

CBS Fender

A tale of two cultures & one guitar

For guitar fans, the Fender brand is an icon. Fender guitars, such as the Stratocaster and the Telecaster, were associated with the rock and roll scene of the 1950s and were later played by many of the most famous rock musicians. John Lennon and George Harrison both owned Stratocasters, and Jimi Hendrix also helped to turn that particular model of electric guitar into a legend.

However, at some point in the early 1960s Leo Fender made the near-fatal decision to sell his company. In 1965 he found a buyer in the form of CBS, which already at that time was one of the largest players in the music business, with its record labels and radio shows proving extremely popular and successful. The deal was viewed by both parties as a logical one. After all, CBS was in the music business and Fender made musical instruments. How was that for synergy?

Initially, the move seemed to be a success. As the electric guitar revolutionized rock music in the late 1960s and the 1970s, CBS-Fender remained the main manufacturer of the instrument. Eric Clapton, Mark Knopfler and almost any other guitar legend from that period played a Fender guitar. By 1975, though, the company started to lose market share. 'The problem was, CBS didn't know all that much about real manufacturing,' says Morgan Ringwald, the current PR director for Fender Musical Instruments Corporation. 'After about ten years, they lost sight of all quality control, let their patents lapse, and forgot to keep putting money into research and development. Pretty soon, Asian manufacturers were able to make cheaper and better copies of Fender designs.'

The company's major selling point – the Stratocaster guitar – was neglected. According to the Fender lover's Web site, Fender-strat.com, this was a major mistake: The conglomerate eventually did what no-one else could: make the Strat less powerful. As time went by, new players bought from Fender while experienced players turned to vintage Strats for the eternal brilliance of its design, combined with the understated remarkable versatility [. . .] By 1985, the Strat had been copied, stripped, doctored and otherwise abused. In 1981 CBS had recruited a new management team to 're-invent' the Fender brand. They put together a five-year business plan based on the idea of improving the quality of Fender products. However, the real turnaround didn't occur until 1985, when CBS decided to divest all of its non-broadcasting businesses. Fender was subsequently purchased by a group of employees and investors led by William Schultz.

The Fender company which emerged from this re-birth (as Fender fans like to call it) was certainly smaller than CBS-Fender had ever been. CBS sold only the Fender name patents, and the parts that were left over in stock. No buildings or machines had been involved in the deal. However, what the new Fender company did have was a team of employees who understood exactly what the Fender brand was all about. Indeed, many had been with the company since Leo Fender had begun making guitars and amplifiers back in the 1940s. It didn't take long for the brand to reclaim its place in the hearts of guitar fans worldwide.

During the 1990s, Fender's sales increased dramatically and the company extended its product offerings around the growing requirements of the electrical guitarists, producing not only strings and guitars, but also audio products such as amplifiers and mixing boards. The secret to Fender's continued success rests in its understanding of the values that made the brand so popular in the first place – namely, craftsmanship and a deep understanding of the contemporary guitarist. When those values were temporarily forgotten, during CBS' reign of 1965 to 1985, the brand suffered.

Now, Fender is back on track and its customers are more appreciative of the brand than ever before. As the Fender-strat.com Web site enthuses, Fender has maintained its hold on the hearts, minds, and fingers of guitarists everywhere with relentless quality, as well as some of the highest research and development commitments in the industry.'

This view is supported by another non-official guitar Web site, harmonycentral. com. On that site, Fender-lover Richard Smith congratulates the brand on surviving the CBS years and on its return to its core values. 'The Fender company is still shaping the way the world plays and hears music, and making life better for guitar players,' he says.

Lessons from Fender

Understand your product. One of the main problems CBS faced was that it had little real understanding of what exactly made Fender so special. 'Most companies don't do their homework,' says Howard Moskowitz, the president of New York-based market research firm, Moskowitz Jacobs. 'They don't really know anything about the dynamics of their product, about the drivers of liking in a product that they're going to go into.'

Focus on what built the brand. CBS neglected the attention to quality and craftsmanship which had established the Fender brand in the first place.