

May 14, 2010

Federal Trade Commission
Office of the Secretary
Room H-135 (Annex T)
600 Pennsylvania Avenue, NW
Washington, DC 20580

RE: Electronics Labeling, Project No. P094201

Panasonic Comments on Appliance Labeling Disclosures Notice of Proposed Rulemaking

Panasonic Corporation of North America (“Panasonic”), a leader in the manufacture and sale of flat panel, high definition, and other television technologies, appreciates the opportunity to comment on the Federal Trade Commission’s “FTC” proposed rule to require EnergyGuide labels on televisions.

Panasonic strongly supports providing consumers with meaningful energy usage information for their televisions and other consumer electronics products. The Commission’s proposed rule, with some modification, will benefit consumers by helping to ensure this information is more readily available and aid in their purchase decisions and overall awareness of the energy consumption of consumer electronics.

Therefore, our comments, will focus on the location of any physical label, the value of “electronic” labeling, and the informational content of TV energy labels.

Location of Labels

Flexibility in placement of the label is of critical importance to manufacturers. The FTC’s proposal to require a label be affixed either to the front bezel around the display screen or on the screen itself is problematic. This is because of practical, but realistic, considerations. Newer TVs feature narrower bezels, making placement of useful EnergyGuide labels exceedingly difficult.

Similarly, affixing a “cling” type label onto the screen itself is not a reasonable option inasmuch as many consumers will damage their TV screen by -albeit unnecessarily- scraping off the cling. Unfortunately, consumers do damage the screens on their TVs, even though flat panel TV screens are very rugged; and one wants to avoid extremely product costly returns to the retailers, which means to the manufacturers. Also, cling labels would obstruct consumers’ view of the TV screen, which is the manufacturer’s primary marketing means for the product itself.

We believe a better approach to placement of a physical label on any “front” surface would be to affix the label to the side or on the rear of the TV, which consumers will, at an exciting time, also see when unpacking and setting up their TV, so they will be reminded of this important information (see below regarding pre-purchase information).

Consumers would still be provided with important information about the product's energy usage, but the label would not interfere with the product's primary function of displaying a high-quality picture or hindering a consumer's ability to get a real impression of the TV's performance and how it would look in the home. Therefore, we recommend that energy labeling be available for TVs at point of purchase in a manner in which this information would be especially useful and actually help in comparison shopping. This could be readily accomplished by use of "electronic labeling" (see our proposals below).

Finally with regard to physical labeling, the proposed requirement to include energy usage information on product packaging materials creates significant challenges. Unlike a printed label on the side of the TV itself, energy disclosure information on the shipping box or packing materials will not benefit consumers—most of whom will never see or handle the product's box prior to making their purchase decision, be it online or in a retail environment. So, requiring energy use information on the box will add more cost for compliance to manufacturers, and, therefore, the consumer, without any significant benefit.

Please note, too, that boxes and other packaging materials are typically designed and produced many months before production of the TV and before final product performance measurements, including energy use, are confirmed. Thus, a requirement to provide this information on the box could disrupt the current logistical process of bringing the product to market.

Electronic Labeling

As many forms of physical labeling of TVs would prove challenging without significant interference to the customary and important retail display patterns, Panasonic strongly encourages the FTC to consider "electronic labeling." One approach would involve prominently displaying the energy usage information in an on-screen setup menu. This menu could be activated either by the retailer, in preparing the unit for a floor display, or by a consumer testing the TV. An electronic label, when activated in a retail environment, could provide consumers with energy usage information for a predetermined amount of time. For example, electronic display of the information could be cycled on a regular basis, ensuring consumers access to the energy usage information while maintaining use of the demonstration video content used in promotion of the TV's picture performance.

Panasonic believes this option could be effectively utilized in retail settings and we would welcome the opportunity to further collaborate with the FTC to develop the parameters and guidelines for such electronic labeling.

Informational Content of the Label

Panasonic appreciates the Commission's flexibility in the design size, and location of the proposed physical label and agrees for the most part with the proposed informational content, which would be consistent with EnergyGuide labels on home appliances—a key factor in consumer use and effectiveness, we believe.

The Commission's proposal to calculate annual energy costs using a uniform 11 cents per kilowatt hour electricity rate and daily usage rate of five hours on daily is appropriate to provide consumers with realistic numbers for valid comparisons between products. But to better ensure comparisons between

“like” products, Panasonic urges that the FTC modify its “ranges of comparability” for TV sizes to better represent consumer shopping preferences. Specifically, we propose the FTC adopt the following scale, which divides TVs into the 12 popular and actual size groupings:

Range of Comparability Proposal	
0 to 20"	(0 to < 20.5)
21 – 23"	(≥ 20.5 to < 23.5)
24 – 29"	(≥ 23.5 to < 29.5)
30 – 34"	(≥ 29.5 to < 34.5)
35 – 39"	(≥ 34.5 to < 39.5)
40 – 44"	(≥ 39.5 to < 44.5)
45 – 49"	(≥ 44.5 to < 49.5)
50 – 54"	(≥ 49.5 to < 54.5)
55 to 59"	(≥ 54.5 to < 59.5)
60 to 64"	(≥ 59.5 to < 64.5)
65 to 69"	(≥ 64.5 to < 69.5)
70" or more	(≥ 69.5 or more)

These size groupings more accurately reflect typical purchase patterns and will allow consumers to make better informed purchase decisions based upon size clusters that predominate in the marketplace. Adoption of our proposed size groupings, which is generally supported by the major TV manufacturers, we believe, will place TVs into categories that will facilitate clear and equitable comparisons.

Implementation Date of Labeling Requirement:

Most TV manufacturers introduce new models in the Spring. To provide for a uniform introduction of a labeling requirement across models from the same year, Panasonic would recommend the FTC introduce any requirement effective in March. Thus, if the FTC intends to have new 2011 TV models to carry a label, a March 2011 rule introduction would best correspond to manufacturing schedules. Please note, however, to achieve this 2011 goal, we urge the Commission to explore, adopt, and publish its rule by late Summer of 2010, so that all appropriate technical and print implementations can be accomplished within the established, industry-wide design/manufacturing/retailing cycle.

In summary, we agree that the introduction of EnergyGuide labels for TVs would represent a significant step forward in providing valuable energy usage information to consumers, and Panasonic supports the Commission's objectives in making this information readily available to consumers to aid in their purchase decisions. We hope that you find our comments helpful in the FTC's deliberative process.

Please let us know if you have any questions as we welcome the opportunity to work with the Commission to promptly conclude and implement rulemaking.

Sincerely,

Peter M. Fanon
Vice President
Corporate & Government Affairs