

Supply & Demand In Sync

At the recently concluded NAMM Winter Market, a dealer responded to a piano manufacturer's request for an order with the remark, "Why should I give you an order? You have five of my orders that you haven't filled yet." Back-order situations for musical instrument manufacturers are a relatively new phenomenon and indicate that manufacturing capacity and market demand are slowly coming back into alignment. This shift bodes well for all members of the industry and indicates the upturn at the Winter Market may be sustained for the long term.

In the late seventies, overly enthusiastic managers, large-scale conglomerate investments, and faulty judgment in some cases, led to a tremendous expansion in worldwide musical manufacturing capacity. The subsequent decline in the market for many traditional products left these overly optimistic manufacturers with vast amounts of underutilized manufacturing capacity.

This underutilized capacity was like so much dead weight that greatly slowed the progress of the industry. However, after five years of painful retrenchment and difficult cuts, it would appear that capacity and demand are once again in sync.

Nothing could be better for the industry, because profitable suppliers beget profitable retailers. Plants running at capacity mean better prices, more funds available for promotion, and even better product quality. What's more, a profitable supplier is less likely to engage in desperate distribution policies that undermine retail profits.

While a back-order situation is not necessarily good for the industry, it is far better than idle factories and swollen inventories. Here's hoping that 1987 will see the end of the industry's overcapacity problems.

Paul A. Majeski
Publisher

A New MTV Angle

The NAMM MTV program has been tabled due to what the association termed "a lack of industry support." The fact that the industry was lukewarm about the prospects of a national television ad campaign promoting music does not mean that the MTV program should be scrapped. Rather, we would suggest that the NAMM board rethink the ways that this medium might be utilized to promote the benefits of music. Considerable time and money have been devoted to the MTV program already, so it would be a shame to write this effort off entirely.

As a means to salvage the industry's investment in MTV advertising, we would suggest that NAMM rework the existing spots so that they could be used locally by music retailers and possibly develop some type of ad "co-op" program to help underwrite the cost of air time. This type of approach reduces the risk of launching a massive national campaign and also makes it possible to truly gauge the effectiveness of the MTV medium in stimulating interest in music. In addition, we feel that, ultimately, numerous regional MTV campaigns have a greater likelihood of succeeding.

In the sale of every product, from ladies ready-to-wear, to industrial equipment, to musical instruments, advertising represents only a single element of the sales and marketing process. Advertising is

most effective when it is part of an integrated program that includes informed salespeople, coordinated in-store materials, and proper inventory selection. Advertising that is in no way connected to retail activities has little chance of success. The only way that retail activities can effectively be coordinated with an MTV ad campaign is if the retailers are given the opportunity to participate in the management of the ads.

Over the past 50 years, success in the music industry has come to those manufacturers who provided their retail network with the tools to launch effective promotions within their trading areas. We feel that the same regional approach should be employed in any type of generic music promotion. MTV may or may not prove to be an effective vehicle for promoting music. However, the only way to find out is to let retailers utilize the medium to create an integrated promotional effort.

As an added benefit, running the MTV campaign on a regional basis minimizes much of the risk. In the event that the medium does produce positive results, the industry will not be out the million or so dollars necessary to run the ads on a national basis.

Brian T. Majeski
Editor