

NAMM Votes Down AMC Marketing Plan

At its recent annual board meeting, NAMM voted against the American Music Conference proposal to levy a surcharge on exhibit space to fund a national campaign to promote music. NAMM's controversial decision not to back AMC's proposal should not be taken as a negative assessment of the concept of a marketing program, but rather as a conviction that a surcharge on exhibit space is not an equitable method for raising funds.

The AMC marketing plan (which received extensive coverage in the December issue of *Music Trades*) is possibly the best of its type ever presented to the industry. In a nutshell, it calls for a sophisticated direct mail effort designed to prompt parents to encourage their 7-to-14-year-old children to take up music. The tentative vehicle for the program is a catalogue/magazine hybrid titled "Music Makes Winners." The "magalogue" would contain various articles about successful individuals who are also active musicians.

The price tag for the plan is a hefty \$1.5 million per year for a three-year test market. If the program is successful in increasing sales by 20% in the tests, it will be rolled out nationally.

To understand why AMC's program, like numerous prior efforts, failed to garner broad-based support, it is useful to discard any notion of a unified music industry. Unlike orange growers or milk producers, the music industry, as represented at NAMM shows, is comprised of several distinct segments that produce different types of products, utilize differing marketing and distribution tactics, and appeal to vastly different consumers. Given this highly fragmented nature, industry-wide promotions invariably run into one of two problems. As one manufacturer aptly summarized the situation, "They are either so generic that they mean nothing, or so specific that they exclude major segments of the industry."

If the AMC plan has a problem, it is that it is too specific. By targeting parents of children aged 7 to 14, AMC has overlooked the needs of several large and important segments of the music community.

In the case of pianos and band instruments, parents of 7-to-14-year-old children are a logical market. Reams of industry research indicate that children generally take up piano, or enter the band, at the urgings of their parents.

Leaving pianos and band instruments behind and delving into the combo market, research indicates that parents have a nominal impact on the market. Cur-

rently, most combo products, i.e. sound systems, synthesizers, electric guitars, etc., are purchased by young men over 18 who perform professionally or semi-professionally. Furthermore, manufacturers point to records, flamboyant performers, and currently MTV, not parents, as the primary factors that prompt children to take up guitar, synthesizer, or whatever. Against this market reality, it is not surprising that the combo segment of the industry has strong reservations about AMC's plan.

Similarly, AMC's target audience largely excludes the majority of potential organ buyers. As uncovered in a recent market study commissioned by NAEKM, the average organ buyer is over 50. Furthermore, most organs are not purchased for children. Given these facts, most organ manufacturers are skeptical about the direct benefits of the plan.

Promotional dollars are a scarce and highly valued commodity in the music industry. Consequently, prior to making any commitments, a manufacturer is justified in asking, "What's in it for me?"

For all its merits, and the excellent intentions of the AMC board, the marketing proposal clearly does not benefit all segments of the industry. This does not in any way negate the value of the plan. However, it calls into question the concept of funding the plan, against the will of a large number of manufacturers, by levying a surcharge on the NAMM show. In 1776, the American Revolution was launched under the slogan "Taxation Without Representation." On a more modest scale, a surcharge on exhibit space represents the same principle. (Presumably, though, industry differences will be settled without bloodshed.)

In the final analysis, those industry segments that stand to benefit from AMC's direct mail approach should be willing to fund the plan on a voluntary basis. If the plan can't fly on a voluntary basis, it should be re-evaluated or redrafted.

NAMM's decision to not fund the plan, while difficult, was a prudent one, in the interests of the industry. The trade show is a proven commercial vehicle of benefit to the music industry. Jeopardizing the future of the trade shows by levying an unpopular surcharge would have a damaging effect on the industry. We hope this temporary setback will prompt the AMC board to refine their program and continue to pursue methods of expanding the ranks of musicians.

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