

# Keep Calm & Carry On...

## There's Still Life In The Guitar Business

There has been a lot of negative commentary of late surrounding the guitar and its future. A guitar retailer we know recently remarked, "We've had a great 50-year run, but we're going to end up like the guys who sold accordions." The assessment outside of the industry isn't much better. A Google search for the phrase, "The Guitar Is Dead" turns up hundreds of links to articles from sources as varied as *Forbes* magazine, *The Village Voice*, NPR, *The Huffington Post*, and *The Guardian* of London. Using what seems to be an identical template, the various authors cite the comparative dearth of guitar-centric music among top-selling albums, and immediately conclude that fretted instruments are destined to follow the eight-track cassette and VHS recorder into oblivion.

Measured by shipments of new instruments, the guitar market in 2015 was down 18% from levels set a decade ago. This double-digit decline helps explain much of the gloom. However, a more thoughtful analysis of the past and present suggests that the obits for the guitar and the guitar industry are wildly premature. If for no other reason, the kind of straight line trend extrapolation practiced by the doom-sayers—i.e. the downward trend of the past five years is destined to continue forever—never produces accurate forecasts.

Wild swings in sales have been a fact of life in the guitar business for as long as anyone has been counting. Sales soared with the Beatles' arrival in 1964; then in 1975 began a ten year swoon, the victim of disco and a shrinking pool of 12-21-year olds; revived in the 1990s, only to be slammed in 2001 by the bursting of the dot.com bubble. To quantify these swings with a tad more precision, the records show that guitar unit shipments have declined in 19 of the past 50 years. What is the current state of the market? Not so bad from a historical standpoint. 2015 may not have been the best year on record, but at 2.5 million units, it was better than all but eight of the past 30. Back in 2002, when unit shipments were a comparatively modest 2.1 million, we don't recall anyone calling for last rites for the guitar.

Similar sales fluctuations are common with about every commercial offering. Shipments of light cars and trucks have ranged between 9.9 million and 16.9 million units a year over the past decade; the price of a bushel of corn has been as high as \$8 and as low as \$3.50; and personal computer shipments have declined in six of the past ten years. Yet, we haven't heard anyone worrying about the imminent extinction of any of these products. And, unlike guitar makers and retailers, the farmers and car makers don't seem shocked when results occasionally fall short of rosy projections. They accept the down years as a cost of doing business.

Transportation, basic foodstuffs, and computing come closer to the definition of a necessity than a fretted instrument. But, if you accept that music making is deeply ingrained in human nature, then a strong case can be made that the guitar is a pretty essential component of civilization. With the exception of the human voice, there is nothing more musically expressive than fingers on frets and a vibrating string. In addition to their sonic beauty, guitars are visually striking as well. This probably explains why they continue to figure prominently in so many musical genres—classical, folk, rock, jazz, blues, and country, to name just a few.

Aside from a few pundits who need to generate copy and a catchy headline, and some dispirited industry insiders, it



would appear that the general public still recognizes the importance of the guitar. That helps explain why last year, Ed Sheeran, a 25-year-old acoustic guitar soloist, had the fifth-best selling album of the past ten years, or why Mumford & Sons' guitar-heavy album also went multi-platinum with 2.5 million units sold. It's also why guitar imagery has

been consistently worked into advertising for Chrysler, Cadillac, and Mazda. An account executive for WPP, the ad agency of record for Mazda, said that extensive market research showed that guitars have one of the most positive images of any product. Consumers associate them with creativity, excitement, and quality. Not bad for an instrument with one foot supposedly in the grave.

More good news can be found with School of Rock, and Bach to Rock, two franchise music schools that offer a guitar-centric rock 'n' roll curriculum. Both continue to add locations and students at a rapid pace, and last year, *CNN Money* even ranked School of Rock as one of the five hottest franchise opportunities. We also have yet to hear of any retail-based guitar teaching operations, whether at chain stores or independents, that are having trouble securing students.

In the late '60s and '70s, faced with declining unit volumes, a number of U.S. manufacturers responded by letting quality slip. Fortunately, current manufacturers seem to have avoided that temptation. As we quantify on page 68 of this issue, the value proposition offered by the current crop of products is unsurpassed.

Great products, a central role in contemporary music, and a stellar image. Don't write the guitar off just yet.

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