Rebuilding The U.S. Music Industry

The slide of the U.S. dollar relative to major European and Asian currencies elicited cheers from U.S. music manufacturers. The weaker dollar lowers their prices for export markets while simultaneously raising the prices of imported goods in the U.S. market. Regretably, though, there has been such attrition among U.S. music producers over the past five years that only a handful of manufacturers were left to exalt over the advantageous swing in currency. Furthermore, it remains to be seen whether this currency change will prove to have a substantive effect on U.S. music manufacturing or simply will be too little, too late.

In 1979, the U.S. dollar was low, export opportunities were plentiful for U.S. music firms, and U.S. music exports exceeded imports by over $100 million. In subsequent years, as the dollar hit record highs, U.S. music exports were drastically curtailed, and imports grew to become nearly 50% of the total U.S. music market. Without attempting to oversimplify the plight of U.S. music manufacturers, it can be asserted that the protracted overvaluation of the dollar did more damage than any other single factor.

Between 1980 and 1985, the period in which the dollar rested in an all-time high, over four million square feet of U.S. factory space devoted to the production of musical products were shut down. In addition, an estimated 4,000 managerial and factory jobs were lost. Market shifts, excessive debt burdens, mismanagement, and a host of other factors had some bearing on these layoffs and factory closings. However, in almost all of these cases, the overvaluation of the dollar was the straw that broke the camel's back.

Retailers point to pricing and quality problems as the primary cause of failure among U.S. manufacturers. This is accurate in many cases, but it should be noted that quality problems and high prices were largely caused by the high value of the dollar. When the dollar soared, U.S. exports crashed, leaving most domestic manufacturers with underutilized plants. Simultaneously, the high dollar effectively reduced the prices on imported goods. Maintaining high quality levels, funding R & D efforts, and offering top-quality dealer service with underutilized plant capacity and ferocious import price competition is nearly an impossible task. Understandably, retailers are compelled to stock the merchandise that offers the greatest profit potential, regardless of country of origin. Having said this, U.S. manufacturers deserve a good deal of sympathy for their ordeal with the high dollar.

Whether the recent devaluation of the U.S. dollar will lead to a rebuilding of U.S. manufacturing capacity is debatable. However, it will certainly assist the survivors. Remaining U.S. manufacturers deserve limitless praise for their resolve, ingenuity, and creativity in coping with a devastating currency situation. It can only be hoped that this ordeal left survivors strengthened and that new currency valuations will initiate a rebuilding process.

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Selling Music To The Masses

Sixteen music stores in the Northeast have taken the praiseworthy step of raising funds to run a full page advertisement extolling the benefits of music in a regional edition of *U.S. News & World Report* magazine. Sponsored by the National Foundation for Advancement in the Arts, the message is part of a long-term campaign on the part of the New England Retailers to increase public awareness about the value of music study.

Surveying the current state of music retail advertising, this effort is particularly significant and should stand as an example to the rest of the industry. By and large, the only music advertising the general public ever encounters is of the discount variety. Based on a recent survey of music retailer newspaper advertising, the staff of *Music Trades* calculated that 92 out of 100 advertisements focused almost entirely on discounts or low price. The prospect of saving money is generally an effective advertising draw. However, the vast majority of the population has no idea of the benefits music offers, so the promise of a 20%-40% savings is virtually meaingless. The cardinal rule of any sales presentation is to "stress the benefits of a given product." Yet when it comes to developing ads, this axiom seems to have escaped most retailers.

Image advertising discussing the benefits of music takes a substantial commitment; the positive results it generates cannot be readily measured and are rarely immediate. Furthermore, it is a costly proposition, but it is a practice that is essential for the long-term survival of the industry. Presenting the many character-building aspects of musical participation is the only way that we can think of to create new music-makers.

It is rare when competitors can put aside their differences and join forces to promote a common good. Thus, special congratulations are in order for the sixteen New England retailers who cooperated to present the benefits of music in a very compelling manner. Here's hoping their effort serves as an example for others around the country. The sixteen companies are: Arnold Music; Axelrod Music; Blodgett's Music Store; Coffeey Music; Daddy's Junky Music Stores; Eastern Music Supply; Carl Fischer Of Boston; Ellis Music Co.; French & Roberts Music; Gribbons Band Instruments; Ted Herbert's Music Mart; Hollis Music Co.; K & C Music Co.; Performance Music; Rayburn Musical Instruments; and John Tirkot Co.

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