

ORAL STATEMENT OF MARC A. PEARL
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Chairman Inouye, Vice-Chairman Stevens, and members of the Committee, I am pleased to be here today on behalf of the Consumer Electronics Retailers Coalition. CERC applauds the Committee's efforts to help identify the steps that the public and private sectors must take to make this transition as successful as possible.

CERC's members include the largest and most well-known consumer electronics retailers, general retailers who sell CE products, and our country's three major retail associations. We are also among the four founders of the DTV Transition Coalition, which now has more than 170 members.

Our organization is dedicated to helping all retailers, whether or not they are CERC members better understand their role and responsibilities in assisting their customers through the Transitions from analog to digital television *broadcasts*, and, in parallel, from standard definition to high definition *programming*. This process, as you can well imagine, can be highly confusing to consumers, so in response CERC developed, among other educational tools, one of the first Consumer Guides, and recently, in cooperation with the National Hispanic Media Coalition, published a Spanish version.

But a successful Transition cannot be the responsibility of retailers or the private sector alone. An effective public-private partnership is necessary, including coordination of message and outreach, as well as cooperation and communication.

As part of this partnership, CERC several years ago recognized and indeed solicited the leadership of the **FCC**, based on its vast experience and expertise. We have worked closely with the Commission on DTV messaging and public education, and continue to look to it for leadership and guidance. It should be pointed out, however, that the Commission has no experience, expertise, or delegated authority as to the regulation of retailer practices. Congress has delegated this authority elsewhere. CERC and its members have nevertheless

specifically pledged to work with the FCC to achieve and apply a unified message.

CERC and its members have also worked informally and formally, since the passage of the law, to help the **NTIA** craft a Coupon Eligible Converter Box Program that would attract the broadest possible participation of qualified retailers of every appropriate size, specialty, geographic location, and means of sales in the challenging and unprecedented endeavor that Congress has entrusted to this agency. It must be pointed out, however, that no one in the public or private sector has experience with this unprecedented program – particularly dealing with a government-subsidized product, the demand for which is likely to rise sharply and unpredictably from zero, but fall off even more sharply when the last coupon expires on July 10, 2009.

This is not to say that substantial progress has not been made in the two short months since NTIA awarded its contract to IBM. Two manufacturers have recently been certified to provide Coupon-Eligible Converter Boxes. Retailers have now begun to receive substantial, but not complete, information on the technological options involved in accepting coupons at the point-of-sale. There are still, however, key pieces that have not yet been made available to retailers – most critically, the terms of the agreement that a retailer will need to sign in order to participate, and the metrics for a retailer to be considered “qualified” to participate. But I will say that we are more confident than ever that CERC’s members and many other qualified retailers throughout the country of all sizes and capacities *will* chose to participate in the program *if* its voluntary, marketplace-oriented nature is preserved and if it seamlessly interfaces with retailers' current systems.

I am less confident, however, if the agreement to voluntary participate will be accompanied by new FCC regulations or other threats of legal sanction.

The DTV Transition Coalition has brought together the key private sector industries in an atmosphere of cooperation and coordination. The FCC, the NTIA and the CECB Program contractor, along with key staffers from the Hill, have been invited to work with and within the Coalition as partners.

We in the Coalition are very focused on insuring public credibility and stability of the transition and the “hard date” itself. Accordingly, while everyone would agree that the legislation was imperfect, it would be a mistake for the Congress to fiddle with or try to ‘fine tune’ the law. Doing so would undermine the credibility of our collective public education efforts at a vital time when a coordinated, sustained and comprehensive campaign is absolutely necessary. We are exactly 16 months from ‘lift-off.’ The Transition will not be ‘real’ to consumers so long as there is any doubt whatsoever that it will occur at the time, and on the terms, already enacted by Congress.

In conclusion, Mr. Chairman, on September 17, CERC filed Comments with the FCC that set forth the public education undertakings that retailers are pursuing or are prepared to pursue. Yesterday, several of our members, including Target, Circuit City and Best Buy, filed specific endorsements of those comments, outlining their own individual intentions. I would like to submit their filings as part of this hearing record. And in addition, I have just learned that today both Best Buy and Circuit City have publicly announced – now joining with previous similar announcements from Radio Shack and Wal-Mart – that they intend to participate in the CECB Program.

Retailers want to work with this Committee, the FCC, the NTIA, and with my colleagues on this panel through the DTV Transition Coalition to insure that the transition works for all Americans households.

I greatly appreciate the opportunity to testify before you today, and am prepared to answer any of your questions.