

Adding Perspective To A “Numerical Portrait”

The epic financial meltdown in late 2008 clearly demonstrated the linkage between the health of the general economy and the health of the music products industry. As key economic indicators—gross domestic product, employment, consumer confidence, and debt levels—headed south five years ago, they took industry sales with them. During the 2008-2009 time frame, the industry posted the biggest year-over-year revenue decline since we began collecting data over 20 years ago. Anecdotal evidence also suggests that it was similar in magnitude to the sharp downturns caused by the gas shocks in the mid-'70s and the advent of 20% interest rates in the early 80s. On the positive side, subsequent gradual improvements in the economy have also been reflected in slowly rising industry revenues. However, to pay too much attention to the economy is to risk overlooking the social and technological changes that are having a more lasting impact on the trajectory and composition of industry revenues.

In the Music Industry Census Report that begins on page 50 of this issue, we track sales results of 13 broad segments that include more than 50 distinct product categories. The big industry drivers include fretted instruments, school music, pro audio, DJ gear, recording products, printed music, and home keyboards. Each of the categories we track confronted the same litany of economic headwinds: unemployment, sinking home values, and tight credit, among others. Yet sales performance varied widely from product to product. Why, for example, did acoustic guitar sales advance 10% while acoustic piano sales declined? How come there were hefty gains in certain types of DJ gear, but keyboard synthesizers had a tough time of it? And, how to explain the amazing resilience of school music products at a time when state and local budgets are supposedly in dire condition?

In the Census report, we attempt to answer these and other questions. The explanation for some shifts in the market is fairly obvious. The downturn in the sale of acoustic drum kits can be traced directly to the rising popularity of electronic alternatives. The modest uptick in school music sales tracks the increase in K-12 enrollment, as reported by the U.S. Census. Software sales have been adversely affected by the proliferation of inexpensive, and often free, apps that have introduced serious pricing pressure.

Other shifts can only be chalked up to the vagaries of human whim. Pinpointing the origins of the current infatuation with the ukulele or the relative strength of acoustic guitars is a bit like trying to explain the fleeting fascination

with “Gangnam Style.” Like everyone else, we’re left scratching our heads.

In quantifying and explaining these changes, our data provides a numerical portrait of the industry. Like any portrait however, ours doesn’t do full justice to the subject. The sales tally doesn’t fully capture the passion, artistry, and commitment that animates the thousands of individuals who design, produce, distribute, and retail the broad range of products that enable musical expression. The numerical magnitude also doesn’t reflect the industry’s impact on the hearts and minds of the nation.



At \$6.7 billion, music products revenue is the same size as the Avery Denison Company, which ranked 367

on the 2012 Fortune 500 roster. But what occupies more space in the national consciousness, the glorious music that emanates from the tools our industry provides, or the labels and packaging materials that Avery Denison produces? If presented with a choice between music and a slick label on a Gatorade bottle, how would the public decide? We think the answer is pretty obvious.

So let us take this opportunity to flesh out our numerical portrait and pay tribute to all those who are engaged in what we call the music products industry. It’s a fraternity in service of what Plato termed “the most exalted art form.” And what this band of unsung heroes lacks in commercial heft is more than offset by its cultural impact. Collectively, we make the world a better place.

Since *The Music Trades* began publishing in 1890, our columns have continuously documented ebbs and flows in industry prosperity, along with dramatic shifts in product preferences. However, this missionary work for a great art form has been the enduring constant. It’s what motivated the business at the beginning of the 20th century, and it’s what motivates it today. These efforts may not always be justly rewarded at the cash register, or with an outpouring of thanks from the general public, but they do make a big difference.

Brian T. Majeski
Editor

brian@musictrades.com