

Report: No Winners Predicted in HD DVD, Blu-ray Battle

Jay Wroldstad, newsfactor.com Fri Aug 11, 1:32 PM ET

Based on a new media research report that says neither the HD DVD nor its Blu-ray contender will deliver a "knock out" punch in the digital video ring, consumers may well think twice before upgrading their home theater system.

That's the conclusion drawn in a report by media researchers at The Screen Digest, which projects that both formats will coexist until some form of common ground is established, much like the current situation with recordable DVDs.

Opinions vary among industry watchers, some of whom argue that Blu-ray, backed by Sony and most of the major film studios, is in a better position to dominate.

"The net result of the format war and the publicity it has generated will be to dampen consumer appetite for the whole high definition disc category," said Ben Keen, Screen Digest chief analyst, in a statement.

Give and Take

The report notes that the success of DVD was based on the fact that it offered better quality and greater convenience than the VHS format it replaced. This time, though, both standards support similar features, and the differences are likely to confuse the average consumer.

For example, while the two formats look similar, a Blu-ray disc cannot be played on an HD DVD player and vice versa. And, Blu-ray discs hold up to 50 GB of content compared with HD DVD's 30 GB, Screen Digest notes.

What's not confusing is the price: each player is listing for as much as \$1,500.

Edge to Blu-ray

"A battle between formats is not fought week by week; it is fought by lining up companies to support the format," said Forrester Research analyst Ted Schadler. "And the Blu-ray format continues to have much more support from manufacturers and studios than HD DVD."

The HD DVD format is backed by Toshiba, Microsoft, Universal, and others, while the Blu-ray format is backed by companies including Sony, Samsung, Phillips, Panasonic, Disney, and Twentieth Century Fox Studios, Warner Bros. and Paramount are backing both formats.

"It's time to put a stake in the ground regarding the future high-definition DVD format: Blu-Ray has won," Adrienne Downey, senior analyst at Semico Research, wrote in a company newsletter. "Walking around [the Consumer Electronic Show], it was obvious that much of the enthusiasm and momentum is on the Blu-Ray side."

"The support for HD DVD is minimal, in comparison. And Blu-ray has a technical advantage as well because it offers greater storage density," she said in a recent interview, noting that the Blu-Ray disc can scale up to 200 GB over time. "HD DVD can't match that scalability," said Downey.

All Just a Game

Sony has promised to provide Blu-Ray technology in its next-generation PlayStation 3 gaming console, which will give the format even more momentum, some analysts say.

Michael Goodman of Yankee Group said that Toshiba and its partners must be pleased, given that they were first out of the gate and that Microsoft will provide an HD DVD peripheral for the **Xbox** 360 gaming machine.

By 2010, Screen Digest believes that just under one-third of all spending on video discs in the U.S., Japan, and Europe will be generated by sales of high definition formats.