

## Digital TV forecasts reduced

The first digital TV services are arriving in the USA, so it is interesting to follow developments there to get a glimpse of what the real world thinks about it rather than regulators, governments or consultants like myself.

A report in *Newsbytes* indicates a boost in the sale of video-enabled computers, causing the market for TV sets to erode slightly.

This is a further vindication of the contention that digital TV has little to do with 'pretty pictures' and that interactivity is the reason for its existence.

The McLaughlin Consulting Group in the US predicts that as standard digital television (SDTV) becomes increasingly available between 2002 and 2004, more viewers will swap their 27-inch/32-inch sets for more moderately priced wide-screen SDTV sets, while smaller sets will be replaced by video PCs and Internet appliances.

As for the much-vaunted HDTV, little or no interest has been displayed in this stand-alone television format, since it is expected that people will be more likely to choose PC monitors that offer HDTV programming as well as Internet video content over big-screen HDTVs.

The researchers found that HDTV alone will not dramatically shift the price point for TVs to a much higher price. On several occasions we have mentioned a level of around \$500 as a price point where people might take-up HDTV as a new entertainment gadget. This is a far cry from the current \$7,000, or even from the promised \$2,500 in 3-5 years time.

As proved by the very poor TV quality of the NTSC TV technology in the land of TV – America – the hard reality of consumer behaviour is that people are not interested in spending a lot of money on the technology. They buy 'the box' for the content.

Based on their evaluation of digital TV, the research company has indicated that the more realistic penetration figure of 27% should be applied for 2006, rather than the 40% used by the FCC.

This is a very bad omen for the people who are regulating technology and are falling into the trap of putting use-by dates to legislate certain technologies out of a society.