EDITORIAL

THE DANGER OF WISHES THAT COME TRUE

There is an old saying that warns about wishing to hard for something because you might actually get your wish. More than a few retailers and manufacturers in the music products industry would do well to heed this advice.

Just five years ago one of the major laments of retailers was the rapid introduction of new MIDI products and the concomitant obsolescence. "It's like being in the banana business," sounded the chorus. "If you don't move the latest keyboard or module immediately, it turns rotten." In numerous letters to the editor and guest editorials published in our pages, retailers outlined challenges presented by rapidly changing product lines. From difficulties in keeping a sales staff abreast of the latest developments to dealing with costly inventory write-downs, they pleaded that the industry would be better served by a slowdown in the pace of new product introductions.

Today retailers have basically gotten their wish. Product life cycles have been expanded dramatically—witness the continued sell-through of venerable products like the Korg M1, the Peavey DPM3, and numerous others, and the obsolescence factor has become relatively easy to manage. Then how come the celebration has been so subdued? Well, it now seems that retailers have concluded that they don't have enough in the way of new products to generate the type of customer excitement that leads to growing sales. A recent letter in *Music Trades* complained, "The [MIDI market] will not start growing again until manufacturers can come up with exciting new products on a more regular basis."

Or, consider the subject of manufacturer attempts to limit retail discounting. A sizable contingent of dealers has clamored for manufacturers to draft policies that would set minimum advertised prices and impose stern sanctions for anyone who transgressed. In support of their position, they have argued that ruinous price competition at retail has so badly eroded profitability that many retailers lack the funds to actively promote.

Now that a number of manufacturers have come through with these price policies, the letters of approval have not been forthcoming. It would appear that many of the dealers who wanted their competition to stop cutting prices are reluctant to give up running those big discount ads that help build customer traffic. "Manufacturers who try to set retail prices are limiting their dealers' ability to respond to the dynamics of their local market," goes the argument.

Retailers are not the only ones who have been disappointed when their wishes came true. For the past decade manufacturers have been criticizing retailers for trying to carry every product line. With crystalline logic, they have noted that profit margins, inventory turnover, and customer satisfaction would be improved if retailers presented a deep selection of a few lines rather than a cursory representation of everything under the sun. Now that a growing number of retailers have begun to heed this advice, how come manufacturers are still unhappy?

Well, manufacturers who encourage retailers to limit their lines are occasionally shocked when they find themselves getting cut. The unspoken reaction is usually, "That ungrateful s.o.b., after all I've done for him, to think that he'd throw me out." In other words, cutting product lines is fine, as long as it's someone else's line that gets cut.

This brief listing of human inconsistencies is not offered as an indictment either manufacturers or retailers, but rather as an illustration of the fact that we live in an imperfect world. From a business standpoint, one can always find justification for a lack of success. We have too many new products, or we don't have enough new products. Dealers carry too many product lines, or dealers are not carrying enough product lines, and on and on.

As we begin a new year and wipe the slate clean, it's worth reflecting on this. Regardless of the business climate, market conditions, or local circumstances, you can always find a reason to explain disappointing performance. By the same token, ingenuity and perseverance will always prevail. As 1994 leaves the gate, we would like to offer a positive assessment. The economy is growing, interest rates are low, inflation is nonexistent, there are a host of exciting new technologies, the industry offers the best product lineup in its history, and music remains as integral a part of society as ever. Amidst all this good news, people will undoubtedly be able to find "problems." We would wish, however, that instead they seize the opportunity at hand. Great things would probably transpire. But, then again, who knows what would happen if we actually got our wish?

Brian T. Majeski
Editor