

# MIDI Magic Meets Market Realities

Over the past five years, the market for synthesizers, and related MIDI products has unquestionably been the music industry's hottest growth area. Fueled by a string of major technological advances, synthesizer sales surged from an estimated 60,000 units in 1983, to nearly 400,000 units in 1987. During those five years of heady growth, manufacturers and retailers made handsome profits, everyone was jubilant, and the biggest problem seemed to be keeping products in stock.

Over the last six to eight months however, the attitudes toward the MIDI market have undergone a significant change. Dealers have gone from praising the "unlimited market potential of MIDI," to complaining that its getting harder to make sales. Furthermore, the fanfare surrounding manufacturer's new product introductions has abated. The simple fact that a product is "new and improved" is no longer enough to drive retailers into a buying frenzy.

Is this new attitude the result of an actual decline in sales? Or, is it just that growth rates have slowed and the market is reaching something of a plateau? There are no solid market statistics for the sale of synthesizers and related products, so it's impossible to determine, with accuracy, how the market is performing. Regardless of whether sales are up or down, we feel that the attitude problem in the market is due to a lack of perspective.

Musical products have never been one of life's necessities. Consequently, profitably selling them to the public has always required a combination of persistence, good business discipline, and plain hard work. However, over the last five years, selling synthesizers required a comparatively nominal effort, and manufacturers' and retailers seemed to abandon a lot of their previous discipline. But, then, it's hard to tell someone they are doing something wrong when sales double every year.

In purchasing pianos, guitars, band instruments, sound systems, and all other musical products, smart retailers have always been selective, acquiring only those products they felt they could successfully resell. Caught up in the hype surrounding MIDI, this selectivity went out the window, and many retailers seemed to operate on

the principle, "If it's got a MIDI plug on it, I'll buy it." Stimulated by the apparent gullibility of retailers, manufacturers responded by turning out a lot of products with dubious market value.

Everything would have gone along fine, however, consumers got a little smarter and began buying more selectively. As a result, retailers have found themselves stuck with large quantities of hard-to-sell products, and manufacturers have had to work harder for each order. This dead inventory, at wholesale and retail levels, is a drag on the overall market: it makes it hard for retailers to buy new merchandise and for manufacturers to bring out new products, and it dampens the enthusiasm necessary for an aggressive sales effort.

Whatever MIDI malaise exists, is as much the result of imprudent business practices as it is a change in consumer buying patterns. The cure for this malaise seems pretty simple: retailers have to approach the MIDI market with the same disciplines that have served them well in other product areas. In other words, buy the products you think you can sell, keep the needs of your market in mind, and don't try to be all things to all suppliers.

Suppliers would also do well to learn from some of the experiences of the personal computer industry. The past five years have show conclusively that, when buying a personal computer, customers are interested only in applications; they could'nt care less about advanced hardware technology. Similarly, musicians are less interested in 16-bit versus 12-bit sampling than in good sounds and sensible features that are easy to use.

In conclusion, MIDI is not magic, musically or from a business standpoint. It is, however, a stunning technological advance that opens new artistic horizons and new commercial opportunities, if managed properly. As retailers and manufacturers have discovered over the last year, making a profit with MIDI requires the same dilligence and effort as with every other product. There are no shortcuts.

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