

TOP
125Music &
Audio
Suppliers

Ranking Th BIGGEST

The definitive ranking of the 125 largest suppliers of music and audio products, a diverse roster that combines the hi-tech, the low-tech, and everything in between.

The 125 largest U.S. suppliers of music and audio gear are a diverse lot. The list includes enterprises like Steinway & Sons, which bills itself as the keeper of an illustrious, 150-year-old piano making tradition. It also includes companies like M-Audio, a relative upstart that has prospered by developing products that bridge the gap between personal computers and music making. While the companies on the roster don't share a lot of common ground, most of the CEOs would probably agree that 2006 was less than a stellar year. Of the 11 publicly traded companies on the list, all but two experienced earnings declines. Profit data isn't available for the privately held businesses among the Top 125, but anecdotal evidence suggests that they experienced the same profit pressures.

The reason for the profit pain varies from segment to segment and from company to company. A less-than-stellar economy, withering competition, shifting technologies, and an unexpected dearth of first-time buyers were a few of the culprits that combined to drag down operating performance. Then some enterprises faced unique problems, ranging from a labor strike to the high value of the Euro. However, the biggest single factor crimping profits over

the past 12 months has been an inability to raise prices. In 2006 commodity prices were up anywhere between 12% and 35%. Energy and transportation costs also saw double-digit increases, as did health care. Whether you're making a handcrafted violin or writing software code, these are the kinds of cost increases that can't effectively be dodged. Yet in the music products industry, few of the Top 125 were able to offset their costs with higher selling prices. Chalk it up to the immutable law of supply and demand. In every product category, potential supply far exceeds demand, giving customers an unprecedented number of alternatives and robbing suppliers of leverage.

Although productivity gains in the past five years have been impressive, there hasn't been enough improvement on the factory floor to offset increases in the cost of doing business, hence the broad-based profit squeeze.

In 2006 the Top 125's already subpar profit performance was further eroded by the bankruptcies of two large retailers: Brook Mays Music, and The Woodwind & The Brasswind. The demise of these two firms collectively cost U.S. suppliers approximately \$60 million in bad debt write-offs, or roughly 30% of their net profits. Is it any wonder that most managers were pleased to close the book

the Industry's PLAYERS

on 2006 and move on?

Acquisition activity has significantly reshaped the Top 125, as 18 companies have been “acquired off the list” in the past five years. In 2006, however, the urge to merge subsided with only one significant transaction during the year: automotive supply giant Robert Bosch (\$55 billion sales) purchased Telex Communications. Although Telex remains an important player in the m.i. market with its Electro-Voice, Midas, and Dynacord brands, it has been removed from the Top 125 because Bosch does not disclose any financial information on the operation.

Such a diverse group of companies in a single list raises the question, “What constitutes a music products company?” At the most basic level, it includes all those firms that produce musical instruments and accessories. It also includes a large group of audio companies that produce products for amplifying and

THE TOP 125 OVER TIME

2006 Gross Sales	\$7,825,537,149 (-2.37%)
2006 Employment Level	32,097 (-8.1%)
2005 Gross Sales	\$8,005,414,848 (7.3%)
2005 Employment Level	34,911 (5.9%)
2004 Gross Sales	\$7,457,992,527 (7.8%)
2004 Employment Level	32,951 (5.4%)
2003 Gross Sales	\$6,916,393,957 (3.1%)
2003 Employment Level	31,245 (-4.1%)
2002 Gross Sales	\$6,704,311,319 (-1.8%)
2002 Employment Level	32,578 (-2.6%)
2001 Gross Sales	\$6,827,956,462 (-3.1%)
2001 Employment Levels	33,417 (-10.5%)
2000 Gross Sales	\$6,887,067,378 (+3.9%)
2000 Employment Level	35,955 (+2.4)
1999 Gross Sales	\$6,628,235,664
1999 Employment Level	35,121

recording music. DJ manufacturers now rightfully claim a place under the music industry umbrella. The most recent addition to the industry are the companies that produce computer peripherals for what could best be described as “computer-centric” music applications. By that definition, is Apple Computer a music company? After all, its GarageBand software can now lay claim to being the most widely circulated music recording program. Laptop computers are now widely used in any number of music applications, so is Dell Computer also a music company? These questions are open for debate, but for the purpose of this list, we include firms that rely on the specialized channel of m.i. retailers for an important percentage of their revenue.

Just as millions are riveted by the progress of 64 basketball teams vying for the NCAA championship, seeing an accu-

rate industry scorecard has an inherent entertainment value. Who's up and who's down provides the grist for endless speculation and gossip. However, the Top 125 ranking, in conjunction with our Music Industry Census, has a more serious purpose—namely, to provide a better perspective on the size and scope of the industry. Assessing the relative performance of different suppliers and product categories is the best way we know for retailers to benchmark the performance of their stores' product mix in an increasingly complex market.

To underscore how complex the market is, consider that new product categories continue to emerge, while existing ones never seem to go away. Despite the advent of a \$100-million-plus market in computer music peripherals, the industry also continues to sell banjos, accordions, and harpsichords. For much of the 20th century a majority of music industry sales were done by "full line retailers" who could legitimately claim to represent the full spectrum of music products. Today, the industry's range of products is so vast, no single retailer, even Guitar Center, can claim to represent it all. We're not big on long-range predictions, but it's safe to say that this complexity will increase before it ebbs.

The Top 125 is a sales ranking of the largest companies based in the U.S. By limiting the list to U.S. corporations,

the ranking includes a combination of businesses that service the global market from a U.S. base and distribution arms of foreign subsidiaries. Thus, sales estimates for companies like Fender, Peavey, and Steinway include total global revenues. In the case of distribution arms such as Yamaha Corporation of America and Korg USA, sales figures include only the U.S. market. Footnotes in the charts indicate those companies that operate as U.S. distributors.

In the Music Industry Census, we estimate the retail value of U.S. music and audio products at \$7.5 billion. The combined sales volume of the Top 125 is \$7.8 billion. How can that be, when there are hundreds of other companies that don't make the list? The answer is twofold. First, sales data includes a significant volume of export sales. Secondly, a number of the companies—Yamaha, Shure, Peavey, and Harman, to name a few—do a sizable sales volume outside of the music products industry. In cases where we couldn't identify those volumes with precision, we opted to include total company sales volume. Third, the list includes a number of duplicate sales. For example, a set of D'Addario guitar strings sold to Kaman Corp. is counted as revenue to D'Addario. It is counted again when sold by Kaman Corp. In terms of the overall market, however, the two sales wash out.

2007 Ranking	COMPANY	ESTIMATED 2006 REVENUES	EMPLOYEE COUNT	CHIEF EXECUTIVE
1	YAMAHA CORPORATION OF AMERICA ¹	\$730,821,000	843	Yoshihiro Doi
2	HARMAN PROFESSIONAL (div. of Harman Intl.)	\$510,000,000	2700	Blake Augsburger
3	FENDER MUSICAL INSTRUMENTS	\$438,000,000	2500	William Mendello
4	SHURE INC.	\$410,000,000	866	Sandy LaMantia
5	STEINWAY MUSICAL INSTRUMENTS	\$384,620,000	2361	Dana D. Messina
6	GIBSON GUITAR CORP.	\$225,000,000	2076	Henry E. Juskiewicz
7	LOUD TECHNOLOGIES	\$220,000,000	700	James Engen
8	KAMAN MUSIC (div. of Kaman Corp.)	\$214,800,000	504	Bob Saunders
9	ROLAND CORP. U.S. ¹	\$200,000,000	400	Dennis M. Houlihan
10	DIGIDESIGN (div. of Avid Technologies)	\$199,000,000	450	Dave Lebolt
11	PEAVEY ELECTRONICS CORP.	\$185,000,000	1653	Hartley Peavey
12	JAM INDUSTRIES ²	\$155,000,000	290	Martin Golden
13	HAL LEONARD CORPORATION	\$141,600,000	329	Keith Mardak
14	D'ADDARIO & COMPANY	\$110,000,000	1080	James D'Addario
15	M-AUDIO CORP. (div. of Avid Technologies)	\$105,000,000	225	Niels Larsen
16	KORG USA ¹	\$104,000,000	122	Joe Castranovo
17	SENNHEISER ELECTRONIC CORP ¹	\$103,000,000	130	John Falcone
18	HERMES TRADING	\$100,000,000	300	Alberto Kremerman
19	MARTIN GUITAR COMPANY	\$97,514,000	850	Christian F. Martin IV
20	HOSHINO USA ¹	\$93,000,000	150	Bill Reim
21	FIRST ACT	\$85,000,000	193	Mark Izen
22	QSC AUDIO	\$83,000,000	252	Barry Andrews
23	KAWAI AMERICA CORPORATION ¹	\$81,000,000	108	Naoki Mori
24	AXL MUSICAL INSTRUMENTS	\$74,088,000	1550	Alan Liu
25	ALFRED PUBLISHING COMPANY	\$73,000,000	300	Steve Manus
26	LINE 6	\$71,800,000	253	Mike Muench
27	NUMARK INDUSTRIES	\$71,000,000	105	John O'Donnell
28	BEHRINGER U.S.A ¹	\$70,000,000	50	Michael Deeb
29	CASIO, INC. ¹	\$69,000,000	200	Kazuo Kashio
30	US MUSIC CORP.	\$67,400,000	240	Rudolf Schlacher
31	SAMSON TECHNOLOGIES CORP	\$67,000,000	105	Scott Goodman
32	RAPCO HORIZON COMPANY	\$61,180,000	641	Dale Williams
33	AUDIO-TECHNICA ¹	\$60,500,000	110	Phil Cajka
34	TAYLOR GUITAR	\$60,400,000	523	Kurt Listug
35	STANTON GROUP	\$55,000,000	231	Tim Dorwart
36	AVEDIS ZILDJIAN COMPANY	\$53,700,000	153	Craigie Zildjian
37	ERNIE BALL / MUSIC MAN	\$53,000,000	300	Sterling Ball
38	YORKVILLE SOUND ²	\$52,000,000	290	Steve Long
39	SAMICK MUSIC CORP ¹	\$49,000,000	42	Baik Lee
40	REMO INC.	\$48,000,000	300	Brock Kaericher
41	HANSER MUSIC GROUP	\$45,500,000	89	Jack Hanser
42	PENN ELCOM, INC.	\$45,000,000	253	Phil Stratford
43	PEARL CORPORATION ¹	\$42,900,000	83	Takenori Isomi
44	GODIN GUITAR COMPANY	\$42,000,000	400	Robert Godin
45	DRUM WORKSHOP, INC.	\$40,000,000	200	Chris Lombardi

2007 Ranking	COMPANY	ESTIMATED 2006 REVENUES	EMPLOYEE COUNT	CHIEF EXECUTIVE
46	SF MARKETING²	\$39,500,000	125	Sol Fleising
47	SKB CORPORATION	\$39,000,000	280	Dave Sanderson
48	AMERICA SEJUNG CORPORATION¹	\$38,873,000	20	Peter Hong
49	TC ELECTRONIC OF DENMARK USA	\$38,850,000	60	Anders Fauerskon
50	ALESIS CORP.	\$37,500,000	75	John O'Donnell
51	TASCAM¹ (Div. of TEAC America)	\$35,000,000	15	Norio Tamura
52	JUPITER BAND INSTRUMENTS¹	\$33,800,000	73	Keith Gard
53	HARRISTELLER INC.	\$33,700,000	71	Michael Harris
54	PAUL REED SMITH GUITARS	\$33,000,000	210	Paul Reed Smith
55	GHS / ROCKTRON	\$32,786,000	115	Russell S. McFee
56	HOHNER INC.¹	\$29,750,000	50	Clay Edwards
57	BUFFET CRAMPON USA¹	\$29,500,000	28	Paul Baronnat
58	NADY SYSTEMS	\$28,500,000	91	John Nady
59	PIANODISC	\$28,000,000	170	Gary & Kirk Burgett
60	NEIL A. KJOS MUSIC COMPANY	\$26,000,000	72	Neil A. Kjos Jr.
61	SABIAN LTD.²	\$25,750,000	150	Andy Zildjian
62	EMINENCE SPEAKER LLC.	\$25,500,000	173	Robert Gault
63	SUZUKI CORP.¹	\$25,000,000	25	Howard Feldman
64	VIC FIRTH, INC.	\$24,690,371	96	Vic Firth
65	ALLEN ORGAN COMPANY	\$24,500,000	450	Steve Markowitz
66	CARVIN CORP.	\$24,116,000	171	Carson Kiesel
67	MUSIC SALES PUBLISHING GROUP	\$24,000,000	112	Barrie Edwards
68	M&M MERCHANDISERS, INC.	\$23,500,000	82	Marty Stenzler
69	AMERICAN DJ, INC.	\$23,000,000	80	Charles Davies
70	TKL PRODUCTS CORPORATION	\$23,000,000	80	Thomas Dougherty
71	ARMADILLO ENTERPRISES	\$22,900,000	32	Elliott Rubinson
72	MAPES PIANO STRING COMPANY	\$22,000,000	200	William L. Schaff
73	WHIRLWIND AUDIO	\$21,500,000	150	Michael Laiacona
74	RODGERS INSTRUMENTS LLC	\$20,775,000	130	Dennis M. Houlihan
75	THE MUSIC LINK	\$20,750,000	38	Steve Patrino
76	ESP USA¹	\$20,580,489	27	Matt Masciandaro
77	BBE SOUND / G&L	\$20,500,000	60	John McLaren
78	NEW SENSOR CORP.	\$20,250,000	60	Mike Matthews
79	CHESBRO MUSIC	\$20,000,000	80	Vanetta Wilson
80	PEARL RIVER PIANO USA¹	\$19,122,644	12	Al Rich
81	MEL BAY PUBLISHING	\$18,250,000	75	William Bay
82	SCHECTER GUITAR RESEARCH¹	\$18,023,000	31	Michael Ciravolo
83	THE MUSIC PEOPLE	\$18,000,000	42	James Hennessey
84	EASTMAN STRINGS	\$17,900,000	68	Qian Ni
85	JEAN LARRIVÉE GUITARS	\$17,750,000	100	Jean Larrivée
86	WESTHEIMER CORP.	\$17,500,000	15	Jack Westheimer
87	QRS MUSIC TECHNOLOGIES	\$17,250,000	60	Thomas Dolan
88	PRO-MARK CORP.	\$17,212,598	42	Maury L. Brochstein
89	DUNLOP MANUFACTURING.	\$17,000,000	159	James Dunlop
90	MESA BOOGIE	\$16,750,000	113	Randall Smith

2007 Ranking	COMPANY	ESTIMATED 2006 REVENUES	EMPLOYEE COUNT	CHIEF EXECUTIVE
91	DEAN MARKLEY STRINGS	\$16,500,000	90	Dean Markley
92	THE KEYBOARD CORP	\$16,250,000	138	Dennis Robey
93	GCI (formerly Gemini Sound)	\$16,000,000	40	Alan & Artie Cabasso
94	CHARLES DUMONT & SON	\$15,891,000	55	Charles J. Dumont
95	SEYMOUR DUNCAN	\$15,772,082	130	Cathy Carter Duncan
96	AKAI PROFESSIONAL	\$15,500,000	50	John O'Donnell
97	GENEVA INTERNATIONAL	\$15,250,000	33	Earl Matzkin
98	COMMUNITY PROFESSIONAL	\$15,000,000	115	Bruce Howze
99	RICKENBACKER INTERNATIONAL	\$14,500,000	90	John C. Hall
100	CALZONE / ANVIL CASE CO.	\$14,250,000	110	Joseph E. Calzone III
101	GEMSTONE, LLC (formerly Gemeinhardt Flute)	\$14,000,000	67	Gerardo Discepolo
102	HOSA TECHNOLOGY ¹	\$13,500,000	30	Sho Sato
103	MAKEMUSIC! INC.	\$13,000,000	83	John Paulson
104	WAVES, INC.	\$12,750,000	34	Gilad Keren
105	GETZEN COMPANY	\$12,680,965	105	Thomas R. Getzen
106	FOSTEX OF AMERICA ¹	\$12,500,000	80	Phil Celia
107	FISHMAN TRANSDUCERS	\$12,250,000	80	Larry Fishman
108	DANSR INC. (VANDOREN REEDS)	\$12,100,000	10	Michael Skinner
109	RANE CORPORATION	\$12,000,000	81	George Sheppard
110	CAKEWALK	\$11,900,000	74	Greg Hendershott
111	PRO CO SOUND, INC.	\$11,800,000	100	Charles Wicks
112	DEG MUSIC PRODUCTS	\$11,070,000	19	Mark W. Schafer
113	SCHIMMEL USA ¹	\$11,025,000	5	Hannes Schimmel-Vogel
114	KAY GUITAR COMPANY	\$11,000,000	22	Tony Blair
115	UNIVERSAL PERCUSSION, INC.	\$9,996,000	39	Thomas W. Shelley
116	CAE, INC	\$9,700,000	58	Jim Fackert
116	LPD MUSIC	\$9,700,000	29	Harry J. Bernstein
117	AVIOM, INC.	\$9,100,000	47	Karl Bader
117	VERNE Q. POWELL FLUTES, INC.	\$9,100,000	63	Steven Wasser
118	SCHAFF PIANO SUPPLY	\$9,050,000	78	Herbert L. Johnson
119	MARK OF THE UNICORN	\$8,750,000	20	Robert Nathaniel
120	EVENTIDE INC.	\$8,250,000	43	CJ Scioscia
121	EMG PICKUPS	\$8,000,000	75	Robert A. Turner
121	GALLIEN TECHNOLOGIES	\$8,000,000	71	Robert Gallien
122	AMATI / STRUNAL U.S.A. ¹	\$7,800,000	5	Rana Singh
123	BÖSENDORFER USA ¹	\$7,600,000	4	Eric Johnson
124	DANA B. GOODS	\$7,400,000	15	Dana Teague
125	SHS	\$7,400,000	21	Guy Petty

NOTES: 1. Indicates a foreign-owned U.S. distribution subsidiary. 2. Indicates Canadian-based companies.