



EDITORIAL

WHAT'S GOING ON OUT THERE?

UNEMPLOYMENT IS AT THE LOWEST LEVEL since 1973. The President's Council of Economic Advisers reports that all leading economic indicators are surging and that consumer confidence levels are at record highs. Simultaneously, inflation remains well under control, and the stock market continues its meteoric ascent. It's hard to imagine a more encouraging economic scenario. Then why is it that retail sales in the music products industry have been something of a disappointment in the first half of 1997?

A simple and straightforward answer would be nice; unfortunately, we're not sure that such a thing exists. If scientists are still struggling to figure out why huge schools of fish instinctively swim in formation, is it realistic to expect economists and industry pundits to have a ready explanation for changing buying patterns in a nation of 265 million people? Despite a lack of certitude, we have a few thoughts on why industry sales currently seem to be falling short of expectations. Here they are, in no particular order of importance.

The torrent of good news obscures some of the less attractive characteristics of the current economy, most notably the ballooning of consumer credit card debt. It's currently at an all-time high, and credit card companies are scrambling to increase their reserves for defaults. Auto manufacturers (sales down 8.3%), consumer electronics manufacturers (sales down 1.1%), and

apparel firms are blaming their current sales woes on debt-laden consumers. As purveyors of discretionary items, it's not inconceivable that the music products industry could be similarly affected.

Popular music isn't very popular right now. Record companies are loudly lamenting the lack of hits that drive people into stores to buy CDs. The same absence of hits may also be preventing people from rushing down to their local m.i. store to buy an instrument.

The easy gains in pro audio are over. For the past two decades m.i. stores plunged into the pro audio business and picked up substantial market share at the expense of audio contractors. At this juncture it appears that the market share grab is over and that m.i. retailers face a bigger challenge in expanding their sound business.

In the larger scheme of things, the current challenges facing the market are not something to lose heart over. We remain firmly convinced that the combination of unmatched product value, national prosperity, and demographic trends makes for a bright industry future. At times like this it's worth remembering that businesses rarely progress in a smooth, unbroken line and that downturns are often the best time to increase market share.

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ROSE AUGUSTINE AND THE MEANING OF COMMITMENT

GO TO ANY ASSOCIATION meeting or gathering, and you're bound to hear a few vocal types energetically launch into "the need for the industry to promote music and expand the market." This type of rhetoric is appealing for several reasons: It's high minded, it can make the speaker sound insightful, and, best of all, it shifts responsibility to someone else. (If the "industry" should do all these great things, then the individuals can justify sitting on their collective rear ends.) Those who are truly interested in advancing the concerns shared by most in the industry would do well to follow the example of Rose Augustine.

As chronicled on page 110 of this issue, Mrs. Augustine presides over Albert Augustine Ltd., a very successful manufacturer of classical guitar strings. She is also an exceptional patron of the arts. On an annual basis, she donates hundreds of thousands to fund sym-

posiums, concert series, and educational programs for classical guitar. In addition, she underwrites *The Guitar Review*, a magazine devoted to advancing the classical guitar. To put these efforts in perspective, Mrs. Augustine's annual philanthropic budget routinely exceeds the \$135,000 that the \$600 million (sales) band instrument industry donates in support of school programs.

Most of our subscribers are only dimly aware of Mrs. Augustine's philanthropic efforts. This is probably fine by her, as personal publicity has never been of much concern. Explaining her generosity, she states, "If you are committed to your industry and the talent within it, you need to make a serious financial contribution." So, for all those who think the "industry" should do something, why not follow Mrs. Augustine's example and take matters into your own hands.