

# Unheralded Progress In Making Music More Accessible

**C**hallenging economic times inevitably prompt complaints that the music industry is lame when it comes to devising ways to expand the market. Retailers and suppliers confronting disappointing sales results argue that the industry is in desperate need of a potent consumer ad campaign, aggressive promotion, or celebrity endorsement program to attract new players. We're all for anything that brings in new players, but these complaints gloss over the exceptional strides the industry has made and continues to make in effectively making music available to a wider audience.

The news media report that we are living through the worst economic downturn since the Great Depression of the 1930s. Unemployment is high—particularly among the industry's target under-30 demographic—growth is stalled, and the national mood is downcast. Yet, even in these less than optimal conditions, incredible product values across the board allow the industry's suppliers and retailers to appeal to a broader slice of the population than at any time in the past century.

This seemingly controversial claim is backed up by comparing current pricing and income levels with those of 1967. We selected the year 1967, because it was considered something of a post World War II economic high-water mark, before the nadir of the Vietnam War and the advent of '70s-era "stagflation." Back in that supposedly golden era, inflation-adjusted median income was \$39,022, or 27% less than the 2012 level of \$50,053. More significantly, though, a dollar to spend in a music store back in 1967 didn't go anywhere near as far as it does today.

In 1967, a dad earning the median income had to work 26.1 hours to make enough to buy his son an entry-level five-piece Ludwig drum kit: retail price, \$549. Today's parent can get a comparable Ludwig kit for just \$399, or the equivalent of 15.9 hours of labor. If the same dad wanted to outfit his kid with an entry-level Kent solid-body electric guitar (a Fender knock-off that was a top seller in the day), retail price \$143, he had to work 6.81 hours. Contrast that with today's parent, who can buy a far superior Squier Strat for \$99—the equivalent of just under four hours' labor.

The improvement in value and accessibility is even more significant in the realm of anything electronic. In 1967, an Excelsior 49-note combo organ, with ten voices, a built-in speaker, and eight-note polyphony sold for \$425, the equivalent

of 20.2 hours of labor. Today, a 76-note Yamaha "Portable Grand" with 128 voices, built-in rhythm, and a lengthy list of other features, can be had for \$249, or the equivalent of 9.9 hours of labor.



These remarkable advances in value are by-products of countless subtle refinements. In electronic products, the digital technology that made computers and smartphones ubiquitous has led to more accessible musical electronics. In traditional products such as guitars and drums, computer-controlled machinery on the factory floor has simultaneously enhanced efficiency and quality. The advent of speedier shipping methods and better logistics has enabled companies to operate with less inventory, freeing up working capital. Combine that with better materials and improved designs, and the value improvements are breathtaking. Retailers have also contributed to these gains by learning to work on shorter gross margins, thus reducing selling prices. Back in 1967, selling at a 50% gross profit was considered the norm. In addition to these pricing gains,

today's consumers benefit from scores of products that didn't exist 46 years ago, including recording devices, electronic tuners, and rhythm machines, to cite just a few.

This progress has not been totally painless. You could fill a volume with the names of casualties that failed to keep up with advancing standards of product value. There are also those who argue that declining selling prices have merely pushed industry revenues down without drawing new customers. We would argue that these monumental strides in product value—the efforts of a consumer-focused industry—have been and continue to be a net positive for all concerned. Throughout modern history, better product value has done more than any other factor to expand markets.

It's what transformed automobiles, electricity, televisions, computers, and countless other products from the exclusive province of the wealthy to mass market goods. And, it's why, on a unit-volume basis, today's industry puts more music making gear in the hands of more people than ever before.

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BUYING POWER THEN & NOW			
1967			
Median Income		\$39,022	
Median Hourly Wage		\$19.51	
	Retail Price		Hours Of Labor To Buy
Ludwig Five-Piece Kit	\$549		28.1
Gregory 15-Watt Amp	\$124		6.3
Excelsior 49-Note Combo Organ	\$425		21.8
Kent Triple Pickup Guitar	\$143		7.3
Kay Full Size Acoustic Guitar	\$139		7.1
2012			
Median Income		\$50,053	
Median Hourly Wage		\$25.00	
Ludwig Five-Piece Kit	\$399		15.9
Line 6 Spyder Modeling Amp	\$99		3.9
Yamaha 76-Note Portable Grand	\$249		9.9
Squier Strat	\$99		3.9
Takamine Dreadnought	\$129		5.1