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Federal Trade Commission  
600 Pennsylvania Avenue NW  
Washington, DC 20580



Re: Restraining Competition in CD Music  
Market File No. 971-0070

There is a perception on the part of the Federal Trade Commission that by eliminating MAP (Minimum Advertised Price) in the Record Industry, prices to the consumer will decline. Pricing for our product is determined by the record labels themselves, not by MAP. Retailers that purchase music on CD's all pay the same price. MAP has nothing to do with those prices.

MAP was brought about to help all retailers. In the past there were price wars between these large retailers and they used advertising dollars from the labels to sell below their cost to drive consumer traffic to their shopping locations. What actually happened was that by selling these products below cost, many of the big box stores lost money, their stocks were devalued when these lost leaders became their main product. Many smaller retailers went out of business because their main business couldn't compete with the mass merchandisers. The labels became concerned that their sales outlets were closing in large numbers so they brought MAP pricing into the picture. MAP says that the labels will only pay co-op advertising charges if the customer adheres to a price slightly above cost. The percentage is usually about 10% above cost. Now that does not mean that we can't sell below cost if we so desire. In our four stores we discount all products. Our Top 21 are always on sale, New Releases are on sale each week (usually 30 titles) and then we run everyday low prices on catalogue items. We are always competitive in our market. We can also advertise below cost if we so desire but the companies will not pay for that advertising.

Currently, the record labels want MAP to go away because it no longer matters to them if retailers are here to sell their products, they can sell them themselves on the Internet. If you really want to reduce prices to the consumers then the labels will have to lower their costs. They have been on a price increase with LIST prices rising where HOT titles are concerned in the \$16.99, \$17.99, and \$18.99 bracket, which in turn makes our price anywhere from \$10.50, \$11.50, \$12.50. We do not sell at these LIST prices. Sale prices would be \$11.99, \$12.99, and \$13.99 respectively.

What you are doing by eliminating MAP will have no bearing on consumer prices. We need MAP guidelines so that all products are not reduced below our costs. We, the small independent retailers, cannot remain in business if a price war results. The Federal Trade Commission must represent small business too, we are all also consumers.

Sincerely,  
Dilyn Romelle Radakovitz  
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