



August 28, 2017

[*CB-CDA 2017-089*]

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NOTICE OF THE BOARD

The Board, having reviewed the evidence filed by CPCC on August 10, 2017, has the following questions for CPCC as a follow-up to that evidence.

Q1. In Exhibit CPCC-2, Ms. Gelbloom discusses retail surveys.

(a) The 2017 survey covered only Toronto. Please generate another version of the table on page 3 that includes only data from Toronto for as many years back in the past as is possible. This ensures comparability across years.

(b) Please indicate the number of retail establishments surveyed in each year, both in the existing table and in the table created in part (a).

(c) Please indicate the standard deviation and the range for each price reported in the table on page 3, and in the table created in part (a).

(d) Given the information supplied in parts (a), (b), and (c), or any information missing from the above, please comment on the reliability of the retail survey for the purpose of these proceedings.

Q2. In Exhibit CPCC-3, Mr. Gauthier discusses the Music Monitor Survey (MMS).

(a) Was the MMS conducted in 2016-2017? If so, please update Exhibit CPCC-3 with data from the 2016-2017 MMS in appropriate places, using a blackline approach.

(b) In recent editions of the MMS, is there a seasonal component to responses? Is there a plan to conduct the MMS again, either on a monthly basis (as was done in 2015-2016) or on an occasional basis?

Q3. In Exhibit CPCC-4, there is a discussion of life-cycle effects on prices. Please consider the following article:

Adam Copeland and Adam Shapiro (2016). "Price setting and rapid technology adoption: the case of the PC industry." *Review of Economics and Statistics*. Vol. 98(3), at pp. 601—16.

(a) Copeland and Shapiro describe two PC life cycles. For all PCs other than those made by Apple, the product life-cycle lasts four months and prices drop by 9% over this period. PCs made by Apple tend to remain constant in price and have a longer cycle.

Based on the descriptions in the article, please explain to which of the two PC life cycles is the life cycle for CDs closest and why.

(b) To what extent does the theory of creative destruction affect the product life-cycle? If the CD is nearly displaced by the smartphone, does this lengthen or shorten the life cycle?

(c) Please comment on this article in other way not referenced by parts (a) or (b) above.

CPCC shall file answers to the above questions no later than **Friday September 8, 2017**.

Mr. Maguire may file a response to CPCC's answers, no later than **Friday September 15, 2017**.

CPCC may file a reply to Mr. Maguire's response no later than **Tuesday September 19, 2017**.



Gilles McDougall
Secretary General