TV industry waits, frustrated, for next push

Mon Sep 3, 2007 2:24pm EDT

By Georgina Prodhan, European Technology Correspondent

BERLIN (Reuters) - The television industry is ready to deliver a host of new ways to experience video from high-definition (HD) TV to Internet and mobile TV but manufacturers are frustrated at a lack of political impetus.

Behind stand upon stand packed with gleaming screens and demonstrations of the all-connected digital home at the IFA consumer electronics trade fair lurks the reality of an industry engaged in a desperate price war as consumers refuse to be won over.

Prices for flat-screen TVs are set to fall by a third this year as manufacturers compete for a relatively small group of technophiles willing to shell out thousands of euros (dollars) for a high-definition TV set before much HD content exists to watch.

And a still unresolved battle for supremacy between rival high-definition Blu-ray and HD-DVD disc formats means consumers are still waiting before deciding to pay hundreds of euros for a player that can handle one standard or the other.

"I came to have a look at new technologies. I like the flat screen TVs and the cell phones with MP3 players, but I am just looking, not really shopping," said Silvana Kinst, 27, a Berlin hotel employee.

She said she did not have an HD-capable TV and thought the maximum she would pay for one would be 1,000 euros ($1,364).

HDTV will not become mainstream for public broadcasts in most European countries until 2010 or 2011, which means consumers have little incentive to buy an HD set before then, when they will probably cost less than half of what they do now.

For now the only ways most Europeans have of experiencing HD is either by buying a disc player at the risk of choosing the losing format, by shooting their own video on an HD camcorder and playing it at home, or by playing HD games and video on a games console.

Sony's European president, Fujio Nishida, said he thought it would take about two to three years for HD to become mainstream. And in the meantime Sony has trained its staff to demonstrate HD for cameras and camcorders in stores.

"We're evangelizing," he told Reuters at IFA, Europe's biggest electronics fair.

And German IT and telecoms association Bitkom said last week that the German government was not doing enough to speed up the move to public HD broadcasts.

Meanwhile, the $100 billion-plus television industry can only watch with envy the success of players in other consumer electronics sectors such as Nintendo with its hit Wii games console and Apple with its iPhone.

PROMISE OF MOBILE, IPTV

Mobile and Internet TV are two more examples of markets that have been a long time coming to Europe but haven't arrived, despite the fact that the technology has been ready for years.
A day-long conference on IPTV ran alongside this year's IFA and German telecoms operator Deutsche Telekom made it the centerpiece of its stand, saying it aimed to win up to 200,000 customers for Internet TV this year.

Like operators in other parts of Europe, where take-up is less than a million households even in those countries keen on IPTV, Deutsche Telekom is marketing the service as a defensive measure against a mass exit of voice telephony customers.

"IPTV is ready for the mass market," said Chief Executive Rene Obermann. But the market, hampered by a lack of clarity about how the profits will be shared out between content providers and those delivering the service, is not ready for it.

"Finding a new way to display the content available is a challenge. Mobile TV is another example," Frans van Houten, chief executive of chipmaker NXP, told Reuters. NXP has worked on chips for both technologies.

TV delivered to cell phones has also been held up by disagreement in Europe about which mobile broadcast standard to adopt, although a recent decision by the European Union to back the Nokia-led DVB-H standard may help.

"Technically, we have made it all available but ... we have to make sure that the whole value proposition fits," said NXP's Van Houten.

IFA runs until September 5.

(Additional reporting by Nicola Leske and Amanda Bensen)