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Thank you for the opportunity to appear this morning on behalf of CERC whose members make up America's favorite places to shop for every DTV need. CERC is proud to have worked with FCC on DTV consumer education issues for many years now and looks forward to a continued strong relationship as America completes its digital transition. CERC is a founding and active member of the DTV Transition Coalition and every CERC member participates in the NTIA DTV converter box coupon program.

This session on lessons learned from the first round of DTV conversions is very helpful to our members and the public. From a retail perspective, the remarkable thing about February 17th and 18th is that *nothing remarkable happened*. In fact, it appears that for some CERC members, the week of February 17 was a slower week for converter box sales than the previous week, and that February has been much slower than January. But depending on their market niche, our members' experiences vary. Our members' customers, markets, and experiences are not uniform.

Our members generally report that on February 17 & 18 they had very few consumer inquiries or complaints, even in "shut-off" areas. They did see an up-tick in converter box returns on February 18. At this vantage point, our retail report is: so far, so good. At each of the crucial transition dates thus far – the Wilmington transition; the Hawaii transition; the Western Nebraska and other localized transitions, and the February 17th shutoff, CERC members and other retailers have had ample supplies of Coupon-eligible converter boxes.

Since February 17, Converter sales of some of our members have continued to slow along with the new Coupon requests as recorded by NTIA. But given the circumstances, including the media's reporting of June 12 as the final conversation date, this is not too surprising and should not be read as indicative of the overall demand. Indeed, in light of all the simultaneous changes that have occurred since the first of the year, one can only speculate as to the level of remaining demand. In general I am pleased to report that as of now our members have stock on the shelves and new supplies are on the way. It is possible that an individual store might be out of converter boxes on a given day, or that, as demand rises again with the NTIA clearing its waiting list, some member stores could experience temporary gaps in supply, but consumers should not have a problem finding a local stocking retailer, or an on-line or telephone retailer (which includes several CERC members) that can serve them conveniently.

Of course, as a coalition of competitors, our members do not, cannot, and will not share or coordinate supply and pricing information with each other. Each competitor is looking at the total market and the reactions to date of their own customer base. NTIA coupon program participants do confidentially comply with the program's reporting requirements, and they do apprise the NTIA's contractor of their inventory situation. Based on our communications with CERC members, it seems clear that the converter box market is closely tied to the availability of coupons. Published reports indicate less than 10 percent of all converter boxes are sold without a coupon.

NTIA has reported that retailers have consistently been ready to serve the number of Coupons used by consumers, and reports from our members have confirmed this to date. But we will not get a good handle on the likely final demand for converter boxes until *all consumers that need a Coupon can get a Coupon*. Therefore CERC has encouraged and applauded NTIA's intention to serve and clear its waiting list as expeditiously as it can. We remain confident that by April 16th – the FCC's currently proposed *next* possible analog shutoff date – our members and other retailers will have adequate supplies of coupon-eligible converter boxes available in their stores, on-line, and by phone.

Antennas have proven to be a very interesting issue for retailers. The operating assumption during the early days of the coupon program was that most consumers would simply re-use the antenna they had for analog viewing. Since the Wilmington shut-off, there was a shift of attention towards antennas. This has proven to be a more robust market than first anticipated.

Ten-dollar antennas often work fine. A "smart antenna" can dynamically adjust to optimize for signal strength, but can cost more than $100 and requires a converter box with a smart antenna interface. Roof-top and in-attic antennas are also available. But antenna performance is highly sensitive to micro issues like TV location within the house, vegetation, and topography. What is optimal today may not remain so after the transition is complete, as stations switch frequencies or increase power. Our members do anticipate brisker sales of antennas, and supplies of some models may be tight from time to time. Moreover, because store personnel cannot visit the house of every person who buys a set-top antenna, the consumer often must proceed by trial and error. Therefore, despite the excellent tools available, such as CEA's www.antennaweb.org, our members experience a high return rate on the antennas they sell.

Going forward, education will be very important. CERC members can be very proud of their consumer education roles thus far. CERC published the first Consumer Guide to the Transition, and we update it continually. The latest iteration is on-line at: http://www.ceretailers.org/Rev-b-CERC%20Consumer%20Guide%20--2-17-09%20(2).pdf. The NTIA reported in its February newsletter that pursuant to the Commission's DTV Consumer Education regulations, FCC investigators visited retail stores and forwarded these findings to the NTIA,

> "Retailers participating in the Coupon Program are well-informed about the Program and its requirements, based on results from retailer interviews conducted by the FCC. Retailers rated highly in monthly surveys conducted over the past few months. Results showed correct responses at 95% and up on questions that covered Program knowledge and training, including coupon acceptance and redemption practices and whether high definition TVs are needed for the digital transition ….."

With the changes in the last two months, the consumer information task gets a little more complicated than our previous focus on a single date for an entire nation. The most important message for consumers as we enter the final stretch of the DTV conversion is *not to delay* in getting and using your Coupon, or in choosing a DTV product, such as a DTV or HDTV receiver, or cable or satellite service, that will prepare you for the Transition *now*.

In closing, on behalf of CERC and its members, we appreciate the collegiality of this proceeding, and the close cooperation that is now apparent between the Commission and the NTIA and the Transition Coalition. We have enjoyed working with the Commission's staff at a series of events across the country to inform and educate the public. We look forward to continuing to work with you for the balance of the Transition and beyond.