

The Most Musical Nation... Something To Be Thankful For

A steady stream of recent news items painted such a disheartening portrait of the U.S. and its future prospects that they seriously challenged our generally optimistic outlook. One study of global standardized tests concluded that U.S. public schools rank just a few slots above the third world and are producing a generation of chronic underachievers. Another described our health care system as a bloated catastrophe that administers marginal care at inflated prices. A series of statistics-laden articles cited growing economic inequality, declining living standards, and complete lack of mobility fostered the impression that right thinking people should be crafting an immediate emigration strategy. We'll leave it up to others to debate the accuracy of these dismal findings, keeping in mind that efforts to reduce complex human activity down to a column of numbers is inherently problematic. Or, as they say, "if you torture the data enough, you can make it confess to anything."

As an antidote to the bad news referenced above, we'd like to offer up one data-based observation that is beyond dispute: namely that the U.S. is the most musical nation on earth, with the highest percentage of amateurs playing for nothing more than their own personal satisfaction. Here's how we arrive at this bold conclusion. In 2013, retail sales of music products in the U.S. were approximately \$6.8 billion, equal to about 40% of the global market. Divide that number by the population of 318 million and you arrive at a music sales per capita figure of \$21.36, or well over twice the global average, and about 60% higher than levels in the European Union.

U.S. prosperity levels account for a large degree of this outsized spending on music. However, a lot more than economics are involved. For starters, the U.S. boasts the world's most efficient distribution network. No one else can move products from the factory floor into the hands of consumers as smoothly. This is also no idle boast. Average retail selling prices in the U.S. are between 10% and 20% lower than prevailing levels in the European Union, Japan, and the other developed countries in Asia. Part of the differential is due to the lack of embedded value added taxes (VAT) in the U.S., but manufacturers, distributors, and retailers in the U.S. have also adjusted to a lower gross profit than their counterparts around the world.

Music sales in the U.S. are also enhanced by an unequalled music education system. School music programs are so commonplace, we tend to take them for granted. However,

nowhere else in the world do an estimated 5-6% of the K-12 student population get the opportunity to play in a musical ensemble during the school day. The music industries of Europe and Asia look at the prevalence of American school music programs with a combination of awe and envy. Those three million-plus school kids who take part in school programs support annual sales of about one million stringed and wind instruments. In addition, a sizable number also continue their music making outside of the classroom, fueling the sales of guitars, percussion instruments, electronics, and recording gear.



Accessibility and institutional support are further complemented by a deep-rooted folk music tradition. Country, rock 'n' roll, the blues, jazz, hip hop, and every other genre associated with the U.S. has evolved from the ground up, without assistance (or encumbrance) from church, state, or trade guild. Maybe it's because we're a newer country with more fluid traditions, or maybe it has something to do with a population composed of immigrants. Whatever the reason, this folk tradition helps explain why there is such a deeply rooted amateur music making tradition.

In the day-to-day process of keeping a business afloat, it's easy to lose sight of these unique attribute. But perhaps, the intense competition that makes for sleepless nights is just a reflection of the scale of the available opportunities. (As a rule, the bigger the prize, the more intense the fight.) However, at the start of the New Year, it's worth remembering, for all its well-documented shortcomings, the U.S. is still a pretty special place to do business.

Happy New Year to all.

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