

Grand Alliance

Top 10 HDTV Myths

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Myth #1

**There really is a Santa Claus
and he brings “free lunch.”**

The world can get to digital at little cost.

SDTV Retail Price Premium

	<u>First Million Digital TVs</u>	<u>Tenth Million Digital TVs</u>
Digital reception in analog TV	\$400	\$150
6 Channel digital sound (AC3) with speakers and amps	\$300-500	\$150-300
16:9 wide screen display	\$200-300	\$100
Total SDTV Premium over NTSC	\$900-1200	\$400-550

Myth #2

**Life would be great (or at least good enough)
if there were no Halloween.**

*Get rid of ghosts and add features with digital
and SDTV would be fine.*

Myth #3

Joe Six Pack can't afford HDTV and Ruthie Rolex isn't reachable efficiently with TV advertising.

The market will be narrow given the high cost of sets.

Large Screen Buyer Profile Quality versus Price Index

	<u>Picture Quality</u>	<u>Price</u>
35% Videophiles HDTV early adopters	4.8	1.2
27% Middle Grounders Will start with Digital-NTSC	3.5	2.5
38% Price Sensitives Will wait	2.5	3.5

Myth #4

I'll think about this tomorrow at Tara.

HDTV costs too much to think about now.

HDTV Retail Price Premium

	<u>First Million Digital TV's</u>	<u>Tenth Million Digital TV's</u>
Wide-Screen Digital TV Premium	\$900 -1,200	\$400 -550
HDTV Premium Over Wide Digital	\$900	\$400
Total HDTV Premium Over NTSC	\$1,800-2,100	\$800 -950

Over 30” Diagonal U.S. TV Unit Sales

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**First
Seven
Years**

In Millions

1998 1999 2000 2001 2002 2003 2004

Standard NTSC Units **2.1** **2.0** **1.9** **1.7** **1.6** **1.5** **1.2**

Digital Standard Def. **1.2** **1.4** **1.6** **1.8** **1.9** **2.0** **2.1**

HDTV Units **0.8** **1.0** **1.2** **1.5** **1.7** **1.0** **2.2**

Total TV Units **4.1** **4.4** **4.7** **5.0** **5.2** **5.4** **5.6**

12.0

10.3

Myth #5

Election tear budgeting leads to logical conclusions.

*Auctions are profitable, fair, efficient
and fun for everyone.*

Myth #6

Tomorrow's a better day.

*Some future compression invention will
obsolete all this effort, so let's wait to set a
standard.*

Myth #7

Computer folks are smarter than broadcasters.

Let's outlaw interlaced to ensure computer interoperability.

Myth #8

Newt's 10 points forbid this process.

Isn't this an example of Industrial Policy that adds to government cost and regulation?

Myth #9

**The Clark Kent to Superman model
would be better.**

*Stations could switch from NTSC to digital
overnight with some advance planning.*

Myth #10

It's your problem, Kimo Sabe.

*Broadcasters funded the testing
but want no part of HDTV.*