

# The Impulsive Music Maker

When MIDI was unveiled in the early '80s and digital technology became affordable, the sales of electronic music products took off at a torrid pace. From a small niche, synthesizers blossomed into a major component of overall industry sales. Many predicted that this exhilarating expansion would continue far into the future. Unfortunately, they were wrong. For the time being, growth has left the synthesizer market. What went wrong?

In analyzing current conditions, it's easy for manufacturers and retailers to offer up blame. But it is more useful to analyze the market from the customer's point of view. In broad terms, the music industry's customers can be divided into two categories: the compulsive music maker and the impulsive music maker. Compulsive music makers are those who have the talent and inclination to pursue music on their own. They are sufficiently motivated that they will buy product regardless of the quality of the industry's marketing effort. By contrast, the impulsive music maker is far less committed. For them to become involved, they need a proper introduction. In other words, a manufacturer, retailer, or educator has to persuade them that music is a worthwhile and satisfying activity.

Over the years, the band instrument industry has done

a good job of reaching out to impulsive music makers through school band programs. The 50,000-plus private piano teachers have also helped the piano industry capture its share of impulsive music makers. By contrast, it's hard to think of any comparable effort in the realm of electronic musical instruments.

The number of compulsive music makers is dwarfed by the number of impulsive music makers. Yet, manufacturers and retailers continue to focus their sales and marketing efforts almost exclusively on this minority group. Manufacturer ads that cite multi-tambrel capability, expanded RAM, or "killer sounds" and retail ads heralding "the lowest prices in town," address only those individuals who already have an interest in buying. For impulsive music makers, such claims are meaningless.

We are not suggesting for a moment that the industry should not court hard-core users. However, if growth in the synthesizer market is to resume, efforts will have to be made to reach the vast number who have a passing interest in music.

*Brian T. Majeski*  
Editor

## Bigger Profits On Flat Sales

Last year, despite a modest sales decline, Baldwin Piano & Organ managed to boost its net profit by a whopping 82%. From a financial standpoint, manufacturing and retailing are worlds apart. Yet, Baldwin's results illustrate that in any business, increased sales are not the only way to achieve increased profits. At a time when sales growth is increasingly harder to achieve in the music industry, this truism should be on the minds of every retailer. Granted, sales growth is vital for the long-term health of any business. But improved expense control is unquestionably the fastest way to send extra dollars to the bottom line.

One of the best tools available for improving retail efficiencies is the NAMM Cost of Doing Business Survey. This comprehensive work details average industry financial performance by store type, store size, and geographical region. Want to know what the average West Coast combo store with sales under \$1.0 million spends on advertising (as a percentage of sales)? Curious about the range of return on equity for Midwest keyboard outlets with sales over \$3.0 million? Or how about sales compensation, as a percentage of sales, for

full line stores? It's all in the NAMM Cost of Doing Business Survey.

NAMM offers this manual to its members for \$35. The cost for non-members is \$50. This is a small price to pay for such a valuable resource and should be more than offset by financial improvements. To put the book to proper use, take your profit and loss statement and compare it with the industry averages compiled by NAMM. You'll be able to quickly pinpoint areas where you may be spending too much, or too little. The book won't tell you what to do, but it can help you identify problem areas.

Dollar for dollar, NAMM's Cost of Doing Business Survey represents one of the best profit enhancement tools available. Any retailer who puts it to use will unquestionably reap handsome financial rewards.

For a copy of the Survey, contact NAMM at 1-800-767-6266, or write: NAMM, 5140 Avenida Encinas, Carlsbad, CA 92008-4391.

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