In our margin-conscious business climate, sheet music looks better than ever on the balance sheet.

Dan Daley appraises the growing market.
WHO SAYS PRINT IS DEAD? ACCORDING TO NAMM’S MOST RECENT DATA FROM 2006, PRINT MUSIC PRODUCTS CONTINUED A NEAR-UNBROKEN, 10-YEAR CLimb, ADDING $100 MILLION IN VALUE IN THAT TIME TO THE ESTIMATED $500 MILLION-PLUS MARKET IN THE UNITED STATES. ABOUT HALF OF THAT PRODUCT IS SOLD THROUGH MUSIC PRODUCT RETAIL CHANNELS, THE REST SPLIT BETWEEN EDUCATIONAL, GENERAL RETAIL AND ONLINE CHANNELS.

Mark Cabaniss, president of Shawnee Press, a Nashville, Tenn.-based division of larger conglomerate Music Sales, said print music serves as the most visible of all retail music icons in an age of digital music and downloads. He added that print music was the first music product to face the challenge of illicit copying, with the inexpensive home photocopier’s introduction in the 1980s.

“What we went through in the '80s is what [recorded] music would experience a decade later,” Cabaniss said. The music publishing industry responded not by suing people who’d used copiers but by streamlining operations and paring expenses, he added. “To quote Fred Bock, a well-known music publisher, this is a business of pennies, and I agree. If you watch the pennies, it can be a very rewarding business.”

Indeed, print music sales have relatively high margins for music product retailers, better than many other product categories. Markups between 40 and 50 percent are not uncommon on in-demand titles, with evergreens like The Beatles songbooks consistently selling. And while big-box retailers like Wal-Mart and Target have encroached upon MI retail turf by selling an array of instruments and amplifiers, they sell little to no print music, giving music stores ownership of the category.

And it’s a broad category. Beyond sheet music and songbooks lie reams of instructional books and videos, as well as more traditional publishing items like musician biographies. There are also subcategories, like pro audio books.

“There are books on mixing music, mastering music, engineering music, recording music, live sound reinforcement — the depth of music-related publishing is tremendous,” said Mike Lawson, owner of Lawson Music Media, which is distributed by market leader Hal Leonard and recently relocated from the Bay Area to a Nashville suburb.

His mostly technical books and manuals cost $30 to $40, and most titles sell between 7,000 and 10,000 units, with a few best-sellers reaching 25,000 units. “It’s not Oprah’s book club, but it represents steady, consistent sales with good margins for retailers,” Lawson said. “Print dealers also rarely discount. Ninety-nine percent of the time, when you buy sheet music or a book at a music retailer, you’re paying full price, and the dealer is getting the full markup.”

THE DOWNLOAD CRISIS?

Print music publishers may have figured out how to respond to new, business-
threating technologies, but they’re still challenged by the Internet. “It hasn’t cut into our sales — yet,” Cabaniss said. “The print music buyer generally still wants to own the four-color covers and the artwork.”

NAMM’s analysis of its own data suggests that print music products, like music itself, have seen their growth hindered by illicit downloads. They cite Web sites like fret2fret.com and ultimateguitar.com, which distribute free guitar tablature notations, as retarding the sale of printed instructional materials, in particular.

The industry has responded with the same pragmatism that it applied to the photocopier challenge. Hal Leonard and Music Sales, the two largest print music publishers in the world and head-to-head competitors in the U.S. retail market, created sheetmusicdirect.com, a joint-venture Internet sales portal that can access their collective inventories.

“We’ve found ways to work together that help keep the overall industry healthy,” Cabaniss said. “And as a result, we’re not plagued by nearly as many illegal downloads as might have been the case otherwise.”

RETAIL MODELS

Moore Music in Greensboro, N.C., specializes in print music. Josh Slores, the store’s print music manager, estimated he keeps as many as 75,000 titles on hand at any given time. That volume differentiates the store from competitors but also makes its core revenue stream more vulnerable to downloading, according to Slores. “The Internet is our arch-nemesis,” he said.

In response, Moore Music has increased its emphasis on Web portals, including sheetmusicdirect.com and fellow print publishing giant Alfred Publishing’s emusicexpress.com. The downloads offer the store a $4.95 premium for download sales, and Slores said he’s seeing between five and 10 downloads a day. “It’s been getting bigger every day,” he said.

Many music product retailers, though, find a certain level of print music utilization works for them, and they stick with it. “We carry very little printed music, but we sell a lot of what we do carry,” said Clay Riness, acoustic guitar manager at Dave’s Guitar Shop in LaCrosse, Wis. A basic display stand near the store’s acoustic guitar department holds several Hal Leonard instruction titles, with and without accompanying CDs and DVDs.

“We have three subcontracted teachers here, and all of the students use these books, so there’s a steady demand for them,” Riness said. “We’re a guitar shop, and it’s pretty easy to up-sell an instructional book or video with a guitar purchase. And while almost every guitar buyer asks what’s the best price you can do on a guitar, they never ask that on books.”

ON THE FLOOR

Lawson said he has seen music retailers catch on to sheet music and books as a product category in recent years. “A decade ago, you’d only see print sections here and there at retail, but now Guitar Center has entire book departments.

Reflecting the growing sophistication in how these products are marketed, Lawson pointed out that some retailers are beginning to disperse their titles throughout the store, merchandising them in related departments. “Retailers are seeing the value of compartmentalizing the print, putting books on mixing and microphones in with the pro audio gear,” he said. “You’re not finding a book on microphones stuck behind a Yanni songbook anymore.”

At last year’s Summer NAMM Show in Austin, Texas, Hal Leonard District Sales Manager Peter Carlson pointed to his company’s custom racks, which are provided as part of its “Rack & Roll” promotion. The racks can hold up to 128 titles, three and four deep, per rack unit. Hal Leonard offers these to retailers agreeing to buy a certain minimum number of titles and follow it up with marketing support, such as signage, fliers and e-mails.

“How and where in the store you display sheet music can make a huge difference in sales,” Carlson said. “Plus, we want to build our particular brand within the retail context. These branded displays help us and the retailer.”

According to Doug Lady, Hal Leonard’s vice president of sales, market share can be expanded by assertively approaching reluctant music product retailers. “They can be put off by the number of SKU’s that print [music] can add to their inventory,” he said. “The Rack & Roll promotion helps organize that on the floor for them.”

Alfred Publishing offers retailers a “spinner” display that holds 40 book or software titles or up to 84 DVDs from the company’s 45,000 active titles in three square feet of floor space. “Any dealer who purchases a rack will get fresh, new product on a quarterly basis at a great discount,” said Gwen Bailey-Harbour, vice president of sales at Alfred. “We stock these racks with only the best-selling titles, so the retailer reaps the benefits of quick turns. We also co-op projects extensively with our estab-
lished dealers, including clinics, conventions, in-store displays, advertising and direct mail.”

**DISTRIBUTION SYNTHESIS**

Other trends in publishing include adding titles at a dizzying pace — Hal Leonard comes out with more than 3,000 a year, according to Lady. There’s also the quickened pace of catalog acquisition, such as Alfred’s purchase of Warner Bros. Publications several years ago.

The latter trend has been driven in no small part by classic rock music’s perennial appeal, with intense competition to secure the work of major artists; Hal Leonard’s deal with EMI gives it the exclusive rights to The Beatles songbook, while Alfred has Led Zeppelin’s. Nonetheless, Lady estimated that half of Hal Leonard’s titles are in the public domains, mostly classical, and often contexted in instructional books.

The print music business and struggling music business have found ways to synergize. Hal Leonard’s Play-Along series of books include CDs containing music-minus tracks — recordings of popular songs with the guitar or keyboard missing. This lets users play along with the rest of the tracks. In some cases, the tracks are remixes of the original recordings from the labels’ vaults. Other tracks are commissioned remakes. These are often aggregated by artist — you can play along with Frank Sinatra’s “My Way,” for instance — or by genre or theme, such as Christmas.

But Hal Leonard’s Carlson said even the major print distributors still have to go into the field and beat the bushes, trying to line up new retail outlets while keeping the existing ones. To accomplish that, they’ve joined not only each other but scores of independent distributors that cater to the mom-and-pop retail tier.

Indies like Charles Dumont & Son in Voorhees, N.J., reps titles from more than 200 publishers. When orders grow to triple digits per title, they get aggressive to stave retailers from becoming customers of major distributors. “When you order $150 or more, we’ll give you free second-day air shipping,” said Agnes Widermann, a sales rep at Dumont.

Print is far from dead, but it does have to adapt to coexist with the Internet. Depending upon the retail environment, it might be a niche or a core revenue stream. Either way, paper-and-ink is going to be around for a long time. MI

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