Redeye Music, Inc.
d.b.a. Sound Exchange of Brandon
732 W. Lumsden Rd.
Brandon, FL 33511
24 May 2000

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Office of the Secretary
Federal Trade Commission
600 Pennsylvania Ave NW
Washington, DC 20580

Dear Secretary:

I write this letter to protest the elimination of the MAP (Minimum Advertised Price) policy from the music industry. Eliminating MAP will cause tremendous harm to traditional music retailers and consumers, and it should not be included in the FTC's settlement with the major record labels.

MAP serves to protect music retailers from the effects of mass merchants on the music industry. These mass merchants use CDs as loss leaders-- a means to get consumers into their stores in the hope that they will purchase additional, more profitable products. Currently, MAP prevents these companies from advertising prices below a certain level, and thus maintains a certain level of perceived value of CDs. Abolishing MAP will allow the mass merchants to advertise sales of CDs at levels far below cost, thus creating a market in which music retailers can not compete. Music retailers must make profits on the music they sell! Unlike mass merchants, they are unable to compensate with higher margins in other product lines, because music is often their *only* product line.

Eliminating MAP puts companies who use CDs as loss leaders ahead in the game. Traditional music retailers will be the ones who feel the negative effects as consumers become accustomed to paying less than cost for CDs, and as the perceived value of CDs drops below wholesale cost. Many music retailers will be unable to sustain their businesses. This is where the harm to the consumer enters the picture.

The traditional music retailer is the consumer's source for deep catalog material. Mass merchants sell huge quantities of new releases and best sellers but do not offer much more in terms of selection. Thus, if the music retailer goes, so does the outlet for older, more obscure, and more esoteric music. It will become hard for consumers to locate a musician's work if it is not currently in the Top 100. Where will they go for the other hundreds of thousands of titles?

Finally, consider that the music retailers already may have to absorb major losses as a result of the anti-trust settlement between the FTC and the record labels. Music retailers, who emphasize depth and breadth of selection, have much lower CD turnover rates than mass merchants, who concentrate only on the biggest sellers. Therefore, as record labels lower prices, music retailers will be stuck with a higher cost of goods for a longer period of time. This problem will be exacerbated by an elimination of MAP, as mass merchants will have lower advertised prices *and* a lower cost of goods.

The elimination of MAP does not penalize the record labels. Instead, it hurts traditional music retailers, who played no part in the alleged artificial inflation of CD prices. Please take into account the interests of the music retailers and consumers, and do not eliminate the policy regarding Minimum Advertised Price.

Sincerely,

Erin M. Stoy

Erin M. Stoy
Redeye Music, Inc.