

## Bet on old medium pays off for Springfield company

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Visitors to National Audio Company on East Water Street often have one primary question, and their voices carry into President Steve Stepp's office near the front door.

"I hear them ask, 'Do people still use audiocassettes?' Stepp said during an interview last week. "And the truth is, yes, we ship a 53-foot trailer load every afternoon at 3:15."

Fifty years after the invention of the audio format, the Springfield company — already the largest manufacturer of them in the country — is seeing orders increase after a decision to double down on production in the latter half of the last decade. And that growth is coming from somewhere it hasn't in decades — major record labels.

When Stepp and his father founded National Audio in 1969, it sold two things — open reel recording tape and broadcast tape cartridges. In the early 1970s, however, an Ampex sales representative who visited the company each month introduced Stepp to the cassette tape.

"I looked at that, and I thought: 'Well, this is a toy. This could maybe serve as the voice in a doll, but it's a toy. It could never be a serious recording medium,'" he said.

Then, he saw the device's durability and how much audio it could hold. Soon after, National Audio was in the cassette business.

"We bought one of these loaders, and we could load a C-90 every seven seconds," Stepp said. "And we thought, 'We'll never need a second machine.'"

They bought their second machine the next year. Within four years, they had 16. And by the late 1980s, Stepp says, the company was the largest producer of blank cassettes in the nation. One single religious ministry headquartered near St. Louis had a standing order for 250,000 blank cassettes a week.

In the 1990s, however, most musically inclined consumers switched to CDs. And many of National Audio's competitors focused on the newer digital medium as well, Stepp said.

"Let's let them do it, because if they all do it at once, there's going to be a glut in the market of CD replication capability," Stepp said, explaining his reasoning at the time. "But if they get out of the cassette duplication market, there's still going to be a remnant of the cassette business left out there, and that's where we want to go, because we're invested in that."

So National Audio moved into the duplication business.

"The spoken-word cassette never went away," Stepp said. "That's the well-kept secret — the religious materials, and the books and the magazines."

Starting in 2007, however, the company decided to double down. Stepp and a chief engineer traveled over the country, buying production equipment from competitors or making deals to supply cassette tapes

to their current customers. Today, he estimated that there are just 30 small cassette duplication operations in the country — and they, by and large, depend on National Audio for raw materials.

“If we went away, the audiocassette would go away in the Western Hemisphere,” he said.

About two or three years ago, something somewhat surprising — even to Stepp — started happening: musical artists started returning to the medium. Independent record labels and indie bands found that the cassette tape was a low-cost way of getting their music before an audience, he said.

“You can release an audiocassette release of about 100 to 1,000 copies probably for a start-up cost of under \$100 of artwork and graphics, and then your audiocassettes are going to run you about ... \$1.50 to \$2.50 apiece,” Stepp said.

Because of the labels’ independent nature, it was hard for National Audio to market to the segment, Stepp said. But word-of-mouth spread, and the company found itself shipping to spots as far as Czech Republic and Indonesia.

“They like the analog, retro sound — the warmer sound, the deeper, more mellow bass,” he said. “Those are the differences in the sound.”

Major labels then started putting in orders, Stepp said. One band’s 20th anniversary package — which contained a LP record, cassette and CD, along with a scrapbook — sold out before it got to the warehouse, he said.

On Tuesday afternoon, production workers were finishing a 53-title shipment for one major label, to be marketed to another consumer segment that never really stopped buying cassettes — prisoners.

“If you buy a CD and break it in two, you’ve got a knife,” he said. “But if you buy a cassette tape .... you’ve got music.”

While word-of-mouth may have bolstered National Audio in recent years, 2013 — 50 years after the medium’s introduction in August 1963 — has brought some national exposure. Time magazine and other outlets have mentioned the company, and [a documentarian](#) has spent several weeks filming at the company. The first-ever Cassette Store Day was held earlier this month.

“It may not be the size that it was 20 years ago ... but it is a growing market,” Stepp said.

Today, Stepp said, National Audio has about 40 employees, and 70 percent of the company’s revenues comes from cassettes — a slight uptick, since CD and DVD sales have declined in recent years.

“The audiocassette remains the backbone of National Audio Company.”