

# The Music Trades

APRIL 2013

PUBLISHED CONTINUOUSLY SINCE 1890

MUSIC INDUSTRY CENSUS

# TECHNOLOGY'S MAJOR IMPACT ON REVENUES

- ▶ Sales Data By Product Category
- ▶ Top Suppliers Ranked By Sales

+

**“TRYING TO SELL FILM IN A DIGITAL ERA?”**

way. Last year Blue racked up its strongest sales in the golden \$100-\$500 category. “It’s that range that will appeal to a consumer or a ‘prosumer’ or even a pro who needs a great tool but still needs a great value because he’s on a budget,” says Maier. “We’re happy to say that flagship products like the Bottle, which is a \$10,000 microphone system, are still very strong—but that’s not where the big growth is.”

Since delivering its first iOS product in 2007, Blue has been propelled by the explosion of devices and apps across the marketplace. Its Mikey line for Apple devices was updated last year with Mikey Digital, its most versatile mobile recording tool to date. Maier notes that as more mic applications—from live performance to studio recording to video

chat—converge around computers and mobile devices, the lines between product categories have blurred. “You start to wipe away the idea of separate channels,” he says. “Because we’re industry people, we tend to think in terms of the ‘consumer electronics channel’ or the ‘music store channel; or the ‘pro channel.’ But at the end of the day, it’s just customers trying to solve a problem.”

For Blue Microphones, last year marked the first full year of a distribution deal with Hal Leonard. Already riding two years of exponential growth, Blue enlisted the distributor at the end of 2011. “We conceive and design really cool products,” says Maier, “but are we an awesome logistics company? Not really. We realized that by using a partner like Hal Leonard, we can offer better

service, better customer support, and better logistics. And that’s exactly what’s happened. We’re already seeing growth as a result.”

While U.S. sales still account for about 80% of Blue Microphones’ business, international sales increased 48% in 2012, tracking well ahead of the company’s overall growth. Blue made gains even in the anemic European economy and stayed on a strong upward trajectory in Japan. In China, where Blue hired a new distributor last year, the company has established its fastest-growing market. “We’re still young in the international markets,” says Maier. “That was a big, big part of our growth last year, and it will continue into the future.”

[www.bluemic.com](http://www.bluemic.com)

## CÓRDoba EXPANDS IMAGE OF NYLON STRING GUITAR

# +17.5%



*Córdoba President Jonathan Thomas (left) and CEO Tim Miklaucic (right) at the company's headquarters in Santa Monica, CA with Rain Chen, president of GuitarCube Distribution, Córdoba's new distributor partner in China.*

Sales at Córdoba Music Group, which is focused almost exclusively on nylon string guitars, were buoyed by robust growth within the general acoustic guitar market. Equally important, though, were the company’s redoubled efforts to expand the category’s image among consumers

and retailers. “Traditionally people in the industry have labeled nylon string guitars as ‘classical,’ which always confused me,” says Córdoba Music Group President Jonathan Thomas. “Does that mean you have to play classical music with them? That label has always prevented our category from reaching a

wider audience of guitar players and music genres.”

Thomas’s team has begun broadening these narrow perceptions from two angles. “On the design side,” he explains, “we’re making instruments with a variety of wood combinations and body and neck sizes, from traditional to modern to crossover style instruments. And with our marketing we position Córdoba as a lifestyle brand with great products for all types of players.”

Córdoba’s Luthier series of all solid wood guitars, with street prices ranging from \$799 to \$1,599, sold especially well in 2012. The company’s ukuleles saw strong growth across all price points.

To better serve its North American dealers, in September Córdoba opened a new distribution center in Oxnard, California that occupies three times more area. Most of the new space was allocated to infrastructure growth in operations and quality control for existing products. A separate custom shop is dedicated to building a line of Córdoba guitars that are 100% handmade in the USA. The company also opened an office and distribution center in China to better serve its distributors in international markets. These efforts were complemented with aggressive advertising and branding in a variety of media platforms, from traditional print magazines to online and social media.

New distribution partnerships in Japan and China raise prospects for near-term growth in those markets. Sales in Europe are strong, but Córdoba is “still looking for the right partner in the U.K.” and sees “big potential for growth” when it enters that market.

Thomas admits that reshaping retailers’ notions about nylon string instruments remains a challenge. “Many shops still put a few random nylons in a dark corner of the store and call it a day,” he says. “Then when sales are slow they say they don’t have the customer base to sell ‘classical’ guitars. The reality is, if they merchandised any m.i. category this way, they’d have a hard time succeeding. Dealers who stock a well thought-out assortment of nylons with good price points and fea-



A GK Pro guitar from Córdoba's successful Luthier Series.

tures see their acoustic business grow—usually with better margins than they’re used to getting.”

In recent years Córdoba has faced a growing number of manufacturers entering the nylon string guitar category. It has responded, says Thomas, by “looking inward and focusing our ener-

gy on doing what we do—nylon string guitars—better and better. We’re specialized and our passion for our product niche keeps us ahead of the competition and is evident when you pick up one of our guitars.”

[www.cordobaguitars.com](http://www.cordobaguitars.com)

## SOLVING PROBLEMS YIELDS GROWTH FOR PRESONUS

# +16.3%



At NAMM, multi-Grammy winner Keb' Mo' demonstrated PreSonus's new StudioLive AI-series Active Integration Loudspeakers in a solo performance and with Louisiana native band L'Angelus.

PreSonus's new products knocked the socks off guests at this year's NAMM show, but the Louisiana-based producer of digital

recording hardware, software, and hardware/software integration has been doing that regularly since 1995. Its 16.3% sales growth in 2012 compounds

extraordinary jumps of 54% and 46% in the previous two years.

Tracing Europe's economic meltdown, PreSonus's sales on the continent began sliding midway through last year. However, it more than doubled sales in Australia and notched strong gains in South Korea, in both cases particularly in commercial sound and house of worship applications.

PreSonus has never pursued a “cheapest in category” reputation. Instead it has earned widespread, fervent user acclaim by making high-level recording technology affordable to the humblest musicians, engineers, and clubs—and making it dead-easy to operate. For example, its mixers ship with Capture software, which enables musicians to easily record their live performance while eliminating the need for additional interfaces, a computer, and possibly two people to run the separate mixes. PreSonus CEO Jim Mack says matter-of-factly, “Our system is the most seamless and easiest to run on the market.” Similarly, PreSonus StudioLive mixers are equipped with Rational Acoustics' Smaart acoustics analysis technology. Previously the province of high-end touring companies and used to set up sound systems for 50,000- to 70,000-seat venues, Smaart-equipped PreSonus boards make superior sound accessible to musicians playing 100- to 200-seat clubs or 500-seat houses of worship.