

# Opportunity Amidst Chaos

Thanks to evolving technology and blurring market distinctions, trying to define the music industry gets harder with each passing year. There was a time in the not too distant past when you could compartmentalize the industry into three neat little boxes: the piano and organ business; the school music business; and the combo business, which consisted of guitars, amplifiers, drums, and the odd keyboard. Customers for the three market categories were also pretty easy to identify. Piano and organ dealers sold to parents hoping to start their children on the piano and retirees interested in an easy-play organ; school music dealers rented horns to kids signing up for band programs; and the combo dealers sold primarily to 12 to 24 year old males in rock and roll bands.

In recent years, however, new products and marketing initiatives have added an entirely new dimension to what we refer to tentatively as the music industry. Pro sound equipment is a case in point. A sizable number of m.i. dealers have moved beyond selling just guitar amps to installing sound systems in churches and clubs. In doing so they have encroached upon what was once the sole preserve of the sound contractors. (A feature on Paragon Music of Florida on page 65 of this issue details one dealer's successful foray into this business.) Products like recording equipment, computer software for music, and even some of the more advanced digital electronic music gear also bring music retailers into completely new markets.

Thanks to microprocessors, the keyboard market

has seen similar upheaval. Digital pianos are now regularly sold in m.i. outlets to the same moms and dads that used to exclusively frequent the piano and organ store. By the same token, some forward thinking piano and organ stores have successfully carved a share of the professional market, offering rhythm machines, sound modules, and other MIDI based products.

Shifting market distinctions and a growing base of competitors can be unsettling and complex for a retailer. (If you ask a dealer who sells home keyboards, guitars, band instruments, sound equipment, multi-track, and MIDI, what business he's in or who his competitors are, don't expect a terse answer.) But if you can handle the discomfort, these fluid and confusing times harbor great opportunities.

Great fortunes are made in times of change; most recently witness Bill Gates, who braved the chaos of the fledgling personal computer market to found Microsoft, and Ted Turner, who, through CNN, loosened the major networks' hammer lock on broadcasting. On a somewhat more modest level, rich opportunities await those retailers who can forge ahead in the face of apparent market chaos.

So, just because you don't understand something immediately or you have some initial doubts, keep an open mind. Otherwise, you might miss out on some valuable opportunities amidst the confusion.

*Brian T. Majeski*  
Editor

## Charting The Chanages

On the surface, 1991 was a flat year for the music industry. As we reported in our Music Industry Census in April, overall sales of music and sound products were essentially flat at \$3.6 billion. Unchanged sales volume might lead some to conclude that the industry remained static. In reality though, stagnant sales belie a year of dramatic upheaval. From a retailer's standpoint, the industry is analogous to a bank of elevators: never really changing, but passengers going up and down all the time.

Last year, we caused something of a sensation with our Top 100 issue: the first dollar ranking of music industry retailers. In a follow-up Top 100 issue this year, we will graphically illustrate the turmoil that

gripped retailers in 1991. Consider the following: this year's Top 100 ranking contains 16 new entrants; five of last year's Top 100 retailers are either in or facing imminent Chapter 11; Out of a total of 112 retailers, less than 10 maintained the same ranking as last year. The others either moved up or down in rank.

To draw on an overused cliché, the only constant is change. In our August issue, we will detail with precision the changes that swept the retail industry last year.

*Paul A. Majeski*  
Publisher