

How NAMM Can Best Serve The Entire Music Industry

In 1901, the National Association of Music Merchants was launched when 52 leading piano merchants convened in New York City, at the invitation of certain piano makers. Eighty-four years ago, retailers wanted their own association for two primary purposes: to establish a one-price system by coercing manufacturers who shipped to dealers who discounted, and to "blackball" retail personnel who were discharged for reasons of dishonesty.

As a responsive industry servant, NAMM's format and purpose have continually evolved over the years to better meet the needs of its constituents. This responsiveness to changing industry trends is possibly the single most important factor underlying NAMM's continued vitality.

In 1985, as the industry faces one of the most challenging economic climates since the Great Depression, NAMM has shouldered new responsibilities by attempting to expand the public's interest in music. NAMM's salutary efforts include Friends And Music U.S.A., the John Philip Sousa Revival program, and the MTV advertising program.

Launching an industry-wide promotion is no small feat. In addition to sufficient financial resources, the task requires an intimate understanding of the industry in order to rally the different segments behind a common goal. Having staged trade shows for decades and represented the retail community, the NAMM organization is uniquely qualified for this difficult task.

At first glance, the timing seems perfect for an industry-wide promotional effort. Manufacturers and dealers recognize the need for such an effort, NAMM has demonstrated a willingness to fund and manage varied promotions, and the industry could certainly use a helping hand. Unfortunately, as illustrated by NAMM's current MTV program, there is a major obstacle standing in the way of any successful effort.

Quickly summarizing, under the MTV program, NAMM has pledged up to \$150,000 in funds to be matched by contributions from retailers and manufacturers. The money will be used to underwrite an MTV ad campaign extolling the benefits of music. To date, funds raised by the industry have fallen far short of the \$150,000 goal. The primary cause of this shortfall is the fact that manufacturer support for the program has been practically nonexistent. As of May 10, only 12 manufacturers made a pledge to support the program.

A survey by *Music Trades* revealed that in spite of dismal monetary support, the majority of manufacturers wholeheartedly supported the concept of an industry-wide MTV promotion.

Why then the disappointing level of contributions?

The manufacturers' reluctance to fund NAMM's MTV effort can best be summarized by the American Revolution slogan, "Taxation without Representation is Tyranny." Since its inception, NAMM has been exclusively a retailer organization, managed for and by retailers. Given that music manufacturers are excluded from NAMM's policy-making process and have no representation on the organization's board, it is not surprising that they show an unwillingness to contribute to promotions run by NAMM.

Aggravating this feeling of lack of representation is the fact that the vast majority of NAMM's funding comes from manufacturer coffers. With approximately 2,500 retail members who contribute \$150 per annum, NAMM collects around \$375,000 from the industry's retailers. By contrast, manufacturers contribute nearly \$3.5 million in trade show space rental charges and another \$75,000 in commercial member fees.

When queried about NAMM's MTV program, one manufacturer aptly summed up the sentiments of his colleagues with the remark, "I'm not giving anything. I gave at the trade show." Herein lies the obstacle to a successful industry promotion.

Since the inception of the music industry, market success has required a mutual partnership between suppliers and retailers. Serving the market for music requires that both groups work closely together on an equal footing, with a spirit of cooperation. If this type of cooperative effort is required to sell product, it is obvious that a similar type of effort is required to stage a successful promotion. Unfortunately, cooperation is difficult when one major group is excluded from the decision-making process.

The only way that NAMM will be able to foster the type of joint effort necessary for a successful promotion is to restructure its board of directors to include suppliers in the decision-making process. Maintaining its tradition of responsiveness to the industry's needs, the time is ripe for NAMM to extend its coverage of the industry to include both manufacturers and retailers.

This type of major transition is never easy; however, the current state of the industry demands decisive action. If NAMM is truly sincere in its desire to broaden the market for musical products, we hope that it will recognize its responsibility to represent the entire industry and will allow suppliers an equal voice in the decision-making process. Such a move could foster a new era in industry cooperation and would lay the groundwork for some much needed promotion.

Brian T. Majeski
Editor