State of the Industry: 2015

By GeorgePetersen

The total — the buying power of 20,400 *FRONT of HOUSE* readers — racks up to an impressive $4,939,000,000 — nearly five billion dollars.

Compared to the pharmaceutical and automotive industries, the audio production and installation markets are fairly small. We as an industry may represent a market that's admittedly "small," yet nonetheless is thriving and even expanding. And with that in mind we would like to present some solid information as well as some indicators on the relative size and health of the event audio and installation markets.

So far this year, various physical indicators have been pointing in an upward direction. These are represented by several measurable factors, including an increasing number of installations (both large and small) in all market segments — house of worship, educational and performing arts facilities.

Upward Activity Indicators

Another key indicator comes from the strong turnout and positive vibe at recent tradeshows, such as AES, LDI, Winter NAMM, ISE Amsterdam and USITT, while there's equal excitement about this month's Musikmesse / Prolight+Sound and NAB expos, with genuine enthusiasm among users for recent major sound reinforcement product launches. And it's not just talk, as among the NAB and Prolight+Sound unveilings slated for later this month are major new digital console products and line array systems.

Trade expos in past years have mainly focused on a lot of incremental improvements in existing products while offering few "must-see" big hits that everybody would buzz about. And now we are (and have been) seeing the floodgates open in the current new product development cycles.

Advancements such as these don't simply happen overnight, but stem from a direct result of years of planning by companies that see opportunities and feel confident enough in the overall industry/economy to invest serious R&D resources and capitalization into new products.

As an example, the concept of a rack-mounted digital mixer that's tablet controllable (including some that are 100 percent under Wi-Fi control) is a product that simply didn't exist three years ago. Yet at this past Winter NAMM, I saw nearly a dozen such offerings, from several manufacturers.

But whether with consoles, line arrays, microphones plug-ins and ancillary products, this type of growth and expansion in the business is good news for both manufacturers and their customers alike and is a positive sign for 2015 and beyond.

It's a win-win in the truest sense. Manufacturers have more offerings and users have more selections to choose from, and a competitive market makes for better products all around.

Looking For — And Finding — Answers

If there's a downside to all of this, it stems from the market itself. Hard figures and data about the strength, size and spending power of our industry are difficult — if not nearly impossible — to come by. Now if we were in those aforementioned pharmaceutical or automotive industries, there would be no shortage of facts and figures to call upon. In fact, I would wager to guess that worldwide market for shirt buttons far exceeds the size of professional event and installation audio.

Unfortunately, we as an industry are not represented by a single large trade group — such as the AMA — that's equipped with the deep pockets to fund any such research. So in search of some answers and insights, we at *FRONT of HOUSE* recently ran an intensive survey of our readers (selected on a nth-name basis) and received a statistically significant number of replies — some 1,200 — representing approximately 6 percent of our total 20,400 readers. The results were both interesting and informative.

Who Are You?

The *FRONT of HOUSE* subscribers who participated represent a microcosm of the industry at large. And a key here to all this is figuring out exactly who these people are.

To no surprise, the largest segment of *FRONT of HOUSE* subscribers work at or operate a venue (i.e. church, theatre, PAC, casino, etc.), with the others across other businesses.

A venue - i.e. church, theatre, P.A.C., casino, etc.	345	28%
Primarily an audio rental company	210	17%
Primarily an audio installation company	66	5%
A manufacturer or rep firm	64	5%
An educational institution	77	6%
A consultant	87	7%
An independent touring production professional	131	11%
An independent local production professional	245	20%
	1225	

As a follow-up, we also queried about what percentage of their income stems from working in the portable or installed sound industry. Here, almost half of the respondents **(49.24%)** derive more than **75 percent** of their income from working in the industry. Where the remainder of that comes from is unclear, and could stem for any number of unrelated or related activities, such as backline rentals. The 0 percent category could come from students, agency or PR reps, and others allied to the field.

100% income	29%
75% or more	20%
50% or more	16%
25% or more	23%
0% of income	11%

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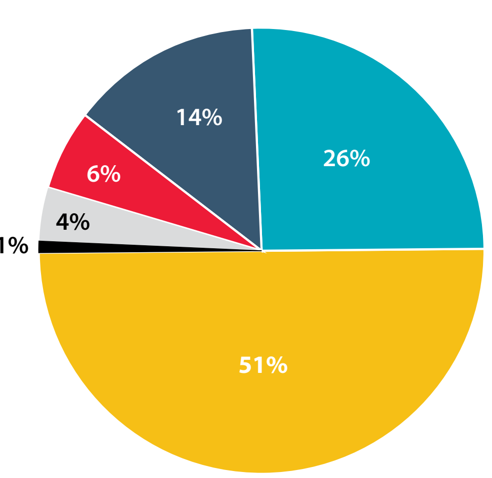
In determining the demographic of the group, we also asked the age of the respondents, and here, the results were not entirely surprising. Traditionally, *FRONT of HOUSE* enjoys a large pass-around readership (a number *not* included in our total subscriber figures), where a single copy is often shared by several people at a single business. Many of those copies go directly to the business owner or manager — who tend to be somewhat older, hence the overwhelming majority (51.49 + 25.67 = 77.16%) of subscribers here in the 40+ age bracket.

Less than 20 years of age	8
21 - 25 years	34
26 - 30 years	51
31 - 40 years	128
41 - 50 years	237
51 years or older	468
	926



Breakdown by Age

Spending Habits

Probably the thing on the top of the minds of most people involves capital expenditures — how, how much when and where. Timing is everything — especially in portable audio systems, and here some of the results, such as less purchasing in summer, when companies tend to be the busiest with outdoor events, concerts, street fairs, country fairs, tours, graduations and more. But the surprise here is the 54.29 percent majority stating they buy consistently throughout the year, rather than on a strictly seasonal basis.

When do you make major equipment purchases?

Winter	68	8%
Spring	193	22%
Summer	104	12%
Fall	45	5%
Consistently throughout the year	487	54%
	897	

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What level of spending on audio technology are you, your company or venue anticipating in the next 12 month period?

$0 - $49,999	526	59%
$50,000 - $99,999	174	19%
$100,000 - $249,999	85	10%
$250,000 - $499,999	37	4%
$500,000 - $1 mil	30	3%
$1 mil - $5 mil	31	4%
$5 mil+	14	2%
	897	

Impressive Total Spending Power

This gets interesting. Here, we can extrapolate the data from this statistically large sample (894 survey respondents). We'll start by applying a median dollar value to all the categories — except for the "more than $5 million," where we simply apply the lowest baseline ($5m) to the value. In each case, the median value can be multiplied times the percentage of responders times the total *FRONT of HOUSE* readership, which is 20,400.

This can be expressed as: median x percent x 20,400 = outlay
So, for the seven groups, it's:

25,000 x 58.64% x 20,400 = $299m
75,000 x 19.40% x 20,400 = $297m
175,000 x 9.48% x 20,400 = $338m
375,000 x 4.12% x 20,400 = $315m
750,000 x 3.34% x 20,400 = $511m
3m x 3.46% x 20,400 = $2.1 billion
5m x 1.56% x 20,400 = $1.59 billion

Here, the total — the buying power of 20,400 *FRONT of HOUSE* readers — racks up to an impressive $4,939,000,000 — *nearly five billion dollars.*

I know what you're thinking — there's no way this "small" industry can support that. But even if you make a most conservative adjustment by negating the highest and lowest categories (the under-$50,000 and over-$5 million annual purchases) from the total, you still end up with a figure that's more than $3 billion.

However, it's also important to consider that it's not just from small companies buying EON's and SM58's for wedding rental gigs — although I'm sure that's also part (and maybe a decent chunk) of the equation. This is because in many cases, a lot of the gear bought by any sound company doesn't go to their rental stock at all, but is purchased for re-sale in installations or direct sales — resulting in a sizeable amount of many company's purchases.

The latter is supported by response to the question of where do you buy gear. Here, 48.51 percent made gear purchases directly from a manufacturer or manufacturer rep; 41.77 percent through an Internet or catalog retailer; 38.78 percent through chain music stores; 12.93 percent from used gear brokers; and 16.13 percent from gear classified and auction sites. Note that this question supported multiple responses, so the total exceeds 100 percent.

The Big Picture

So, in fact, the pro audio event, portable audio and installation market is fairly sizeable — unless compared to construction, computers and military supplies. But along the way, we have a lot more fun and occasionally catch some good shows, and that's a factor that's nothing short of priceless. FOH