



**Opening Statement of Shawn DuBravac
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before the Federal Communications Commission

**Open Commission Meeting on the
Digital Television Transition**

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Chairman Copps, Commissioner Adelstein and Commissioner McDowell, my name is Shawn DuBravac and I am the Chief Economist at the Consumer Electronics Association. Thank you for inviting me to testify.

Our most recent survey of the market suggests that manufacturers and retailers will continue to meet consumer demand for converter boxes and antennas. We are aware of no systemic shortages of converter boxes from the inception of the program through today. Moreover, manufacturers and retailers, in coordination with NTIA and the FCC, have worked diligently to ensure that converter box supplies have been sufficient to meet consumer demand. While we occasionally hear rumors of box shortages within different geographic markets, phone calls to area stores have each and every time revealed ample supply within the vicinity in question. And of course, consumers remain free to order converter boxes online and by telephone from many NTIA-approved retailers.

Manufacturers, installers, retailers and distributors have done a phenomenal job at serving a market which is both new and temporary in nature. While it is impossible to identify where any

potential short-term issues may arise, manufacturers and retailers have and will continue to move existing converter box supply to the geographic areas with the highest demand – ensuring that the market for converter boxes and antennas is sufficiently satisfied.

While much focus has been put on the availability of converter boxes, signs continue to suggest that the transition will be a successful one. First, digital television sales are up 32 percent year-to-date even in the midst of a deep recession. More than 112 million DTV sets have been sold in the United States, many to exclusively over-the-air households. Second, converter box coupon requests and redemption rates continue to fall. Even after simulated analog cutoffs, there was not a significant rise in coupon requests or redemptions. Coupon redemptions for the month of May were the lowest since April 2008. Moreover, redemption rates for over-the-air homes fell to 43.7 percent for coupons expiring the week of May 22 – the lowest since the program began in January 2008. Third, the number of households estimated to be completely unprepared for the transition continues to decline. Nielsen estimates this figure continues to fall and is now only 2.7 percent of households. Moreover, this figure likely overstates the actual number of unprepared households because it fails to account for those that have ordered and/or purchased converter boxes, but have not yet installed them. Fourth, given the temporary nature of the converter box program, there is evidence of the development of a strong secondary market. For example, as of this morning, the search term “digital converter box” revealed approximately 600 items on the popular auction site eBay, with alternative search terms revealing additional items.

Finally, consumer awareness of the digital transition has never been higher. Rising from just 39 percent in May of 2005, 86 percent of households were aware of the transition by August of 2008. Today virtually all households are aware of the approaching television transition and have

had more than adequate time to plan accordingly and make any necessary adjustments well in advance of the transition.

In short, CEA remains optimistic that the DTV Transition will go down in history as one of the most successful public-private partnerships in our nation's history. While no one can guarantee that 100% of the nation's viewers will have taken the necessary steps to prepare for June 12th, we can say that the vast majority of the nation's television viewers are prepared for the transition. All of the DTV transition stakeholders should be immensely proud of the work we have done together over the past several years. In closing, I would like to thank the Commission, the NTIA, Congress and our friends at NAB and NCTA for working along with CEA to ensure that the DTV transition is as successful as is humanly possible.