

CEA HDTV SUMMIT DOCUMENT 3

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Thank you, Sean. Thanks a lot. Welcome. Last summer I was in Minneapolis doing one of these HDTV local updates with retailer and broadcasters, cable folks. I think the answer to a question that was asked is here today. I'll tell you a little bit more about those HDTV sessions in a second. My colleague Bob Lotter was at the all night Kinkos at a 24 hour Kinkos about 6 o'clock in the morning putting together the package, the leave behind that we had for the folks at this session. And the headline, of course was HDTV update, and the 20 year old or so kid behind the counter looks at this and says...putting them in the box...HDTV...whatever happened to HDTV? And that's somewhat of the questions that I get on the road. As many of you know, I'll describe the road here, as many of you know I'm a spokesman for the Consumer Electronics Association and when I'm talking about the road in some of the feed back that I'm getting here. I'm talking about home shows, where we're talking directly with consumers. Talking about HDTV update sessions that we've been conducting in local markets. And I'm talking also about the Consumer Electronics Association National Media Tour which I conduct throughout the year and have been for several years now. So lets take these in inverse order. The CEA media tour first of all, as many of you know, I go to 60 cities throughout the year, although I know my children's names very well and see them quite often. And in those cities I appear on TV and radio programs, talk to the newspapers and show products I usually have my bag of tricks of products and go on television. And on the radio I take calls a lot. We do a lot of consumer research in that way. Probably none scientific but we get a lot of questions and I would say questions about high definition TV. Again, whatever happened to it, where is it, when's it coming, those types of things I get more often than not on radio programs. I also on these tours will do store visits. I spend a lot of my work day on these tours between about 5:30 a.m. and noon time during these early morning shows and so forth. And we also do a significant number of them where we're in a store where a TV station will want to do a set up in a retail store. So, even when I'm not doing those, I usually spend an afternoon when I'm on the road going into the stores and listening up to what is being said, particularly about high definition TV. Here are my major impressions of what I'm hearing. And in many ways this dove tails with the more scientific research that Sean and the folks at CEA do. There is this general knowledge of HDTV. People have heard about it. They are extremely confused. HDTV, digital, what's the difference? How do you get it? All of those questions continue to percolate through the market place. In my store visits, I must say that the retail store knowledge in some cases is appalling. When you hear what is being described as how you can get HDTV, where it is in the transition and that type of stuff. And I should say, I don't just want to bash retail because it's not everyone, there is an awful lot of that. I also must say I go into a lot of TV stations where, in many cases, they'll actually have a wide screen HDTV set up in the lobby. And I talk to the on air talent, I talk to the producers, talk to the camera guys, and in many cases they don't know what station their digital channel. So there is a lot of education still to be done there. Another thing that I hear, especially when I take call ins on the radio, is this number that has become embedded in the consciousness of the American public, 2006. I get asked that an awful lot when people ask about HDTV

usually in the context of...is the government going to turn off my TV in 2006. Is the government going to make me buy a new television in 2006? That number, it's probably become as prevalent a number that's kind of floating around. People have heard this number. It's probably the most prevalent year number, since 1984, that people think about all the time. Certainly to the questions that I get when I'm on radio programs and also in stores and at home shows. The next level have been these HDTV update sessions that we have been doing in local markets. We started last year, and we did eight of them and we're doing another six this year. By the time we're done, we will have done most of the top 20 markets. We're doing it in major HDTV big cities. And what we do in these is in many ways what's happening here on the local level. Bringing together the retailers, the broadcasters, the cable, the satellite folks for an information exchange. I bring the statistics, Sean's staff will be updating us now. We bring the statistics down to those folks who are in the trenches so that they can get the national perspective on the transition. And then, just as importantly we're getting feedback from the local stations, the local cable casters, the local satellite folks, and the local broadcasters. We did two of them thus far this year. I should say we did one and a half. We did Atlanta last week. About two weeks ago, the day before, some of you were scheduled to be at the ice bowl in Dallas. We were there on the Tuesday in Dallas, some of you may remember this, the amazing ice storm that we had. We actually had a dozen people show up for that out of 90 that were signed up. And when we did the poll we had one native Texan, everyone else who made it was from New England or Washington or Minnesota or somewhere where they could handle that kind of stuff and also work down town. So the local feedback is just as important as what we are sharing with them. And in many ways it you look at the local feedback this, you can tell who's saying what here in these discussions. And most of it isn't what we need. We need more cable carriage, more tuners, the broadcasters saying well if you look at the 11 % we have these numbers, but only the small percentage actually have tuners. Better product information, better program information. In Atlanta the other day we had, what I would describe as a spirited discussion to the point that I was making a moment ago, where one of the broadcasters said, "you know people call us and we find out that what they've heard in the retail store just wasn't reality." And very quickly a young retail salesman said, "Wait a minute, wait a minute, I called your station and nobody there could tell me what you're broadcasting and when." So there is still that, a ways to go on that education on both sides. Also, we hear a lot of the need more programming, more programs. And the good news is we're getting there on all of these. But these local sessions, I think are extremely valuable for the feedback that I've been getting, personally from all the folks there, just to get the folks in the same room. And one of the best things that I've seen is these usually run from 9 – 10:30 at 11:00 or so or after in some cases, around the room would still be broadcasters and retailers talking to one another trying to plan things, what can we do together. So I think that's a real positive development. Home shows, now here's where we go right to the consumers and some cases the folks coming to our booths would be kind of self selected. And any of you ever worked a home show know that that will really wear you out, work till 10:00 at night. We started in 2001 in Atlanta. We also did a Chicago design show where we were much more focused on the flat screens and what you can hang on the walls and that kind of stuff. And we did St. Louis last year, and we're really crazy this year, Minneapolis in February. It was 11 below, I think, right

Bob. Something like that. But boy the people come out to these home shows. Each of these is like 100,000 people. Did we pick these because they're some of the biggest in the country for home shows and retailers typically don't do home shows, some do, some don't. They won't do it every year, they don't want to put their folks...they want them in the store selling stuff. Now the home show reactions, these are some verbatim comments that I took out of my notes. And this also, if you think of this as a time line and think of the ones on the top beginning back in Atlanta two years ago, wow. I mean that was, and what we had in the booths was a direct view, 38 inch wide. We had a 60 inch wide rear projector and then we had a plasma screen. And in each case, and in each of the three years we had different brands and so forth, but really wow and when's it coming out was really the primary thing two years ago. Also even starting about last year in St. Louis the that's not bad when they say how much is that. Well that's not too bad, the price, oh that's lower isn't it? And so there's that kind of progress. The biggest thing we got beginning last year in St. Louis because there had been a big push for digital cable there was," I get digital cable and my picture doesn't look anything like that, how are you getting that?" And we say well this one is on a satellite, this one is on a \$65 antenna we have on the roof. And they say, "No way!" And we say, as the kids say, way! Check it out. Right there on the roof. And we did have each of those. So then this year in Minneapolis, we've gotten these kinds of comments in everyone, but really if you think of the first ones being about 80% when's it coming out, wow that's great. To, in Atlanta and then kind of transitioning through St. Louis to this year in Minneapolis, Bob and I and Jenny and Ann Taylor and the folks who work this booth were, everyday we'd say, "How many people have you had that came up said, I already have a set. I have an HDTV ready set or I have an integrated set." It was a remarkable number, and again we don't have the kind of statistical back up that Sean and the folks at CEA have, but having worked a number of these you really know people. Of course in Minneapolis in the winter time, but these folks..we were astonished by the number of people who have them and what's on. I have a set, but I don't know what's on. That was another thing that people had a hard time finding what programs were on. So more education, I think. But this was a progression of talking to individuals at home show. I think what that shows, if you think of those ones who we were just talking about that progression it's really a momentum thing. And I feel that, I've been writing about this since I was the editor of video magazine twelve years ago writing about HDTV. And we started seeing some things we've using these in our presentations about the momentum. Starting really last year, I think we may look back and say these were the tipping points. When the dollar volume surpassed analog for the first time last year and if you think about that the price coming down, that kind of corollary to that. Secondly more and more programming, that's always the key. I always talk about digital video disk, go back to digital satellite, anything if you've got the programs people will buy the boxes or the devises to watch them on. Interesting thing, one of the things I do every year on my media tours is talk about the holiday wish list that we do. And last year for the first time HDTV showed up on it. Another thing we've been getting into the consciousness and finally the plug and play announcement in December and the whole cable carriage issue that is starting to build some momentum. I know in these local markets we've seen when we've started doing these, and again I did some of these HDTV presentations when it was coming out in 1998 and we had virtually no cable involvement at those meetings. Now at everyone

they are there and forthcoming and some of the best interactions we have in these meetings are between the retailers and the cable folks. When is your box coming out? How many people have it? What's the connections? That type of stuff. So that's real momentum we see building there. So I come away from all of this with two words. And we're here and we'll talk about the bumps in the road and all the rest of that. But I talked about progress and momentum. Cause I really see that. Like I said I've been writing about this and involved in this for a dozen years. Did these first HDTV local sessions in 1998 before the first sets were out . And what I see is we still have bumps in the road, we still have challenges, but what I really see over this period of time, and this is a good indication of the crowd here today is, progress and momentum. Thank you.