

How to drive HDTV in Asia: collaborate and showcase

Terry Bleakley, Vice-President, Sales & Marketing, MEASAT, gives some pointers on how to overcome the challenges facing HD in Asia and develop the HD business sector in the region

THE development of High Definition Television (HDTV) has been a long and difficult journey. First developed in the 1960s in Japan by the Japan Broadcasting Corporation (NHK), the analogue MUSE HDTV system was trialed during the 1970s and 1980s. Despite significant interest, it was a media technology before its time with commercial development hindered by insufficient bandwidth in transmission systems, lack of HD compatible televisions and the shortage of compelling content.

The start of today's HD revolution can be traced back to the US in the late 1990s where a combination of factors including the FCC's plan to introduce Digital Terrestrial Television in the US; the introduction of digital transmission technologies; and a competitive dynamic between cable and satellite Pay TV platforms each seeking to differentiate their offering, created the opportunity for HDTV to take a foothold in the US market. After addressing issues such as the high priced consumer equipment and confusion over HD standards, HDTV entered the mainstream of the US television industry. By the end of 2005 almost 20 million households in the US (17% of the total) had HDTV sets, with 11 million of them watching HD content. With growing momentum, analysts predict that by 2010, almost 3 in 5 US households will be HD ready.

But this revolution, up till now at least, has been a localized and exclusive one. Today, the US and Japan account for more than 90% of all HD households worldwide, with the development of a vibrant HD sector across the wider Asian region still only a dream.

While there are many positives in the Asian market, such as the rapidly reducing cost of HD enabled television sets (today, one can't go into a large electronics retailer in Hong Kong, Singapore or Malaysia without being spoilt for choice for HDTVs), the wider Asia region faces a number of challenges which are holding back the development of a strong commercial HD sector.

Firstly, media markets across the region are generally less developed. There is less disposable income, a more limited selection of media services and generally older consumer electronic devices. Taking a hierarchical view of needs, there is simply less awareness of, and less demand for, high definition television content versus other types of television content.

Secondly, there is less transmission capacity across the region to deliver HD content to the viewers, compared to the heavily supported North America market for example. Pay TV systems have less capacity to broadcast content and are more likely to continue to operate analogue systems. This is particularly true of terrestrial systems where the conversion of most countries to Digital Terrestrial Television is a number of years away. This shortage of capacity also applies to the distribution side, where traditional satellite video hot birds are either close to capacity (and hence have limited opportunity to develop an HD neighbourhood), or are prohibitively expensive for this niche genre of content.

Finally, as every regional media company is aware, Asia is a diverse region with many unique cultures, languages and content preferences. With the success

of Pay TV systems linked to the availability of local content, the increasing availability of libraries of international content in HD format is helpful but does not resolve the lack of compelling local HD content for Asian markets.

Taken together, these elements create a challenging business environment where high investment and an inadequate viewer base over which to recoup the investment limits the potential for the commercial development of HDTV across the wider Asian region.

But despite these challenges, there are many opportunities in the region that need to be recognized. For example, the sheer size of the market still suggests a viable customer segment that television companies can address, even if that customer segment is dispersed across a number of national markets. While the systems in the region have limited capacity, new capacity is being added – MEASAT-3 was launched in December 2006 to support Pay TV systems in Malaysia, Indonesia and South Asia as well as the regional distribution of content – and superior compression technologies are being introduced to utilize better the available bandwidth.

To develop a strong and viable HD segment in the region, therefore, the industry needs to adopt a business approach that addresses the challenges of the Asian market while exploiting the opportunities. We believe that such an approach includes a number of key elements:

- Collaboration between local and international media companies for content creation / production;



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- Government involvement and national HD trials (e.g. Singapore and China) to showcase HD productions to the general public and raise awareness of HDTV technology;
- Forums to bring production companies, broadcasters, customer equipment distributors together to explore opportunities; and,
- A cooperative business approach with leaders from each of the elements of the business model cooperating to jump start the market

With increasing interest in the format in the Asian region, the HD sector looks set for take off. The timing and speed of that take off will be dictated by a whole host of factors including the way that the industry addresses the opportunity. While competition between platforms and channels will be key to its development in the longer term, the unique factors of the Asian market also suggest that cooperation between players in the value chain in the short term will significantly accelerate the timing and speed of the market development. TVAsia