

---

# A Trade Show Driven Business

---

The terms "customer driven," "product driven," and "technology driven" have become part of the lexicon for describing the workings of various industries. Changing technologies, customer demands, and shifts in the manufacturing base all play a part in determining the direction of the industry. However, in the final analysis, I think music is a trade show driven industry.

NAMM's two trade shows have a significance for the music industry that goes far beyond providing a place for manufacturers and retailers to meet. The recently concluded Winter Market represents the single most important factor in determining what products will get manufactured and what products will get sold over the next six months. The show's disproportionate significance is a reflection of the idiosyncrasies of the music industry.

In scores of diverse industries, from automotive to computers to home audio, market research is an invaluable tool that guides the activities of manufacturers and retailers alike. Valid, useful market research is all but non-existent in the music industry, and the trade show fills the void, serving as an intensive three-day exercise in poll-taking and focus group research. For three days, manufacturers and retailers merge in a simultaneously festive and chaotic fashion to try and figure out what everyone else is thinking. The subjective impressions gathered at the show provide the underpinnings of most retail and manufacturer strategies.

The product development process at virtually every music manufacturer is intuitive, free-wheeling, and relatively insulated from the outside world. Product development teams work hard to anticipate the needs and desires of the end user; however, their direct contact with the "average" purchaser is limited.

In the absence of exhaustive consumer research, the trade show provides the manufacturer with the best market information available. Music retailers spend their waking hours face to face with members of the general public who have an interest in music. Their comments and criticisms, as they assess various products on display, provide manufacturers with a pretty good idea of how the buying public will react. The opinions of retailers are anecdotal and hard to quantify, but they do provide priceless insights for those who listen carefully.

At the most recent NAMM show, there were nearly 600 exhibitors and 36,000 people housed in a 400,000-sq.-ft. building. Within the first few hours, retailers had already established which exhibitors were truly "hot," which "should be seen," and which were only "marginal." Passing impressions of "what's hot and what's not" gleaned at a trade show outwardly seem to have limited use. Yet retailers make many of their buying decisions by gauging the enthusiasm generated by different companies and products. As one dealer put it, "If my salespeople get excited about something, I'll usually buy it because their excitement translates into sales."

As a percentage of sales, trade show expenditures in the music industry are enormous. While many manufacturers are justifiably concerned with trade show costs, in the absence of any other forms of valid market research, trade shows are all we have.

The absence of market research in the industry is not due to negligence or stupidity; rather, it reflects the unique nature of the industry. It's impractical to ask every potential customer about a product or service to determine their opinions. Consequently, market researchers qualify the potential customers by a series of key factors and then poll a small sample of individuals. Musical participation cuts across all income, educational, ethnic, career, gender, geographical, and political boundaries. Generally speaking, the only commonality that can be found among people who play music is their affinity for music. As a result, researchers are stumped. No one has yet been able to qualify, for the purpose of creating a statistical sample, the distinguishing features of individuals interested in music. Professional musicians, a largely itinerant group, are equally difficult to poll, but for different reasons; it's just hard to mail them questionnaires or get them on the telephone.

In short, trade shows are costly and physically taxing, but if there were a better way for taking the pulse of the industry, they would have figured it out long ago.

*Brian T. Majeski*  
Editor