

# Techno-Marvel Or Techno-Flop... How To Tell The Difference

Over the past decade, the micro-processor has had a far-reaching and unequivocally beneficial impact on the music industry. Thanks to these amazing computers on a chip, the public has had easy access to inexpensive, high-performance electronic instruments and signal processors that they could only dream about in the past. Micro-processor technology has also enriched scores of retailers and manufacturers. Thus, it's not surprising that the industry tends to enthusiastically welcome every new musical application for micro-processor technology.

The latest object of the industry's enthusiasms are "point-of-purchase music manufacturing systems" that use a computer to generate music on the spot in a store. The concept behind these systems is that if you load a personal computer with thousands of popular songs and place it in a music store, you can sell more music because nothing will ever be out of stock and the retailer won't have to hassle with thousands of pieces of inventory. None of these systems are in place yet, so it remains to be seen whether or not they will live up to their claims. However, the controversy surrounding them offers some insights into how best to assess new technologies.

Technological sophistication is no guarantee of market success. The past is filled with accounts of technological marvels that withered for lack of economic feasibility. The failure of Quadraphonic sound is one small bit of failed technology that is familiar to many

in the music industry. Another recent "techno-flop" was a \$200 million joint test between AT&T and CBS to supplant the morning newspaper with a "Tele-text" system. The basic premise of the venture was that millions of Americans would pay handsomely to receive news prepared by CBS on an hourly basis and delivered via telephone lines to an AT&T personal computer. After extensive testing, CBS and AT&T found that while "Tele-text" was a technological masterpiece, no one wanted it. Thousands of interviews revealed that people wanted to look at a newspaper, and not a CRT, with their morning coffee.

Are the new point-of-purchase manufacturing systems genuine breakthroughs that will advance the music industry? Or are they, like the CBS/AT&T Tele-text venture, a solution for a problem that didn't exist? On page 82 of this issue, we explore these systems in depth, presenting a variety of viewpoints. Whether these systems succeed or fail remains to be seen. In the meantime, dealers try and suspend their enthusiasm for another new technology and ask some tough questions: Will these systems generate more sales? Will they pay for themselves? Do they really address the needs of the market? As all the sales training manuals point out, customers don't buy a product's features, they buy its benefits. Do these systems offer dazzling features or genuine benefits to the customer? Time will tell.

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## Light At The End Of The Tunnel

After seven or eight years of steady sales increases, music industry manufacturers and retailers have recently been forced to come to grips with the prospect of a non-growth year in 1991. Are we in a recession? It probably depends on the newspapers or magazines you read. As the saying goes, if you took every economist and expert and laid them all end-to-end, they still couldn't reach a conclusion. Recession or not, everyone would agree that the industry is not expanding at the present time.

There is a bright side to current "slow-growth" market conditions. After all, there is nothing like a challenging environment to spur people to find creative solutions. The industry's last slow-down in the early eighties prompted hard-pressed manufacturers to come

up with the digital piano, MIDI, bargain-priced electric guitars, and a host of other terrific new products. The more competitive environment spurred hundreds, maybe even thousands, of dealers to renovate their stores.

So, as you wrestle with the specter of a troubled economy, consumer caution, the aftershock of the S&L debacle, trade deficits, government deficits, etc., take comfort in knowing that your coping strategies are in all likelihood laying the groundwork for a coming expansion phase. It has always worked this way in the past.

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