

What The Sales Data Doesn't Show

Pythagoras, the ancient Greek philosopher, is credited with establishing the mathematical basis of pitch. His calculations 2,500 years ago of relationship between pitch and string length continue to guide instrument makers today. Subsequent numeric analysis has led to a more complete understanding of pitch, tonality, and harmonics, and even provides the architecture for every digital instrument or piece of audio gear. Yet there is no set of numbers, regardless of the precision, that can fully capture the psychological and emotional experience of music. Numbers are helpful, but not to be confused with the real thing.

The same could be said for the sales data that we present in the following pages. Drawing on a host of sources, we offer a pretty accurate estimate of the dollar volume of the new products that flow through the retail distribution channel. The numbers also offer some useful insights into consumer preferences, like the fact that the guitar is far from dead, that print music hasn't been replaced by digital alternatives, and that musicians have a nearly insatiable appetite for nifty accessory products. But any numerical portrait attempting to capture the output of thousands of hardworking people around the globe is bound to be incomplete. While we vouch for our methodology and the basic accuracy of our data, here are a few things they don't capture.

Product Quality. Famous performers can and have performed with \$300 "starter" guitars, something that would have been unthinkable not too long ago. Similarly improved quality in every product category we track is not reflected in sales calculations, but has had a profound impact. Whether it's readily available software solutions that let anyone turn their living room into a 64-track studio, or an entry-level violin, you can find more features, better value, and improved functionality across the spectrum of music products. If retailers and manufacturers are correct in asserting that bad instruments cause beginners to quit, better quality has to be viewed as a positive. The only downside, at least for brick-and-mortar retailers, is that better and more consistent product quality is a major factor driving online sales. If consumers were unsure that products would perform as advertised, far fewer would be willing to buy sight unseen.

Shifting Trends. When gas prices go down, automakers sell more big cars. Unfortunately, we have yet to determine any similarly direct and time-proven correlation between macro-economic factors and the sales of specific music products cat-

egories. The industry rises and falls with the general economy, as was painfully illustrated by the financial crisis and recession of 2008. Yet, there are no clear answers to why there was a sudden interest in the ukulele or EDM, or why analog synths regained popularity after decades of neglect. Astute observers can point to catalysts behind these trends, but they aren't to be found in past sales data, and they are usually identifiable long after the fact. Like fashion, music products are driven by the public's whim, which is nearly impossible to predict. Our data paints a picture of what happened in 2017 and the previous ten years, but offers no guarantees about what's to come. The past, unfortunately, is no guarantee of future performance, and extrapolating trends can be risky.

Interest In Music Making. While our data gauges the economic performance of the suppliers who exhibit at NAMM and the retailers who attend, it doesn't fully capture the amount consumers actually spend on making and recording music. The most obvious reason is that it excludes the sale of used gear, which, based on anecdotal evidence, has grown steadily over the past decade. The second, less obvious, reason is that laptop computers have become a critical part of electronic music, recording, and audio setups. These sales largely bypass the music products distribution channel and thus don't show up in our data. Yet they are important. Take the



thousands of computers that are bought each year for musical purposes, multiply that number by about \$1,500, the price for a laptop with the processing power needed to run the average recording program, add it to our calculations, and industry revenues would be appreciably higher.

Human Effort. The music industry exists at the intersection of art and commerce. Sales data reflects the commerce, but doesn't do justice to the art, whether it's a beautiful piece of inlay work on a guitar or a teacher guiding an aspiring student. We can't quantify it, but 120-plus years of reporting underscores that art is critically important. When enterprises focus only on the commerce and ignore the art, they suffer, as does the industry at large.

Finally, no numerical tabulation could fully express the admiration and respect we have for the individuals who move products into the hands of consumers. At every step of the supply chain, from R&D departments to the factory floor to the retail channel, creativity and toil is applied to enhance the end-user's experience. It's what makes for an industry worth tracking.

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