

PRESS RELEASE

Association of the Musical Instrument
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MI industry looks back on 2015 with satisfaction: Market still in plus

Berlin/Frankfurt am Main, 04.04.2016 The market of musical instruments, music equipment and sheet music closed 2015 with an increase in sales. This was announced by the SOMM – Society Of Music Merchants e.V., umbrella organization of the musical instrument and music equipment industry, on Monday in Frankfurt, in the run-up to the Musikmesse (April 7–10, 2016).

The total revenues from musical instruments, music equipment and sheet music amounted to about 1.03 billion EUR in 2015¹. Compared to the previous-year period (2014: 960 million EUR²), the total turnover increased 7.2 percent. Sales growth in almost all areas of the main product groups of instruments and equipment (2015: 952 million EUR³; 2014: 885 million EUR³) as well as a stable sheet music market (paper business) were decisive for the good results.

Double-digit increases in turnover were registered in the areas of string instruments (13.2%), microphones and headphones (10.4%) as well as lighting equipment (39.2%). The upper one-digit region saw growth in keyboard instruments, wind instruments, drums and percussion as well as cables. The turnover guarantors of the MI industry are still the main product groups of microphones and headphones, keyboard instruments, PA equipment and string instruments. Together, they represent more than half of the industry's revenues in Germany. "The overall positive consumer demand in the last year also stood out clearly in the revenues of the MI industry. The favorable employment situation and the rising real incomes have also had effects on the musical instrument market", said Daniel Knöll, Managing Director of the industry association SOMM.

The only downer: Despite the sales increases in the last years, the missing music classes in schools of general education in Germany remain the industry's biggest challenge. Fewer and fewer students have active music making become part of their lives, or are provided any contact to musical instruments whatsoever. "This has particularly negative effects on the cultural formation and also on the personality development of teenagers. An unrecoverable education gap will emerge that can no longer be filled up. The politics must act here – immediately", claims Knöll.

But the hiatus in music classes also has impacts on the economy of the MI industry. In this sense, the industry association has verified market growths in the area of music equipment in the last years, but in turn also registered a reduction in the market share of classic musical instruments. The industry reacts

to these trends and places products on the market that satisfy the interests, desires and demands of the consumers. "But that is at the expense of the products and of the retail trade. The stores attempt to collect their profits, no longer from customers, but rather from competitors and suppliers. However, brand products subsist on their commitment to quality and a high price, and retailers subsist on their margins, but some consumers are no longer willing to pay for value", summarizes Knöll. "It is about much more than a debate on music classes, the significance of music in society and the preservation of the cultural asset musical instrument – it is also about fair competition, the maintenance of a corporate culture and the profitability of an entire industry."

The whole market clearly feels these changes: The price pressure gains relevance, competition increases, and the market concentration is intensified. Foreign providers throng into the business segment with bargain offers on platforms and Internet marketplaces, and tap revenues that are not reinvested in the industry. To that says Knöll: "The lawmakers could and must put a stop to this as well. We would like Germany to manage something that has long been the standard in the USA: There is a "minimum advertised price" over there, whereas more than the "recommended retail price" is not possible over here. In this respect, I envy the price maintenance of the German-speaking book trade."

1 IMIS: Revenue of the MI industry on end-consumer prices, measured on the voluntary industry statistics of the SOMM (total of 29 participating companies) plus industry statistics of the DMV (Study: Musikwirtschaft in Deutschland 2015)

2 Values adjusted for seasonal and calendar effects

3 IMIS: Revenue of the MI industry on end-consumer prices, measured on the voluntary industry statistics of the SOMM (total of 29 participating companies).

About SOMM e. V.:

The SOMM – Society Of Music Merchants e. V. – umbrella organization of the musical instruments and music equipment industry in Germany – represents the interests of about 60 companies from the areas of manufacturing, distribution, sales and media of the musical instrument industry, standing for about two thirds of the German MI market.

The association represents the cultural and economic interests of the musical instrument and music equipment industry at national and European levels, with the aim of strengthening the industry's competitiveness across all market sectors, helping shape governmental and legal policies in accordance with the industry's requirements, defining market standards and offering services to members, promoting an up-to-date advanced and continued training, as well as intensifying the active music making and musical skills in our society.