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A very dear friend of mine, Big Misha, a dedicated music lover and Russian Audiophile sent me the following open letter and I thought it was worth sharing. Certainly worth reading.

"Contrary to some of my colleagues, I don't share the view that we're dealing with a TEMPORAL crisis. I do believe that we're actually experiencing a global and a PERMANENT downward shift in High End Audio market due to the FOUR main reasons I am listing below.

In the descending order:

First, there is a DEMOGRAPHIC reason.

For our generations music was "the only TRUE signal". That expression is not adopted from a Soviet dissident book.

In the USSR we had two major national newspapers- "Pravda", that is "Truth" in Russian, and "Izvestiya"- which is "News". So we would say that in "Pravda" we wouldn't get the news, and in "Izvestiya" we wouldn't get the truth. So to us, in the closely monitored society, the music was like an open window to the outer (and inner!) world.

The above expression is, actually, taken from a book on popular music by an American writer, and an ex-Talking Heads musician Daniel Levitin. Which means that not only behind the Iron curtain, but all over the world, DURING THOSE TIMES the music lovers shared the same sacred relationship with music in their search for a higher Truth.

High End Audio, as I see it, WAS about building music ALTARS where the devoted music lovers would pray. For the CURRENT generation- when "the Truth" is spreading through some NEWS channels: Internet, foreign travel, and due to a general and Global cease of censorship - the demand in THAT sacred quality of music dropped DRAMATICALLY.

I'd see these changes as similar to what happened with organized religion in the last century. Say 100 years ago the VAST majority of the population were "true" believers and you could build a healthy business selling Bibles, icons, body crosses, etc. Now they even stopped to put FREE Bibles in the hotel rooms due to the lack of demand.

In High End audio we're trying to sell the "sacred" paraphernalia to more and more musically atheistic world. When Steve Jobs descended on us, it was not about HIS prophesy, it was, as Russians would say "those who pay, THOSE order "the music". (How sad to think about this).

Second, there is an ECONOMIC reason. Due to the last thirty years of GLOBAL shifts in political-economy to the "liberal" values, we're currently in position, when the material wealth is distributed not according to how much benefit you bring to the society, but, on the opposite, it's directly proportional to how much harm you inflict on the society.

In that context we all END UP with a choice of appealing either to those with "the soul's noble bursts", but who can not afford anything , or to those who's got all money but do not have any of those "bursts".

The choice our industry made was obvious, and it reflected the zeitgeist. We all know that High End Audio is positioned on the precipice between science, technology and ART. There is a saying which says that "there is no art without a SACRIFICE". In the current climate of our

societies the sacrifice is treated as a sign of a psychological DISORDER. On the polar opposite, GREED is the name of our day, and our new First Pew with where to worship. And finally, it's what Steve Jobs was fully aware of.

I remember meeting Dan D'Agostino when I asked him "Dan, is it ironic that our industry ended up appealing to people who DON'T CARE?". And he was "Yes, you're absolutely, right".

How innovative and productive can we ALL be appealing to those who don't care?!
A rhetorical question if I ever heard one.

Third, there is A LACK OF STANDARDS in our industry reason.

As you might know, the history of HDTV started in 1990-ies when on a request from telecommunication industry FCC started to seriously considered confiscating the unused NTSC TV channels. Of course, the broadcasting industry went ballistic on loosing their FREE property, and it came up with a POLITICAL response.

Pointing to Japan, when at the time they had an analog 1080 system, the broadcasters convinced FCC to leave the spectrum confiscation alone, so that the world's citadel of democracy will build the best digital TV system in the world.

The FCC agreed with some deadlines, and the rest is history...

There is no doubt that without the strict standards along THE WHOLE chain of the DTV SYSTEM (and all the NECESSARY adjustments along this chain!) we would NEVER have had the brave new world of wonderful TV images.

In audio the problem is that not only the customers are not sure what they're buying, the manufacturers and their reps are not sure what they're building and selling. An example: a bright low res- display in an airport is a reasonable choice, but the same display in a gold-plated frame in a Home Theater is a joke EVERYBODY would laugh at. In audio they would put a low res- driver in a monument to human greed and stupidity and EVERYBODY takes it seriously.

You can see this cognitive dissonance in the way they would conclude a TYPICAL review on a video component vs an audio component. Here are some ACCIDENTAL quotes.

WSR, Issue 153, p.25 on Toshiba LED/LCD video display: "...- but those problems were just too frequent and too obvious to recommend using this 3DTV as a picky videophile primary display".

Stereophile, January 2006, page 109 : "...Add all of those features together and the Quad 99 CDP-2 starts to scream BUY ME! Or, at the very least, TRY ME!"

The Abso!ute Sound, January 2011, p.167 on YG Acoustics Carmel loudspeaker: "'Oh, not just for , replied, "I think these speakers offer something that EVERYBODY should get a chance to hear." I can only second that assessment. Go forth and listen."

Incidentally, Andy Singer told me that in his opinion the path of the least resistance for our industry- to delegate the choice of a product to a neophyte customer- is the worst trend in our business. And I must agree with him. Due to a complete lack of any standards- comparing to the video industry- instead of TRULY educating our customer taking them by collar to elevate, we

descended on their GROUND level via “subjective” reviewing in magazines answering not to the customers but to advertisers and inviting the readers to “Go forth and listen”. Listen to WHAT?

Without these standards how would you quantify the difference between a highest resolution transducer and a low res- horn loaded speaker (build for a completely irrelevant application)? And what I mean by that is not only in video all parameters are quantified, so they can be improved, I also mean that the i-phone generation of customers does INSIST on the quantification.

The history of High End Audio industry is a good case study of the DOWN SIDE of the free-market-as-a-concept coin and in BAD NEED of strict planning in it. I recently ran into a relevant quote from a book “Predator State” by a prominent economist James K. Galbraith. Here he speaks about “a manufactured form of complexity a major implement of private power”, p.182-183: “ The ability for a consumer to prosper in this world depends to a large degree on one’s ability and willingness to search- to find the needles of good value hidden in the very large haystacks of dross, scam, and flummery. Without reliable standards, without clear guide-lines as to what is safe and reasonable and what is not, the overall efficiency of the market declines because search and transaction costs rise beyond all reasonable limits. The efficiency of the market becomes limited by the fear of fraud. Shopping, far from being the exercise of market freedom, becomes in and of itself an endless absorber of time and attention...Meanwhile, the capacities to manipulate, change, innovate, differentiate, discriminate, and exploit become in their turn the defining characteristic of corporate success...It’s not that there is a thin line between meeting consumers’ needs and presenting them with complex choices intended to make them easier to fleece. It’s that there is no line at all: one practice bleeds over into the other.”

The history of television broadcasting fully demonstrated that to innovate we need to know which parameters we need to improve, and then to improve them. With no defining guidelines, the audio business became the exercise in polishing steam engines.

I see why the most of our colleague’s resist any changes, the changes would expose all their weaknesses and it seems they’re not capable of dealing with them.

With total absence of any form of regulation, our industry is such a perfect guinea pig for the free-market researchers because there is NOT A SINGLE effective industry organization which would steer our activities FROM ABOVE in the “right” direction.

We’re reaping now what we have sown- yes, striking that path of the least resistance allowed us to enjoy our lives for quite a few years, but now it’s a payment time- we, finally, have reached a point when without a push from ABOVE I don’t really see any signs of hope for the better.

And, the final reason for this PERMANENT decline, the GOOD side of the free-market coin: THE COMPETION.

And it is the ONLY one aspect of this permanent decline which is a subject for a TEMPORAL and drastic “improvement” in the near future.

Currently, in Russia alone we’ve got 57 High End Audio distributors (in various stage of showing the signs of life). If you ‘ve read my thoughts above and are still awake, I’ll cut straight to the conclusion: that it’s TOO MANY.

They push and shove like what you’d had experienced in the past on your way to a security gate in Moscow’s Sheremetyevo airport to catch a flight- it was like all these people have been trying

to escape Stalin's purges (which is even more funny considering that they've been shoving and pushing their way to catch a flight to a Siberian city!).
Is it the most effective way of dealing with a passenger's traffic? No, the most effective way is to spend a few billion dollars to built a new terminal beside that old one.

...and it's what our GOVERNMENT did a couple of years ago.

Our CURRENT political bodies are NOT interested in the "souls's noble bursts", their support for a new TV system is obvious, they still need to brainwash their population using this already "ancient" technology".

"The music" would rather contradict their goals rather than support them. It's interesting that the further away we're from our Communist state, with its insistence on "enlightenment of the masses", the less customers we see in our audio stores.

Now, if you're prone to accuse me of pessimism, then I answer that a pessimist is just an INFORMED optimist. Except for the competition, which our industry is capable of handling within, the rest of the issues above are the REAL ones, and without resolving them I see NO reason why the situation would improve BY ITSELF.

With these I'll, finally, conclude.