
Why Price Advertising Works

Retailers and manufacturers have been arguing for decades on how best to advertise to the general public. Manufacturers regularly chide retailers for their reliance on price-oriented newspaper and television advertising. Big discounts do little to enlarge the market, according to manufacturers, and they contend that retailers should spend more of their budget on advertising the benefits of music and the quality of their product lines. The general retailer response to these urgings is pretty straightforward: "Advertising the benefits of music is a wonderful idea, but the only ads that pull traffic into the store and create business are ones that stress good pricing."

A recent AMC survey of young adults' attitudes towards music making offers some surprising evidence in support of the efficacy of price-oriented retail advertising. According to the survey, a major reason why young adults between the ages of 18 and 35 don't take up a musical instrument, or encourage their children to start, is that they feel that musical instruments are *too expensive*. A number of other reasons are cited as well: a lack of time, the perception that learning is too difficult, and the feeling that practicing is boring. Nevertheless, the high perceived cost of musical instruments would appear to be one significant barrier that is hampering industry growth.

Ironically, musical instruments have never represented a better value. The monumental advances in the price/value relationship of microprocessor-based products has been well documented. However, traditional instruments, like pianos, guitars, and band instruments, have also improved markedly in terms of price and value. While automobiles have increased in price over 10% per year during the last decade, pianos have advanced a mere 3% per annum. The increased value of electric guitars is even more significant: a premium guitar that retailed for \$799 in 1978 can now be purchased for \$599; in addition, the current instrument boasts a far superior tremolo.

Despite these major advances in product value, it would appear that a large percentage of the general public feels that instruments are too expensive. Retail advertising stressing "Low Prices," "Big Discounts," "Wholesale Prices," and "Easy Payment Plans" may very well dispel consumer fears and help expand the market. It would certainly appear that AMC research confirms the wisdom of most retailers' commitment to advertising low pricing.

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Record Consumer Confidence

Despite the uncertainty that generally accompanies a Presidential election, the U.S. government recently released monthly economic figures that indicate that consumer confidence is at a 16-year high. In other words, a record number of wage earners are confident about their immediate economic future. The music industry couldn't ask for better news.

The validity of government statistics is something that can be debated endlessly. However, the news about strong consumer confidence represents something of a self-fulfilling prophecy. Salesmen

who believe they have a good chance at succeeding are invariably more effective than those who feel they are fighting a lost cause. If your salesforce is lagging a bit and needs a lift, remind them about the record level of consumer confidence. It just may provide the extra confidence necessary to close a few additional sales.

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