

# News Flash...

## There Is No Music Industry

**A**t different points in history, the revenues of the product segments we track have advanced, declined, or flatlined. The underlying reasons for these performance differentials could fill volumes. Sometimes it's the state of the national economy, with flush times prompting consumers to spend freely or recessions that lead them to keep a tight grip on their wallets. Fickle preferences that can abruptly shift from the accordion to the guitar also have an impact. Technological advances like MIDI and cheap signal processing have generated growth by creating new markets. Conversely, as technology advances, selling prices inevitably decline, creating a drag on revenue. There is one constant though: Whenever sales levels fail to meet expectations, like in the present, we hear calls for what the "industry" should or shouldn't do to rectify the situation. As in, "the industry needs to promote music making more aggressively," or "the industry needs to stop race-to-the-bottom pricing," or "the industry needs to better recruit and nurture talent."

These worthy goals are hard to argue with. Is there anyone against more promotion, better profits, or an expanded bench of talent? Here's the problem though. Whether you're running a small local store or at the helm of a leading brand, you can't exactly hand "the industry" a to-do list and say, "Tackle this job ASAP and get back to me in a week with a progress report." The industry isn't something to command, it's an abstraction, a word we use to describe the activity of thousands of individuals as they simultaneously try to serve customers and achieve their personal goals. The phrase "herding cats" doesn't begin to describe the impossibility of corralling this multitude and getting them to pull in the same direction.

For starters, this business tends to attract creative types who aren't inclined to follow orders. It also doesn't help that "the industry," or more accurately, the thousands plying music and audio gear, don't agree on much. MAP pricing? If you check the letters section of this issue, you'll find some who say it's essential for supporting the retail channel and others who argue that it hampers their ability to compete. The internet? Some say it's the greatest thing that ever happened while others argue that by crimping local retail, it is killing the business. As for promotional efforts, what's the likelihood of a group who sell grand pianos sitting down with a contingent from the DJ business to hammer out a mutually beneficial marketing strategy?

The developments that have defined the music that's made, the products that are offered, and how they get sold are not driven by "the industry;" rather, they are the work

of individuals. "The industry" didn't create a practical electric guitar; Leo Fender did. "The industry" didn't create the MIDI standard, Dave Smith and Ikutaro Kakehashi did. And, the successful retail formats that have evolved over the years were not the product of "the industry," but rather the work of a succession of creative entrepreneurs.

These agents of progress didn't act in a vacuum—they freely borrowed ideas and took inspiration from others, and they were guided by their predecessors. Or to paraphrase Issac Newton, they saw further "by standing on the shoulders of giants." Yet, it was their initiative that provided the essential catalyst for progress.



The years following the 2008 financial meltdown have been tough going for most of those making and selling music gear. Modest sales growth and ample supply have combined to pressure profit margins on both the retail and supply sides of the business. The downbeat climate also extends well beyond our tiny sphere of the economy, as evidenced by numerous polls that report 67% of the populace saying the country is heading in the wrong direction. We'll leave it to others to put forth cures for improving the national mood. However, for readers of this column, we'd suggest that waiting or hoping for "the industry" to deliver better results is a recipe for disappointment.

There are still no shortage of success stories to be told in the industry. In this issue alone, we chronicle two: Alto Music Brooklyn, an unusual retail format that serves a growing number of nearby recording studios; and audio manufacturer QSC, which is using a software platform to bring added functionality to small mixers. Two very different businesses linked by a common drive to find opportunity in the world, as it exists, rather than vainly hoping "the industry" will reconfigure itself for their benefit. One way to follow their example would be to strike the words "the industry should" from your vocabulary and substitute "I should" instead. It focuses attention on what can really make a difference.

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