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**HOW DOES RECENT CRISES INFLUENCE MUSICAL
INSTRUMENTS TRADE AND WHAT ARE THE POTENTIAL
FORECASTS FOR THE INDUSTRY?**

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INTRODUCTION

“Music produces a kind of pleasure which human nature cannot do without”

(Confucius)

These were the words of celebrated Chinese philosopher Confucius, in the 6th century BCE and his quote is still relevant hundreds of years later, suggesting the timeless importance of the music for human beings.

Music has always been a significant part of our culture and everyday lives. The magical tools from creating these pleasing harmonies are the musical instruments, which have long been around. Starting from the early days of cavemen banging on fundamental items like rocks, continuing through the modern symphonies of today, musical instruments are primary equipment in art, impacting millions of individuals and institutions, leaving them an essential position within the global economy as well. The beauty behind it, is that it is easily reachable and so colourful so everyone can find their best match. Music has the power to alter one’s mood, adjust viewpoint, and inspire change. But apart from its sociological factors, musical industry also contributes to the global economy in various ways: generates revenue via the musical instrument trade, events, creates jobs and takes place in a wide range of related business and activities.

However, as we learned during the last couple of years, the industry behind music and most specifically behind the musical instruments is just as volatile and sensitive as most of the economic sectors. International power balance can be just as easily thrown off by the unforeseeable events, of which our society has seen quite many in recent years. Dramatic events such as the Trade War between China and US, Covid-19 pandemic and lockdown, let alone the social goal of sustainability fighting deathly environmental changes and which has now long been laid on the table. In the word of Kristalina Georgieva, managing director of the International Monetary Fund, “we are facing a crisis on top of a crisis” (IMF Communications Department, 2022). These crises have impacts on the whole global economy, favouring one sector while balking others. In my research, I will be investigating the global musical instruments market as such with the aim of finding out whether these above-mentioned crises have significant positive or negative impact on the global trade and counterparties. Even if everything is connected to everything, and has impact on the general trade flow, I want to

gain a better understanding on what are the potentials and impedimental factors for the sector in the upcoming years.

In the first part of my thesis, I was primarily building up a general picture of the global industry based on secondary research and later on I dived deeper and investigated the role of e-commerce in musical instruments business with the help of a primary research in the form of a quantitative questionnaire.

GENERAL OVERVIEW

Playing a musical instrument is unarguably one of the most common hobbies among people globally. This segment amounts more than 38 billion USD in revenue in 2022 and is expected to grow in the upcoming years. Taking a sample from one of the primary countries, when it comes to total GDP amount; the United States of America with one of the most complex economies globally, we can see clearly the industry's magnitude. The US is also the home of the biggest musical market around the world. Before the COVID-19 global pandemic in 2018 the Gross Domestic Product of the USA was summing up approximately 20,53 trillion USD, from which 170 billion was on the account of the music industry (Stoner & Dutra, 2020). Considering the size and complexity of the States' market, it is worth taking into consideration such field with its 0,83% part from the whole pie.

However, the above-mentioned numbers apply to the whole musical industry which consists of numerous subfields: music writing and publishing, audio streaming platforms, live concerts, musicians and teachers, agents, promoters, instrument manufacturing and trading and quite a few others. In my paper I will be focusing only on musical instruments' trade: its arrangements, actors, challenges, opportunities. This is a complex industry involving individual and institutional manufacturers, traders, organizations as well as independent musicians.

According to a recent study by The Business Research Company, the global musical instrument market reached approximately 12.95 billion USD in 2021 and is expected to grow to 13.25 billion in 2022 at a compound annual growth rate (CAGR) of 2.3% (The Business Research Company, 2022). CAGR is a widely used measurement tool which indicates a given asset's, cash flow's or other random investment's growth at a constant rate of return (Fernando, 2022). As this indicator is calculated by virtue of geometric progression, financial analysts consider it to be one of the most accurate ways to measure any investment at a basic level (Dikov, 2020). The research report measured the global musical instrument market by 3 different segmentations: by type (stringed, brass and woodwind, percussion, keyboard), by distribution channel (supermarkets and hypermarkets, specialty stores, online sales channel) and by application (commercial events, personal use, music production and other). Twelve top-tier countries lined up in the research including China, UK, USA and Russia inter alia, covering approximately 70% of global GDP, and as a such it built quite notable global research.

Furthermore, the German giant in market and consumer database: Statista also assembled its research on global musical instrument trade and revenue. Even though the aim of the two research papers is similar, the later one tried to gather, what is called an actual global data, by investigating every country and distribution channels. Moreover, Statista defined the market slightly differently: “various acoustic and electronic or electromechanical musical instruments as well as their parts and accessories, sold for both private and public use” (Statista, n.d.). The report differentiates 6 segments: *Acoustic Pianos & Stringed Keyboard Instruments*, *Electronic & Electromechanical Musical Instruments*, *Parts & Accessories of Musical Instruments*, *Percussion Instruments*, *String Instruments* and *Wind Instrument*. The overall findings are the following: the revenue in the musical instrument segment all together- in accordance with the above-mentioned criteria - amounts to US\$38.2bn in 2022 and the expected annual growth (CAGR) is 9.3% in the following years. The significant mismatch in outcomes of researches between The Business Research Company and Statista is due to the different approaches regarding the grounds and segmentations. On one hand, according to the chart of Statista, *Parts & Accessories of Musical Instruments* takes an important part within the global numbers, while the first paper considers only the final products. And on the other hand, even though the first one might test those twelve countries with more details, the later include every part of the world, and so, combined sums can make a real difference.

I decided to take a deeper look into the data provided by Statista as I found, it illustrates better the general state of the global market. Taking a deeper look into Figure 1, we can see that most of the revenue is owing to *Parts & Accessories of Musical Instruments*, which is followed by the *Electronic & Electromechanical Musical Instruments*. These numbers can be explained by the complexity of such markets. The data, provided by one of the marker-leader statistical research provider: Statista, can tell a lot about the recent past and forecast how would the market’s future look like. In the following, I will examine the market in line with this segmentation.

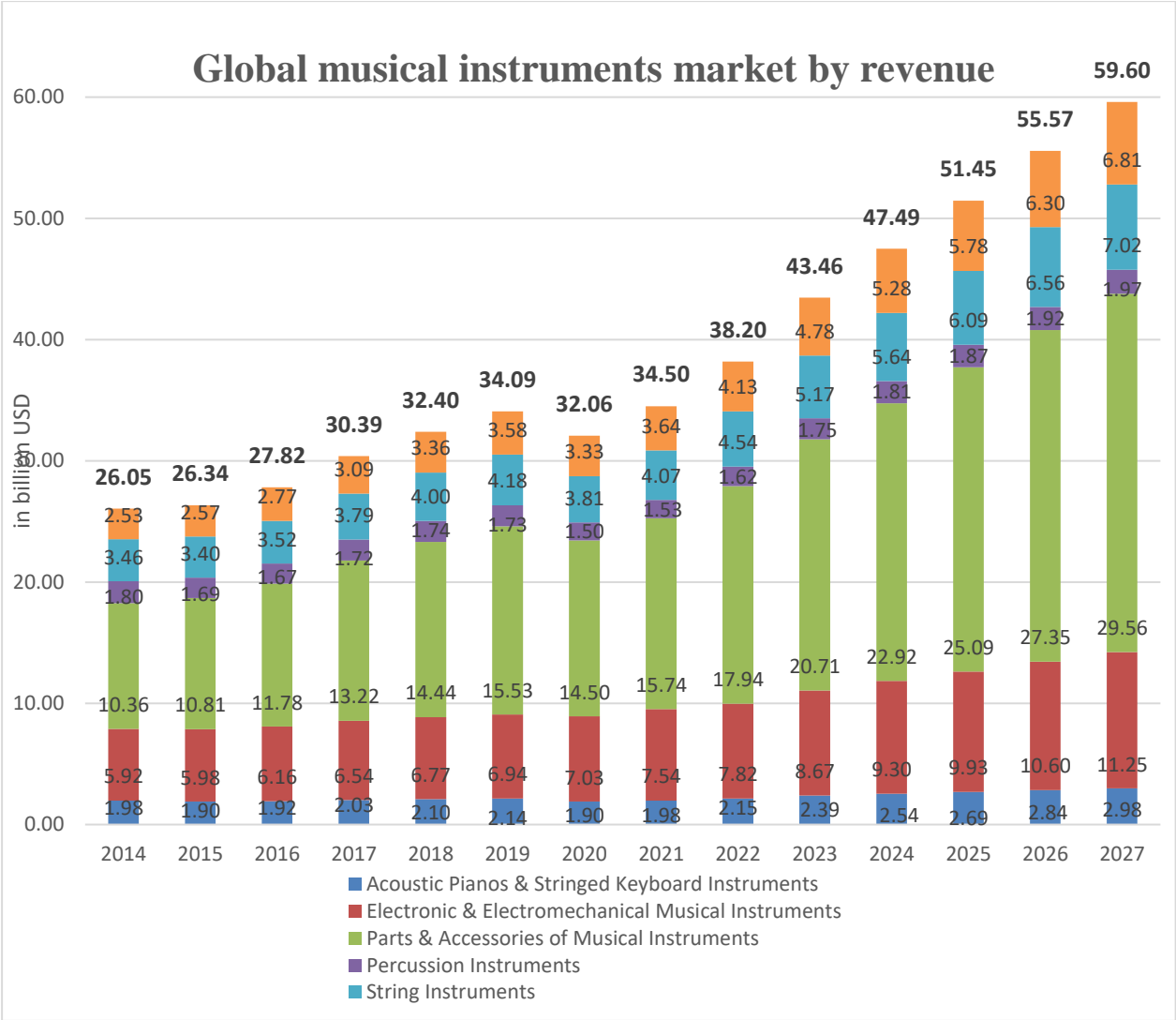


Figure 1 - Global musical instruments market by revenue
 Source: own editing from the data input of Statista

Acoustic Pianos & Stringed Keyboard Instruments

After examining Figure 1, we can observe that ever since 2014 this segment was producing quite constant results in revenue, mathematically speaking it was approaching 2 billion USD on a yearly basis. Despite the fact that piano is unarguably one of the most popular choices among musicians, this fragment will still represent a rather small part of the overall sales, because of the rise of its digital companion. The shift in usage from acoustic to digital pianos among ordinary consumers can be explained by many factors: price, comfortableness such as portability, space, the ability to play it without disturbing others. These factors and the more and more improving digital background encourage people to choose rather an electronic version of their beloved instrument.

On the other hand, stringed keyboard instruments consist of harpsichord, accordion and pipe organ among others. Such instruments with their specific, usually baroque sound went out of fashion during the last decades, indicating a slightly declining interest in this segment.

Electronic & Electromechanical Musical Instruments

The market for Electronic and Electromechanical Instruments includes electric keyboards, guitars and other musical instruments that require amplifiers to be played. As mentioned above, and visible in the charts, electronic instruments tend to take over more and more portion from the global markets and one of the main reason behind this trend is the continuous development of new products (Technavio Research, 2022). Musicians have been inventing new kinds of instruments for centuries, but recent years' digital revolution opened up a whole new area for music. This segment has the widest scope, starting from the digital version of traditional instruments: electric guitars, keyboards; to the unique section which would be unimaginable without the help of artificial power. Such tools are *theremin* – a futuristic device requiring no physical touch, works with electric signals -, and *reactable* among others.

Observing the chart below, we can notice that this is the segment which was exposed the least to the negative effects of COVID-19 pandemic. While all other segments were facing a downfall in sales, Electronic & Electromechanical Musical Instruments' revenue change showed a positive trend through 2020-2021 (Statista, n.d.).

Parts & Accessories of Musical Instruments

This segment is undisputedly the most complex among all, and we must bear in mind that it indicates some kind of double coverage. As it sums up the revenue coming from sales of unfinished goods as well, additionally to the final stage of putting the finished product on the consumer market.

On the other hand, accessories also take a relatively great part of the overall revenue. There are numerous additional products which is considered as a musical instruments accessory such as music stand or bows to violins.

Percussion Instruments

Percussion instruments segment such as drums, triangle and maracas, is responsible for the smallest portion of the global revenue, only less than 5% of total revenue. The reason might arise from fact that within this segment can we find the narrowest scope, the actual instrument options are rather limited, indicating fewer potential products to trade.

Routineers may wonder if acoustic piano should belong here or not, interesting fact about percussion instruments is that traditional piano is also considered to belong in this group according to many. Nevertheless, this research paper differentiated acoustic pianos and put them into a separate group to display an even better demonstration.

Stringed instruments

As we can see from the chart, string instruments generated the second-highest revenue in recent years – not counting *Parts & Accessories* – after the electronic tools, meaning that this segment is accountable for the most sales revenue when it comes to traditional acoustic instruments. String instruments have long been celebrated, starting from string quartets dates back to the 17th century, and as we can see from the chart, the popularity is still at peak for these instruments.

Wind instruments

Consisting of brass and woodwind instruments, these equipment are spread across the world. According to the Observatory of Economic Complexity, in 2020 this group was in the top 1000 product or product group that was traded globally, representing 0.0045 of total world trade (Observatory of Economic Complexity, n.d.).

Interesting to mention that this sector was the one with the highest revenue change over 2020 to 2021. Even with the significant downfall during the premier pandemic times, wind instruments were back on track shortly after.

INTERNATIONAL TRADE ACTORS

Countries

On account of the previously mentioned Statista research, we can take a look at the involving counterparties as well, as for the international import-export deals. Table 1 displays the top 10 countries regarding the generated revenue from 2018-2025 with the forecast of Statista implementing CAGR increase.

As we can observe, China is the undisputedly beating all of its competitors when it comes to total revenue. China's total revenue is almost double the size of US revenue. However, we must clarify that, on the contrary, when measuring the revenue per capita for these two states,

we can see that from that competition, it is the United States who turns out on top (Statista, 2022). The increasing trendline which can be noticed on India’s annual revenues is also remarkable and as of such, showing the potentials in musical instruments sector as well, alongside with many other industries.

As of 2022 Indonesia takes fifth place among countries, however, if we take a closer look, we can see that within only 2 years it is forecasted to over Japan and take the prestigious place right after the three giants. These historical numbers and forecast show the actual significance of the Asian market. China and Indonesia have long been known for their elite flutes, grande pianos, and violins inter alia, but here we can see an actual proof of the enormous amount of sales.

| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---------------|-------|-------|-------|-------|-------|-------|--------|--------|
| China | 6,642 | 6,991 | 6,975 | 7,232 | 8,258 | 9,253 | 10,120 | 11,020 |
| India | 3,668 | 4,159 | 4,043 | 4,342 | 5,090 | 5,928 | 6,627 | 7,341 |
| United States | 4,338 | 4,566 | 4,268 | 4,464 | 5,002 | 5,517 | 5,946 | 6,273 |
| Japan | 1,279 | 1,323 | 1,254 | 1,288 | 1,406 | 1,550 | 1,647 | 1,717 |
| Indonesia | 1,132 | 1,237 | 1,134 | 1,218 | 1,384 | 1,573 | 1,717 | 1,864 |
| Brazil | 956 | 974 | 722 | 766 | 902 | 1,043 | 1,185 | 1,313 |
| France | 606 | 610 | 574 | 641 | 666 | 787 | 834 | 881 |
| Canada | 519 | 539 | 503 | 558 | 633 | 709 | 776 | 832 |
| South Korea | 588 | 571 | 519 | 586 | 620 | 660 | 695 | 729 |
| Mexico | 530 | 569 | 469 | 550 | 590 | 656 | 711 | 767 |

Table 1 - REVENUE COMPARISON in million USD (US\$) among top countries
 Source: own editing from the data input of Statista

Private actors

Regarding the private actors of musical instruments market, there are many great players on the field. Major manufacturing companies are Yamaha, Fender, Gibson Brand and Steinway. Yamaha Group is a complex enterprise with a wide range of products and services, some of the most famous parts of the corporation are its motorcycle division, and musical instruments

manufacturing division. The latter one reportedly generated revenue of 239 billion Japanese yen (Yamaha Corporation, 2021), which equalled approximately 2.08 billion USD at the time using the relevant exchange rates. Yamaha is the manufacturer of many musical instruments of different kind: flute, drums, pianos, and the list is almost endless.

Fender Guitars is one of the world's leading guitar manufacturers with many decades behind their backs and an unspoken figure of American guitars and rock 'n' roll. The enterprise is reliable for a bigger portion of the US revenue.

Apart from the numerous international firms who takes the bigger part of the global sales volume, I must mention, that there are numerous independent luthiers and smaller manufacturers, who also contributes to these figures. Sometimes even they are the one to generate the higher income with the help of their first-class one-of-a-kind instruments.

As I already stated it is a relatively complex market with different actors, distribution channels and ways of working. In the following section I will be focusing on the differences between online and offline distribution channels and how it may or may not changed over the last years as we faced a yet unexpected global lockdown, inherited by the general closure of traditional shops and customers were forced to activate themselves in the online space.

ONLINE AND OFFLINE DISTRIBUTION CHANNELS

We are leaving in a fast-paced life, the age of digitalization has opened many doors for both individuals and for businesses, institutions. The number of internet users has shown a steady increase worldwide during the last two decades, reaching 5 billion as of 2022 summer (Kemp, 2022). The global modernization of countries, easier access to electronical devices and increased need for smart devices made this rapid enlargement possible. Inarguably, there are many advantages of digitalization, but still one of the biggest inventions so far is electronic commerce. With the help of E-commerce, businesses around the world can attain more customers, as well as reduce costs which would arise from the maintenance of a physical facility. According to a recent market research by eMarketer, online commerce was accounted for nearly 14% of total retail sales worldwide in 2019, a year before the COVID-19 pandemic came to light and put e-commerce forward (Coppola, 2022). The pandemic and lockdown have induced a need for accelerated digital transformation and a surge in e-commerce

(UNCTAD, 2021), scientifically speaking the ratio jumped up to 18.8% by the end of 2021 and expected to reach 24% by 2026 contributing with more than 8 billion US Dollars in sales globally.

The question arises whether the sweeping triumph of e-commerce seriously affects the musical instrument trade or not. Naturally, this industry – aligning with peers – was also influenced by online shopping in recent years. Before the pandemic hit, online channels were responsible for approximately 19% of total global sales, while in 2021 this number was 27% according to *Statista* (Statista, n.d.). Despite the sudden rise, I question if online musical instruments distribution is expected a significant expand in the upcoming years. On one hand, there are many advantages of the presence of online distribution channels for musical instruments: for those who are already adept in their own musical instruments online shopping provides the comfort of their home, saves time and provides multiple choice between products, manufacturers or even prices on the same exact product thanks to a special offer. The main reason of the demand for online systems is the broad variety of models, customers cannot get from entering only one specific store (iMusician, 2017). Moreover, customers' rights nowadays are seriously taken on globally which also can be an attempting factor for many customers. Under European Union rules, every customer who bought a product or a service online or outside a shop has the right to cancel and return their order within 14 days, for any reason and without a justification (Your Europe, 2022). Even if there is no general rule or law on the return scheme, even in the USA similarly to the EU, there are still policies aiming to protect the buyer. In accordance with the US Federal Trade Commission; there is a so-called “cooling-off” rule which *”provides that it is unfair and deceptive for sellers engaged in “door-to-door” sales valued at more than \$25 to fail to provide consumers with disclosures regarding their right to cancel the sales contract within three business days of the transaction”* (Federal Trade Commission, n.d.). Besides, e-commerce stores usually offer a 15-30-day window in which the purchaser can return a product and ask for refund (Blesch, 2022). These regulations are undoubtedly uplifting the usage of e-commerce even within musical instruments' market.

Furthermore, it is unquestionable that COVID-19 had the biggest impact on the market so far. When this new, yet unexperienced phenomena called lockdown appeared on scene, businesses needed to find alternatives for their operational systems and therefore switched to online channels. E-commerce became a general approach in nearly every market field, for

some only while necessary, others benefited from this shift and took all opportunities out of the situation on the long run as well. However, the call for musical instruments in the virtual space during the lockdown was also influenced by the greatly increased need for new hobbies and interest among citizens (Pattern Data Science, 2021). A deep analysis performed by the Pattern Data Science in 2021 displayed clear evidence that certain types of instruments such as ukuleles and guitars, received a real boost via online distribution channels in the United States during the earliest months of the pandemic, spring of 2020. The paper investigated Amazon's trading volumes, the US electronic retail giant, the second biggest online retailer globally, preceded by Chinese multinational tech company: Alibaba (Statista Research Development, 2022). While in Europe, and more specifically in Hungary, Amazon is not as wide-spread and celebrated as in the States, the American sales volume implies a significant pattern for the rest of the world as well. Amazon is considered to be one of the biggest business-to-customer (B2C) party so far and the reasons behind its fame are cheap prices, quick and in most cases free delivery and flexibility. Reading Amazon sales volumes' during 2020 it is plain that guitar reigned over the whole musical instruments trade, receiving 87% more demand than the rest of the instruments together according to Pattern Data Science analysis (Pattern Data Science, 2021). Meanwhile, the 24 million US consumer number experienced in 2020, dropped down to 0,75 million the following year (Pattern Data Science, 2022). Aligning with the guitar sales numbers, most of the other musical instruments also experienced negative change in demand comparing 2021 to 2020: the sudden rise of the demand for ukulele in early quarantine times turned out to vanish from the scene just as easily as it appeared, and by the end of 2021 the demand sank by 35% (Pattern Data Science, 2022). Another great example of such notable and instant fluctuation is regarding the demand towards harmonicas. The obvious reasons behind these instruments' quick rise and fall among the nation is their inexpensiveness and rather easy functions: these trends in the demand were the outcomes of the call out new hobbies, which needed to be innovative yet easy enough so people could learn at home by themselves. To sum it up, musical instruments on Amazon are considered to be quite popular, but the analysis made it discernible that COVID-19 pandemic and its side effects, namely the worldwide lockdown, has had a central impact of every single type of the instruments. Understanding the patterns behind these changes can help businesses understand their costumers and alight on the desired alternatives which are needed to keep the online platforms' activity alive as well by preparing suitable marketing strategies.

In the meantime, we could observe that the demand for cheap and “easy-home-use” instruments such as ukulele and smaller harmonicas, sprung up during early 2020 showcases the general potentials of the online distribution platforms. The bigger potential is shifted towards those consumers who use these instruments as a hobby; professional musicians have their preferred luthiers and the reasons behind their choices when it comes to specific instruments are not only a concern of money and brand. Originally, music instruments could be purchased online via the traditional manufacturers’ site like Gibson Guitar or Yamaha. At the same time, well-known retailers entered the online space counting Furtado, Gear4Music and HangszerPláza (Tajti Music Hangszerárúház) in Hungary inter alia. These later ones started as traditional brick-and-mortar stores with the aim of gathering together all types of musical instruments and related equipment and accessories into one place so the customers can experience these at once. However, the rising popularity of musical instrument online trade dragged e-commerce giants like Alibaba and Amazon into the business. According to the Forbes, apart from its wide scope, covering even the rarest products, Alibaba’s main benefit is unarguably the lower prices which attract more costumers (Mourdoukoutas, 2014). Just to give a personal experience, looking through Alibaba website I could find a professional, silver-plated flute for a more-than-fair-price of 55 USD, while the price of the same-conditioned model of Yamaha, the reliable worldly-known manufacturer, starts at 680 USD in comparison. Professionals or even those who are engaged in the musical environment longer than a couple of days, would not buy or even recommend such deals at this low price, because of some obvious reasons: the quality of these cheap flutes (and this is generally true for any other musical instrument) cannot hold a candle to their prime opponents, the ones prepared by traditional luthiers who are prioritizing top-tier raw materials; the sound are not the same; and because of its cheap quality, they do not last long (Cavanagh, 2022). Nonetheless, these models might be satisfactory for those yet only becoming acquainted with the instrument and still not sure about which instrument to choose. According to Australian Flutist Jane Cavanagh, however, this exception should only be carried out by those who have sufficient background regarding music teacher or support because the risk of feeling bad and untalented and eventually decide to quit the instrument may occur if the model is not adequate (Cavanagh, 2022).

The general advice in connection with the musical instrument online shipping is hidden in the details: always look for a brand. The word “brand” became a crucial question in our lives both in a recognised and unrecognised way, companies and institutions takes branding more

seriously than ever to attain and retain customers. It's not only a logo that is linked to a product or service, but a mix of associations consumers make based on every interaction they made with the business (Thimothy, 2016). The proper branding helps the buyer to recognise the business behind and therefore can make a better choice. On the subject of online musical instrument purchasing, there are differences on how to find a proper model: one must take a closer look on the products to find its origins: stringed instruments have brand sticker inside the wood, brass and woodwind instruments showcase their brand conventionally on the body engraved (McCall, n.d.).

On the other hand, there are still many retailers choosing the traditional practice for selling their products instead. One great example is the case of Five Star Guitars, a locally owned purveyor of new, used, and consignment musical instruments and equipment, based in Oregon, USA. The three partners of Five Star Guitars thought outside-of-the-box and stepped against the general trends of approaching the online space by rather invested in a larger physical store, designed from the ground up (Music Trades, 2018). The expansion was driven by the following two objectives: the first was related to efficiency reasons: the new facility provided a much bigger space which is used for warehouse purposes facilitating the entire workflow and positively contributing to the attainability of customers thanks to its lucky location next to a heavily trafficked highway. Secondly and more importantly, it is a clear message declaring their confidence in the future of traditional retail. The partners not only designed the building to display the available musical instruments but to build up a state-of-the-art experience for people walking into their brick-and-mortar. These attractions comprise a combination of distinctive inventory, merchandising, a regular schedule of in-store events and even a lesson program for anyone who wants to deepen their knowledge in guitar playing (Music Trades, 2018). They try to expose to view a selection of unique products which couldn't normally be found online or any chain stores, including special-run Fender guitars, amplifiers and other one-off quality products. The interesting idea of Geoff Metts, one of the partners, is to avoid "treating instruments like commodities", creating a mindset and going back to the origins when musical instruments were the magical tool to express feelings and emotions creating an invisible bridge between people (Music Trades, 2018). Unique and unusual products always attract more consumers and if there is a possibility to actually go and see those with their own eyes, they would much rather choose the good-old physical store. Furthermore, Five Star Guitar's team takes customer experience really seriously: as their building is functioning as a sort of warehouse, every instrument and accessories are always

ready to try out, and in a perfect playing condition. The ultimate advantage of the traditional stores is the possibility for customers to try out the instruments before actually purchasing them. Just as Mr Metts claimed, musical instruments are far more than any other products: the artsy side requires to be taken seriously and while two instruments or tools might look the same from the outside, the sound and the impressions can be quite unlike and at the end of the day, that factor matters the most for the musicians. In the store, every musical instrument is supposed to be tuned and ready to play from the more affordable ones to the most unique and pricy ones, so everyone is treated the same, regardless their musical education, level and financial statement. As I already mentioned before, regarding the cheap flute example, it is crucial, how beginners are faced with instruments, an inadequate tool can initiate a feeling of unsuccess inside which could end up in quitting, causing a decreasing demand in general in the long term. This phenomenon is wanted to be avoided at the Five Star Guitars and rather creating a supportive environment which therefore supports their sales as well. There are even two special rooms, one, the “quite room” is designed to try out acoustic instruments and the other, “loud room”, is for the heavier-sounded and louder electric instruments; this latter one is also a great idea of which most of the smaller retail store did not think, making their visitors shy and even uncomfortable when trying out a noisy electric guitar in some cases.

Even after all these great offline ideas, the partners knew they must provide online options as well. We are living in an age when, if a business is not presented on a website or on social media, the market penetration is significantly lower: even if it is not directly needed for the operations, a website allows the customers to find out more about the public information, improves the general image of the business and creates a better customer support (Haines, 2022). The website possesses a truly user-friendly surface where internet-users can browse through all of the inventory, encountering all available guitars and accessories that is at hand in the local store, however, with the new feature it is also possible to buy them directly from the website and ship them to the consumers’ homes. Still, on the website all product images are made in the store and no stock or manufacturer-supplied images are used, to highlight the uniqueness of every product. Yet, the main purpose of the website is to drive sales traffic at the brick-and-mortar. According to Metts, “*customers want to see what you have in stock before they visit*” (Music Trades, 2018), so in their case, e-commerce and online presence is rather a primary step for consumers, just to get to know the business and its products, but the main place where the actual sales happen is the physical store.

To sum it up, online space took a serious enlargement in the retail sector over the last few years and as it turned out musical instrument trade is no exception either. On one hand, the online presence has an absolutely positive effect on the market by providing an alternative tool which is used for information gathering, comparison of different products and services, and also attract those customers who would rather conduct their purchase from the comfort of their own home and do not want to take the extra time going to a physical store. The fact that e-commerce giants greatly contribute the growing consumer base is proven and considered to help ramp up sales volumes globally. On the other hand, learning from the mindset of the Five Star Guitars, consumers still need the contact while shopping and creating a great atmosphere and experience around the whole purchase can be quite beneficial for the business. But a regular brick-and-mortar has even the opportunity to create a greater customer-retailer relationship, shop assistants should help buyers and also for most people musical instrument is not just an everyday basic product, it is much more, and online distribution channels cannot reflect this always.

PRIMARY RESEARCH ON THE DOMESTIC TRENDS ON ONLINE MUSICAL INSTRUMENTS PURCHASING

Methodology

My research was exclusively focusing on the domestic trends regarding the online distribution channels and their usages among Hungarians. The aim was to gain a better understanding on purchasing preferences when it comes to musical instruments and accessories with the help of a quantitative research done by a questionnaire among those who have regular connection with any musical instrument. As for the technique, I applied snowball sampling. Even though this is considered to be a non-probabilistic form of sampling (Bailey, 1994), this is an ideal form of acquiring samples of influential individuals (Yoshida, Gotoh, Tomizawa, & Ikeda, 2013). I was targeting those individuals who have regular connection with any musical instrument and should be focused by market mavens as well. The questionnaire was filled in by more than 100 responses from different individuals, with varying profession, age, residence and beliefs on online shopping. The detailed form question and structure can be found attached in the appendices.

My study was focalizing on the following questions: which musical instruments (or accessories) are the most likely to be purchased online and what are the reasons behind the choice considering numerous factors such as age, place of residence, e-commerce knowledge, preferences in general and musical background.

As for demographic part, I was primary focusing on two factors: age and residence. Firstly, I asked for the age with the hidden aim of analysing the differences between generations. The five generations were generation Z (born after 1994), Millennials (1980-1994), generation X (1966-1979), Baby-boomers (1946-1965) and the Silent generation (before 1946).

Generational segmentation is a key tool for any marketer or salesperson as it gives a deeper understanding about the different values, stimuli and preferences of different age groups. The rules for generational distinction as such are not written in stone, it is rather shaped mostly by the events that happened during an individual's so-called junior life – young teenage years -, and by the social and political background they were exposed while growing up. However, these events were quite diverse or happened not exactly the same time in different countries' lives: the dates cannot be clearly divided and rather remain open to recalibration (Khan, Aleem, & Walia, 2021).

I applied a general segmentation taking into consideration the main attributes of each group: first, the generation Z or *Zoomers* are, as of now, the youngest generation to have full access to technology and Internet, already in the adulthood, and the first ones who grew up with instant and continual availability of Internet and social media (Duffett, 2017). According to research prepared by multinational consultancy Accenture, in 2017, 24% of Gen-Z would have rather choose the online form for their purchases (Accenture, 2017). As per the parcelLab's experience, this generation is more likely to purchase from brand websites, yet appear to be less brand loyal, and impulse consumer (parcelLab, 2022).

The Millennials were growing up at the same time as internet was spreading and involving. They are more mature and prudent regarding e-commerce, still they use electric devices fine and do not afraid to get involved with online shopping. They were the ones creating “try-before-you-buy” strategy, by being financially conscious and knowing their value in retailers' eyes, they demand the actual experience in the first place and only after deciding if the product is worthy or not (Cawley, 2021). In general, they need loads of information about the products, but if they are satisfied they are going to be loyal to any brand (parcelLab, 2022).

As for generation X, being in their mid-40s and 50s, they are the one generally receiving the highest salary, the most independent financially (JG Wentworth, n.d.). They have experienced

volatile times in economic situation (McKenna, 2022), especially Eastern European members of the group, such as the Cold War and the Fall of Communism, that is why they are financially cautious, always ready for a potential change in the economy.

As we are approaching the older generations, we might think that online shopping should not even be discussed because of the lack of technical knowledge and interest and on one hand, it is true that around 84% of Baby-Boomers prefer the in-store version of shopping according to CBRE Group analysis (Wang, 2022), still those remaining 16% definitely has the potentials and marketers should consider building up a frame for their attractions as well. Especially considering the last couple of years, the global pandemic and accompanying lockdown forced Baby-boomers into the online marketplace as well. This was the fastest-growing group of online shoppers (parcelLab, 2022). They need liability, no fancy or too complicated web designs, user-friendly surface and prefer local retailers' site with the personalised structure over the e-commerce giants like Amazon or Alibaba (parcelLab, 2022).

And as for the last group, the Silent generation which is undoubtedly a mass group in the economic machine, unarguably here is the lowest the online market penetration. As this fast-spreading and developing phenomena called Internet and computer that turned the whole world upside down and changed the view for most of the everyday activities including shopping, was started to be happening long after they passed adolescent times and could never cope with it properly. Yet there might be a narrow part of the market they are covering, and I wanted to know if so. However, I do not expect too many answers from this age group.

By inquiring the place of residence, I wanted to know if there is a noteworthy difference between those living in the capitol city and smaller towns, giving the fact that the prior ones have better access to more and bigger retail stores. As of 2022, the population of Budapest is around 1.8 million, being the 9th largest city within the European Union, providing many facilities for musical instruments buying.

After demographic part, the third question was regarding the everyday connection with music and musical instrument more specifically. I interviewed professionals, those playing in a classical band, music teachers; those who do not *do music* for a living yet have an everyday practice sessions; those who play their instruments once or twice a week; those who used to play quite regularly in the past but not anymore; and the last group was what I call the "*Covid-musicians*", the relatively numerous group which picked up a new musical instrument

interest for themselves during the lockdown in 2020 and decided to take advantage of a genuinely dreadful situation. These 5 groups were the segmentation used for this part.

And the corner stone of the research was hidden in the fourth question: '*Have you ever bought a musical instrument or accessories (e.g. guitar picks, amplifier, rosin) online?*'. If the answer was yes, then I directed them to another set of questions regarding the purchased products, the timeline of spreading, if COVID-19 had any effect on their preferences and habit, payment and smart tool (phone or PC) options. If the answer was no to the initial question, I started to investigate why so and the potentials, if there is any, of this group.

And as a last side note, I excluded all those online purchases that were carried out via second-hand online stores such as Vatera. The aim of this research was primarily to gain a better understanding on Hungarian consumers habits in the present, but also to see the potentials on the market and how manufacturers and retailers should exploit the opportunities themselves on the primary market.

Results

The first question was regarding the age, and as I was trying to receive an equally distributed sample so was sending out this form to many acquaintances of different age and ask them to send the form further to those desired groups and individuals with who I may not have that much connection. Yet there is one generation, which participants are definitely fewer than others and that is, unsurprisingly, the silent generation, those who were born before 1946. Among those 4 replies I received from this age group, neither of them has ever bought anything online and do not plan either in the future. This result is in line with my initial hypothesis regarding this generation as they are not the ones using electronic devices to conduct their purchases, nevertheless, it was a great experience to ask about their thought on the topic.

As for place of residence, the majority of the persons completing the survey is currently living in the capitol city, I was trying to reflect on the actual distribution of population around Hungary, as those living in Budapest count for approximately 1/5 of the overall domestic population as of 2022. I was really curious about their preferences, giving the fact that they have the most possibilities to find musical instrument stores in a great selection.

The third general question was concerning the musical background of the individuals. Responses were quite proportionately distributed among the 5 groups, most of them claimed themselves to not really be involving with music in recent times but had regular relation with music in the past. It is no surprise, as regular musical instrument playing is more widespread among schoolboys and ~girls, but as everyone is approaching adulthood, the priorities and timetables change. Despite the fact that there are no accurate statistics available regarding the Hungarian tendencies, there is a parallelism with the rest of the world, and I could get a deeper view on the potential reasons for the age gap differences thanks to foreign researches. There are several analyses and statistics for the global patters: a survey concerning sports and lifestyle habits of American citizens found that more than 10% of the young adults (age 18-29), more than 9.5% of adults (30-49), but only approximately 5.8% of the older generations played any musical instrument in 2018 (Kunst, 2022). A similar research was focusing on English children's and adults' connection with musical instruments in 2014: firstly investigating those between the age of 18-20, they found that while 56% is currently playing, an overall amount of 92% have played for some time during their lives; on the contrary, these relatively high amounts tend to decrease over the years, meaning that one third of the 55-64-year-olds in the UK has never played any instrument in their entire life and only 23% is still playing (A Collaborative Research Project, 2014). In line with the global tendencies, it is not shocking to see that most people - around 34% in my own research - who were once closely connected to the musical instrument environment, are not the most active anymore. Moreover, approximately 25% of the respondents marked themselves as a hobby-player, practicing every once or twice a week. The third most populous group was the professionals: teachers, musicians: roughly 19%. Next-to-last was the group of the "Covid-musicians" with more than 17% share, which for me, was quite a surprisingly high amount, but definitely promising for the vendors in the future. And the least crowded group was those who practice every day, their musical instruments play a significant role in each and every day, but still not their profession. The proportionately low figure is easy to understand: for being the "member of this club", enthusiasm is not enough, it takes a lot of time as well. Only around 5% of the respondents belongs to the this later one.

And for the final informal question of "*Have you ever bought a musical instrument or accessories (e.g. guitar picks, amplifier, rosin) online?*", results showed it clearly that most people still prioritize offline method for buying a new musical instrument or accessories. Only around 38% of the respondents have tried out any online platform for their purchase, whether

it was an e-commerce general retailer or a music store or an independent luthier. 62% of these selected people, coming from different background and profession, have still not conducted an online purchase. But what are the reasons behind their preferences and denial of the online form? I will be explaining it shortly. But first I wanted to focus on those 38% which contributed to the domestic e-commerce volumes.

The first factual question was regarding the type of musical instrument that those, who have already bought any music tool online, were purchasing.

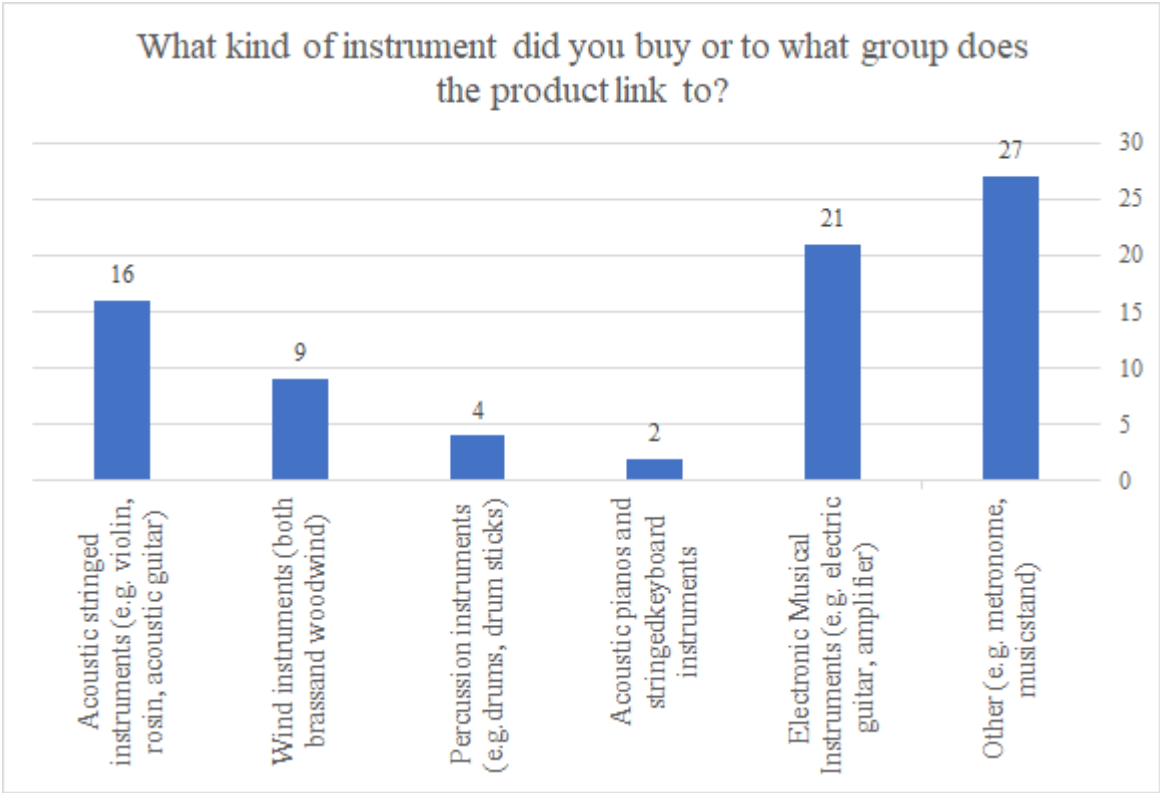


Figure 2 - What kind of instrument did you buy or to what group does the product link to?

Source: own editing on the basis of own research

As this question was so-called checkbox type, people could choose multiple responses and as presented above in Figure 2, among the 45 individuals - who marked that they have already used electronic commerce as a tool for their purchase -, most of them was referring to those products that cannot be classified under any of the other criteria, these are usually universally used products, such as metronome and music stands. As I learned to know some of the examples, which were mentioned multiple times in the next optional question, are tuning fork (especially among professionals, music teachers), guitar picks and drum sets, and as for these two, according to an anonymous respondent, there is a great variety of these gadgets in the

internet that cannot be found in local stores. People are willing to pay twice the price of the actual product for international delivery if the surface of these 3-cm-tall guitar picks are painted by a famous artist. And these unique products are the ones that primarily drives the online distribution for this industry. Nevertheless, the greater volume represents a greater number of sales not actual revenue. There might be hundreds of thousands of drumsticks purchased from Emag or Hangszerpláza in Hungary this year, these sales only equal approximately one first-class acoustic guitar, and at the end of the day, retailers look after for their net profit not the number of sales contracts they have on their desks.

The second competitor was the electric musical instruments, including electric guitars, amplifiers, digital pianos, etc. This outcome comes hand in hand with the global market forecast presented above, referring to Statista data. As I already discussed, digital instruments will be one of the key elements of the global revenue when it comes to the musical industry and my smaller research supports this trend.

On the third level, we can see the acoustic stringed instruments like cello and acoustic guitars and their accessories. Even though the final product is rather delicate, most stringed instruments need regular maintenance with different products such as rosin, bow hair and string. The need for accessories originates from the structure of the tool, and luckily these are less sensitive parts and fixing or replacing them is easier and cost efficient than the whole instrument body.

While on the other hand, the fourth most popular group, wind instruments such as brass (trumpet, tuba) and woodwind (clarinet, flute), are available in one piece and accessories are rather limited in this segment, nonetheless, there are still quite many occasions when musicians chose an online platform for their woodwind-kind instrument or accessories.

Percussion instruments include not only the well-known many-part drum sets, but xylophone, tambourine and so on. Some may categorize traditional piano into this group because of their original characteristics, on the one hand, it is considered to be a type of chordophone, in stringed family – similar to harp –, as it has strings stretched between two point (stringed attributes) giving the base of the sound, however, on the other hand the sound of the instrument is generated by hammers hitting (percussion attribute) those strings, it also falls under the realm of percussion instrument (Rogers, n.d.), meaning it is up for discussion to decide which category should take credit for this well-known instrument. In my research – in

line with the previously displayed categorization by Statista input data – traditional pianos (both grand and upright ones) fall under the sixth category: acoustic pianos and stringed keyboard instruments.

Which drives up to our last point: only 2 persons from the 45 marked this section as the type of instrument family that they have already purchased from to a certain extent. This should not be a shocking fact, and the reason behind is that traditional pianos take time and a lot of effort to manufacture, cannot be easily replaced with low-budget versions - which in the case of smaller and less complex instruments (ukulele, just to give an example) are flowing in the market by the hands of second-class opponents - so the competition is lower, the value behind these instruments are much higher so the actual sales are obviously lower and this limited volume is narrowed down to the elite manufacturers and luthiers.

The next question was inquiring about the type of the product, whether if these purchased items are the actual instruments as such or rather just an accessory for the tool, and while most of the people chose the accessories, more specifically 85%, 32% of the respondents – those who have previously stated that they already chose an online distributor as the form of their purchase - have already purchased a final product online. And as a side question, this 32% needed to answer to a question which was regarding the actual amount spent on such product. With this question I wanted to gain a better understanding on the type of the products and as there are long lift of these, I decided to choose this method as I believed it would also give a general overview. And it indeed did, as it turned out, no one spent more than 50.000 Hungarian forints. What is expensive and cheap is quite relative for many households, but if we just approaching the product side, we can see that this above-mentioned amount is relatively low if we are thinking of a brand-new musical instrument.

The next couple of questions were related to the timing of the purchase, when did the customers initially started using online platforms or if it was just a one-time occasion, when exactly did it happen and what was the root cause of the choice. Here I was focusing on COVID-19 pandemic effects and the worldwide lockdown long-term consequences. I differentiated 5 periods to see the best possible overview. Please see below in Figure 3 the results.

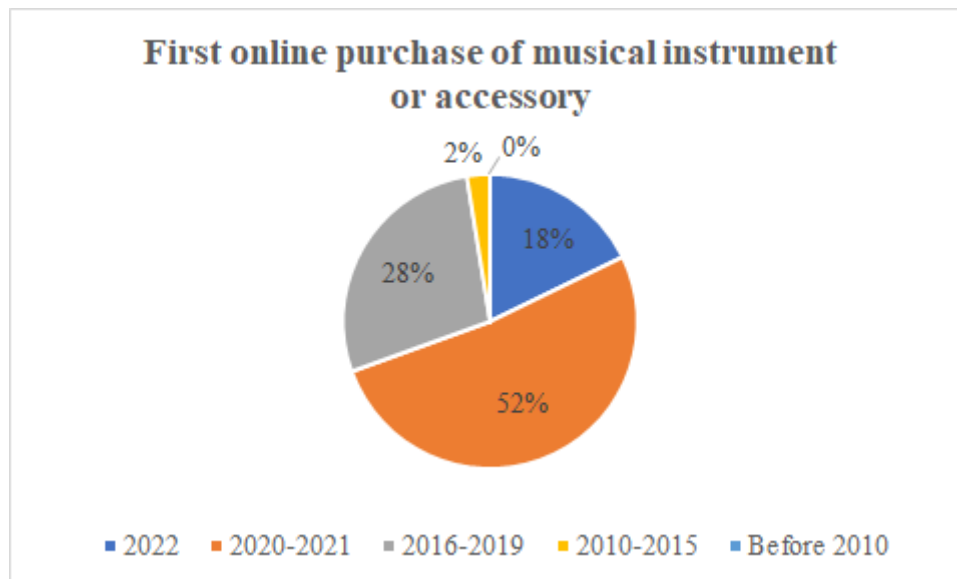


Figure 3 - When was the first time that you purchased anything online which is musical instruments related?

Source: own editing on the basis of own research

- As presented above, no one from my sample was involved in musical instruments electric commerce before 2010. Considering the fact that many Hungarian music retailers launched their online presence in the early 2000s, it might seem unrealistic, however, back then this whole phenomenon was a brand-new idea, smarter vendors realized the potentials sooner than others. One of the biggest musical retailer businesses in Hungary: *Muziker*, set its online appearance in motion in 2004 (Muziker, n.d.). Nevertheless, it took 6 years to receive so many online orders, so that Muziker team needed to expand their warehouse capacity and reinvent the whole logistics process so that they could continue to deliver the demands uninterruptedly (Muziker, n.d.), displaying a great example that there was some sort of a milestone around 2010.
- The next time period was laid down for 2010-2015. During this timeline, several new tool and opportunities appear on the scenes and started to slowly take over some parts of the global market, mostly focusing on the payment methods, facilitating the whole online shopping. These digital tools including Google Wallet: a mobile payment service in 2011, Apple Pay: similar to Google Wallet, a payment tool functioning similarly as a credit card, but the usage is much more clear-out and advanced. But also, it needs to be clarified that Apple Pay online entered the Hungarian market in 2019 (Miller, 2019), roughly 5 years later than global release. As we can see, even if the global e-commerce were already approaching its peak in the developed Western region – in the 2019 US economy, e-commerce retail sales were giving more than the

12% of total sales, and that number just increased during the upcoming years (Coppola, In-store and e-commerce retail sales in the United States in 2019, by channel, 2022) -, Hungary alongside with most of the Eastern European economies were a bit behind, and as of that, it cannot be measure on the same page with the country where these above mentioned digital tools promoted e-commerce from a much earlier period. It is clearly visible from Figure 3 that the early 2010s were just the tip of the iceberg for domestic online retail sector, nonetheless, there were already pioneers who had a go at musical instruments e-commerce.

- As we turned to the period of 2016-2019, we can observe the first bigger jump in online consumption. People who belong to this group, based on their first purchase date, were the last one to explore the mysteries and opportunities of the pre-pandemic status of the segment. During the late 2010s, most of retailers, including most musical instrument retailers and individual luthiers, were already in the possession of a well-functioning digital purchase panel. E-commerce shares from the total domestic retail sector was more than 6% in 2019 (ekerstat, n.d.) before costumers were even forced to open these websites at the result of the general closure of brick-and-mortars.

It is interesting to note that among those, who have chosen the digital method for buying a musical tool even only one occasion, almost third of them were already familiar with the concept and used it before the pandemic hit.

- But what are the tendencies when we try to observe the figures after 2020 as the balance has unquestionably tipped in favour of the online form? This question is unarguably one the most interesting ones for vendors, marketers and basically everyone involving in the business in recent years. We can see even from this smaller sample that 2020 and 2021 were those years when the greater part of the consumers picked up on e-commerce. The involving parties and especially the sellers must analyse the past patterns and fabricate an accomplishable plan for the future, because it is not enough that the thousands of consumers were artificially magnetized to their online shopping webpage, they need to keep these figures up as well. The detailed questions on these hidden potentials are the main line of the following questions.
- And last but not least, it is worth mentioning that even this year, in 2022, when Covid-19 is – fortunately or unfortunately: this is rather a *‘out of a frying pan and into the fire’* situation – no longer within the primary global scope. On one hand, as we know “after a mass trauma comes the mas forgetting” (Delaney, 2022), the pandemic period was an awful torture for many around the world, involving physical and psychological

illnesses, undesirable distancing, lockdown and even the loss of a loved one; it is completely understandable that citizens would much rather delete the last two years and never look back. Nonetheless, on the other hand, there is another, even more serious cause that overshadowing the recent pandemic crisis: that is the Russian invasion of Ukraine.

As the Russian Invasion over Ukraine has comes into question, I wanted to utilize this part and claim that, as the war is still ongoing and deeper investigations is still considered to be on dangerous grounds, I did not have the sufficient background data to analyse the impacts of the Russo-Ukrainian War on the musical instrument market. The figures are still not final, and negotiations are still in the developing status, and trade policies are quite volatile these days. The long-term impacts of the invasion is yet to be discussed in later studies.

So, as we take a look back at Figure 3, the most interesting outcome might be the high ratio of those who have bought their first musical product this year. This 18% shows great potentials in the future of online retail sector. Reflecting back to one of my sub-hypothesis, this finding might be the most significant difference between the actual responses and the initial speculations. Despite the fact that this segment is even less than the fifth ratio and the one before was responsible for more than the half, I believe this number clearly displays the future potentials even better and draws the attention, not to mention the remaining 62% of people who have not yet entered the online mechanism called e-commerce when it comes to musical instruments, giving an unexploited segment of the overall population.

Reflecting to the next two question, among those respondents who have claimed to be already involved with e-commerce, around 56% has declared that Covid-19 pandemic and the inherent lockdown changed their perspective in any form, regarding the musical instruments purchasing approach when choosing between online and offline options. Among this more-than-majority portion, most of them are now conduct their purchases in a hybrid way: the principal and more expensive instruments are bought in traditional brick-and-mortars after trying out and making sure to get the exact desired model, but accessories which is more easily replaceable and does not have the highest value, are purchased via online shopping platforms. There are certain instruments that need supplementary products to be changed

every once in a while, to accompany the main part, such as reeds for clarinet mouthpiece, horse or synthetic hair for stringed instruments' bows and the list is more or less endless, giving retailer hope for their future online presence. Some individuals chose the option which states that as soon as the music stores reopened and there was no desperate need for using websites to acquire the wanted product, they left the artificial method and ever since they are only buying goods from in-store facilities. Oddly enough, no one claimed to shift to online method entirely, meaning that traditional "offline" shops will still be needed in the future for the trade of musical instruments.

My research set a light on the reasons behind the choice of online over offline purchasing methods: 50% of those who have used online shopping at least once for their musical products stated that the reason behind their choice was rooting from the lockdown. This finding is perfectly in line with the dates of first purchase, giving the fact that approximately the same amount of participants marked 2020-2021 as the period of their first purchase. The second most famous answer was the one which states that the bought item was already an known one and as they had trust in the brand and product for years they decided to order it online. This is an interesting finding, showing the importance of trust in this market. Other reasons were relatively less celebrated among respondents, however, it is worth mentioning some of them decided to try out something new, their acquisitions were rather directed towards a specialty, and some individual responses were indicating that the reason behind their chose was that e-commerce is really well-developed and so is electronic product selection on certain sites such as E-digital and Alza, and as their instrument were digital pianos and guitars they decided to try out these sites as they had good former connection. Again, showing the importance of trust: as these above-mentioned retailers have shown good product selection in various field, consumers tend to trust them and therefore choose their goods.

As for the question inquiring the popularity of each type of retailer, the findings showed that most consumers would much rather choose a well-known retailer that is specialised in musical instruments such as Muziker or Hangszerpláza. Even with the increasing tendencies of e-commerce general retailers, people still prefer specialized stores for products which are as unique as musical instruments. The least favourite contestants are independent luthiers. Investigating musical connection and the choice of merchants, I could draw the inference that most of the customers of independent luthiers are the professionals. Not a shocking finding, as

the products available at single luthiers are much rather customize and unique therefore more expensive but unarguably the best-quality which is needed for any professional musician.

The next two question was regarding the techniques: first, the primary device that was used for the online shopping was the computer, more than 66%. Mobile devices were less popular and rather only at the younger age groups. Even though as of 2022 the main electronic device is the computer for online shopping, but as the younger age groups grow to become to dominant part of the customer market, retailers must adopt to their preferences. I believe laptops and desktops will not be forgotten in the future, but mobile application for online shopping is definitely a must for every business.

As for the payment options, the most frequent answer was the *online immediately with my card*, however, still more than 45% has at least once paid after delivery. As for the initial preferences: only approximately 30% of respondent favours cash at delivery. Overall, this group consist of generation X, they have a different perspective about digital account and have lower trust level when it comes to online paying, that is why giving the numbers of their bank account and paying without a serious assurance is not ideal for them.

In line with the findings, online prepayment is the dominant method for the future, luckily it is considered to be a win-win for both seller and buyer: the seller does not need to clear the way for the payment option with a third-party deliveryman and customers can also just conduct the payment in one click.

As an overall inquire for those who have already been involved in online musical instrument deal, I ask them about the preferences and thought between online and offline environment. Around the half of the respondents marked the options which considers a hybrid method: the choice depends on a lot of factors such as the underlying product, price, delivery, reputation of the retailer / manufacturer. To highlight one additional comment by a professor of flute at a bigger city in Hungary, she suggested that her choice varies depending on the final usage of the product: she was responsible for the purchase of music school instruments for years, these are the first tools for children to learn, most of them start on a school-provided instrument and in that case, the instrument does not need to be the most expensive, elite piece, however, the quality is really important. "I have been buying music instruments for years for students of different instruments and I am fine with the deal of a main Hungarian music retailer, they also give discounts for music schools, but as for my own flute, I bought it from a well-known Austrian luthier, after trying out many different models; this one is first-class and really

expensive, but my profession requires it". As it reflects from this note as well, there is a clear parallel between the value of an instrument and the potentials of e-commerce.

The second places went to the entirely traditional preferences: even those who have tried the other option would much rather go inside of a traditional store to buy their equipment.

Nonetheless, there are still 15% of the selected respondents who chose e-commerce over traditional one under any circumstances. These individuals are generally those who have the least contact with music in general and see musical instruments as a rare hobby, as for generational distribution it cannot really be connected to a specific age group.

After these parts I would like to give a detailed description on my finding of those individuals who have never used an online engine to buy their musical instruments or accessories. The first question was related to the whys, is there any particular reason why they have not tried it. Around 90% of the particular respondents privileging the power of the real-life contact: the presence of all the products in one place, where customers can try and feel them, the presence of a qualified shop assistant to guide them is a necessary for most of the people involving in this survey. Another famous reason is that most of them already know a trustworthy retailer in their city or town and throughout the years, it has demonstrated strengths and availability. All other response choices individually infinitesimal compared to the previous ones. Most generation X marked the lack of cash at delivery options, reflecting back to their generational attributes. The transportation terms and length of the actual delivery does not seem to really influence the habits.

Referencing one of the anonymous respondents, most final instruments cost more than 100.000 Hungarian forints and the higher the price the lower the willingness towards an unseen method of purchase.

Also, another respondent, whose place of residence is the capitol, suggested that Budapest has many locations where customers can try out equipment and create their own ideas on the products before they would actually need to pay for it. Moreover, there one other answer stated that he would rather spend on fuel or train ticket and travel to Budapest where there are many store options, than to order it online, as the price of the delivery is almost equals the price he would pay for the travel, while visiting a traditional store walks hand in hand with the experience that a brick-and-mortar could provide.

And the last formal question was regarding the conditions under which consumers would consider turning to online shopping. From the received answers I drew the inference that an

option which allows consumers to try the instrument first and the no pre-payment needed factors might be the conditions which could help promoting e-commerce in the field of musical instruments. Delivery length and price do not really contribute online shopping in this field. Lower prices might call attention for the digital space but that is definitely not the key tool that needs to be primarily utilized for marketing purposes.

To sum up the achieved results of my research, I can now claim with confidence that musical instruments are important products of the e-commerce system, however, the power of the good-old brick-and-mortars should not be underestimate. Especially after 2020 lockdown, we can state that the Covid-19 pandemic did have a serious impact on the industry, taking into consideration that it has been almost 3 years since the first shops closed and people were forced to use online alternatives for their purchases, we can see a clearer pattern on the long-term effects as well. Many musicians' habits have changed because of the worldwide crisis, leaving a positive impact on e-commerce, but traditional in-store purchases still remain more popular.

As we could see from the figures, marketing by utilizing the power of generational differences is an inevitable step for a successful business and novelty must be taken seriously as the young generations are slowly but surely taking the majority of the overall global sales. And yet, there is even a yet unexplored age: the Alphas, forming a brand-new type of consumer behaviours, kicking up the barriers and creating their own economic culture.

And to reflect back to my hypotheses, as a summary, those retailers have the upper hand in e-commerce who are dealing with numerous musical accessories and potentially provides opportunities to try out the product before actually sign the contract of sale.

THE INFLUENCE OF DIGITAL DEVELOPMENT

Similarly to many other market fields, musical industry will also be strongly impacted by the modern technology, more specifically Artificial Intelligence. AI is “the capacity of computers or rather machines to exhibit or simulate intelligence behaviour” (OED, 2022). This rapidly developing business was designed to build up the machinery background which is capable of mimicking and displaying certain skills that are – or rather *were*, due to such innovations - associated with human intelligence, such as voice recognition or information filtering system.

Even though AI exists for decades, recent digital capacity improvement helped the discipline to rejuvenate and take a centre stage in the digital space (Sinha & Al Huraimel, 2020).

According to a recent McKinsey Global Institute study, AI could potentially deliver an additional global economic output of about \$13 trillion by the end of 2030, boosting the global GDP by approximately 1.2% a year (Berglind, Fadia, & Isherwood, 2022).

As we know, Artificial Intelligence insinuates into our lives deeper with every year, starting from targeted advertisements to medical research, lately it is also increasingly used in the arts, including music; assisting artists or even taking full part in automating certain processes within music-making (Laidlow, 2022). More specifically, there are more and more attempts lately to assimilate AI into classical music composing. In 2019, the Brussels Philharmonic Orchestra performed a romantic-sounded piece composed by AVIA, an Artificial Intelligence powered software with no human participation, however, it was performed by real human-beings with their acoustic musical instruments, creating a mixture of emotions within the audience.

However, musical industry is not the first field within art that has been challenged by AI. Elon Musk-backed AI research laboratory *OpenAI* has recently released its state-of-the-art technology called DALL·E 2 which is considered to be the most advanced AI art generator yet (Foley, 2022). The system can create realistic images and art from only a simple text typed in by basically anyone who is keen on having its own artwork. It is only the matter of time that a similar technology enters the market focusing on music creation.

In my opinion, the possibility behind these programmes should be considered as an opportunity for musicians. It will open new doors for both orchestras and solo musicians, and those, willing to try out new trends like AI-generated music, will provide something new to their audience which might boost popularity of certain music genre and instruments. Even though classical music and traditional instruments will always play a significant role in the musical industry, evolution cannot be denied. If we think of the fact that in the 17th-18th century, in the Baroque area, string instruments were the most important part of the orchestra and therefore the musical world, nowadays, however, it is still one of the principal instruments, other kinds took their pieces from the pie, as we can see from the statistics.

Nonetheless, the key necessity for humans will never be replaced, as creativity and intuitive innovation are something that will always be a human feature. And even if Artificial

Intelligence does worm itself into the music industry, the importance of traditional instruments and their musicians still remain the same. Since this technology is not directly controlled by musicians but will affect the industry in many ways, collaboration is quite important to ensure the best possible thrive of both classical and non-classical music (Laidlow, 2022).

GLOBAL TRADE POLICIES IMPACTING MUSICAL INSTRUMENTS

How the US-Chine trade war impacts the global trade

The former President of the United States of America, Donald Trump was quite a controversial figure in the history of American heads of state, fomenting several protests and disapproval from various citizens and even politicians. His executive orders covered numerous subjects including immigration, illegal drug trafficking, ethnical questions and visa programs (Zoppo, Santos, & Hudgins, 2017). Nevertheless, one of the most significant acts which instigated people around the world to object against him and his whole authority, was his distinguishing foreign trade policy. The narcissist personal traits (Utrecht University, n.d.) of the 45th President drove him to antagonize with leaders of other states and former allies, marking his period of tenure rather unpredictable and strained (Bennhold, 2020). Within the framework of the nationalist idea of “America First” – an economic policy introduced by Woodrow Wilson during the World War I –, Trump imposed different tariffs on a great many export goods flowing into the US economy (Long, 2018). Such tariffs were issued against China, the European Union, and Mexico among others, effecting the export duties on raw materials such as steel, aluminium (Iyengar, 2018), and final products like washing machines and solar panels (Gonzales, 2018).

One year into his election, Donald Trump and his foreign policy initiatives became daily front page news, most importantly due to the, at that time recent, phenomenon: the Trade War against China. What is considered to be the official first step, made by the American leader, was the actual execution of a tariff imposed on 34 billion USD worth of Chinese products and consequently, the retaliation by Beijing was just as quick in the form of a similar sized tariffs on American goods. The theoretical background of such serious actions of the American leader

was to protect his citizens by changing the attitude behind the longstanding global unfair trade practices and intellectual property theft (Swanson, 2018).

Even considering the fact that global musical instrument trade takes up a relatively small scale from this severe foreign policy, needless to say, this market was also impacted by the new-fangled trade deals. A study published in the Music Trade article in 2018, at the peak of the trade war, was investigating the import duties of musical instruments around the world, primarily focusing on China and the USA. According to their research, out of the 7.4 billion US dollar worth merchandise flowed through the U.S. market during that year, approximately 65% was manufactured outside of the States (Music Trades, 2018). The potentials in these imported products are the inexpensive prices and yet relatively high-quality attributes compared to American opponents.

One of the biggest competitors of the States on the market is unarguably the People's Republic of China. Attitude towards musical instruments and stance towards music in general varied quite materially over the last couple of years in China. The political and ethnical background of the Asian country shaped the whole industry in a dissimilar way, contrary to the Western World and its standards. During the Chinese Proletarian Cultural Revolution, between 1966-76, the sector and the cultural politics walked hand in hand, convergence between these two was a cornerstone for the political and ideological instrumentalising of the market (Tschmuck, 2012). Even though the second half of the 20th century held a positive upbeat for the Chinese sector and considered to be the period for modernization and revival of the musical culture (Fangjun Li, 2012), still, after the Cultural Revolution the music sector stayed rather closed and controlled and even today, the structures of the Chinese and Western music industries cannot be weighed against another. These cultural and political differences make international trade even harder and more complex issue for traders to deal with. Nevertheless, Chinese market share in the global musical instruments trade weights almost twice as the States' (Statista, n.d.) - in 2021 the total revenue of musical instruments of China was 7.23 billion USD while only 4.46 for the USA -, surpassing the US to become the largest musical instrument market in the world (Colborne, 2017).

As presented below on Figure 4, Chinese exported products' price commence from way lower, in some cases even it can be the tenth of the identical US product, while the United States was rather only trading its first-class, prominent instrument overseas, such as Steinway pianos, which indicates disparity between these two (Music Trades, 2018).

HOW TARIFFS IMPACT SELLING PRICES.....

On U.S. Products Exported To China

| Product | U.S. Retail Price | Chinese Tariff & VAT Charges |
|--|-------------------|------------------------------|
| Steinway Model B Grand  | \$108,700 | \$40,000 |
| Bach Stradivarius 18037 Trumpet  | \$2,900 | \$800 |
| C.F. Martin D-28  | \$2,850 | \$800 |

On Chinese Products Exported To The U.S.

| Product | U.S. Retail Price | U.S. Tariff Costs |
|--|-------------------|-------------------|
| Chinese-made 5'8" Grand  | \$15,500 | \$220 |
| Chinese-made Student Trumpet  | \$350 | \$6.60 |
| Chinese-made Dreadnought Guitar, No Electronics  | \$200 | \$4.00 |

Figure 4 - U.S. vs Chinese customs duty and selling prices
Source: Music Trades

The above-mentioned analysis by Music Trades is questioning the root cause of such disparity: is this so-called imbalance due to the national migration of production to optimal environments or is it the consequence of the severe and inconsistent trade barriers. Looking closely at the actual numbers of tariffs, we can see that the two countries had different opinions regarding the tariffs needed to be imposed on foreign products. 6 years ago, in 2016, Chinese musical instruments, coming in the US economy, was imposed by a 3.2% tariff which was then accompanied by an additional state sales tax ranging between 5-10%, summing up to a total of 7-13% tax obligated to pay by the retailers, however, on the other hand, American products were faced with a tariff of 17.5% at the port of entry and another 17% in the form of the value added tax (VAT) at the point of sale (Music Trades, 2018). As demonstrated, the differences between the joint volume of the imposed direct and indirect taxes (the topmost 13% versus the 34.5%) are rather eye-catching and we reached a point in

the global economic state when privileging the allegedly impoverished yet emerging Asian state over the industrialized Western world-power might be rather inaccurate. The relatively quick recovery of the collapse of its empire in 1911, China has not only built up a strongly functioning economy within less than a century, but also taken a seat at the table of the most powerful sovereigns around the world, becoming a potential serious threat to the world till-now leaders (Herrmann-Pillath, 2019). Even though The People's Republic of China joined the World Trade Organization in 2001 with the official aim of reducing trade discrimination and helping work up lower barriers through negotiations (WTO, n.d.), "China has yet to reciprocate by reducing barriers to its domestic market" (Music Trades, 2018).

The 34% import tax on musical instruments imposed by China does not make only the United States indignant. Thanks to the North American Free Trade Agreement (NAFTA), both Mexico and Canada enjoy the privilege of the free trading zone with the USA, moreover, there are 20 members of the WTO with which the USA holds a Free-Trade Agreement (FTA), meaning an even more beneficial trade barrier, in some cases zero in the aim of protect the rights of the U.S. business (International Trade Administration, n.d.): Hong Kong, Iceland, Japan, Singapore and South Korea charge no duties on musical instruments import at all (Music Trades, 2018), supporting the US manufacturer even more.

Broadening the scope and take a look at the rest of the world, regarding the customs duties on musical instruments, we can observe, that the European Union – in line with the United States – declares a fair amount of 3.2%, while if we turn to the south and more specifically to Latin America we come across of a comparatively higher import duties of 18% imposed by Argentina and Brazil, while on the other hand, Chile and Peru have recently cut down their import duties to 6%, initiating a potential change in trade potentials within the Latin American region, when it comes to exporting domestic musical instruments (Music Trades, 2018).

What might be a significant menace for one section of the domestic economic machine, can indicate a positive boost for another part. Even if the extremely high Chinese import tariffs turned musical instrument exportation into a nightmare for US engaged parties, those Chinese products flowing easily at a lower price into American territory, truly revives the market as well. These high-value, low-cost music tools supports market penetration by expanding the potential consumers who, at the end of the day, will indeed contribute to the domestic wealth by their spending. As discussed previously, reflecting to the analysis prepared by the Pattern

Data Science, the immense fluctuation of both quality and price of these musical instruments on the market contributes to the positive potential improvements in total. The cheaper yet relatively reasonable quality instruments opened the market for another segment of the population which therefore has a huge impact on both domestic and global economy.

Besides, other part of the US supply chain also judges the international trade structure which allows national and local retailers to advertise and merchandise final products and tool made in Asia. Most American manufacturers find it aggravating that one of the most recognized world-class American piano company the Stairway & Sons sells Asian-produced Boston and Essex pianos to the American consumers, instead of sticking with the fellow countrymen's fabrications and prioritize domestic manufacturers instead (Music Trades, 2018).

But what is China's perspective as the other involving party of this trade war? We can observe a relatively bigger gap between desirable roads or outcomes of the conflict between politicians and law-makers, and the ordinary citizens, more specifically musicians. As already discussed, international trade tariffs on import products are one of the highest around the world so that the state can encourage domestic manufacturers and promote their works, with the intention of boosting the national economy. On the other hand, the demand is rising for high quality, elite tools among musicians: even if Chinese manufacturers are capable of producing parallel instruments, these ones lack a significant factor which is the western (and more specifically European) culture behind (Colborne, 2017). The interesting finding is that China is rather interested in the European production, because of the cultural greatness behind European musical instruments. In spite of the fact that Chinese musical heritage is just as rich as the European, as the transparency between Eastern and Western market has steadily becoming more and more noticeable among ordinary people as well, a need for the original European first-class products rose parallelly. Even though both China and the USA have higher GDP amount than all European countries in the aggregate, the history and sociological factors are still one unbeatable component for international trade. According to one of the most prestigious Italian violin-maker, Matteo Mazzotti, who also counts most of his production exporting to China, these Asian musicians have built a strong musical culture and become more and more expert of their instruments and also they could obtain these tools from local luthiers more easily, however, they would rather choose the traditional, eminent ones coming from a country full of culture and life; and this trend doesn't seem to easily vanish away in the upcoming years or even decades (Colborne, 2017). The golden standards of

fashion and what is considered to be the “mainstream” global culture, is originated from Europe, a territory rich of heritage and great history influences the rest of the world wittingly or unwittingly, which eventually will have a serious impact on the economic standings. Entering a foreign market has loads of works to do in advance and while the functioning as well. A New York City-based French luthier Christophe Landon stated that the import and export questions are barely easy to clearly see through and understand because of the different agreements and treaties between nations (Colborne, 2017). Another factor what needs to be anticipated with regards of the Chinese market penetration is the cultural differences, discussed by Mr Mazzotti; unlike in the Europe and the US, it is not enough to be a good salesman to conduct business with Chinese counterparty, exporters need to develop a rather personal relationship with the partners to make them trust them, which is essential for a business deal for most Chinese retailers or musicians. To sum it up, China has grown a relatively higher demand towards European musical instruments during the last decades and this will only advance thanks to the growing population, changes in world power positioning and culture shifts.

The infamous label of “*Made in China*” has long been around in our everyday life and people tend to – even unwittingly – associate the phrase with mass production of low-quality and inexpensive product flood. The phenomenon created a mixture of feelings towards Chinese products: on one hand, people around the world praise the Asian blue-collar workers who provide the cheapest products, their machinery and the whole operational background which allows them to purchase any kind of trinkets – the cheap but just as fine alternatives of the domestic products - for less than a dollar without even paying for the international shipping; but on the other hand, customers tend not to trust these products that much and in most cases choose the well-known local product when it comes to serious purchase, because then the quality factor appears on the scene as well which is crucial after a certain limit .The potential explanation for the seemingly much greater deals coming from the People’s Republic of China, are quite complex: firstly, the combination of high population density and lower wages creates a perfect foundation for the universal operation because of the general rule of supply and demand. Even with an economy of the size of China, with the second highest GDP globally (International Monetary Fund, 2022), the supply of the available workers outgrew the demand low-wage workers, so the government can allow to itself to keep the salaries as low as possible. Secondly, opposed to the Unites States, China applies no value added tax (VAT) (Li & Whalley, 2011) on exported goods, in order to support international competitiveness.

And as an additional possibility behind the cheap prices is the artificial manipulation of the currency for exchange gains purposes (BAJPAI, 2022).

But what is the current situation of the trade war as a new US president was elected in recent years? While Joe Biden might not be as aggressive and offensive as his predecessor, he has not withdrawn any of the previously set high import tariffs on Chinese products, leaving the possibility of an even 40% duty on products (US Customs Duties, n.d.).

SUSTAINABILITY IN MUSICAL INSTRUMENT PRODUCING

Paying attention to sustainability became more and more crucial in the last years among all actors of international affairs. According to a latest McKinsey survey, executives and investment professionals largely agree on the fact that ESG (environmental, social and governance) programs create both short- and long-term additional value (McKinsey Sustainability, 2020), urging multinational companies, traders and investors to raise awareness on the importance of sustainable development.

There are also increasing number of attempts seeking eco-friendly ways of making and delivering music. Some of the examples are the remarkable La Scala Opera in Milan, which will install solar panels on its roof in December 2022 (Schmid, 2021), Glyndebourne Opera House, which was known to become the first UK arts organization to generate its own power through its wind turbine halved its carbon emission over the last decade (Lockheart, 2022), or the international artist management agency HarrisonParrott announced, it was reconsidering the ways of travel for its musicians, promising to journey by rail rather than air whenever possible (Jackson, 2022).

As regards to the musical instruments market, fight against climate change, in the form of sustainable production has been progressively appearing as well. Our natural resources are limited, and all musical instruments are made of materials of some kind, among which some are already subjects to international regulations because of their diminishing supplies. To give an example, trade with some of the exotic hardwoods such as Pernambuco and rosewood, both are traditionally used in instrument fittings and bows for string instruments, are now being controlled by CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora), setting certain boundaries for luthiers and musical instruments traders.

CITES is an international agreement between governments aiming to ensure that international trade in specimens of wild animal and plants does not threaten the survival of the species (CITES, 2022). CITES comprises of three appendices listing all the species that need protection because of the threat of their extinction. Trading those species in any of the appendices requires special treatment of some kind or permits depending on the listing. As of October 2022, pernambuco wood species (*Paubrasilia echinata*) is listed in CITES Appendix II with an annotation that delimits the scope of the need for a permit to : "Designates logs, sawn wood and veneer sheets, including unfinished wood articles used for the fabrication of bows for stringed musical instruments." (United Nations Environmental Programme, 2022) meaning that bow makers need a CITES permit to import the raw wood for the fabrication of the bow, but no CITES permit is needed for the international import or export of the finished bow (Luthiers, 2022). However, the 19th meeting of the Conference of the Parties of CITES takes place between 14-25 November 2022 with an interesting agenda point proposed by Brazil – the tree being endemic of the Atlantic Forest, also known as brazilwood as the national tree of the country (Mori, 2014) - to transfer that particular species from Appendices II to I causing both manufacturers and particular musicians some serious issues in the future. Apart from the requirement of a Musical Instrument Certificate (MIC) from anybody planning an international journey with a bow made from Pernambuco, post-convention (after 13 September 2007) trade would not be allowed at all. As the majority of fine bows are made from pernambuco wood, the proposal caused some serious outrage among both stringed instrument players and manufacturers. Nevertheless, Brazil's stated goal with this proposal is to eliminate illegal exportation and importation of the material as the evidence of such trade is extremely disturbing and poses a threat to legitimate counterparties (Alliance-USA, 2022). In recent years, investigations by IBAMA (Brazilian Institute for the Environment and Renewable Natural Resources) and the Federal Police have revealed that the Brazilian Industry has long been using native wood to supply the growing international market for the bows in the USA, Europe and Asia which is strictly prohibited because of the conservation (CITES, 2022).

However, pernambuco wood is not the only material in the scope for CITES Appendices. Ebony and rosewood from Madagascar, used for the manufacture of wind instruments and piano keys inter alia, is also protected by the treaty. During the last meeting of the Conference of the Parties, held in Geneva, Switzerland in 2019, a document was submitted by the USA at the request of the World Resources Institute demanding the uplift from Appendix II to

Appendix I of Malagasy woods for their survival (CITES, 2019). The request was lying on the same ground as the one for the Brazilian tree: the global issue of illegal timber trade. One of the main importers of rosewood is China with the rapidly growing demand, rose from 200,000 to 1.7 million cubic meters between 2000 and 2014 leaving us a 750% increase worth over 2 billion dollars (Environmental Investigation Agency, 2017). No doubt, that such significant enlargement of the market would raise the attention of illegal merchants as well, in a country where corruption and political instability are rampant (CITES, 2019). In recent years, World Bank-backed Malagasy government initiative to foster the sale of massive stocks of confiscated wood also created a deep resentment, indicating the possibility of encouraging further illegal harvest behind such act.

Nevertheless, luthiers have already come up with alternative, perhaps more sustainable ways of musical instrument making, ideas including using common woods like beech and spruce instead of the above mentioned ones, replacing ivory with synthetic or metal replacements, faux-leather or artificial bow hair (Sommerford, 2022). Needless to say, any switch from the traditional, time-tested materials could cause yet unseen problems and concerns: will it sound and feel the same, will it be durable and actually more sustainable? And of course, one of the centric questions when we measure the issue from a trader's or economist's point of view: how much will it cost, will our business still remain profitable, how will the illegal commerce influence the market?

One of the finest outcomes of the battle against the worldwide overexploitation of tropical wood – the traditional base of several musical instruments – and stricter trade regulations, is *Sonowood*, a sustainable wood invented by Swiss Wood Solution (SWS). The Swiss start-up took the rather accessible tree species such as maple, spruce and walnut, and modified them to reach the wanted density and hardness so it could be the best substitute to musical instruments' base. The offer of the company varies from plucked to bowed instruments, also containing of picks matching the former one. These products propose many benefits for musicians: first and foremost there is no legal restrictions opposed to their "original" partners, despite being a natural material, Sonowood is and will be available continuously in constant quality thanks to the sustainable forestry, and ultimately, the sound of these instruments matches perfectly the traditional ones according to and approved by professional musicians and luthiers (Swiss Wood Solutions AG, 2022).

Other examples of such advanced start-ups focusing on musical instrument fabricating are Berdani which invented its *Dark Paper*, a fully sustainable, biodegradable alternative for ebony composite of recycled paper and resin (Berdani, 2020), forming a perfect violin fingerboard. Apart from these two entirely economically friendly visions, there are other materials that follows a slightly different idea, incorporating synthetics. One great and affordable example is a Finnish company Flaxwood, who developed its natural fibre-reinforced thermoplastic composite material aiming to enter the guitar market (Flaxwood Oy, 2022).

Pioneers have also discovered and presented their ideas to the public in the form of sustainable and even vegan solutions for accessories of musical instruments. When I heard about the first-ever *vegan violin* of the world, I immediately thought that it must be the latest dog and pony show, as I connected veganism with only nourishment and diet in the first place. But as I learned, this once-only-a-fad, now turned out to be a lifestyle for many around the world, reaching more than 44 billion USD in value as of 2022 (Wunsch, 2021), involving approximately 80 million people at least (Meyer, 2022), slowly but surely making its appearance in more and more market fields. True vegans follow a strict lifestyle eliminating all kinds of animal-related product, so it was only a matter of time that it appears in the musical industry as well to replace animal materials such as skins – used for drums -, leather, horn and bone parts for bridges, saddles, tailpieces and fine tuners used in many stringed instruments (India Instruments, n.d.).

The news spread the world in early 2022 that an Irish master violin luthier created the world's 'Vegan Trademark'-ed violin entirely abandoning any form of animal material or product (BBC, 2022). And if it still wouldn't have been awareness-raising enough, the selection of the replacement materials used by the Irish man comprised of wild berries, steamed pear and pure local spring water. This initiative can be the flag-bearer for many other luthiers and musicians pushing the need for such revolutionary acts.

While these new product and accessories are – according to me and many other instrumentalists – great addition to the market and their golden age are just about to start, there are some issues we are facing if we are planning on turning towards them in the future. Some alternatives might carry their own environmental cost, some of them we already are aware of and some of them still needs to be discovered unfortunately. Taking one example, because of CITES international treaty protecting Pernambuco wood, some have already

switched to carbon-fibre bow which can be an alternative; however, one must be aware of the energy consumption behind the production of it. Moreover, replacing horsehair with artificial by-products only creates more non-biodegradable materials, which can truly impact our environment considering the fact that it needs regular change because of the wear and tear.

In any case, while musical instrument market might not be the biggest threat to natural resource utilization, it still seizes quite notable amount from global demand, therefore, these alternatives will contribute to musical instrument market more and more, playing an important role in luthiers', instrument traders' and musicians' professions and lives.

CONCLUSION

Investigating musical instrument industry and trade was unarguably one of the most exciting professional works so far. I was able to get insight of this complex market involving many private and public and independent parties. Reflecting back to the findings of my research, I learned that the biggest impact on the market is during recent years was the pandemic situation and the inherent lockdown which pushed consumers to use the online alternatives even for their musical instrument purchases. However, as the general network of market seem to get back to its origin, consumers also return to the beloved brick-and-mortars.

Regarding the US-China trade war, the question will still remain open between the two biggest actors of the industry as underlying value is really significant, both parties would want the best for their own, and as we could see, changing the president has not changed the perspectives of the US towards Chinese trade agreements and vice versa.

And finally, the environmental changes also has a shaping power over international musical instrument trade. New-fangled trade restrictions on certain raw materials and commodities made luthiers' lives harder. Firstly, the prices would rise higher, later a full ban could lead to the reshaping of manufacturing. The main question is if musicians tolerate these changes.

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APPENDICES:

→ Questionnaire

Questionnaire on Consumer Habits in Online musical instrument commerce

Hello,

My name is Felícia Gréta Gyimesi and I am a final-year student at Budapest Business School (BGE) writing my Bachelor thesis on Musical Instrument Trade.

The aim of this form is for me to gain better knowledge on the customer habits in Hungary regarding the online purchase options for musical instruments in general.

The questionnaire is anonymous and will only take approx. 10 minutes but would be a huge help for my thesis.

Thank you for your contribution!

1. Age group

Please select the time interval when you were born.

- After 1994
- 1980-1994
- 1966-1979
- 1946-1965
- before 1946

2. Place of residence

- Budapest
- Country Seat
- City
- Town or Village

3. What is your everyday connection with musical instruments?

- I am a professional (teacher, musician)
- I have been playing my instrument every day as a hobby for years
- I play once or twice a week

- I used to play my instrument regularly in school or just as a hobby, but nowadays it is rather unique occasions only
 - I have just started my musical journey and so not know much about the profession yet, but I play my instrument quite often and ready for challenges
4. Have you ever bought a musical instrument or accessories (e.g. guitar picks, amplifier, rosin) online?
 - Yes
 - No
 5. What kind of instrument did you buy or to what group does the product link to?
 - Acoustic stringed instruments
 - Wind instruments
 - Percussion instruments
 - Acoustic pianos and stringed keyboard instruments
 - Electronic musical instruments
 - Other
 6. If you have marked "other" in the previous question, can you please specify which products you were referring to?
 7. Which kind of products have you bought?
 - Final musical instrument
 - Just accessories or parts of it
 8. When was the first time that you purchased anything online which is musical instruments related?
 - 2022-
 - 2020-2021
 - 2016-2019
 - 2010-2015
 - Before 2010
 9. Has Covid-19 pandemic and lockdown changed your perspective regarding the musical instruments purchasing online vs offline?
 - Yes
 - No
 10. If yes, how have your buying habits changed after the lockdown was over and traditional shops reopened?

- The principal products (final instruments mainly) I only buy in brick-and-mortars, but as I experienced there are many great opportunities online for accessories for example which I still utilize
- I entirely stopped online shopping as soon as stores reopened, I much rather visit a traditional store nowadays.
- I realized I could find and buy anything online, so I prefer online shopping now for musical instruments and do not really go to shops anymore

11. Why did you decide to purchase online?

- I tried out the product in a store but found a more reasonable price for the same model online
- I have been using the same accessories for years and I do not need to try them out anymore, therefore it is easier to just order it regularly and not waste my time commuting to the closest retailer.
- I wanted to try out something new which I haven't seen in any store so far
- I needed the product but as lockdown was in order, I needed to shift from in-store to online
- Other

12. If you have marked "other" in the previous question, can you please specify what reasons were you referring to?

13. From what kind of site did you purchase?

- E-commerce giant such as Emag
- Musical instruments retailer, such as Hangszerpláza
- Independent luthiers'

14. What devices did you choose to conduct your purchase?

- Mobile phone
- Computer / PC
- Both

15. How did you pay?

- Cash at delivery
- Online pre-payment
- Both

16. Which option do you prefer more?

- Online payments, it is much easier for both the deliveryman and for me
- Cash at delivery, as I believe this is the safest method

17. Overall, which purchasing method do you prefer more?

- Traditional brick-and-mortars, where you can actually see and try out the products and easier to ask for help
- Online sites where you can find anything from the comfort of your home
- It depends on various factors, such as price, delivery, reputation of retailer, etc...

18. Any other comments / suggestions

For those who marked no for the initial question:

19. Why haven't you tried

- I know a good local retailer; I have been buying products from them for years and I am perfectly satisfied
- I do not know which sites to try
- Most websites require immediate payment, I do not think it is safe
- I do not want to waste my time waiting for the delivery to arrive
- I prefer real-life contact
- To promote traditional brick-and-mortars
- Other reasons

20. If you have any other reasons why you have never tried, please explain it in more details.

21. What would possibly change your mind about online shopping?

- Lower prices
- Faster delivery
- Free delivery
- No prepayment needed
- If I could try the product out first
- Other

22. If you chose "other", can you please specify what other factors would push you towards online shopping?

23. If you have any other comments, suggestions for the topic, please feel free to share it here.

Thank you for your contribution, your answers have been submitted.