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HDTV BECOMING MORE MAINSTREAM

Yet the Picture Remains Unclear, Even Among Early Adopters

Durham, NH – November 22, 2004 – New consumer research from Leichtman Research Group, Inc. (LRG) found that the percentage of households that have a high definition-capable TV (HDTV) set nearly doubled in the past year, with 7% of households in the United States having an HDTV at the end of the third quarter of 2004. Adoption of HDTV sets continues to be spurred by higher-income consumers. The mean household income of HDTV owners remains higher than average, at \$80,000 per year, but has fallen from last year when the mean income of HDTV owners was over \$95,000 per year.

While 86% of adults have heard of HDTV, consumers in general still have a limited knowledge of HDTV. The most important misunderstanding about HDTV, however, may be among those who have already purchased an HDTV set. The majority of consumers in households with HDTV sets are not actually watching HD programming, but they *think* that they are. While 65% of HDTV owners report that they are receiving HD programming from their cable or satellite TV company, industry analysis reveals that the true figure is about half of that total.

These findings are based on a survey of 1,300 households throughout the United States, and are part of a new LRG study, *HDTV: Awareness, Interest and Intent to Purchase 2004*. This is LRG's second annual study on this topic.

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Other key findings include:

- 86% of adults nationwide have heard of HDTV – up from 73% last year
- 14% of those with annual household incomes above \$75,000 have an HDTV, compared to 5% of households with annual incomes below \$75,000
- The mean household income of those most likely to get an HDTV set in the next year is 30% above the average household income in the United States
- 15% of HDTV owners have more than one HDTV in their household, and 20% of HDTV owners plan to purchase another HDTV set in the next year

“Consumer adoption of HDTV has been strong over the past year, and will continue to grow substantially over the next several years. We expect that by the end of this year about 10 million households will have an HDTV, and that number will grow to 45 million by the end of 2008,” said Bruce Leichtman, president and principal analyst for Leichtman Research Group, Inc. “Yet today there are millions of households with HD-capable TV sets that are not seeing the true benefits of HDTV.”

About Leichtman Research Group, Inc.

Leichtman Research Group, Inc. (LRG) specializes in research and analysis on broadband, media and entertainment industries. LRG combines on-going surveys and analysis with years of hands-on industry experience to provide companies with a richer understanding of the potential impact and adoption of new products and services. For more information about LRG, please call (603) 397-5400 or visit www.LeichtmanResearch.com.

HDTV: Awareness, Interest and Intent to Purchase 2004 is based on a telephone survey of 1,300 adults age 18+ from throughout the continental US that was conducted in September-October 2004. The random sample of respondents was distributed and weighted to best reflect the demographic and geographic make-up of the US. The overall sample has a statistical margin of error of +/- 2.7%. Comparisons to last year are from a study of 1,250 adults in areas where cable TV was available, conducted in March-April 2003.