

The Shifting Definition Of A “Music Store”

Our editorial last month on the Marketplace Fairness Act, the effort by the Federal government to subject mail-order purchases to sales tax, elicited a torrent of commentary from our readers, some of which appears in the letters section of this issue. The sales tax issue has been hotly debated in the industry for decades, so strong reactions to the bill were hardly surprising. The opinions expressed also followed a predictable pattern. Brick-and-mortar merchants generally endorsed the bill, while online sellers opposed it. However, the range of commentary we received reflects a profound shift in the nature of music retail that goes beyond the competition between online and brick-and-mortar stores, and raises the question, “What is a music store?”

The definition of a music store has been a moving target since we began publishing in 1890, as retail formats evolved to address changing products and consumer needs. This evolutionary trend has been propelled by a defining aspect of prosperous, industrial societies, namely increased specialization. When Henry Ford introduced the Model T in 1908, he told customers, “You can have it in any color you want as long as it’s black.” Since then the colors, features, and configuration options available to car buyers have increased exponentially. The choices available for someone buying musical instruments or audio gear have gone through a similar metastasis.

In the ‘50s the retail landscape was dominated by the downtown “full line store,” which was roughly defined as one that stocked every product category displayed at a NAMM show, including pianos and organs, band instruments, accordions, sheet music, drums, and guitars. But rapid growth in guitars, home organs, and school music gave rise to a new generation of narrowly focused suburban retailers. By the early ‘80s, these specialists had all but wiped out once-prosperous full line downtown stores.

Using the “representing every product category at NAMM” definition, there are no longer any “full-line stores” at all. The array of goods on display at the Anaheim Convention Center has become so vast that no retailer is capable of doing justice to all of it. Guitar Center is the nation’s largest retailer, but you won’t find violins or much in the way of folk instruments at its stores. Sweetwater Sound, for all its scale, has only a limited percussion offering and doesn’t stock wind instruments.

Thanks to the internet, specialization has accelerated, and the number of businesses putting music products into the hands of consumers has dramatically expanded, creating a far more complex distribution channel. In addition, large “generalists” like Musician’s Friend and other sizable retailers including B&H photo have begun offering a limited selection of m.i. products. And then there’s Amazon.com, which retails goods out of its own inventory while also serving as a sales platform for scores of independent merchants.



While large businesses such as Amazon and B&H are viewed as the more serious competition, there are also hundreds of smaller online firms that collectively do a large business but often go unnoticed. Consider the case of The STRATosphere, an eBay retailer that focuses almost exclusively on guitar parts. Its inventory of 4,900-plus items includes only two complete guitars; the rest are necks, knobs, pick guards, pick-up covers, tremolo parts, and other relatively inexpensive hardware bits. With such a limited product focus, The STRATosphere doesn’t fit any traditional definition of a music store. And operating in such a narrow niche, it doesn’t present an obvious competitive threat to the average brick-and-mortar store. Yet, The STRATosphere is on track to do over \$5.0 million in sales this year, making it a sizable retailer by industry standards.

If the Marketplace Fairness Act manages to make its way into law, we doubt it will have a material impact on STRATosphere revenues, or other online retailers operating in narrow niches. Sales tax or not, the guitarist looking for a base plate for his Bigsby Tremolo will probably gravitate toward a site that has it in stock rather than make the trek to a local store to place a special order and wait for weeks.

As we argued in our editorial last month, applying sales tax to all retail purchases addresses an issue of basic fairness and gets the state out of the business of favoring one type of retail over another. Regardless of how the Marketplace Fairness Bill fares in Congress, we suspect that the number and type of “music stores” will continue to increase, and competition will not get any easier.

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