

## Consumer Electronics Retailers Coalition



[www.ceretailers.org](http://www.ceretailers.org)

July 13, 2007

### *Via Email*

The Honorable Herb Kohl, Chairman  
Special Committee on Aging  
United States Senate  
Washington, D.C. 20510-6400

Re: Response to Select Committee's Letter on DTV Transition

Dear Senator Kohl:

On behalf of the Consumer Electronics Retailers Coalition (CERC), thank you for your letter of June 15, inquiring as to CERC's future efforts to help achieve a seamless DTV transition. As you pointed out, CERC has undertaken the responsibility of a leadership role in this area. Working with the other founders and the members of the DTV Transition Coalition, and with the FCC, the NTIA, and, prospectively, its "CECB" contractor, we understand that much work remains to assure that this transition will be beneficial for all U.S. households.

CERC and its members have recognized from the outset that older Americans, particularly if they are homebound, disabled, low-income, have limited English proficiency, and/or live in areas less accessible to retail and non-broadcast services, will require particular consideration and attention well in advance of the transition. Though primarily focused on serving our retailer members, CERC has made a concerted effort over the past few years to keep consumers informed and updated on DTV challenges and opportunities. We worked with the FCC and CEA early on in the writing and distribution of a DTV "Tip Sheet" and through our web site at [www.ceretailers.org](http://www.ceretailers.org), CERC has for several years been providing DTV transition information to the public at large, and, with respect to the converter box program, to non-member retailers as well as members. We have just published, for example, a Spanish version of our Consumer Guide and are working closely with the National Hispanic Media Coalition to have it widely distributed. We have also pursued co-branding programs with the FCC and other trade and consumer interest organizations. CERC has already participated in at least one DTV converter box demonstration with the AARP executive staff, anticipates participating in additional information discussions and demonstrations, and, as a founding member of the DTV Transition Coalition, was instrumental in bring the AARP on as a member of the Steering Committee and working with them and other community interest groups, including the Leadership Conference on Civil Rights, to help all U.S. households prepare for the transition. We look forward to working with you and the Special Committee going forward to assure that we have helped anticipate and serve as many needs as possible.

More specifically, you have posed a number of questions pertaining to the NTIA's CECB ("Coupon Eligible Converter Box") program. We expect that our information on the subjects of your inquiry will be enhanced as more is learned – particularly after NTIA has selected its program contractor this coming August, and the contractor has made its systems and intentions public. Here are our perspectives at present:

**1. How will CERC aid in ensuring that a sufficient amount of coupon-eligible converter boxes are available by certified retailers nationwide?**

CERC has committed to posting on its web site, for the benefit of all retailers (whether or not CERC member companies), any and all NTIA material and references that would assist retailers in registering and becoming certified to participate in the CECB program. CERC has also worked jointly with its member the North American Retail Dealers Association (NARDA) and NTIA to brief smaller retailers by holding conference calls and meetings, and providing material, explicitly for their benefit. CERC will continue to engage in these and other activities as more information is gained – in particular, once the Program Contractor is chosen by the NTIA. As an organization comprised of direct competitors, CERC of course cannot consult or provide any avenue or framework for addressing the business intentions or decisions (*e.g.*, stocking, marketing, sales, as well as pricing) of any company as to any product, including CECBs. On a policy basis, however, CERC has done all it can to work with the Congress, the FCC, and the NTIA to make the DTV Transition a success, and will do so with the Program Contractor as well.

**2. How will CERC aid in ensuring that certified retailers nationwide honor the NTIA issued coupons for the purchase of an eligible converter box?**

CERC and other members of the DTV Transition Coalition are aware that the reach of web sites and the Internet, though vast, is not complete – particularly as to the citizens mentioned in your letter. We expect to work with other members of the Coalition, with the FCC, and with the Program Contractor to assure that, nationwide, retailers, as well as other citizens, have all of the information necessary for their respective roles in the Transition. In response to the NTIA's Notice of Proposed Rulemaking for the CECB project, CERC commented specifically on the challenges of devising electronic Point of Sale and Electronic Fund Transfer systems in which participation by large retailers (who are heavily invested in complex existing systems) and small and on-line retailers would be equally feasible. We believe this is a priority for NTIA in selecting a Program Contractor. Success in fitting the resources and systems available to retailers is the key to enabling a maximum number of retailers to honor issued coupons. See CERC comments on the NTIA NPRM, [http://www.ntia.doc.gov/otiahome/dtv/comments/dtvcoupon\\_comment0065.htm](http://www.ntia.doc.gov/otiahome/dtv/comments/dtvcoupon_comment0065.htm)

**3. How will CERC aid in ensuring that certified retailers indicate/identify which converter boxes are eligible for the coupon program?**

CERC has recommended that the NTIA's Program Contractor include, in the material accompanying the mailing of Coupons to consumers, information conspicuously identifying the manufacturer and product models that are coupon-eligible (updated as any new products are certified). We expect that the Program Contractor will have either a method or guidance for (a) conveying this information to retail store associates and consumers, and (b) assuring that coupons are accepted only for eligible products. The in-store implementation of the program metrics or guidelines in these respects will be up to each retailer, but CERC will maintain its role of assisting the NTIA and the Program Contractor by offering all available information and guidance to retailers, and, as appropriate, answering questions or referring them to the Program Contractor.

**4. How will CERC aid in ensuring that certified retailers assist customers, both on-line and in-store, in receiving the discount for coupon-eligible converter boxes?**

In its Comments linked above, and in subsequent communications to NTIA, CERC has emphasized that the Program Contractor's system will best serve consumers if the Coupons are both electronic and self-authenticating via the retailer's POS system (and equivalently when identifying information is typed in an on-line transaction). As little as possible should be left to on-site, subjective determination. Therefore, CERC recommended that consumers *not* be asked to provide proof that they or their household are entitled to possess the coupon they present, so long as the Coupon is valid. The validity of the transaction should be based on the validity of the Coupon and on its use for a qualifying CECB. CERC was also concerned that consumers have a right to return coupon-eligible products that do not meet their needs (*e.g.*, some qualifying products may have additional features, such as input for a "smart antenna," that may prove necessary). To the extent the Program Contractor provides ways of identifying eligible products, CERC would expect to promote these as it does other key information about the CECB program.

**5. How will CERC aid in ensuring that certified retailers assist customers with installing the converter boxes?**

To the extent the Program Contractor provides such information along with Coupons, CERC will play an appropriate role in promoting and publicizing it to retailers and to the public. Otherwise CERC would expect that CECB manufacturers and/or the Consumer Electronics Association would provide standardized guidance on this score. If there is more to be done, CERC would expect to address the task with other Steering Committee members of the DTV Transition Coalition.

**6. How will CERC help mitigate the "up-selling" of converter boxes to consumers seeking to purchase a coupon-eligible converter box?**

The FCC, the NTIA, and the DTV Transition Coalition all have said that the CECB program is *one of* a number of options that consumers will have, if they need to take some action to accommodate the DTV Transition. One might expect that competitive markets will offer several attractive alternatives, including the services of cable, satellite, telephone, and Internet programming providers, as well as ranges of new devices (e.g., recorders and other products that now include digital cable and broadcast tuners, converters with enhanced features, and standard and HDTV digital televisions). In a market as competitive as consumer electronics, no retailer can expect to be successful in pushing consumers toward inefficient product or programming choices. Most observers expect older TVs – whether or not replaced by newer models in prime viewing locations – to retain their uses in households, whether connected to antennas via CECBs or to game players, *etc.* Tens of millions of consumers are recognizing the attraction of digital television and HDTV (which will not be available via CECB) every year, and programming services continue to offer new HDTV channels and programs. The role of the retailer is to identify and satisfy the customer’s needs and preferences – no more and no less.

**7. How will CERC help mitigate the occurrence of fraudulent schemes that may target consumers once the coupon program is initiated?**

Prevention and mitigation of fraud have been priority subjects for NTIA and all responsible commentators, and was a key consideration in CERC’s comments to the NTIA. CERC’s more specific attention to this subject will have to await the public airing of the Program Contractor’s systems and requirements. CERC understands that bidding groups characteristically have included experts on dealing with attempts to exploit government response and assistance programs. CERC is concerned that elderly consumers may be particularly vulnerable to such schemes, possibly to offer unnecessary, costly, and privacy-invading “assistance” as to CECB program participation – including the collection of personal data that is not in fact required by retailers or the program. CERC expects to work with other Coalition members and the NTIA and its contractor to try to help consumer guard against such schemes, and would look forward to working with this Committee on this subject as well.


**8. Has CERC considered initiating an industry-wide approach to identifying coupon-eligible converter boxes?**

As a public policy coalition, CERC does not have any standards-setting staff or industry committee. To the extent any such organization, or the FCC or the NTIA or its contractor, would consider any standardized means (whether device color, nomenclature, shape, *etc.* – though it may be too late for such measures – or a standard sticker or logo) to identify CECBs, CERC would likely comment. However, any *ad hoc* label or sticker runs the risk of being misapplied or moved and could in fact enable consumer confusion at best or fraud at worst.

\* \* \*

CERC and its members appreciate the Committee's interest and look forward to working with you, Mr. Chairman, the Committee members, and your staff, to help make this a positive transition for all concerned, including older Americans. Please do not hesitate in contacting us as the Committee continues to examine this and other issues of mutual concern.

Sincerely,

A handwritten signature in black ink, appearing to read 'Marc A. Pearl', with a stylized flourish at the end.

Marc A. Pearl  
Executive Director