



Is High-Definition A High Priority

By Bryan Rader ■ *MediaWorks*

Suddenly everyone is asking about HDTV (High-Definition Television). I hear from real-estate owners, managers and customers quite regularly and they frequently ask about HDTV. What is it? Do I have it? Do you offer it? Do I need it?

Well, it's a new technology that must be looked at in perspective. It is clearly an improvement from standard TV reception, yet is being held back due to the speed of customer adoption of this new product, and the quantity of HD programming available today.

Awareness is growing. According to Dove Consulting, four in five consumers are already aware of HD, and almost one-half (47%) believe they will consider buying an HDTV set within the next three years. And they have found that the early adopters have been die-hard sports fans.

Purchasing is up too. The Consumer Electronics Association (CEA) reports that 5.6 million units have been sold since HDTV was first introduced, and they expect another 5.4 million sets sold in 2004, 8 million in 2005 and 10.5 million in 2006. However, this is still a small number of the 27 million TV sets sold each year, and the 275 million TV sets that exist in the U.S.

Importantly, less than 2 percent of all TV sets today are HD compatible, and most of them exist in high-end homes, according to Bruce Leichtman of Leichtman Research. This percentage would be significantly smaller in middle-income multi-family communities throughout the U.S.

Part of the problem with the slow customer acceptance of HDTV is that there is still a limited amount of HD programming available. Currently, some but not all of the key programming channels are in HD form such as ESPN, Discovery,

HBO, and Showtime as well as many of the local broadcast stations.

And this process has been slow going. Mark Cuban, founder of HDTV, said recently at a conference put together by NCTC that "you are actually seeing a lot of major media companies trying to hold back and not push forward on high-definition, citing factors like the high-cost of converting programming to HDTV." Cuban is not expecting 150 cable networks to suddenly rush to HD over the next two, three, or even five years.

"Their programming libraries are full of content on video tape, which is not readily converted to HDTV. Anything that is shot on tape... basically becomes worthless in a high-definition universe," Mark Cuban said. "And the cost of converting shows to HDTV is also high, another barrier."

But people that have tried high-def love it. Conventional TV pictures are made up of 525 horizontal lines; HDTV pictures are created by scanning 1,080 lines. Standard sets have about 300,000 pixels (the small dots that create the picture). HDTV screens have more than 2 million pixels. Some customers say it's better than watching in a movie theater.

The limited HD programming available has been offered by DirecTV and Dish Network for over two years. And Rainbow DBS just launched VOOM last October, an all HD package with new HD channels being added from Rainbow Media. The product has been slow to develop traction.

Last year, NCTA announced that cable systems providing high-definition service now pass 55 million U.S. TV homes, up 50 percent from 2002, suggesting that franchise cable companies are moving toward HD acceptance as well.

What does all of this mean for PCOs, who are watching the HD marketplace slowly develop and gain consumer acceptance?

As with all new technologies, we need to monitor our competition, and consumer needs and purchase behavior, very closely. There is no denying this trend is materializing, and our high-end customers are going to be the first to want HD.

PCOs should be leaning on the manufacturers in our industry to help us develop cost-effective methods to carry HD programming that is currently available—whether it is ESPN HD, HBO in HD, etc. Dove Consulting found that more than three-fourths of all HD users are willing to pay more for HD programming. And 60 percent of non-HD owners would consider paying up to \$5 a month for HD. So, an economic case could certainly be made.

In the end, each PCO needs to decide how much of a priority it should place on HD.

This spring, IMCC will be hosting a conference in Atlanta to discuss relevant topics such as the importance of HD, and its impact on our business. We hope you will be able to attend to share your views on key subjects such as HDTV and its "priority" in our business today.

I am curious if you think high-def is a high priority. ■

About the Author

Bryan Rader is President of MediaWorks in Atlanta, one of the fastest-growing telecommunications providers serving multiple dwelling units. Mr. Rader is also President of the Independent Multifamily Communications Counsel (IMCC). He may be reached for questions or comments at 678-366-9900.