



Facing the music

Retailers remain committed to a struggling category, despite the digital challenge

An industry survey by *Christian Retailing*

» BY JIM SEYBERT

Here's what we found:

Any way you look at it, 2007 was a tough year for music sales in Christian stores, with those reporting declines outstripping those with sales gains by a ratio of 4-to-1.

DOWNBEAT DETAILS

The number of stores that saw declines in sales last year compared with 2006 surpassed those who said they had seen an increase by a ratio of 4-to-1.

In 2006, 36% of respondents said they received between 16% and 25% of their total sales from music in the previous year. By last year, only 20% of stores reported revenue from music in the 16%-20% range.

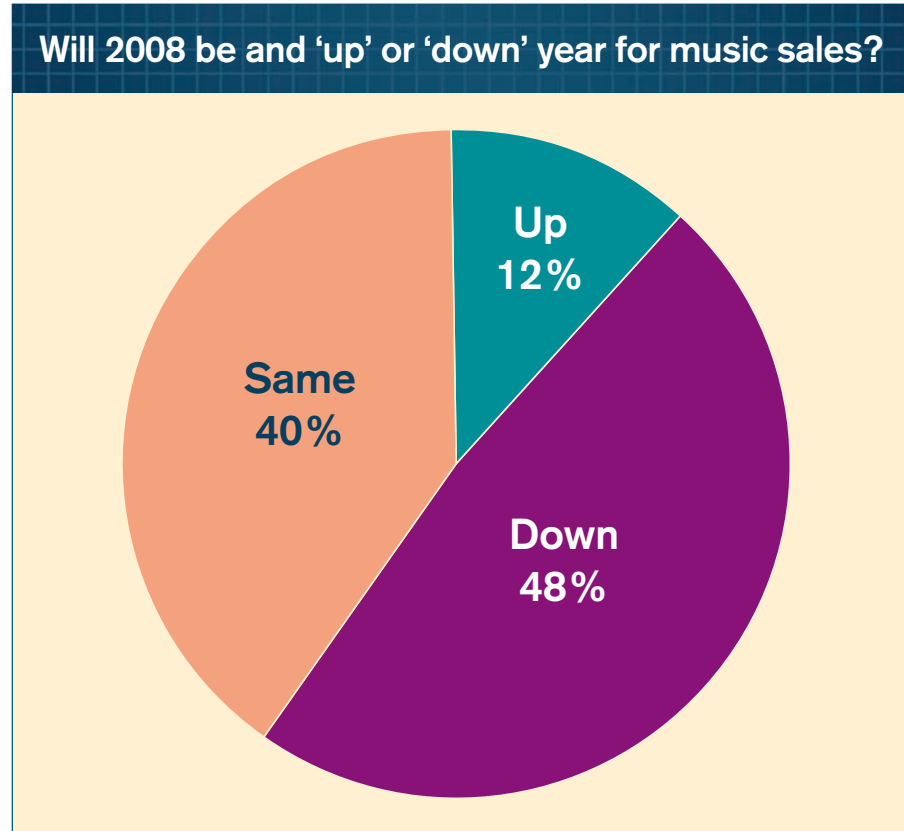
In 2005, one in five stores said music was less than 10% of total sales. Two years later, the number of stores with less than 10% of total sales in music

more than doubled to 42%.

Meanwhile, though 23% of 2006 respondents told us their music sales were up, this time just 12% posted music sales gains.

And looking ahead, retailers made it clear that they were anticipating more of the same trend in 2008, with one in three predicting continued declines in music sales for the coming year.

An interesting side note: The fastest-growing subcategories in 2007 were



Hymns and Instrumental Music. Praise & Worship, long one of the strongest genres in Christian music, was one of two that saw the biggest sales declines in 2007, along with Pop.

UPBEAT EFFORTS

Despite the category's overall weak performance, Christian retailers remain steadfast in their support of Christian music.

An overwhelming number of store owners (83%) said having a music department was "worth the extra effort," and nearly all (91.6%) told us that they would include a music department were they to open a new store in 2008.

Eight in 10 reported the music department was an "important element in the success of" their stores (83% in 2008 and 82% in 2006).

More retailers pointed to digital downloads as a leading factor in the decline of music sales.

In 2006, 26% strongly agreed with the statement that "digital downloads have hurt my music sales." The number of stores strongly agreeing with that statement this year jumped to a total of 42%.

Christian retailers who have seen sales siphoned off through legitimate channels also are concerned about illegal downloading.

More than 62% of respondents to our latest survey believed that Christian consumers are "just as likely" to burn illegal copies of music as are non-Christian consumers.

LOOKING AHEAD

So, what's the solution? Sadly there do not seem to be any big, new ideas on the horizon that might stem the tide or plug the leak.

Participating retailers asked for suggestions mostly focused on the old challenges of "lower pricing" and perceived unfair practices by large national retailers.

As a category, music is desperately in need of new ideas. Our suggestion: pick up the phone, call two or three colleagues and start talking about what you can do together to make a difference in your music sales for 2008. Then, please let us know what you intend to do.

Jim Seybert is an author and consultant living in Arroyo Grande, Calif.

CHRISTIAN RETAILING **WHAT DO YOU THINK?**
 ...of the findings and comments?
 Write to **Vital Signs** at: Christian Retailing,
 600 Rinehart Road, Lake Mary, FL 32746,
 or e-mail andy.butcher@strang.com.

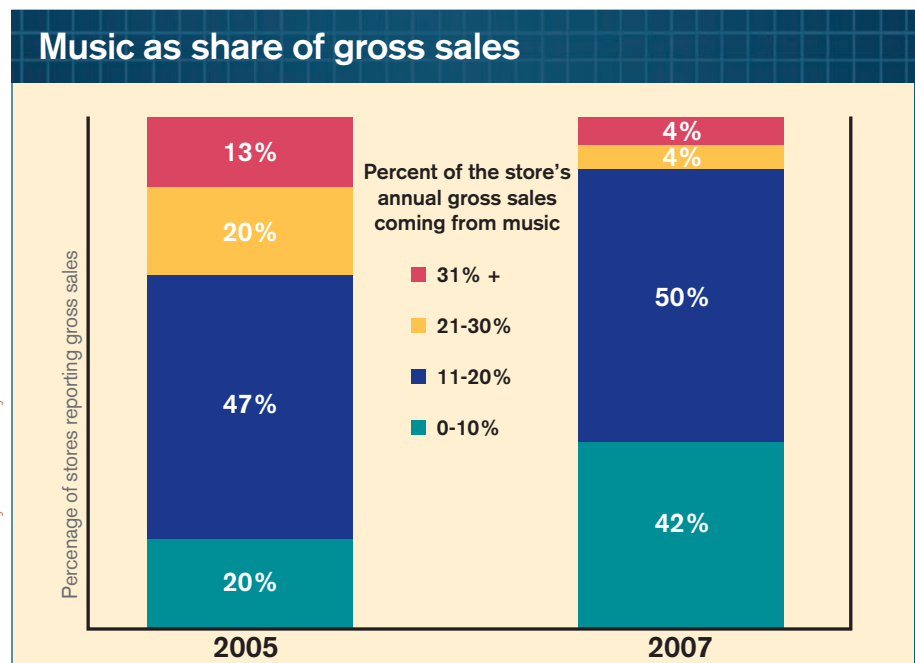
EFFECTIVE PROMOTIONAL TOOLS

In our 2006 and 2008 music sales surveys, more than 70% of Christian retailers said these six promotional tools were the most effective.

Promotional tool	2008 Rank	2006 Rank
Music on a sampling system	1	1
Christian radio	2	2
"New music" promotions	3	3
Marketing group catalogs	4	6
In-store P.O.P.	5	4
Networking with church youth groups	6	5

Yet despite the category's dismal performance and fears of another challenging 12 months to come for music sales, Christian retailers remain committed to this traditionally strong area of their business.

By asking the same questions about Christian music sales we posed for a survey in 2006, comparing the results for the two-year period provides a clear picture of the continued downward trend for the category.



The Vital Signs survey was conducted online in February of 2008 and 2006 among 231 respondents, of which 126 represented Christian retail, either as store operators or marketing group/chain administrative staff. Vital Signs is a joint project of Christian Retailing and Jim Seybert, who are solely responsible for its content.

Graphs information courtesy The Jim Seybert Co.