



News Release

DIGITAL DELAY PROVIDES MORE TIME FOR VIEWERS, MORE SALES OPPORTUNITIES FOR CONVERTER BOX MANUFACTURERS

Study Says Total Shipments Expected to Reach 37 Million Boxes from All Manufacturers

February 4, 2009 – Dallas, TX – With Congress deciding that full-power TV broadcasters won't have to throw the switch to turn off analog signals until mid-June (and with President Obama expected to sign off on the change), manufacturers of digital TV converter boxes will now enjoy an unexpected extended selling season for the conversion devices. Updated survey information compiled and analyzed by Digital Tech Consulting projects that 37 million converter boxes will reach consumers by summertime, now that the digital TV transition will be extended by four months.

“Without question, the popularity of the federal government’s discount coupon program has driven the majority of converter box sales since the converters and the coupons first appeared one year ago. Profit margins for manufacturers and retailers are slim on these products. So while the digital delay won’t necessarily mean a windfall for manufacturers of converters, we are forecasting strong demand that will ultimately keep 37 million analog TVs going as the nation moves to all-digital broadcasting,” said Myra Moore, principal at Digital Tech Consulting. “That’s good news for consumers who can hold off on the purchase of a more expensive digital TV set, and we believe that part of the high demand for converter box discount coupons is because the economy is in recession. People are putting off major purchases, and it’s less costly to simply update an analog TV with a converter box than to replace that product with a full-blown high-definition TV,” Moore added.

DTC’s findings are the result of analysis of government data, interviews with converter box manufacturers and component suppliers, and discussions with major retailers. The forecast comes on the heels of earlier estimates made by DTC that 33.5 million converters were shipped into the distribution system in 2008 in preparation for the long-planned mid-February transition.

DTC has also been monitoring rising redemption rates of the \$40 discount converter box coupons issued by the U.S. Commerce Department, which now top 53% and have been inching upwards. To date, viewers have purchased nearly 22 million converter boxes with government coupons and DTC estimates that another four million were purchased in 2008 without the discount.

“Giving viewers more time to get their coupons, make a purchase, and connect their boxes will mean more boxes sold at retail with the \$40 coupon. The extra time and more coupon availability will likely drive converter box sales to 37 million units,” Moore said. Top sellers include converters sold under the RCA, Magnavox, Insignia, and Zenith brands.

The extension won't change one factor in the transition – the desire of both manufacturers and retailers to carefully manage their inventory to avoid a glut of unsold converters. While it is expected that converters will be available throughout 2009, demand will fall off precipitously after the June 12 analog switch-off.

For more information about DTC's converter box tracking research, visit www.dtreports.com .

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About Digital Tech Consulting:

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