

# What's Holding Back Music Products Sales?

**A**t a panel discussion during the 1999 NAMM show, Bill Schultz, then CEO of Fender Musical Instruments, asked about his biggest concern for the future of the guitar industry. Always blunt and to the point, he answered: “that all those guitars we sold that are now in a closet or under a bed somewhere come back on the market.” Fifteen years later, evidence suggests that Schultz’s concerns have come to pass, and that on a daily basis, an increasing number of used instruments are being bought and sold.

Because most musical instruments are durable and unchanging, the used market dates back at least three hundred years to the era of Stradivarius. And as long as we’ve been chronicling the industry, used gear has always been an important contributor to the top and bottom lines of most retailers. However, the internet generally, and Craigslist and eBay specifically, have taken the used market to previously unanticipated levels. Before these sites existed, anyone who wanted to sell an instrument had three choices: take it to a local retailer, place an ad in a local paper, or have a garage sale. The hassle factor involved with any of these options prompted most to do nothing and let the instrument gather dust.

Those who previously succumbed to inertia are now most likely to place their used gear on Craigslist, which has led to explosive growth in the amount of inventory on line. To put the scale of this used market in perspective, consider the example of Madison, Wisconsin. The Craigslist musical instrument section in this city of 240,000 recently contained about 1,500 musical instruments, ranging from a Yamaha grand piano priced at \$27,000 to a semi-functional Mackie mixer at \$15. In between, there was a diverse assortment of horns, frets, percussion, and audio gear. Madison is not exceptional by any measure; Craigslist offerings are comparable nationwide, in markets from Albany, New York to Zapata, Texas.

Craigslist is a loosely run organization that doesn’t track the volume of business done on its website. However, given the high velocity of inventory turnover on the site—in the case of Madison nothing had been on the site for more than 30 days—we suspect that it’s sizable. In fact, it could easily approximate the annual revenues of two sizable local stores.

eBay started life as a place for individuals to auction off

items but has since evolved into more of a business platform where retailers can transact with customers online. About 60% of the annual \$900 million in music products sales transacted on the site is done by retail businesses. However, that still leaves somewhere in the range of \$300 million worth of business by individuals. Inventory attracts customers, and the volume of product on eBay and Craigslist is no exception. The two websites are respectively the 9th and 11th most visited sites in the country. For some consumers, especially those in the under 30 age cohort, they are often the destination in the buying process.



Auto sales advanced 16% in 2013, new home construction advanced 5%, and the sporting goods industry advanced 6%. The volume in used gear helps explain why our industry hasn’t benefitted to the same extent from the uptick in consumer confidence.

Until the industry transitions to building less durable products, there doesn’t seem to be much that can be done to curtail the interest in used gear. The eye-popping prices paid for vintage guitars and old fiddles make it hard to argue that “used” has no value, and preventing consumers from seeking a good deal is like trying to stop water from running downhill. Thus, if you can’t beat it, perhaps the best strategy is to join it. Used gear comprises a large percentage of the inventory at school music retailers and many piano dealers, and there is a thriving network of vintage guitar specialists. Others might do well to follow their example, and if nothing else, embrace used gear as a way of generating more customer traffic.

**Brian T. Majeski**  
Editor

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