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The Man Who Sold The Cyber World

Can David Kalt and **reverb.com** 'retune' the online used-guitar market?

BY JASON WALSH

David Kalt has the usual complaints about eBay: the online shopping giant's too big. It's too impersonal. Its sales cut is too high.

These considerations may not mean much if you're selling a used book for less than \$10, Kalt concedes. But if you're an amateur guitarist selling a \$500 used Taylor dreadnought, eBay's 10-percent transaction fee can be a pretty big deal.

That's why Kalt founded **reverb.com**, a website looking to redefine the online used-guitar market. The 46-year-old Michigan native's roots were in e-trade before he got into gear trade. As a founder of the online brokerage firm OptionsXpress, Kalt learned fast and furious the ins and outs of buying, selling, and trading valuable commodities over the internet. It's an education he brought with him when he purchased the venerable Chicago Music Exchange guitar store (for a reported \$7.5 million), in 2011, trading the world of hybrid stocks for one of headstocks—yet, still firmly rooted in the cyber-world reality of increasingly busy online sales.

When Kalt began studying CME's cyber-sales progress, the flaws he saw in mega-online-bazaars like eBay really started to amp up.

"They were so big that it made them difficult to communicate with for people who wanted to sell drums or guitars or whatever," Kalt says. "And they had such a huge interface that the listing screen was cumbersome, and hard to get your stuff online."

Worst of all was eBay's 10-percent transaction fee—a cost-prohibitive amount for the



many sellers hoping to use their sale as a means toward a purchase.

Kalt isn't alone in his appraisal of eBay. As online critic Bluescaster1973 recently posted, "All I know is they charge too much... soon as my guitar neck sells, I am going to craigslist and never coming back to eBay to buy or sell at these prices . . . all inflated for eBay's cut . . . I am surprised they are still business."

While Bluescaster's forecast of eBay's impending demise may be somewhat premature, his thoughts about taking his business elsewhere aren't—which is exactly what Kalt is counting on. Reverb.com launched in 2013 as a self-described "marketplace that empowers musicians to maximize the value of their gear."

That value maximization essentially comes from Reverb's more modest 3.5-percent transaction fee, which Kalt believes will leave more money in musicians' pockets to buy more gear at reverb.com. "Musicians are always aspiring to play something else," he says.

Kalt wants reverb.com to be more than just another auction/selling site with a lower fee, though. He and his 15 reverb.com staffers, he says, are constantly trying to come up with better ways to sell gear online. Part of that is to make the site more buyer-friendly. Toward that end, the site offers such features as an online price guide for buyers to check the approximate used-marketplace value of a potential purchase. That allows for haggling over a price—an element which Kalt describes as an essential holdover from brick-and-mortar guitar-store culture.

There's also an effort to list the merchandise in novel ways. In addition to categorizing guitars by price, make, and decade, the site features "handpicked collections" such as The Gear of Led Zeppelin, Japanese Vintage, and Pointy Guitars.

Kalt says the strategies are already paying off, pointing to the \$2.5 million per month that currently changes hands via the website. Reverb.com doesn't yet have the inventory of an eBay. A casual search for acoustic, electric, and bass guitars turned up about 11,000 items at reverb.com; a similar search numbered in the hundreds of thousands on eBay. But Kalt sees the gap narrowing in the not-too-distant future, as websites specializing in specific markets become the go-to place for serious buyers and sellers.

"I think there is a trend," Kalt says. "That's not to say that eBay isn't still growing. But there are a lot of subcategories and subverticles. You could say the world has gone from independents to Walmarts and all that, but Amazon and eBay can't really handle the complexity of a lot of these marketplaces. So this is sort of the natural evolution of ecommerce." **AG**

MARTIN PRODUCES DEVILISH LOUVIN GUITARS

When it comes to building great guitars, the devil is in the details—and these days **C.F. Martin & Co.** is taking that to heart in more ways than one.

In July, the Martin guitar company announced it was coming out with a **D-28 Louvin Brothers Custom Signature Edition**, a Sitka-spruce-topped dreadnought which will tread the line between heaven and hell for fans of the pioneering country-gospel duo.

Charlie and Ira Louvin enjoyed their share of hits on the country charts in the 1950s and '60s, including such songs as "When I Stop Dreaming," "Cash on the Barrel Head," and "The Christian Life."

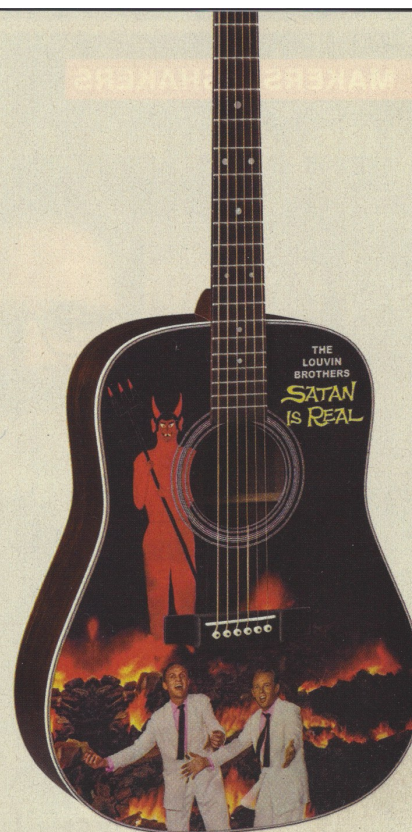
But the road to the duo's own signature-edition D-28 was paved with more than good intentions—Martin used the notorious cover art from the Brothers' 1959 album, *Satan Is Real*, which memorably depicts the Louvin lads crying out from the bowels of hell, while a giant cutout of Satan looms ominously behind.

The image, designed by Ira Louvin, has developed a cult following among cover-art aficionados—and it caught the attention of Martin CEO Chris Martin last year when he saw it emblazoned on a T-shirt. He was bedazzled.

"I have been interested in folk art for many years," says Martin. "I'm not sure why, but I'm intrigued by folk art that features the devil."

Martin began researching the Louvins' legacy and says he grew an appreciation "for their devotion to authentic country music, and in particular, their melodious harmonies." The only things left to do was create a limited-edition paean to the Louvins and their late-'50s face off with Ol' Scratch.

Designed with the help of Charlie Louvin's son, Ken Louvin, the new D-28's Sitka top features a special photographic imprint inspired by the *Satan Is Real* album cover, supported by solid East Indian rosewood back and sides, and a mahogany neck. Only 50 of the Louvin signature editions will be made; price is \$4,666, natch. —**JW**



GUILD DEAL FINALIZED, FENDER OFFICIALS SAY

Fender Musical Instruments Corporation announced in July that it had finalized the sale of **Guild** guitars to **Cordoba Music Group**.

The deal, first announced May 6, brings the 61-year-old acoustic-guitar brand under the wing of CMG, makers of Cordoba acoustic guitars, ukuleles and other accessories. Cordoba is expected to soon shift production of Guild guitars to its facility in Oxnard, California, under the watchful eye of veteran luthier Ren Ferguson, who had overseen the Guild line in recent years for Fender. Ferguson joined Cordoba in May, shortly following the announcement of the impending Guild deal.

Guild was founded in New York in 1953 by Alfred Dronge, a specialist in jazz guitars. The brand enjoyed a heyday of high exposure in the 1960s, as Guild gained particular popularity within the East Coast folk movement and on the West Coast psychedelic scene. Fender purchased Guild in 1995. —**JW**