

The Consumers Are Coming! The Consumers Are Coming!

By [Peter Lawrence Alexander](#) / August 3, 2012

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First in a series

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This is also now true in the music technology sector where developers, who prefer to think of themselves as artists and not suits, are now being hit head-on with consumer buying thinking they're neither accustomed to nor comfortable with.

However, as has often been said, that's why it's called the music *business*. So to help with the shock without awe, in this first article I'm covering two trends, one global and one unique to the USA.

Aging Baby Boomers

Baby Boomers, not young adults, have fueled the music technology sector for the last two decades because they were the ones with the disposable income to make the multi-thousand dollar purchase involving buying computers, audio card interfaces, MIDI interfaces, professional MIDI keyboards, sequencing software, audio plug-ins, and virtual instruments. Based on various stats I assembled over time, the age of the music tech sector was 35-64 skewing down to 24-64.

By comparison, most guitar, bass and drum set purchasing is aged 12-24 because most young adults, until recently, have been able to get part time jobs that enabled them to buy their own gear with some parental help along the way.

Within this Baby Boomer buying group were most professional composers heavily centered in Los Angeles, New York, and London. Not only is this group aging, their fees are lower, and because they're not unionized must cover their own family medical insurance costs, which can be significant.

What this means practically is that there are fewer older composers able to fuel music tech sector growth, which means dollars are tight and purchases are going to be more severely reviewed to insure that what they're buying meets their quality requirements for music production. If "it" isn't significantly better than what they already have, purchasing is deferred or put off entirely.

Consequently, quality design and quality planning taking in the entire customer experience is now more important than ever.

Food Stamp Nation

Politics aside, the music tech sector cannot afford to blindly overlook that with 8% unemployment and 35% of the USA's population on food stamps (up from 6% a few decades ago), statistically, developers and music stores simply have to confront that there are fewer buyers to purchase expensive music tech products.

With a smaller customer pool to pull from, retailers are in a serious fight for customers and net income.

However, some developers doing direct selling are now in a position to bypass retail distribution altogether to develop a strong direct marketing presence. But to do so will take both direct market planning using global marketing and sales efforts to boost sales to compensate for the shrinking USA marketplace for music technology buying.

In the USA, those selling direct will need to put their foot into the political door. According to the WSJ, a bill called the Marketplace Fairness Act has been recently introduced in the Senate. It requires online retailers to collect and pay sales taxes to states where the developer has no physical presence or democratic recourse. Should this bill pass, it means simple accounting methods and paying sales tax to their local state for many developers will be a thing of the past. Instead, they'll need accounting software and shopping carts able to charge sales tax for each American state. This money will need to be banked to be dispersed quarterly to fifty different state taxation departments.

Large companies will be able to get through this. But, unless there's a significant income threshold below which retailers will be exempt, the smaller artisan family-owned businesses will either struggle to keep going (since accounting costs are expensive), focus on a select geographic location for sales, or simply stop or go out of business.

Depending on the product, when selling internationally, companies such as [Fastspring](#) may be able to help with VAT on a country-by-country basis.

Then, of course, there are those European companies selling into the USA. Should this legislation pass the US Senate, it will simply become harder for them to do so.

Make no mistake. There will be buyers. But the pool of those able to buy versus wanting to buy will shrink.

Like it or not, artists must now put on suits and marketing sleeves must now be rolled up, because it looks like the joy ride is ending.

Epilog

Twenty-four hours after this article went live, the Vienna Symphonic Library announced they were going all digital download and hard drive sales.

This article was previously published at [SonicControl.tv](#)