EDITORIAL

Finding Which Way Is Up?

When business people assess a market, one of the first questions that usually gets asked is, "Is it up or down?" This is a reasonable question, but if you don't have a method for measuring the market, it is impossible to answer. For the better part of the 105 years *Music Trades* has been publishing, the industry lacked an accurate measuring tool; thus, questions about larger market trends went unanswered. Five years ago we decided to address this problem by compiling as many industry sales statistics as possible. Today, with the issue you hold in your hand, we feel that the job is just about complete. In addition to sales and productivity rankings of the Top 200 music products retailers, this issue also contains our first in an ongoing series of quarterly retail sales reports that track gains and losses in 15 broad product categories and four geographic regions, as well as a breakdown of industry sales by state, data on the volume of used products, and industry sales-per-capita for all 50 states.

We are particularly proud of our retail sales survey, which is based on the responses of over 300 dealers in the U.S. who accounted for nearly 19% of total industry sales in 1994. With this broad-based sample, we offer an accurate retail barometer on what's moving and what's not.

This issue, in conjunction with out April Music Industry Census, answers just about every question anyone could ask about the size and scope of the music products industry. Not only do we provide the dollar and unit volume data on all major product categories, but we also tell you who are the major suppliers and retailers who generate the volume. This issue takes it even a step further by actually pinpointing where the business is done. In the State-By-State Sales section of this issue, we also correlate music products sales with factors like median household income, educational level, and SAT scores, providing further data for trying to understand why music consumption is so high in a state like North Dakota, and so low in a place like Vermont.

After deciding to compile this data in an impromptu meeting five years ago, we soon discovered that task would be a lot more difficult than we initially anticipated. The reason? Sixty-five percent of the dollar volume at wholesale is generated by privately held companies, and fully 100% of the dollar volume at retail is generated by privately held companies, and the heads of many of these companies are unwilling to share financial information with an inquiring reporter. Fortunately, some were forthcoming, and there are a variety of different ways to root out financial data if you are willing to take the time.

In most of life's undertakings, process is usually more important than end product. It is certainly the case with our industry sales data. With the data contained in this issue, we hope to provide retailers and manufacturers alike with a useful tool for understanding current trends and plotting future strategies. But in the process of collecting this data we gained a far deeper understanding of the mechanics of this unique industry. In touring factories around the world to determine unit output, analyzing financial statements, and pinpointing data on productivity-per-employee, we have been able to cut through the hype to determine who's really successful, who's not, and, most importantly, why. These added insights have already illuminated our reporting on scores of other industry topics.

Reflecting the relative importance of process versus product, this Top 200 Ranking and State-By-State Sales guide is not truly a finished work; rather, it is a work in process. We continue to strive for ways to refine the data, make our modeling techniques more accurate, and to uncover additional information that will be of use to our readers around the world.

To all those who helped in bringing this project to fruition, we offer our sincere thanks. The purpose of a trade paper is to provide information that helps people in an industry make better decisions. With this report, we feel that we fulfill that purpose. We welcome any suggestions and comments for improvement in next year's issue.

Brian T. Majeski
Editor