



EDITORIAL

ARE TRADE SHOWS NECESSARY?

Reviewing an advance copy of the exhibitor list for the upcoming NAMM show in Los Angeles, we came across no fewer than 170 exhibitors that had never participated in a NAMM show before. Many of these companies are based offshore and we have to confess that we've never even heard of a lot of them. However, the odds are that at least some will be offering highly marketable products.

In deciding whether or not to attend the Los Angeles show, it's worth keeping these 170 new companies in mind. All the retailers we know like to think of themselves as "experts" who can help guide customers in selecting the right product. However, can anyone honestly claim "expert" status if they know nothing about at least 170 suppliers offering everything from amplifiers to zithers? We think not.

It wasn't all too long ago that major industry suppliers like Peavey, Alesis, Gemini, Line 6, and Mackie, were unknown first-time NAMM show exhibitors. We would bet that lurking among the 170 new companies at Los Angeles, there are

at least a handful of future industry leaders. Take a pass on the show, and you run a very real risk of missing out on a ground floor opportunity that will undoubtedly be seized by your competitors. Whatever you may think about Los Angeles as a venue, can you really afford to take a chance like that?

The growth of national chains has forced independent retailers to reassess their way of doing business and explore new competitive strategies. While there are no easy answers, we would suggest that one step towards maintaining an edge in the marketplace would be to go to Los Angeles and check out each of the 170 new companies in search of innovative or high value new products.

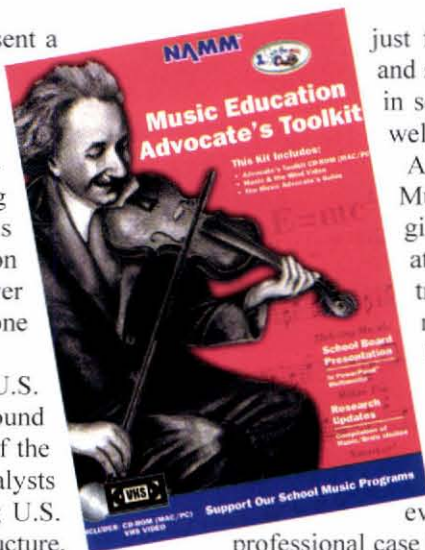
As the NAMM show has eclipsed Frankfurt Fair as the industry's premier global showcase, it has attracted a flood of new exhibitors from throughout the world. In struggling to claw their way into a crowded marketplace, these new comers give established suppliers fits. But for retailers who make the trek to Los Angeles they represent pure opportunity.

WHAT DRIVES THE U.S. MARKET

For the second year in a row, we present a dollar ranking on the world's 200 largest music industry suppliers. The 200 companies from 22 different countries, generated revenues last year of approximately \$14.3 billion. A ground breaking addition to this year's Global 200 report is accurate country-by-country sales data on music and sound products. We finally answer the question, "Just how much business is done in the 12 largest markets in the world?"

Among other things this data shows that U.S. per-capita-consumption of music and sound products is nearly twice the average rate of the 6 largest countries in Europe. Economic analysts would trace this disparity to the booming U.S. economy, our streamlined distribution structure, which delivers products to the marketplace at substantially lower prices, and the fact that demographically speaking, the U.S. is "younger" than most of Europe.

Another less obvious factor is our tradition of instrumental music programs in the public schools. Each year, between four and five million American children learn to play in public school. The fact that no comparable program exists in Europe undoubtedly contributes to smaller markets, and not



just for band instruments. Anecdotal evidence and surveys show that kids who start on a horn in school often take up guitar or keyboard as well.

All of which brings us to NAMM's new Music Education Advocate's Tool Kit. At any given time, music programs are under siege at some of the nation's 50,000 school districts. To help retailers and concerned community members make the case for music, NAMM has put together the best package of information we've ever seen. The kit contains ample scientific evidence on the academic benefits of music study, a video linking music and cerebral power, and even a Power Point CD-ROM for making a

professional case before a school board.

This kit makes it possible for just about anyone to make an irrefutable case for maintaining music in a school system. We hope that dealers will take advantage of it. Turn to page 85 of this issue and scan the country-by-country market data to see what our industry would look like without school music programs, then call NAMM at 800-767-NAMM to get your advocacy kit.

Brian T. Majeski, Editor