



The “DTV Transition” & The “Coupon-Eligible Converter Box” Program *The Retailers’ Perspective*



For Session on the **DTV TRANSITION: HOW CAN STATES HELP?**

Marc Pearl | CERC Executive Director



America's "Switch" to DTV

What is the 'Retail' Component?

- CE retailers are the 'bridge' between the broadcasters, regulators, service providers, and the tools/products that are manufactured to transmit the signal to the consumer.
- Customers who have questions regarding the products surf the Internet; ask friends, neighbors and relatives; and come into CE stores to 'touch and feel' the technology.
- Retailers can provide answers to the many questions consumers have and will have regarding the solutions to the many 'choices' the DTV Transition is bringing.
 - Technology
 - Content
 - New Products



How Is a DTV Signal Received?

- With a new TV purchased in the past few years that has a built-in digital (ATSC) tuner
- Subscribe to a pay TV service – cable or satellite service provider.
 - Providers will continue to send an analog signal to their subscribers who need it until at least 2012.
 - Works either directly into the TV or through a set-top box
- Purchase a DTV converter box for an older TV that only has an analog tuner (NTSC)
 - CECB with basic features
 - Enhanced converter with special features – e.g. a DVR



Who is Most Affected?

- **We Recognize that there are Disproportionately Affected Groups:**
 - Seniors
 - Minorities
 - Non-English Speaking
 - Low Income
 - Rural
 - People with Disabilities
- It is for this reason that retailers are individually, collectively through CERC and overall with our partners in the DTV Transition Coalition working to coordinate message and outreach, especially to these groups.

Key Dates/Timelines

- **March 1, 2007** – Tuner Mandate – Last date manufacturers could import any product with an analog tuner ONLY –
 - FCC mandates on dual tuners have had an enormous impact on what has been purchased over the past 5 years
- **May 25, 2007** – FCC regulation effective date, retailers agreed to label (on shelves and website) any/all remaining analog-only “TV receivers” (including TV recorders).
- **August 15, 2007** – NTIA announced choice of IBM Consulting as the “Turn-key Program Contractor” for \$1.5b “Coupon-Eligible Converter Box” (“CECB”) Program.
- **Holiday Season 2007** – Impossible for participating retailers to change their POS software or other systems during this period. Also difficult to train particularly seasonal employees on a product that isn’t on the shelves yet.

NTIA CECB Program – Key Dates

- **January 1, 2008** – Households can begin to apply to the NTIA for up to two (2) \$40 “coupons” – NTIA vendor will use the USPS to mail the coupons out.
 - 90-day Expiration
- **Early in 2008** – CECB approved manufacturers will begin distribution and participating retailers will begin stocking, selling and accepting coupons.
- **March 31, 2008** – Deadline for retailers who want to participate in choose to “Register & Qualify” for the CECB Program.
- **February 17, 2009 – Last Analog OTA Broadcasts**
- **March 31, 2009** – Last day for Coupon applications
- **July 10, 2009** – Last CECB coupon expires



Some Background Statistics

- \$1.5b for total program (\$40/coupon – no more than 2 per household address; administration; marketing; consumer education)
- **Enough \$\$\$ have been made available for 33.3m coupons – *no idea how many will be needed***
- About 17% of households (20m) are 100% OTA
- Survey data indicates that by February 2009 >25% of OTA households and >33% of those with “untethered” sets will have purchased a new DTV or HDTV receiver.
- Millions of TV sets are ‘untethered’ but more than 30% are being used for DVDs & games only

Retailer Participation/Certification

- **Voluntary** – No compensation to participate – roadblocks or threatened sanctions will not encourage participation
- Hard to predict demand, geography of need and timing.
- CECB Program allows for in-store, by phone and/or online sales
- Qualified retailers will be “certified” by NTIA based on –
 - **Ability to redeem “expeditiously and efficiently”**
 - **Established distribution channels**
 - **Ability to enforce restrictions on use of coupons**
 - **Previous experience in selling CE products**
- **Train employees** on the CECB Program – to provide the ‘best’ solution for the customer – may be a ‘down sell’ (“*You don’t need a CECB.*”)
- Retailers will not be required to check for household eligibility – only **validity of the coupon** as accepted by national database.
 - Individuals could use more than 2 coupons at a time
 - Individuals could use a coupon for someone else
- We all want to avoid fraud and unqualified/’snake-oil’ salesmen.



Building a True Partnership

- In order to make the DTV Transition successful a strong and effective public-private sector partnership is needed.
- Coordination of message, outreach and recognition that cooperation and communication between the sectors is an essential component.
- Without these elements, **EVERYONE** will suffer at the wrath of an unhappy American public.



Consumer Education/Awareness

A Collaborative Effort is Needed

- **Need to build TRUE Public-Private Partnerships**
 - **Federal and State Government Agencies**
 - FCC, DoC/NTIA, NGA, NCSL, NARUC
 - Points-of-Contact Agencies: e.g., VA, HHS, INS, USPS
 - **The Private Sector – those vested in a successful outcome – working in the **DTV Transition Coalition****
 - Broadcasters
 - CE Industry [Manufacturers & Retailers]
 - **Community Interest Group Involvement**
 - Outreach and message delivery begins ‘at home’ – on the local level
 - Need to involve religious institutions, community centers, libraries, healthcare facilities, rotary clubs, etc.



Consumer Education

The Retailers' Role

- Remaining "analog-only" products are labeled
- Many retailers have pamphlets and video loops
- Answering customer questions on TVs previously sold
- Answering customer questions on their 'choices/options'
- Answering customer questions on the CECB Program – household eligibility, application process & box eligibility
- Meeting the customers' needs – whether through a converter box, a new DTV or possibly through a subscriber service option
- Website information through individual stores or CERC Guides and Information – www.ceretailers.org
- Working with community groups – e.g. *FCCLA* & *BBY*
- Active participation and coordination through the DTV Transition Coalition – www.dtvtransition.org



THANK YOU

For More Information Contact:

Marc Pearl – CERC Executive Director

202 271 6000 | pearl@ceretailers.org