Technologies with clear benefits will win this holiday season

Faced with a glut of technology offerings, budget-conscious consumers will turn to smaller-ticket products they understand, suggests Ipsos-Reid survey

New York, NY, November 26, 2002 – Wireless cellular phones, digital still cameras, and DVD players look poised for relative success this holiday shopping season, according to marketing research firm Ipsos-Reid. Findings from a recent Ipsos-Reid survey indicate that smaller-ticket items that have already attracted positive word-of-mouth will appeal to consumers who may be more cautious this season.

"It comes as no real surprise, given the economy now compared to the economy just two years ago, that the *newness* of a technology has become much less important than its practicality—the way it fits into a person's life, how easy it is to use, and whether its cost matches its perceived benefit," said Tom Neri, President of Ipsos-Reid Marketing Research in the U.S. "Price will be an issue, but also important will be how well the benefits of a given technology have been communicated to the public. We're already seeing this in some of the early-season sales figures that have been released."

Asked to indicate which technologies (from a list of 11) they were most likely to buy in the next 3 months, respondents rated wireless phones (26%), digital still cameras (24%), and DVD players (24%) as the items they are the most likely to acquire.

Americans' Near-Term Purchasing Intentions for Home Technologies*

"Thinking of technologies for your household, over the next 3 months, how likely do you think you are to buy each of the following?"

PRODUCT	LIKELIHOOD TO PURCHASE IN NEXT 3 MONTHS (VERY, SOMEWHAT LIKELY)	LIKELIHOOD TO PURCHASE IN NEXT 3 MONTHS (VERY LIKELY)	PRODUCT OWNERSHIP**
Wireless Phone	26%	9%	62%
Digital Still Camera	24%	7%	32%
DVD Player	24%	10%	46%
Home Computer	20%	6%	76%
Printer	18%	7%	n/a
Game Console	14%	6%	39%
HDTV	10%	3%	n/a
Home Theatre	10%	4%	36%
Satellite TV	9%	3%	n/a
MP3 Player	9%	1%	8%
PDA	8%	2%	21%

*Source: *Ipsos U.S. Express*. Dates: October 28–31, 2002. Base: 1000 American adults
**Product ownership data from Ipsos-Reid's *The Face of the Web, 2002*.

About the apparent demand for these smaller-ticket items, Neri commented: "The cellular phone is firmly entrenched in American culture, and owners need to at least replace them every couple of years, or upgrade them. As for the popularity of digital cameras and DVD players, a mass American audience now seems convinced by the quality of digital images, helped along by their friends who got digital early on and talked so enthusiastically about it. It was a matter of, 'you've *got* to see this'. That kind of advocacy is key to a technology's success."

Of the smaller-ticket items that look like they may be less popular this season, such as the Personal Digital Assistant (PDA) and the MP3 player, Neri noted their more limited potential appeal (executives in the case of the PDA, and online music downloaders, in the case of the MP3 player). "Moreover," he said, "other emerging technologies are incorporating some of their functions, so they become less relevant."

When it comes to the bigger-ticket items on the Ipsos-Reid survey, such as HDTV and home theaters, the situation is more complicated. For starters, consumers may be holding their purse strings much tighter this season than last, making larger items less feasible. But also, technologies such as HDTV have many consumers confused.

While the industry estimates that over 4 million HDTVs have been sold so far in the U.S., new demand for this item and related home theater products seems to be relatively limited among the broad population. Neri attributes part of this lack of demand to the industry's struggle to communicate the value and benefits of getting HDTV right now. "Given that an integrated roll-out of the hardware, programming, and broadcasting for high-definition television has not yet occurred, HD-ready TV manufacturers are understandably challenged in persuading consumers of HDTV's worth at this time."

The Ipsos-Reid survey found that about three-quarters (74%) of Americans are aware of HDTV. But of those who are aware, only 10% are "very familiar" with it and 36% are "somewhat familiar". Meanwhile, the largest percentage of consumers who are aware of HDTV "have heard of HDTV but don't know anything about it" (54%).

Even respondents who said they are familiar with HDTV (46%) are confused about some of its features and benefits (see table on next page). They believe that the HDTV set delivers a great picture (90% "agree"), that HDTV comes with digital quality surround sound (84%), and that they get to watch content on a full widescreen picture (86%). The problem is that they're not sure how they might actually receive HDTV programming. Sixty percent of those who said they are familiar with HDTV said they think they'd need a special set-top or converter box; but 29% don't think they would. Forty-eight percent think that HDTV signals are widely available; but 41% disagreed.

Americans' Understanding of HDTV*	
"Do you strongly agree, somewhat agree, somewhat disagree, or strongly disagree with the following statements about HDTV"?	
Statement	**Percent Agree ("Strongly" plus "Somewhat")**
HDTV delivers a superior quality television picture	90%
HDTV offers a full widescreen picture	86%
HDTV delivers digital quality surround sound	84%
I have seen at least one ad for HDTV in the past month	79%
An HDTV is much too expensive for me to consider purchasing right now	76%
I have looked at HDTV's at least once in a retail store	69%
To receive HDTV signals, I would need a special set-top or converter box	60%
HDTV signals are widely available	48%
*Base: Those American adults who indicated that they were "very" or "somewhat" familiar with HDTV (339 out of total survey sample of 1000)	
Source: Ipsos U.S. Express; Dates: October 28–31, 2002	

Another barrier is perceived price. A hefty 76% of respondents who said they are familiar with HDTV said it's too expensive for them to consider right now.

"In this economy, with this amount of confusion about HDTV, most consumers won't risk the investment," concluded Neri. "There are enough gadgets out there that look nice under a Christmas tree, cost less, and promise immediate gratification."

Ipsos U.S. Express Research Methodology

These national survey research data were collected via Ipsos U.S. Express, a weekly national omnibus survey. Fieldwork was conducted between October 28 and 31, 2002. Data are based on 1,000 telephone surveys taken with adults (18+) across the United States using regionally-stratified random sampling. The survey results can be said to be within ± 3.1 percentage points of what they would have been had the entire adult population been surveyed. To ensure that our sample reflects the make-up of the American population, we weight the results to match the latest Current Population Survey provided by the U.S. Census Bureau.

About Ipsos–Reid

Ipsos-Reid has been tracking public opinion and consumer behavior around the world for more than 20 years and has become a leading provider of global public opinion and market research to private, public, and not-for-profit organizations in over 50 countries. With more than 1,300 staff in 11 cities, Ipsos-Reid offers clients a full line of custom, syndicated, omnibus, and online research products and services. It is best known for its line of *Express* opinion polls, the *World Monitor* civic and consumer trends journal, and *The Face of the Web*, the most comprehensive study of global Internet usage and trends. It is a member of Paris-based Ipsos Group, ranked among the Top 10 research groups in the world.

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