

## Consumer Electronics Retailers Coalition



July 10, 2008

### VIA ELECTRONIC FILING

Ms. Marlene Dortch, Secretary  
Federal Communications Commission  
445 12th Street, SW  
Washington, D.C. 20554

Re: Quarterly Report of Consumer Electronics Retailers Coalition  
MB Docket No. 07-148

Dear Ms. Dortch:

Pursuant to pars. 50 and 51 of the Commission's March 3, 2008 Report & Order in this Docket, the Consumer Electronics Retailers Coalition (CERC) hereby provides its second quarterly report with respect to consumer outreach efforts of CERC and its members. CERC is proud that in par. 52 of its March 3 Report & Order, the Commission observed that the "outreach efforts" of CERC's member companies have "demonstrated an admirable degree of focus, ingenuity, and dedication to the needs of viewers as they approach the digital transition." CERC and its members have maintained and augmented these efforts in the crucial and challenging second quarter of 2008.

### Undertakings By CERC

In the second quarter of 2008 CERC maintained its activities as a core founder and member of the DTV Transition Coalition Steering Committee, and worked with Coalition members and others on community outreach efforts. These included intensive work in cooperation with the Chairman's office and Commission staff, local officials, and other interested parties to implement the Commission's early transition program in Wilmington, N.C.

### CERC Consumer Guide

In the second quarter CERC again revised its pioneering Guide, WHAT CONSUMERS NEED TO KNOW ABOUT THE "DTV TRANSITION" AND THE NTIA "TV CONVERTER BOX COUPON PROGRAM," available in English and in Spanish at [www.ceretailers.org](http://www.ceretailers.org) (and attached). In this revision, in response to marketplace developments as discussed at a June 10 hearing of the House Energy & Commerce Committee's Subcommittee on Telecommunications and the Internet, CERC focused on helping consumers deal with developments in the marketplace:

- **Expiring Coupons.** The revised CERC Guide helps direct consumers to the (currently 13) toll-free numbers, maintained by CERC members and other retailers, via which Coupons can be used to buy Converter boxes, and to the (currently 26) on-line retailers. Thus far CERC has found that Coupon-eligible converters have been readily available from these sources even though some CERC members have experienced inventory pressures in some localities. The Guide also explains a “Help Your Neighbor” approach that CERC has been developing with the NTIA and within the Transition Coalition.
- **Problems With Retailers Or Converters.** At the June 10 hearing Chairman Markey noted that while CERC members’ implementation of the Converter program was reported as “outstanding” by NTIA, complaints have been received about some non-CERC members (“rotten apples”). CERC and its members have met with NTIA and discussed how to optimize communications with consumers about inventory and consumer difficulties, and to make sure that retailers’ options within the program are clearly delineated and understood. One result, in addition to the “Help Your Neighbor” program, is the addition to the CERC Guide of a new chapter: WHAT IF I’M HAVING PROBLEMS WITH A RETAILER OR IN GETTING MY CONVERTER TO WORK? CERC has also compiled, as a resource, an analysis of available remedies for seller misconduct under Federal law, FTC regulations, and the Converter Program regulations.

CERC has continued to receive consumer inquiries seeking advice or references by email via its web site, and has responded to them individually. (CERC has not received any complaints from consumers about retailer conduct.)

#### Wilmington, N.C. Early Transition

CERC was one of the first private sector groups enlisted by the FCC in aid of its September 8, 2008 Wilmington Transition program. In immediate response, CERC or CERC members:

- Attended and supported the initial program announcement at FCC headquarters.
- Began immediate planning and coordination with Commission staff assigned to the project.
- Participated in a local town hall meeting “kicking off” the project.
- Scheduled and hosted joint local events with Commission staff at CERC member stores, and joint events with other industry groups (*e.g.* a CERC member hosted a CEA event).
- Coordinated with local officials and broadcasters.

Additionally, the Wilmington project has had a major impact on day-to-day training and operation of area stores:

- Retailers in the Wilmington and surrounding messaging area have had to *replace* or *augment* nationally standard signage (which focuses on the February 17, 2009 date) with locally specific messaging to focus on the September 8 date, instead.

- Store staff, who had been trained on the February 17, 2009 messaging, had to be re-trained to deliver the September 8, 2008 message instead, and to explain the purpose of the shift.
- CERC members had to give priority to the Wilmington area in allocating Coupon-Eligible Converter Box inventory in response to the intensive messaging and accelerated demand.

CERC is aware through the Transition Coalition that broadcasters in some communities will be engaging in simulated transition-days, which promise to be effective in focusing local viewers. CERC has requested that these broadcasters notify retailers in their areas, so that the possible resulting surges in demand can be accommodated.

#### Analog Pass-Through Model Changeover

As was reported in the First Quarterly Report, the four national retailers that were able to accept Converter Coupons as soon as consumers received them were all CERC members. Satisfying this need entailed ordering large quantities of Converters late last year from a limited selection of models that did not include the “analog pass-through” feature. As this feature was elevated in public and public policy discourse in the first quarter, CERC members worked with existing vendors either to implement “running changes” in models on order, or to acquire additional brands or models that offer this feature. This has been successfully accomplished, and as of the date of this report all CERC members participating in the NTIA program are offering at least one “pass-through” model.

In some cases the model changeover has resulted in a temporary tightening of inventory, but CERC research continues to show that on a national basis Converters are readily available from on-line and telephone retailers. A telephone poll conducted July 8 showed in-stock availability of at least one Converter model from at least 21 on-line retailers and 9 that accept Coupons via telephone. Some CERC members have also begun to feature “pass-through kits” that allow the antenna signal to be routed directly to the TV, to maintain analog station viewing with a non-pass-through Converter. These are now available in the stores of some CERC members.

#### Additional Second Quarter Undertakings

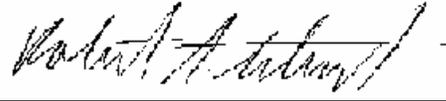
As was laid out in the April 10 First Quarter Report, CERC members at the outset of 2008 had already put their training and outreach programs in place. These were reported in the April 10 Quarterly Report. All of these activities, including training, are ongoing. Of additional note with respect to the Second Quarter:

- Additional CERC members have included DTV Transition information in store receipts, Sunday advertising inserts, and direct mail flyers, including Spanish language versions, and staged in-store events.

- CERC members have hosted outreach events with the NTIA and the Secretary of Commerce at members' facilities, and have participated in "town hall" meetings with Members of Congress in their districts.
- In addition to in-store information for consumers, briefing material has been prepared specifically to engage and inform state and local officials. A CERC member also appeared before a state legislative committee to explain details about the Transition and the role of retailers.
- Work continues with national and community groups, including appearances at local and national meetings. In addition to groups named in the first quarterly report, groups engaged now include the American Library Association and the National Consumers League. Ventures with other groups, such as AARP, are in the planning stage. CERC has also engaged representatives of minority groups to seek out and address concerns or complaints directed to retail practices. Thus far no specific complaints directed to a CERC member have been received.
- Two CERC members have implemented toll-free numbers over which consumers can use NTIA Coupons to buy Converters or to find local inventory in stores; others have maintained telephone information and help lines.
- CERC members have worked with publications to further outreach efforts.
- CERC members have made web video and audio "podcasts" widely available that walk consumers through Converter installation, step-by-step, in addition to press releases and "how-to" documents.
- CERC members have emphasized the Transition and the Converter Program in national meetings of executives and national training meetings, irrespective of specific responsibility.
- CERC members have cooperated with the FCC's monitoring program via which Commission inspectors query store managers about the Transition, and with the NTIA's own monitoring. Additionally, some CERC members "secret shop" their own stores to monitor implementation of their own training.
- CERC and members continue to cooperate with the staffs of congressional committees of jurisdiction to aid in their own planning, education, and outreach efforts. CERC has participated in every program established for the benefit of congressional staff.

CERC and its members remain committed to helping achieve a successful outcome to this unprecedented mission. CERC regularly consults with staff of both the Commission and the NTIA, separately and through meetings of the Transition Coalition, to help assure an optimal public-private partnership.

Respectfully submitted,



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## WHAT CONSUMERS NEED TO KNOW ABOUT THE “DTV TRANSITION” AND THE NTIA “TV CONVERTER BOX COUPON PROGRAM”

### (1) WHEN WILL THE TRANSITION FROM ANALOG TO DTV BROADCASTING OCCUR?

The transition to digital television is ongoing; it is occurring NOW. The last day that major full power local broadcasters can send out conventional “analog” television signals will be February 17, 2009. After that date, your major local television broadcasters will broadcast exclusively digital television (“DTV”) signals that can be received only by digital TVs or converters. *If you use a TV antenna* with one or more TVs, *you may need to get an NTIA Converter Box Coupon*.

### (2) I NOW RELY ON AN ANTENNA FOR AT LEAST ONE TV THAT DOES NOT HAVE A DTV TUNER. WHAT ARE MY OPTIONS?

NTIA Coupons (see below) come with a card listing three options. *CERC suggests that you take this card with you* when you go shopping with DTV in mind.

- To continue to rely on an *antenna*, you will need a DTV broadcast converter product such as the *Coupon-Eligible TV Converter Box*, which you can buy with aid of an NTIA Coupon.
  - You could, instead, *subscribe to a cable, satellite*, or other program delivery service that carries the broadcast programming in which you are interested.
  - You could purchase a *new digital television*.
- If your set is a regular analog television, you may want to obtain a TV Converter. You can apply for NTIA \$40 coupons on-line at [www.dtv2009.gov](http://www.dtv2009.gov) or by calling **1-888-DTV2009 (1-888-388-2009)**.
- If your set is an *HD Monitor* (sometimes called “*HD-ready*”) you are likely to want a tuner that can receive HDTV broadcasts in full HDTV resolution (rather than “*downconverting*” them to a lesser format). TV converter boxes that are coupon-eligible do not have HDTV outputs, so you may want a product that is not eligible for the coupon program.

### (3) WHAT IS THE NTIA “TV CONVERTER BOX COUPON PROGRAM”?

Each consumer household can apply for up to two \$40 electronic coupons that can be used at participating retailers toward the purchase of coupon-eligible converter boxes that convert digital TV broadcasts to analog signals that can be received by the older TVs.

- You can apply for these coupons **now** on-line at [www.dtv2009.gov](http://www.dtv2009.gov) or by calling toll-free **1-888-DTV2009 (1-888-388-2009)**. The web site and the coupon packaging will also have information about the models of certified converters and the local and on-line or telephone service retailers who will accept the government-issued coupons. The coupons cannot be combined to buy a single product, or to pay for shipping or to pay for sales tax. **Each coupon will expire 90 days from the date of issuance**. The deadline to apply for coupons is March 31, 2009, or while supplies last.

### (4) I NOW SUBSCRIBE TO CABLE OR SATELLITE – DO I NEED CONVERTERS FOR MY TVs THAT ARE HOOKED UP TO THESE SERVICES?

**No.** Cable operators pick up most local broadcasts at a central location and send them to homes over cable; satellite services increasingly are able to do this as well. Through at least 2012 **they will be required to provide the sort of free local broadcast programming they currently offer.** However –

- If some of your TVs are *not* hooked up to the subscription service, and *do* rely on an *antenna*, you *will* need to hook them up or get a converter box if they are not DTV sets.
- (If the TV is not currently hooked up to an antenna – is being used only for video games, DVDs, camcorder movies, *etc.* – nothing will change, because only *free over the air broadcasts* will be affected by this DTV broadcast transition.)
- Local major broadcasters are offering additional digital channels, some or all of which might not be carried, or carried in HDTV, by your service. If you want to see such *additional* channels, you need an antenna, and your set needs an HDTV or DTV tuner built-in or added on via a converter. For local information, see [www.antennaweb.org](http://www.antennaweb.org).
- In the future, cable operators might *also* move to “all digital” means of delivery, which *could mean that even for your TVs that are hooked up to cable, you would need to procure a “set top box”* from your cable company or have a TV with a digital cable tuner (such as one with a “CableCARD” slot) – but for most cable systems this is likely a future consideration.

**(5) MY NTIA CONVERTER COUPON IS EXPIRING, OR I CAN’T GET OUT TO STORES, AND I’M HAVING TROUBLE FINDING A CONVERTER – WHAT ARE MY OPTIONS?**

- The NTIA’s Coupon Program web site, at <https://www.DTV2009.gov/VendorSearch.aspx>, lists major national retailers that accept Coupons – Best Buy, Circuit City, K-Mart, RadioShack, Sears, Target, and Wal-Mart (all CERC members).
- The same web page also lists retailers (including Best Buy and RadioShack) that accept purchases with Converter Coupons by phone, and the toll-free numbers for each, and has links to retailers that accept Coupons on-line.
- Under program rules it is permissible to use a Coupon ordered by a friend (or a relative or a neighbor) or even to ask your friend to order a Coupon for your own use, provided that your friend’s household is still entitled to receive Coupons. The program does not require that you be the one who ordered the Coupon that you use, so long as it is valid and unexpired, so, in a store or on-line, YOU can use a Coupon ordered by a friend. (Retailers do NOT check IDs based on your use of a Coupon, though they might of course if you are paying for the balance of the Converter price by credit card.) It is illegal, however, to sell coupons or to exchange coupons for something of value other than a converter box.

## (6) WHAT IF I'M HAVING PROBLEMS WITH A RETAILER OR IN GETTING MY CONVERTER TO WORK?

Public and private resources are available to consumers who experience difficulties:

- If you believe a retailer has acted improperly or unethically, CERC advises that you call the NTIA at 1-800-DTV2009 or email via this link: <https://www.dtv2009.gov/ContactUs.aspx>. Retailers are subject to expulsion from the Converter Program if the NTIA finds they are consistently or purposely failing to follow its rules and requirements. Tell NTIA the specific store and location (or on-line or telephone name), date & time, and names or jobs of any sales associates or personnel in question. Of course, you should always try to resolve your difficulties directly with that retailer first.
- If you have problems operating a particular Converter, contact the manufacturer. You might also check whether the retailer from which you obtained it has a toll-free DTV "help" line.
- If you have unexpected reception problems on some stations, you may wish to check with those local broadcasters or with a local retailer. They may have some tips on improving your reception.

## (7) DO I NEED A NEW ANTENNA?

In many or most instances, your existing antenna should work fine, but there may be exceptions to this because the local area effective reception patterns for digital broadcasts might be somewhat different than for the same station's analog signals.

- If you use an indoor antenna, in many cases the key part now will be the round or square element, not the "rabbit ears" part. You may need to experiment with both parts of the antenna to receive all of your channels. With an indoor or rotating outdoor antenna it might take more trial and error to "find" a digital signal, as you will not see a "too weak" signal at all.
- If you use a rooftop antenna and are at the edges of a coverage area, you might need some adjustment or amplification to pull in all the signals that you want.
- While a Converter that offers "analog pass-through" has the advantages discussed in Question 11, below, such a Converter, or an external "splitter" or "A/B" switch, splits the signal path so may require some antenna adjustment to make up for a slight loss in signal strength. This could be reflected in your antenna needs.
- You can obtain an initial indication of your situation at [www.antennaweb.org](http://www.antennaweb.org). Some retailers and antenna installers will be able to test for signal strength at your home to help assure that you pull in the stations that you want.

## (8) WHAT IS "DTV," ANYWAY?

While many signals are already sent and displayed digitally, the "transition" refers to the change in the broadcasting of local "over the air" TV (not cable or satellite), *as you receive it using a "rabbit ears" or roof-top antenna*. A tuner for a digital broadcast signal may be called a "DTV" tuner.

**(9) WHAT IS “HDTV?”**

HDTV (“High Definition Television”) is the highest quality version of digital television. Not all digital broadcast, cable, or satellite signals are in HDTV and not all “DTV” receivers can display HDTV. *Analog HDTV broadcasts in the U.S. are not possible; all High Definition transmissions require digital HDTV tuners.*

**(10) DOES MY PRESENT TV HAVE A DTV TUNER? WHAT ABOUT MY VCR, DVD RECORDER, PVR, DVR, ETC.?**

The only televisions that have DTV tuners are those that have been sold – since about 1998 – as having an “*integrated*” or “*built-in*” DTV or HDTV broadcast tuner. (An HD set sold as a “monitor” or “HD-ready” is capable of *displaying* HDTV but does *not* have a built-in HDTV tuner.)

- Newer TVs still have “analog” tuners (useful in receiving signals from cable and satellite boxes, game players, and low power TV stations), but they also have built-in DTV or HDTV tuners as well.
- If you can get digital TV channels (*e.g.*, channel 4.1, 4.2, 4.3 ...) using an antenna now, then your set is a digital TV (or an HDTV) and it will not need any Converter.

**(11) WHAT ABOUT “LOW POWER” OR “COMMUNITY” BROADCASTERS? I WATCH A LOW POWER “COMMUNITY” BROADCASTER THAT IS NOT REQUIRED TO CONVERT TO DIGITAL ON FEBRUARY 17, 2009, BUT I ALSO WATCH THE MAJOR STATIONS THAT WILL BE ALL-DIGITAL. HOW CAN I KEEP WATCHING BOTH ON MY “ANALOG” TV?**

While the major commercial and public broadcasters are going all-digital by February 17, 2009, there are some specialized low power or “community” broadcasters that are not required to convert to digital in 2009. If you are accustomed to watching one of these stations, you will likely hear from *them* about how to maintain your viewing. Some of the Converters listed with an \* in NTIA information have an “analog pass-through” feature that facilitates switching of the antenna between your analog TV tuner and your coupon-eligible converter box.

- This “pass-through” feature is not mandatory in TV Converters because there is a tradeoff in slightly reduced signal strength due to the switching circuitry. This might or might not be a factor in your viewing location.
- Initially, only a few of the NTIA-certified Converters had this “pass-through” option but many additional Converter manufacturers and retailers are adding this feature at the request of low power stations. If you are alerted that a station you watch is “low power” you may wish to check on the local or on-line availability of a “pass-through” Converter before applying for your coupon(s) from the NTIA.
- Alternatively, you could use a non-pass-through Converter and buy an accessory kit to do the switching between it and your analog TV.

**(12) IF I AM SHOPPING FOR A NEW TV, WHAT DOES THE SHUTOFF OF THE ANALOG CHANNELS MEAN TO ME?**

Almost all TVs available in stores today have built-in digital and analog TV tuners, and the few that do not should be accompanied by “consumer alert” labels. However, stores also sell display products that are “monitors” that do not have *any* tuner at all. Monitors can only be used with converter boxes for broadcast, cable, satellite, and competing services; or with DVD players, game players, computers, *etc.*

**(13) WHAT ELSE DO I NEED TO KNOW ABOUT HDTV?**

High Definition Television, or “HDTV,” is the more general name for showing video in a newer and better format – *a wider screen with about 5 times the picture information*. All types of video displays – conventional picture tubes, projection TVs, and Plasma or LCD “flat panels” – can show HDTV *if* they are designed to display this video information in this format. *You can expect a product to tune and display HDTV only if it was sold or advertised as such*. For more information go to [www.DTV.gov](http://www.DTV.gov).

- If your existing set is *not* HD-capable (*an “HDTV Monitor” or “HDTV” television*) it will not display an HDTV signal in full quality, even if it receives an HDTV signal from some other source.
- If your existing set *is* HD-capable it should display an HDTV quality picture from its own tuner or and external HDTV tuner (cable, satellite, broadcast, *etc.*) or disc or game player, but will display only a standard quality picture from a coupon-eligible converter box or other non-HD source.
- For an existing TV that cannot display an HDTV picture, your coupon-eligible converter box will *tune* the HDTV broadcast channels, but provide them to your set *in a standard quality format that your set can display*.
- For further information on display formats, see the Consumer Electronics Association’s HDTV Consumer Guide at <http://www.myceknowhow.com/digitalTelevision.cfm>.

**(14) WHY WILL OVER-THE-AIR TV STATIONS STOP BROADCASTING ON THE “ANALOG” CHANNELS, ANYWAY?**

After decades of study, Congress passed a law in late 2005 requiring this change. For more than half a century, TV broadcasts have used and improved on basic **analog** technology that was invented in the 1920s and 1930s. These signals take up a lot of radio “spectrum” that is now urgently needed for emergency communications and new **broadband** services. (Finding new frequencies for emergency communications became a high priority after September 11, 2001.)

- Congress found that we can support these essential communications, and new digital services, by moving TV to much more efficient digital transmission, while offering *more* locally broadcast channels, plus HDTV programming, in less overall spectrum space.
- Because many U.S. households still rely on antennas (indoor or outdoor) for all or some of their TV viewing, the Congress, when it enacted the DTV Transition law, set aside up to \$1.5 billion dollars to fund the “TV Converter Box Coupon Program.”

You can find out even more information on the DTV Transition by going to: [www.DTVTransition.org](http://www.DTVTransition.org).

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