



WARREN'S Consumer Electronics Daily

The Authoritative News Service of the Consumer Electronics and Allied Industries

THURSDAY, MAY 5, 2011

VOL. 11, NO. 87

Today's News:

PRO GROUP MEMBERS REEMPHASIZING audio roots, returning to sell more AV components to offset declining TV margins. (P. 1)

SAMSUNG TAKES ANOTHER STAB at Internet refrigerators, using 'All Share' connectivity and apps as its lures. (P. 3)

SONY STANDS BY ITS ACTIONS in wake of PlayStation Network hack, it tells House Commerce subcommittee leaders. (P. 4)

SONY DATA BREACH underscores need for data protection bill, say FTC, members of House panel. (P. 6)

HD VERSIONS OF UDRAW GameTablet to ship for PS3, Xbox 360 this holiday season, THQ says. (P. 8)

GARMIN SEES GROWTH across all segments in Q1, expects to pick up share in industry consolidation. (P. 9)

OVER-THE-AIR PAY-TV TEST coming to San Francisco in Granite-Motive TV partnership. (P. 10)

NEW ERCC 'PERFORMANCE METRICS' will help reduce 'misinformed conclusions' on efficacy of state e-waste programs, group says. (P. 10)

DISPLAYS: Planar to increase focus on digital signage business as growth slips in Runco home theater line. (P. 11)

VIDEOGAMES: Glu Mobile says its relationship with Google 'strengthened significantly' in Q1. (P. 12)

Higher Margins Sought

PRO Members Renewing Push Into Audio Components, Adding Tablets

DANA POINT, Calif. — Facing shrinking TV margins, PRO Group members are looking toward audio components and headphones and the emergence of tablets to boost their bottom lines, dealers said at the group's annual meeting. While large 55-inch and up TVs remain strong sellers for PRO dealers, the business starts to "tail off" for them in the sub-46-inch category, PRO Group Executive Director David Workman said. So, many retailers are returning to selling higher margin audio components and headphones to attract customers who may have already bought a flat-screen TV, Vann's CEO George Manlove said. PRO Group audio sales have increased in the "high double digits" from a year ago, Workman said.

Among PRO Group's major audio suppliers are D&M Holdings, Yamaha and Onkyo, the latter making an appearance at the meeting for the first time. PRO also has a program agreement with headphone supplier Skull Candy, and Signeo USA was pitching dealers on Soul models being marketed under

an agreement with rapper Ludacris. "Audio doesn't really jump out at you the way video does with a spec sheet," Workman said. "But it does jump to life when you have somebody on the sales floor who knows what they are talking about."

In addition to the major component suppliers, PRO relies on Sonos, Definitive Technology, Polk Audio and Speakercraft. The renewed interest in audio by consumers may also be an early sign that the struggling U.S. economy is starting to improve, ListenUp CEO Walt Stinson said. "I think it was pent up demand," Stinson said. "People were buying TVs because they were a necessity, something that audio was not. I think consumer sentiment is improving."

Retailers also are benefitting from TVs equipped with speakers that can't match the performance of standalone components, said Jim O'Neill, division merchandise manager at Electronics Expo. But marketing audio still requires that it be packaged with sale of a flat-screen TV since consumers may not return to buy it separately, he said.

For tablets and smartphones, both new categories for some PRO Group members, the emphasis will be on developing displays and marketing that will separate them from the hundreds of other retailers carrying the products, Workman said. Manufacturers already supplying PRO dealers with CE goods are adding tablets to the mix. And PRO retailers will benefit by emphasizing Wi-Fi-based tablets over the 3G-equipped models being sold by wireless carriers, Workman said. A la carte service plans also would further separate PRO dealers from carriers, who try to lock customers into long term contracts, said Vann's Manlove, whose chain carries Apple's iPad and Samsung's Galaxy.

ListenUp also is using tablets for niche applications like a central control panels for a home or a remote, Stinson said. ListenUp has been installing iPads as control units, but is seeking to broaden its offering with the arrival of new models from CE vendors, he said.

"Every one of our vendors has business models for tablets for us", Workman said. "They are very concerned about what the best channel for this product is since it doesn't seem to do well in the computer [retail] channel. The good thing is they have us on their radar screens."

In the case of smartphones, PRO Group is still working to develop a strategy since there is "a certain number of activations per store that is needed for it to make sense for us," Workman said. "The question is whether the dealers can generate the type of traffic for the numbers to work. Smartphones are not just a business you jump in to." As it weighs options for smartphones, PRO is relying on members Car Toys and Vann's, which already sell the category. Among the category's other obstacles is that wireless carriers operate autonomously in each region, Manlove said, making having a national service plan that is "relevant across the country a challenge."

PRO Group Meeting Notebook

PRO Group and Brandsource's Home Entertainment Source (HES) are "a little ahead of expectations" in gaining vendor support for their new ProSource alliance (CED Jan 3 p1), Workman said. The groups are "moving their lines in front of the vendors together," but are tailoring programs based on dealer size, he said. "We haven't taken a one size fits all approach, but we have gone to the vendors together," Workman said. The buying organizations also have made "some progress" in creating Signature programs (CED Jan 7 p2) that are aimed at attracting three audio and three video vendors willing to develop channel-specific strategies to aid independent retailers, Workman said. "We are making some progress on the

audio side, but video remains a bit of a challenge," Workman said. "We have made some progress in vendors approaching some elements of channel management." ProSource, which capped two years of the groups working together, also is forming joint committees to focus on connected products, smartphones and tablets. The groups also are jointly recruiting members and PRO has referred a "half dozen" dealers better-suited for HES to that organization, Workman said. "There will be dealers that if they get to a certain size, will move over to PRO," Workman said. PRO Group has some potential new members "on its roadmap that we continue to talk to," but isn't in a rush to expand beyond its current 16 dealers, Workman said. PRO's 2010 combined sales were \$1.9 billion, about flat with the previous year, but were up nine percent through April, Workman said. Whether PRO's combined sales will increase for the full year will depend on the expansion of some dealers and sales from member Sixth Avenue Electronics, which has closed nine stores. The group's annual meeting attracted "north of" 200 people, up from about 165 last year, due partly to the presence of some new attendees like Onkyo, Workman said.

PRO members don't expect the effects of the Japan quake and tsunami to start affecting supply until late summer, Stinson said. Any shortages will likely stem from a tight supply of components needed to drive the finished products, such optical drives. Among the categories likely to be affected are digital cameras, car audio, Blu-ray players and high-end audio components that are assembled in Japan, Workman said. "We have pieces of information, but there hasn't been a very clear roadmap" as to what the earthquake's impact will be on supply, Workman said. "We're hearing things on the fly." — *Mark Seavy*

'Natural Progression'

Samsung Bringing 'All Share' Connectivity to Refrigerators At Steep Price

The Internet refrigerator isn't new, but consumer acceptance of the concept is shifting, said Eric Anderson, vice president of product and content solutions at Samsung, who credits the smartphone with easing consumers into a comfort zone of app culture. Samsung is due to launch the \$3,499 RF4289 Internet refrigerator this month, but rather than trumpeting Jetsons-esque features like bar code scanners that communicate with the local grocery stores — as some early Internet refrigerators promised — Samsung is promoting the appliance as an extension of its DLNA-based "All Share" technology and app store.

Now is the right time to launch the product because of a "natural progression of the marketplace" toward digital content and "having more control," Anderson told us. Early Internet refrigerators from Samsung, LG and others were before their time, he said. Even smart TVs initially struggled before consumers became familiar with the app concept, he said. "With smartphones, consumers have gotten used to app stores and the nomenclature," he said. Sharing apps from different access points including the TV, tablet and smartphone is a next-gen feature that earlier connected fridges didn't have. The RF4289 will ship with 10 apps, among them Epicurious for recipes, Picasa for online photo albums, Weatherbug, Pandora, AP news, and Twitter. It also includes a memo pad and Google Calendar, he said. Users with a compatible Samsung camera can wirelessly transmit photos to the fridge screen using All-Share, Anderson said. The 8-inch LCD screen doesn't support sharing TV programs, he said.

Anderson's vision of consumer usage for the RF4289 display is for TV videos, video shorts from celebrity chefs and cooking shows and how-to videos. A user might post a list of available ingredients to Twitter and then wait for recipe ideas to come back. He sees third-party developers delivering apps for nutrition, home fitness, family connections, caloric intake and health awareness. Successful apps will bring up nutritional value "in a fun way," he said. "Not like 'I'm watching you.'"

Appliance retailers we spoke to expressed interest in the technology generally but were put off by the price. "The smartphone comparison is key" to the success of an Internet refrigerator, said Carmela Peterson, manager of Designer Appliances by Lemke in Webster Groves, Mo., but she's doubtful a \$3,000-plus fridge would fly with her customers. When the LG Internet refrigerator came out a number of years ago, she sold just one. Although the smartphone has made the app concept familiar to consumers, the Samsung Internet refrigerator rings in \$1,000 higher than the average sales price of refrigerators at Lemke, Peterson told us, and she doesn't see a value payoff. "I have a smartphone, and I don't need one on my refrigerator," she said. In this economy, price rules, she said. "The most popular Samsung model we carry is \$2,400, and our customers wait until it comes down to \$2,000 with a promotion before they buy."

Krup's Kitchen & Bath in New York City will carry the RF4289 because "I carry a lot of stuff that no one else has," said owner Mitchell Weissberg, who lures customers into his store with retro appliances in pastel finishes. "I love when somebody is willing to try something different so I'll give it a shot," he said. He's not convinced it will sell, though. Weissberg was excited to carry Samsung's previous model but "it didn't do anything," he said. At the time consumers preferred tiny Sharp countertop TVs that they could move around. Having a display mounted in the fridge "limits where you can view it," he said.

The new Samsung model is "a lot more sophisticated," he said, and Wi-Fi makes it easy to connect to a home network. The comparable Samsung French Door refrigerator, without a screen, "does very well," Weissberg said, but it carries a list price that's almost \$1,000 less, which he sees as a steep delta that makes it hard to justify the premium. "Today you can buy a Coby Kyros tablet for \$135 and do everything with it," he said. "These things are almost disposable today," he said. And tablets are portable, he noted. "Why would you want to sit at the refrigerator? It's uncomfortable," he said. Repair is another issue, he said. Consumers aren't going to take the fridge in for repair if the built-in tablet goes out.

The RF4289 will be sold through independent appliances dealers, Lowe's and Best Buy, according to a spokesman for the refrigerator product team. When asked about the challenge of selling technology in the appliance department, the spokesman said in an email response: "It's an opportunity to reach consumers where they're not typically expecting to see the use of Internet and apps." He said the product is a sign that the consumer marketplace has accepted innovations in daily life: "You can pull up your family's calendar on the TV, laptop, tablet, smart phone and now, the refrigerator."

It's up to content providers to make apps that are relevant for the device, Anderson said, saying the technology is there to do just about anything. "We could have the fridge read a bar code on a package of cheese, but how do you use the data in a meaningful way?" he said. "The worst thing we could do is put in technology that outreaches our content partners' interest." Content partners "have to work with us," he said. The connectivity aspect is key to the appliance's longevity, he said. "We can do updates on content and send out firmware pushes," he said. "There are lots of ways to future-proof devices like TVs and refrigerators that don't have one-year life cycles like smartphones do," he said. "We have a lot of work ahead to think through R&D and keep relevant." — *Rebecca Day*

'Care and Caution'

Sony Stands By Its PlayStation Network Hack Actions, It Tells House

Sony acted "with care and caution" in dealing with the massive hack of the PlayStation Network, Kazuo Hirai, chairman of Sony Computer Entertainment America, told the House Commerce Manufactur-

ing Subcommittee by letter Tuesday. Subcommittee Chair Mary Bono Mack, R-Calif., and ranking member G.K. Butterfield, D-N.C., wrote Sony Friday demanding answers on why PSN users were kept in the dark for days about the PSN breach and what the company was doing to prevent another hack.

Sony took "the almost unprecedented step of shutting down the affected systems as soon as threats were detected," Hirai said. Sony "is keeping them down, even at substantial cost to the company, until all changes to strengthen security are completed," he said. "We have tried to err on the side of safety and security in making these decisions and judgments."

Sony has not identified the culprit in the PSN breach, Hirai told the lawmakers. It's "reluctant to make full details publicly available" about how the breach occurred "because the information is the subject on an on-going criminal investigation" and also the information could be used to exploit vulnerabilities in systems other than Sony's that have similar architecture to the PlayStation Network, he said.

Globally, about 12.3 million PSN account holders had credit card information on file with Sony, Hirai said. That includes about 5.6 million U.S. account holders, he said. He didn't explain why that estimate differs from the 10 million he quoted at Sunday's news conference in Tokyo. The numbers he quoted in the letter include active and expired credit cards, he told Bono Mack and Butterfield.

Sony still thinks credit card information was not stolen but can't rule it out, Hirai told the lawmakers. On the question of how this could be, Hirai said Sony "has not been able to conclude with certainty through the forensic analysis done to date that credit card information was not transferred from the PlayStation Network system." Sony knows that for other personal information in the account database, "the hacker made queries to the database, and the external forensics teams have seen large amounts of data transferred in response to those queries," he said. "Our forensics teams have not seen queries and corresponding data transfers of the credit card information."

Sony has taken at least six security measures to prevent future breaches, including creating the post of a new chief information security officer to report to Chief Information Officer Shinji Hasejima, Hirai said. He described the other measures in the most general terms, such as adding "automated software monitoring and configuration management to help defend against new attacks." Sony also has "enhanced levels of data protection and encryption," Hirai said, without describing how. The company also has beefed up its ability "to detect software intrusions within the network," he said, again without saying how.

Sony originally discovered the breach April 19 when it was noted that several PSN servers "unexpectedly rebooted themselves and that unplanned and unusual activity was taking place on the network," Hirai said. It shut down the entire PSN system the next day, he said, but didn't tell the public why for another six days. As for why the company waited, Hirai said Sony throughout "was very concerned that announcing partial or tentative information to consumers could cause confusion and lead them to take unnecessary actions if the information was not fully corroborated by forensic evidence."

Hirai is "of course aware of the criticism Sony has received for the time taken to disclose information to our customers," he told the lawmakers. "I hope you can appreciate the extraordinary nature of the events the company was facing," he said. They were "brought on by a criminal hacker whose activity was neither immediately nor easily ascertainable," he said. "I believe that after you review all the facts you will agree that the company has been acting in good faith to release reliable information in accordance with its legal and ethical responsibilities to its valued customers."

To regain customers' goodwill, Sony will offer U.S. account holders complimentary identity theft services, Hirai said. "Because the breach affects customers worldwide, different programs may be offered in other territories." He didn't repeat the pledges he made at Sunday's news conference in Tokyo that the company will "consider" paying the credit card reissue fees of customers who can show their cards were compromised in the PSN breach or to refund account holders who want out of PSN but still have unused balances on their prepaid "wallets."

In one of Hirai's few new revelations, he told the lawmakers that Sony Online Entertainment learned on Sunday afternoon that intruders had planted a file named "Anonymous" on one of its servers. For weeks, the Internet group called Anonymous had targeted Sony with "coordinated denial of service" attacks in protest that the company had prosecuted a PS3 hacker, Hirai said. The group has disavowed responsibility for the PSN breach. Hirai raised the name of Anonymous at the Tokyo news conference, but under questioning from reporters, said he didn't mean to imply that Anonymous was connected to the PSN attack, only that he had brought it up for "background."

In the letter to Bono Mack and Butterfield, Hirai said it's "becoming more and more evident" through the PSN and SOE hacks that Sony has been victimized in "a very carefully planned, very professional, highly sophisticated criminal cyber attack designed to steal personal and credit card information for illegal purposes." Hirai thinks Sony didn't immediately detect the PSN hack "for several possible reasons," he said. First, "detection was difficult because of the sheer sophistication of the intrusion," he said. The hackers also had "exploited a system software vulnerability," he said. "Finally, our security teams were working very hard to defend against denial of service attacks, and that may have made it more difficult to detect this intrusion quickly — all perhaps by design." — *Paul Gluckman*

Sony Response Criticized

FTC, House Panel Back Data Theft Bill Amid PlayStation Network Breach

Data protection legislation gained steam at a hearing Wednesday of the Senate Commerce Subcommittee on Manufacturing. Panel Democrats and Republicans, as well as the FTC and privacy advocates, said they supported legislation to prevent and lessen the negative effects of breaches like those recently at Sony and Epsilon. The two companies declined to testify Wednesday, but the subcommittee released Sony's written answers to its questions from last week.

Chairwoman Mary Bono Mack, R-Calif., wants to know why Sony didn't alert customers sooner, she said. She slammed the company for first notifying customers on its blog. "That's right," she said. "A blog." Sony unfairly put the burden on customers to search for information about the breach, she said. "That kind of half-hearted, half-baked response is not going to fly in the future." Bono Mack said she's still reviewing Sony's letter. (See the separate report in this issue.) She praised Sony for adding new protections for its network after the breach, but wondered aloud why they didn't have those protections in place before, especially given the number of customers at risk.

Bono Mack is working on a bill, based on the unsuccessful Data Accountability and Trust Act from last Congress, to ensure that consumers are promptly informed when their personal information is jeopard-

ized, she said. The DATA Act, sponsored in the 111th Congress by Rep. Bobby Rush, D-Ill., passed the House but stalled in the Senate. “The time has come for Congress to take decisive action” and make a “uniform national standard for data security and data breach notification,” Bono Mack said. Talking to reporters afterward, the chairwoman declined to give a timeframe for introduction of the bill. “But we’ll start working immediately on stakeholder meetings,” she said. While planning to start with the Rush bill, she noted that the atmosphere has changed since that bill.

Bono Mack still wants Sony and Epsilon to testify and may have another hearing, she told reporters. Rep. Cliff Stearns, R-Fla., who introduced a previous version of the DATA Act in the 109th Congress, said during the hearing he was considering a separate hearing in the Oversight Subcommittee to investigate what happened in the breach, he said.

Federal law enforcement is important, but industry “also must step up to the plate,” said full committee Ranking Member Henry Waxman, D-Calif. “The private sector can, and must, do a better job of safeguarding sensitive personal information,” he said. Waxman urged the political parties to work together and “quickly re-pass” the DATA bill on a bipartisan basis.

The FTC supports legislation requiring companies to implement security policies and procedures, and requiring notification of consumers during breaches, said David Vladeck, director of the FTC Bureau of Consumer Protection. Notification should happen as quickly as “practical,” especially for breaches involving data related to geolocation, health and children, he said. Legislation should also give the agency power to impose civil penalties, he said. State laws don’t require good underlying security at companies, and the FTC has found insufficient and outdated technology at many firms, he said.

Law enforcement sometimes requires companies to delay notification of a breach if it could harm an investigation, cautioned Pablo Martinez, deputy special agent in charge of the U.S. Secret Service Criminal Investigative Division. The Secret Service is investigating the Epsilon breach, but the FBI is heading up the Sony investigation, he said. Vladeck agreed that in a massive breach, companies may need more time to fix the problem before notifying customers.

Sony may have been able to prevent the data breach if it had kept its network software up to date, said Gene Spafford, executive director of the Purdue University Center for Education and Research in Information Assurance and Security (CERIAS). Two to three months ago, some security experts tried to alert Sony that it was running an old, unpatched version of Apache, but the company didn’t respond, Spafford said.

Data breaches may cost the U.S. nearly \$100 billion a year, said Spafford. Notification laws help “after the fact,” but they won’t “solve all of the problems,” he said. Security is not viewed by companies as something that returns on investment, and they don’t understand the risk they take by not shoring up security, said Spafford. More research and resources for law enforcement are needed, he said. Legislation should minimize the amount of data kept by companies, and reduce the amount of time they hold onto data, he said.

Congress should pass a comprehensive privacy bill to mitigate the effects of data breaches, said Justin Brookman, director of the Consumer Privacy Project at the Center for Democracy and Technology. Data protection laws should cover more than financial information, including personal data like email addresses, he said. — *Adam Bender*

'Small Impact' From PSN Hack**HD Versions of uDraw GameTablet to Ship for PS3, Xbox 360**

THQ will ship "exclusively designed," HD versions of its uDraw GameTablet for the Xbox 360 and PS3 "this holiday" season, CEO Brian Farrell said in an earnings call. The devices "will be slimmer, sleeker and designed with the HD customer in mind," he said. THQ "achieved our target of 1.7 million units shipped" on the uDraw for the Wii in fiscal 2011 ended March 31, "well in excess of our initial expectation of 1 million units," he said.

THQ was "working very closely with" the uDraw manufacturer and will "ramp up the supply of the hardware" for the PS3 and 360 versions of the peripheral "for the holiday season," Farrell said. It's the same manufacturer that makes the Wii version of the GameTablet for THQ, he said. The uDraw performs "very seasonally and we're going to be quite sensitive to that," he said. THQ "will be unveiling more details at E3" in Los Angeles, June 7-9, about the HD versions of uDraw, and they will be featured at the company's "World of uDraw" showcase there, he said. Farrell also said THQ will release six more uDraw software titles this fiscal year.

THQ, meanwhile, was "seeing a very small impact" in its PlayStation Network revenue from the service's outage, Farrell said. It's "a short-term" problem, he said. He said he believed and hoped that PSN will "be up and operating" again by the time THQ releases its game *MX vs. ATV Alive* Tuesday. But "the whole *MX*" business model "is about a very long-term run" of downloadable content, he said. The game will be the first from THQ to launch using hybrid pricing in which consumers will pay a lower upfront cost than most new AAA game releases and then get to select from downloadable content that can be purchased. "As far as THQ is concerned," the PSN outage is "a very minor issue," Farrell said. THQ has also "not seen any ... direct impact" from the Japan earthquake, he said.

THQ said Q4 sales tumbled to \$124.2 million from \$197.7 million the prior year, while its loss widened to \$44.1 million, or 65 cents per share, from \$10.4 million, 15 cents. Wii revenue accounted for 37.5 percent of THQ's Q4 sales, up from 12.2 percent in Q4 last year. Xbox 360 revenue fell to 19.5 percent of THQ's Q4 sales from 28.1 percent. PS3 revenue tumbled to 12.9 percent of sales from 23.5 percent. DS revenue fell to 9.6 percent of sales from 14.9 percent. Wireless revenue fell to 0.5 percent of sales from 1.1 percent of sales. PC game revenue dipped to 12.1 percent of sales from 13.7 percent. But THQ said PS2 revenue grew to 3.5 percent of sales from 2.8 percent and PSP revenue increased to 4.4 percent of sales from 3.7 percent.

The publisher was helped in Q4 by strong demand for its new release *Homefront* on the PS3 and Xbox 360. THQ shipped 2.6 million copies of the game globally and continued to "ship reorders" of it, Farrell said. In March, *Homefront* was the No. 1 title on the 360 and the No. 3 title on the PS3 in the U.S. and the top five European markets, THQ said, citing NPD and GfK sales data. The title also remained the best-selling week-one new console game release in 2011 in the U.K., THQ said.

THQ also shipped more than 1 million copies of *WWE All Stars*, and was "very pleased with the initial ramp of users" for *UFC Fight Nation* on Facebook, Farrell said. In all of fiscal 2011, THQ said it shipped 4 million combined copies of the WWE games *WWE All Stars* and *SmackDown vs. Raw 2011*, and 3 million copies of *UFC Undisputed 2010*.

The company also said it was collaborating with musician Jimmy Buffett to bring a *Margaritaville* game to Facebook, the iPad and iPhone this fiscal year. Coming THQ 3DS games, meanwhile, will include titles from the *Kung Fu Panda*, penguins of *Madagascar* and Barbie franchises, Farrell said.

THQ plans "significant investments in the first half" of fiscal 2012 for digital and other initiatives, said Chief Financial Officer Paul Pucino. It expects to report Q1 revenue of \$165 million-\$180 million, up from \$160 million in Q1 last year, he said. THQ also expects to post a profitable Q4, he said. — **Jeff Berman**

Some Japan Quake Impact

Niche Fitness, Outdoor Products Providing Growth for Garmin

Growth company-wide at Garmin fueled Q1 2011 profit of \$96 million on sales of \$508 million, compared with net income of \$37 million and revenue of \$431 million in Q1 2010, company executives said during an earnings call Wednesday. Sales in the automotive/mobile segment were up 20 percent to \$265 million, driven by OEM business and sales of remaining mobile handset inventory, following the company's decision last year to exit the handset market in the face of increasing competition from smartphones and in-dash units.

In other segments, outdoor rose 12 percent to \$67 million, fitness jumped 30 percent to \$56 million, and aviation advanced 5 percent to \$69 million, the company said. The marine segment, following an industry "recovery mode," recorded 24 percent growth, according to Garmin CEO Cliff Pemble. The company's positive outlook for the marine market is tempered by concerns over gasoline prices, Pemble said. "So far our retailers and customers haven't raised flags," he said, noting that consumers "got over the initial shock" of \$4-dollar-plus gas a few years ago and are "shrugging off current pump prices." Still, he said, "there is a practical limit" and gas prices and the effect on overall marine spending are "something to be concerned about."

According to region, North America posted the lowest growth rate for the quarter, year over year, with a 15 percent increase to \$280 million. Europe revenue widened 18 percent to \$171 million and Asia saw the greatest expansion at 34 percent to \$57 million, Pemble said.

In the outdoor segment, Pemble highlighted niche products including the high-end apps-based GPSMAP 62 and Astro dog-tracking system. Niche products "continue to provide opportunities" and the company will continue to invest in product enhancements and adjacent markets, he said. Demand was strong for high-end cycling products in the fitness group, Pemble said. The company is expecting strong demand for its Forerunner 610 sports watch, based on response received at the Boston Marathon in April.

Regarding personal navigation devices (PND), Pemble said retailers are planning Q4 promotions. While they "seem committed to the category," they're "reducing the amount of shelf space," he said. It's "still a strong category for them and there's still a lot of activity" in Q4 planning, he said. At the store level, current inventory is "somewhat light" as the industry moves into the "Dads and Grads" season, when stocking is expected to increase for gift-giving seasons, he said. Pemble noted that third-tier portable navigation device players are "leaving the market" and Garmin expects to "pick up share as the market moves toward two main players," he said.

Garmin has seen some impact from components being in "tighter supply" because of the Japan earthquake, Pemble said. "We've mostly been able to mitigate those effects because of our safety stock strategy," he said. There has been an impact in aviation and automotive production due to longer lead times on some products, "but mostly we've been able to work through that without much impact," he said. Garmin stock closed \$1.79 higher to \$35.28. — *Rebecca Day*

Gauging ATSC's Limits

U.K.'s Motive TV Will Test Over-The-Air Pay-TV in San Francisco

A U.K.-based TV technology vendor said it's working with Granite Broadcasting to test an over-the-air pay TV service in the U.S. this year. Motive TV will use Granite's KOFY-TV San Francisco to test its TV Anytime Anywhere products in a U.S. market, CEO Leonard Fertig said in an interview. "We'll set up a series of experiments with different segments of the market, to see what can be done in the U.S., using the over-the-air digital frequency Granite already uses," he said. The test will include VOD and DVR capabilities, pay-per-view, as well as the ability to view programming on multiple Web-enabled devices in the home, he said.

Motive has deployed a version of the technology in Italy and has succeeded there, Fertig said. Whether the U.S. ATSC standard for over-the-air TV provides a robust enough signal is one aspect they'll be testing in San Francisco, he said. "In Europe, DVB-T does have fewer problems in terms of distribution than ATSC does in the States," he said. But with so much marquee programming available for free over the air, in HD, consumers may be satisfied with a service if the price is right, he said.

If it works, it will allow TV broadcasters to experiment with new services and leverage their locally produced programming, Fertig said. Beyond the over-the-air component, the service will allow customers to watch any program that's on the TV's set-top box on other Web-browser enabled screens in the home, a feature the company calls TV Anywhere, he said. "How the signal gets to the home, for the TV Anywhere component is kind of irrelevant," he said.

Motive's "TV Anywhere" feature has also drawn interest from traditional pay-TV operators, Fertig said. Motive has talked with operators overseas about deploying the service in Europe, and the company is starting talks with North and South American providers as well, he said. Rather than simulcast the pay-TV programming, as the large cable operators have, or host all the programming in the cloud for on-demand use, Motive's software can be added to set-top boxes to move the content around the home after it has arrived, he said. "I believe we are unique in taking the normal feed, however it gets into that set-top box, and being able to effectively send it around the home to any screen that has a browser," he said. — *Josh Wein*

'Apples-To-Apples Comparison'

Group Releases Metrics to Measure Performance of State E-waste Programs

A group of e-waste stakeholders seeking to harmonize state regulatory requirements released a set of standards to evaluate and compare the performance of state e-waste laws. Twenty-five states have en-

acted e-waste laws, most of them adopting some form of producer responsibility, but there's been no standard way to compare their efficiency to "determine which are the most effective," said the Electronics Recycling Coordination Clearinghouse (ERCC), which developed the "performance measures." The ERCC, comprising state regulators and industry and other participants, is managed jointly by the National Center for Electronics Recycling (NCER) and the Northeast Recycling Council.

The ERCC wants states to develop a "coherent baseline set of data" of e-waste program operations to make possible meaningful comparison of the efficacy of state laws. They include e-waste collected for recycling in pounds, excluding "packaging weight." The data can also include pounds collected by product categories, including TVs, desktop computers, laptops, monitors, printers and other devices, the ERCC said. Also recommended is reporting of a break down of collection by households, businesses, schools and governments. The document calls for information on pounds collected per person. Data on the number or pounds of collected devices diverted for reuse and the collection rate by collector type such as government-run facilities, retailers and nonprofits are optional, it said.

Data on the number of permanent e-waste collection sites, open at least one or more times a month, the number of collection events held annually and mailback programs also is needed for measuring performance, ERCC said. "Optional" data include percentage of population covered by collection sites and events, percentage of people aware of the e-waste program and cost to consumers for collection and recycling, it said. The ERCC's criteria also seeks data on total weight recycled as a percentage of weight collected, including percentage sent to disposal and for reuse. The group considered including costs for collection, transport and recycling but excluded the criterion because most producer responsibility programs "involve private transactions between businesses" and so costs for individual manufacturers are not reported," it said.

"Basing evaluations of state program on these baseline measures will provide a more level playing field for relative evaluation of program types and structures," the ERCC said. Collection of these data can start in the "current or next program year," it said. "With several states having two or more years' worth of data about their programs now available, it's time to look at the real results using an apples-to-apples comparison," said NCER Executive Director Jason Linnell. "Too often we hear judgements being made about state programs based on anecdotal information or incomplete data," he said. The ERCC's new metrics will help reduce "these types of misinformed conclusions," Linnell said.

The ERCC will also release this year documents relating to product definitions and collector "best practices," which it's developed through member working groups, it said. The ERCC is also planning to activate an online registration system for manufacturers and others who want to comply with state laws, it said. — *Dinesh Kumar*

Displays

Declines in Planar's high-end home entertainment business were offset by an uptick in digital signage business that led to fiscal Q2 revenue of \$48 million, up 21 percent over Q2 2010, the company said in an earnings call Tuesday. Higher than anticipated sales growth was the company's highest in eight years, said CEO Gerry Perkel. "The one product line that did not deliver growth in the second quarter was our high-end home product line," Perkel said, referring to the company's Runco brand of projectors and flat-panel displays. He said Planar expects to see "some short-term improvement" in home theater in response to the newly shipping 3Dimension series D-73d LED projector. Perkel said the flagship Runco

projector uses passive glasses "to deliver a crystal-clear 3D image without the fatigue or eyestrain sometimes experienced in 3D systems that use active glasses." Digital signage business, fueled largely by the company's video wall system, grew 68 percent, representing 24 percent of total sales, Perkel said. Looking ahead, the company expects year-over-year revenue growth with most of the expansion coming from "a variety of digital signage opportunities," according to CFO Scott Hildebrandt. To support that growth, the company plans to invest more in sales and marketing to "increase awareness of our company" with key audiences "and those that advise and influence such decisions," he said. Initially, increases in expenses required to create growth will "likely limit much increase in profitability," Perkel said. For the quarter, Planar reported a \$96,000 loss, compared with a loss of \$3.6 million for Q2 2010. Planar shares ended the day three cents higher to \$2.57.

Videogames

Glu Mobile's relationship with Google was "strengthened significantly" in the game publisher's Q1 ended March 31, CEO Niccolo de Masi said in an earnings call. Glu was "responsible for three of the first six titles with in-app purchase functionality" in late March after Honeycomb, the Android 3.0 operating system for tablets, was introduced, he said. Although it's "still trailing" Apple's iOS in revenue, "the Android ecosystem has made significant strides to begin closing this gap," he said. Glu also had a large market share at the launch of Amazon's new Android e-commerce site, he said. The iPad 2's new chipset and next-generation iPhone, meanwhile, "will allow Glu to work with Apple to continue to deliver differentiated titles" for those devices, he said. Glu remained "on track" for its smartphone revenue "to overtake feature phone revenues this year," he said. Total Glu revenue dipped to \$16.4 million from \$17.3 million in Q1 a year ago. But it said smartphone revenue soared 94 percent to \$5.9 million quarter over quarter and made up 36 percent of total revenue. Its loss narrowed to \$3.2 million, or 6 cents a share, from \$3.7 million, 12 cents, in Q1 last year. "The majority" of Glu's new titles released so far in 2011 "are enjoying considerable success and resonating with users worldwide," said de Masi. The new titles, "combined with" Glu's hit releases from Q4 "drove" 20 million "new installs" of games in Q1 across iOS and Android devices and social networking websites, he said. Glu's growth in smartphone revenue "reflects the overall strength of our freemium strategy," including "continued traction" with the games *Gun Bros* and *Deer Hunter Challenge* and the launches of *Contract Killer* and *Big Time Gangsta* in late Q1, said Chief Financial Officer Eric Ludwig. As of March 31, Glu "had 70.2 million total cumulative installs in the Apple and Android platforms and social networking websites including Facebook," he said. In Q1, the average revenue from app purchase transactions increased by \$1.80 to \$2.31, due to higher price points for Glu's virtual goods, he said. Glu had 11.9 million monthly active users of its games in March, down from 12 million in December, he said. Daily active users in March totaled 953,000 across Apple, Android and Facebook, up from 944,000 in December, he said. Meanwhile, Glu said it signed a multi-title partnership deal with Blammo Games under which Glu will be publisher and Blammo developer on two games over the next 12 months. The deal "may be extended for sequels of each release," Glu said. Glu said it also has an option to buy up to 25 percent ownership of Blammo. — **JB**

Nintendo of America (NOA) is slashing the price of its Wii console by \$50 to \$149.99 as part of the introduction of a new SKU it's shipping May 15, it said Wednesday. Some retailers, however, already started cutting the Wii's price to \$169.99 ahead of the announcement. The new Wii SKU will feature a console in a choice of either black or white and adds the Nintendo game *Mario Kart Wii* and a matching colored Wii Wheel accessory, it said. The game replaces the previously included games *Wii Sports* and *Wii Sports Resort*. The Wii Remote Plus controller and Nunchuk controller included with the new SKU

will, like the Wii Wheel, match the hardware, NOA said. The new black Wii Wheel will also be sold separately at \$9.99, it said. NOA didn't immediately say if the Wii's declining sales played a role in its decision to cut the console's price now. Parent Nintendo recently said it will ship a Wii successor console in 2012 (CED April 26 p4). The company also said Wednesday it will launch a Nintendo Selects line of Wii games on May 15 made up of "popular games that millions of people have already experienced," at the reduced price of \$19.99. The initial four games in the line will be *Wii Sports*, *The Legend of Zelda: Twilight Princess*, *Animal Crossing: City Folk* and *Mario Super Sluggers*. *Wii Sports* is being sold separately for the first time in the U.S. It was included with the console in the market since its late 2006 launch. The game was always sold separately in Japan.

Nexon America's Q1 revenue grew 59 percent from Q1 2010, despite a quarter that's usually lower than rest of the year, it said Wednesday. The company is growing its traditional massively multi-player online game business and "expanding into other platforms" including mobile and social games, which CEO Daniel Kim said "will help to expand our global reach and the number of people playing our games." The North American division of South Korea's Nexon will exhibit at E3 next month for the second time and showcase the games *Dragon Nest* and *Vindictus*, it said. *Dragon Nest* will be released this summer for the PC in the U.S., Canada, Australia and New Zealand. Its first offering in the social game space, *MapleStory Adventures* for Facebook, is expected to launch this summer, it said.

Consumer Electronics People

David Rosenbaum, ex-Zoo Publishing, joins videogame distributor Solutions 2 Go as vice president of national accounts ... **Angela Emery**, ex-Disney Interactive Studios, joins THQ as vice president of corporate communications; **Julie MacMedan** departs THQ to join Demand Media as vice president of investor relations.

Consumer Electronics Daily

(ISSN 1537-3088)

PUBLISHED BY WARREN COMMUNICATIONS NEWS, INC.

Warren Communications News, Inc. is publisher of Communications Daily, Warren's Washington Internet Daily, Consumer Electronics Daily, Green Electronics Daily, Washington Telecom Newswire, Telecom A.M., Television & Cable Factbook, Cable & Station Coverage Atlas, Public Broadcasting Report, Satellite Week and other special publications.

Send news materials to: pgluckman3@aol.com

Copyright © 2011 by Warren Communications News, Inc.
Reproduction in any form, without written permission, is prohibited.

EDITORIAL & BUSINESS HEADQUARTERS

2115 Ward Court, N.W., Washington, DC 20037
Phone: 202-872-9200 Fax: 202-318-8984
www.warren-news.com
E-mail: info@warren-news.com

CONSUMER ELECTRONICS DAILY EDITORIAL HEADQUARTERS

276 Fifth Ave., Suite 1002, N.Y., N.Y. 10001
Phone: 212-686-5410 Fax: 212-889-5097

Paul Gluckman Managing Editor & N.Y. Bureau Chief
Mark Seavy Senior Editor
Jeff Berman Senior Editor
Rebecca Day Senior Editor
Razia Mahadeo Editorial Asst.

WASHINGTON HEADQUARTERS

Albert Warren
Editor & Publisher 1961-2006

Paul Warren Chairman and Publisher
Daniel Warren President and Editor
Michael Feazel Executive Editor
Howard Buskirk Senior Editor
Dinesh Kumar Senior Editor
Jonathan Make Senior Editor
Adam Bender Associate Editor
Bill Myers Associate Editor
Yu-Ting Wang Assistant Editor
Tim Warren Assistant Editor
Kamala Lane Assistant Editor
Bryce Baschuk Assistant Editor

Louis Trager Consulting News Editor
Josh Wein West Coast Correspondent
Dugie Standford European Correspondent
Scott Billquist Geneva Correspondent
Greg Piper Seattle Correspondent

Business

Brig Easley Exec. VP-Controller
Deborah Jacobs Information Systems Manager
Gregory Jones Database/Network Manager
Gina Storr Director of Sales & Marketing Support
Annette Munroe Asst. Dir., Sales & Mktg. Support
Susan Seiler Content Compliance Specialist
Katrina McCray Sr. Sales & Mktg. Support Specialist
Greg Robinson Sales & Marketing Support Assistant
Loraine Taylor Sales & Marketing Support Assistant

Sales

William R. Benton Sales Director
Agnes Mannarelli National Accounts Manager
Jim Sharp Account Manager
Brooke Mowry Account Manager
Norlie Lin Account Manager

Television & Cable Factbook

Michael Taliaferro Managing Editor
& Asst. Publisher—Directories
Gaye Nail Assoc. Managing Editor
Kari Danner Sr. Ed. & Editorial Supervisor
Colleen Crosby Sr. Ed. & Editorial Supervisor
Bob Dwyer Senior Research Editor
Marla Shepard Senior Editor

Contributing Editor, Europe

Barry Fox
22 Holmefeld Court
Belsize Grove, London, NW3 4TT
Phone: (4 4-20) 7722-8295
Email: barryphox@aol.com

By using our e-mail delivery service, you understand and agree that we may use tracking software to ensure accurate electronic delivery and copyright compliance. This software forwards to us certain technical data and newsletter usage information from any computer that opens this e-mail. We do not share this information with anyone outside the company, nor do we use it for any commercial purpose. For more information about our data collection practices, please see our Privacy Policy at www.warren-news.com/privacypolicy.htm.