

# Is Business Success Really More Elusive Than Ever?

“More challenging than ever,” “How to cope with the accelerating pace of change,” “Learning to live with unprecedented disruption,” and “Surviving in the most dynamic environment in all of human history.” We culled these phrases from the blurbs describing the best-selling books on business during a recent visit to Barnes & Noble. Authors of titles running the gamut from *Building A StoryBrand* to *When: The Scientific Secrets of Perfect Timing* to *Measure What Matters* are apparently convinced that running a successful enterprise today is harder than ever before. They’re absolutely correct that success in a competitive marketplace requires copious amounts of effort and energy, a tolerance for risk, and constant vigilance. As for the “harder than ever” part, perhaps they would benefit from a little historical perspective.

Consider that in 1925, Willcox & White employed more than 1,000 in a factory in Meriden, Connecticut annually producing millions of player piano rolls. Two years later, they were bankrupt, the victim of disruptive new technology in the form of the inexpensive radio. Overnight, customers ditched the player piano for the radio, bringing a once-vibrant industry to a complete halt. No doubt Willcox & White execs would say they were victims of “the accelerating pace of change.” Or how about the case of the Harmony Guitar Company, once the world’s largest guitar maker? The flood of low-cost Japanese imports that put it out of business in 1974 could arguably be described as pretty “disruptive.” In 1978, home organs represented the industry’s single largest product category, accounting for 25% of total industry revenues. That year market leader Lowrey had revenues of \$100 million, dwarfing Gibson Guitar’s \$25 million top line. Less than a decade later, the business was in freefall, hardly indicative of a placid, easy-going business climate. The retail segment of the industry has experienced similarly seismic change: 50 years ago, Whittle Music, Grinnell Brothers, Campbells, and Thearles were among the industry’s biggest retailers. Today virtually no one remembers their names.

We dredge up this ancient history to put to rest the notion that business has somehow gotten harder. While not to dismiss current “challenges,” “disruption,” and “change,” it’s worth remembering that the current era enjoys a level of peace and prosperity that would be unimaginable a few generations ago. The opportunities for making and selling music products have never been greater. In addition to positive economic factors like low unemployment, rising wages, and improved consumer confidence, the industry benefits from a deep-seated interest in all things musical. A few numbers bear this out. Live Nation, the leading promoter, sold 93 million concert

tickets last year, an 8% increase; Spotify reports that Americans stream a billion (that’s right, a billion) songs a day; and school music programs introduced some six million kids to the rudiments of music making last year, forging a customer creation system that’s the envy of the world.

These forces have combined to drive what we estimate will be a 4% gain in the value of new instrument and audio gear shipments as 2019 draws to a close. A solid performance for a mature industry, made even more impressive by two specific limiting factors. First, new products face stiff competition from an unprecedented volume of readily available used inventory. In addition to sites such as Reverb, just about every retailer we know reports a strong used business. Second, technology continues to drive down average selling prices. Any product with a microprocessor or memory chip—powered loudspeakers, keyboards, effects, recording hardware—costs less today than at any time in history. A contemporary \$1,000 synthesizer has more power than units that cost three times as much a decade ago. Yet, the dollar volume of new gear continues to inch upward.



So why the fixation on how much harder things are today? Part of it has to do with the fact that everything looks easier in the rearview mirror. The passage of time brings a sense of detachment, an asset we can’t bring to the challenges we’re living through at the moment.

Reflecting on the failure of a player piano business long ago, doesn’t get the adrenaline going the way a tough new competitor does. History also lacks suspense: We know how the stories play out. In the present, however, uncertainty breeds anxiety. As we make plans based on speculative assumptions—How will fickle customers behave? What will competitors do? Is the economy going to tank?—we constantly ask, “Is this really the right move?”

Many of the challenges the industry confronts today are specific to the era: internet competition, new technologies, changing consumer preferences—did anyone anticipate the renewed interest in analog sound?—and rapidly shifting tariff policies to cite a few. The macro issues, however, remain constant. How to remain profitable while satisfying the needs of a buying public that’s relentless in its pursuit of maximum value for dollar spent. And how to adapt to those restless innovators who regularly upset the status quo in pursuit of a better way.

Don’t expect things to necessarily get easier, but take some comfort in knowing that ours is not the first generation that faced obstacles to success, and that we benefit from a level of prosperity that is truly unprecedented.

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