculture-producing states are booming, fueled by record high commodity prices, while car-producing states are struggling. The economy of Silicon Valley is not the same as the economy of California, any more than the economy of Buffalo is the same as the economy of greater New York. Yet, in our discussion of the economy, these crucial distinctions get lost in the averages. It's somewhat akin to Bill Gates walking into a bar and causing the “average” wealth of the patrons to instantly skyrocket.

These enormous variations in economic realities are reflected in the results posted by the industry's largest



retailers. The impact of the “economy” on the music products industry depends in large degree on who you talk to. Geography certainly plays a role. Retailers in the southern regions seem to be faring better than their counterparts in the upper Midwest. Product selection also is important: purveyors of high-ticket pianos are having a harder time of it than the typical school music or m.i. retailer. Yet our data shows any number of retailers either outperforming or underperforming the macro economic data of their region.

The clear lesson is this is that larger economic data is not the single most important determinant of success by a long shot. Henry Ford once observed, “If you think you can, or you think you can't, you're right.” And, what our data demonstrates is that the retailers who “think they can,” are more often than not proven right. Science has now confirmed what we've known intuitively for ages: that the human species is hardwired to make music. Through education, consistent promotion, and hard-nosed management, a lot of retailers are translating that deep-seated instinct into growing sales, regardless of the state of the economy.

This issue serves primarily as our annual numerical portrait of music retailing in the United States. However, it is also a salute to the efforts of all those in the retail industry who enrich the lives of millions through music. Regardless of what the economic statistics are showing, retail is always a challenging business, and those who are successful at it deserve boundless respect.

**Brian T. Majeski**  
**Editor**

Email: [brian@musictrades.com](mailto:brian@musictrades.com)