

Office of the Secretary
Federal Trade Commission
600 Pennsylvania Avenue, NW
Washington, D.C. 20580

May 29, 2000

ORIGINAL



To whom it may concern,

I cannot begin to convey my disappointment with your recent ruling regarding the minimum advertised price (MAP) policy that is currently being used by the recording industry. This policy was an excellent way to "level the playing field" between all music retailers, from large, corporate, chain entities to smaller, independent outlets. Your efforts to rescind this policy will have an adverse effect on our industry. It has the potential to cause:

1. the risk of bankruptcy to smaller music retailers,
2. the devaluation of pre-recorded music in the mind of the consumer, and
3. a reduction in the number of new releases and new artists developed by the various record labels.

As a person who has worked with both corporate (Borders, Inc.) and independent (21st Century Sound, Chester County Book & Music Company) music retailers over the past twelve years, I have seen, first hand, the damage that can be done when one sector of the market is given an unfair advantage over the other. Independent music retailers are often unable to have "open" accounts with the major record companies and must often pay a higher price for music product by going to a third party (usually a "one-stop" distributor). MAP allows these independent retailers a way to offer consumers a price that is competitive with the larger chains while allowing for (what often times is) a small profit. When I say "small", I'm talking about less than one dollar per unit! Trying to compete with super stores and internet sites would mean that the independent store would have to sell their product for less than it's cost. Larger chains can sell these titles as a "loss-leader" because it can make up the difference with the **huge** mark-ups it receives from the sale of electronic equipment, appliances, and their (inevitable) extended service contracts. Those inflated prices are borne by the very same consumers you profess to try to protect! This imbalance is not only unfair, it goes against other music retailing policies which have been designed to promote healthy competition between **all** retailers. An example of one of these policies would be the "street date" policy. We often get our new releases well before the Tuesday release date. Why not sell them when we get them and take advantage of our increased consumer traffic over the weekend? Would this not be in the best interest of the consumer?!? Sure it would, but it is not allowed under the rules by which we agreed to play so we don't do this and this gives **all** music retailers, both large & small, the same chance to serve the record buying public.

I strongly urge you to consider keeping the current MAP policy in place. If the FTC is truly concerned with the price consumers pay for music, perhaps it should look into the reasons manufacturers have continued to raise the suggested retail price (MSRP) of compact discs (from \$14.99 & less, to \$18.99 & *more* over the past ten years) while the actual cost of production continues to be less than \$1.00 per unit. Lowering the wholesale costs of music is the only way we will ever see prices come down in the marketplace and savings passed onto consumers. It is not the independent retailers who should be punished for the current high cost of doing business with the "Big Five" (soon to be four... probably even three) record industry giants!

Sincerely,

A handwritten signature in black ink, appearing to read "SEAN HICKEY".

Sean Hickey
Chester County Book
& Music Co.
975 Paoli Pike
W. Chester, PA 19380

cc: U.S. Senate Committee on Commerce, Science & Transportation