June, 06 2000

THE RECORD STORE
5174 RT. 9 So
Howell, N.J.
07731

9710070
JUN 12 2000
478937-#102

To the Federal Trade Commission:

As a music retailer, I deplore your pursuit of record distributors to eliminate their Minimum Advertised Price (MAP) policies. These policies have rescued the industry, which includes the new artists, the retailers like us, and the infrastructure of people who depend on music for this $10 billion a year industry.

You want to encourage lower prices for consumers, but it will be achieved at a heavy price. I and thousands of fellow retailers depend on music for our livelihoods. Without MAP, we will be competing with mass merchants and appliance chains using music as a loss leader to get people into their stores. Their surveys, the music distributors tell us, show that people spend an average of $50 once they get in their general-merchandise stores. So the losses on music actually helps their business.

But it will destroy ours. Before MAP, the music industry sales suffered because pervasive loss leader ads encouraged buyers to put off their purchases to get the lower price – and then never bought the product because they could not get to the advertised stores on time. This meant lost sales for everyone.

The destruction of independent retailers will profoundly discourage talent from trying the break into the music business. The limited exposure of new talent will stymie labels who sign new acts and shrink the number of releases available to buy. In the end, besides destroying my business and thousands like mine, your campaign against MAP will infringe on free speech by preventing new artists from building their reputations and sales through independent retailers like me. They will never have a chance to sell in the mass merchants and appliance chains because they will not get into an industry that builds its artists through us to mass appeal.

MAP was a policy instituted to save the music industry. Few within the industry objected to it and the revival of the industry in the past five years attests to its success. Without MAP, the deep catalog of artists from the past will lose out along with the artists of the future. The only winners will be the massive-selling albums that will crowd out all the rest and the losers will be those interested in preserving a healthy and growing market for the whole range of music that has been available on disc through the twentieth century. It looks like you are willing to sacrifice it at the outset of the twenty-first century.

Sincerely,

George Jeffrey Leon
owner