

Why Is It Cool To Be Gloomy?

“Our Democracy Is Irrevocably Broken,” declared a recent *New York Times* headline. Days later, *The Washington Post* offered up similarly grim fare under the heading “Are We On The Brink Of Civil War?” During the same time frame, cable news showcased a parade of talking heads somberly invoking the words “grave,” “catastrophic,” “disaster,” and “crisis” to describe a range of passing events. On the eve of the NAMM show, we find it hard to reconcile these dystopian assessments with what we expect to see in Anaheim: 100,000 people from every corner of the U.S., no doubt representing all political persuasions, along with a large international contingent, cheerfully gathering to peruse the latest and greatest in music products. No outward conflicts, no anxiety, no simmering tension, just sincere people looking for ways to better serve the community of music makers. The stark contrast between the upbeat and enthusiastic experience we expect at NAMM and relentless media pessimism calls to mind the old joke about the cheating husband, caught in the act, who blurts out, “Who are you gonna believe, me or your lyin eyes?” Based on the firsthand evidence we can review, we’re going with our “lyin eyes.”

At some point in the not too distant future, people may very well describe 2018 as “the good old days.” A bipartisan chorus of academic economists has described recent data from the Commerce and Labor departments as “everything you could hope for:” a sunny combination of low unemployment, rising wages, increased investments in plants and equipment, and robust consumer confidence. These disparate indicators are reflected in the best GDP growth in over a decade, rising profits, and increased retail sales. They have also found their way into the very small corner of the U.S. economy that is the music products industry.

In our quarterly surveys over the past 12 months, retail sales gains have consistently hovered in the 4% range. Not the growth rate of a high-tech start-up, but more than respectable for a mature industry like music products. Forecasts recently solicited from manufacturers and retailers serving all industry segments were similarly bullish. Based on their assessments, we’re projecting that U.S. consumers will have purchased about \$7.5 billion worth of music and sound products last year. Add in the substantial used market and it’s probable that total spending on music related gear approached \$9.0 billion. Not bad given the current “crisis” conditions we’re experiencing.

There’s more good news to be found if you’re even mildly curious. Live Nation reports that concert attendance advanced

5% in 2018 with well over 100 million tickets sold. Participation in school music programs nationwide no doubt advanced last year if five decades of demographic trends remain in play. Spotify reported that Americans streamed over 400 billion songs last year, up 15% from 2017. And, by our rough count, there were over 20,000 videos on YouTube offering some type of music instruction. These are just a few of the data points indicating a deep and abiding interest in music and a strong desire to learn how to play. Here’s one more antidote to the media pessimism: on a per capita basis, U.S. citizens spend about \$21 on music products, more than six times the global average, and an indicator of a vibrant culture of amateur music making.

A strong economy, combined with 300 million potential customers, many of whom have a demonstrated affinity for making music, and the highest value offering of products in recorded history is a recipe for commercial opportunity. We’re well aware of all the impediments to building a profitable enterprise: savvy customers who relentlessly push for the lowest price, disloyal (insert manufacturers or retailers depending on where you sit), competition from the growing number

leisure activities, and ill-conceived government policies to cite just a few. They’re nothing new, however. We’ve been chronicling different incarnations of these challenges with metronomic regularity since our first issue in January of 1890. (Retailer complaints about the Sears & Roebuck catalog circa 1895 are echoed almost verbatim in the current



complaints about the internet.)

So why such a depressed outlook? English philosopher John Stuart Mill offered a pretty compelling explanation in 1828 when he wrote, “I have observed that not the man who hopes when others despair, but the man who despairs when others hope is admired by a large class of persons as a sage.” Contemporary translation: “It’s cool to be gloomy.” At the upcoming NAMM show, and in the months ahead, we’d encourage everyone to tune out the negativity. It may be cool and it makes for intelligent sounding commentary, but it’s decidedly counterfactual. We’re living in an age of peace and prosperity that has lifted the music products industry to levels few thought possible not too long ago, and we have the data to prove it.

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