

THE DTV TRANSITION: AN INDEPENDENT RETAILER CHALLENGE AND OPPORTUNITY

Retailers of all sizes and in all markets who sell televisions need to know **RIGHT NOW** the challenges and opportunities that the “DTV Transition” presents to them and their customers. Even if you haven’t sold an “analog-only” TV in years, you have customers with questions about what it will mean for them when analog TV broadcasts end after February 17, 2009. You have the opportunity to become *DTV Central* for your customers, who are soon to be bombarded with “Public Service Announcements” that might confuse the heck out of them and have them running in to see *you* for an explanation. You can be a valued source of guidance and referrals – *if* the information you and your staff give out is both thorough and accurate. This will, however, involve understanding a government program.

The Federal government, since it ordered this transition, will provide subsidy “coupons” (actually, more like gift cards) for basic, inexpensive “Coupon-Eligible Converter Boxes” (“CECBs”) whose *only* function is to convert HD or standard definition digital broadcasts for reception on standard analog-tuner TVs. Beginning January 1, 2008 through the end of March of 2009, every household in America will have the opportunity to apply for up to two (2) of these \$40 “coupons” to be applied, at retail, against the cost of a CECB. (They cannot be combined on a purchase, nor can the coupon be used for anything other than an NTIA-certified basic converter box.) A few models have been certified and more should be government-approved and available soon.

The basic message to your customers is that on February 17, 2009 essentially **ALL** TV stations must end their analog broadcasts and utilize only their digital channels. So *if* your customer relies on a TV antenna for any set in their house, and *if* that set has only an analog tuner and is not connected to a paid service (e.g. cable or satellite), it will need a converter (either a CECB or a non-subsidized one built into another product such as some DVD recorders). Once the application is received, coupons will be mailed out to U.S. households beginning in early 2008.

Retailers who choose to sell CECBs and sign up for the government program can accept the \$40 coupon per box and be reimbursed by the government if they register with the Department of Commerce's National Telecommunications and Information Administration (NTIA) by March 31, 2008. When the NTIA sends out its coupons, it plans to include a list of registered retailers in the recipients’ geographical area. So if you are considering taking part in the program, you need to quickly decide whether or not you want to participate. It is not yet too late to research your options and get the process started – but you need to act soon. Information on the CECB program can be found at: www.ntiadtvtv.com/.

The Consumer Electronics Retailers Coalition (CERC) has been working with independent retailers through NARDA and has been the leading voice with regard to retailer awareness of the DTV Transition and consumer education. You can obtain a lot of helpful information – for yourself, your sales associates and your customers – at our website located at: www.ceretailers.org or you can also go to the NARDA website to get more information at: www.narda.com.

Yes, this process will be a challenge for everyone, but also a unique opportunity for retailers.