Where Is The Economic Recovery Anyway?

The last 12 months have been highly disconcerting for most of the music industry. While general economic indicators reflect vibrant growth in American industry, the music industry, overall, has languished. This is not to say that certain product categories (electronic keyboards of all types) and individual regions and retailers have not fared well. However, taken in total, industry sales volume has been disappointing.

This paradoxical situation – a strong national economy and lethargic music sales – has prompted many to throw up their hands and wonder, "What have we done wrong?" Without presuming to know *the* answer, we submit that the rhetoric of recent political campaigns holds a few clues. Bitter acrimony pervaded the Presidential and most Congressional campaigns; however, Democrats and Republicans alike seemed to agree that the middle class had not reaped much benefit from the vaunted recovery.

The plight of the middle class is evident from numerous media reports citing reduced union wages, middle management cut-backs at thousands of corporations, and across-the-board wage and benefit cuts in many mature industries. This is aggravated by a higher tax bill, in the form of increased Social Security payments, and reduced government benefits, primarily due to cut-backs in low-cost government college loans. Without arguing the causes of the present situation, or advocating a particular public policy, suffice it to say that there is considerable cause for uncertainty among a large segment of the buying public, particularly those earning between $20,000 and $30,000 per annum.

Virtually every market survey in the history of the music industry concludes that middle class families provide the great bulk of all music sales. The purchases of the highly affluent, on a percentage basis, pale in comparison. Whether in band instruments, pianos and organs, or combo products, the middle class family has been the back-bone of our industry.

Consequently, it is safe to assume that uncertainty and anxiety among this buying group has had a negative effect on the sale of musical products. It is also worth noting that the plight of the music industry is not unique. Numerous other industries offering discretionary products to the middle class are also languishing.

Sales of furniture, pleasure boats, home appliances, and sporting goods are anywhere from 10% to 30% off peak levels achieved in 1977. What's more, in spite of record profits, auto sales in the U.S. are two million units off the record established in 1978.

We submit this argument not to encourage resignation to be a difficult situation, but rather to refute arguments that the public has lost interest in music and musical instruments. We fervently believe the contrary. Music school enrollments, concert attendance, interest in MTV, and a host of other factors all indicate that the buying public has not lost any of its enthusiasm for music.

Unfortunately, identifying problems is far easier than solving them. Short of restoring the confidence and finances of the middle class, there is little that can be done to quickly remedy the industry's plight. However, as proprietors and employees of individual enterprises, there is much that can be done.

As the old saying goes, there is no one thing that can improve business by 100%, but there are at least ten separate things that create a 10% improvement. The solution to the music industries problems lies not in some amorphous "promotional effort" but rather in each individual working harder and more effectively. The success of retailers and manufacturers, as chronicled in this and other issues of *Music Trades,* illustrates that by dint of hard and imaginative work, economic trends can be bucked.

The market for music is still a vibrant reality that has been only temporarily dampened by external factors. Those companies and individuals who work towards better serving the market will be handsomely rewarded when the economic pendulum swings.

Brian T. Majeski
Editor

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