The Next Gadget to Get?

Consumers not quite ready for digital video recorders, reveals Ipsos-Insight survey

January 29, 2004, New York, NY – High profile endorsements and huge hype have been the hallmark of the latest in home entertainment technology: the digital video recorder (DVR). According to a survey by Ipsos-Insight, the global marketing research firm, 70% of Americans have heard of a digital recorder and almost one-half (48%) have heard of the TiVo brand.

DVRs, also known as PVRs or by the popular brand name TiVo, operate like traditional video cassette recorders, but with a hard drive instead of a cassette. Features include the ability to pause, rewind, or replay live television, or watch scenes in slow motion. Additional services—such as program guides, remote scheduling, and 'smart' recording—are also available by subscription.

Based on the Ipsos-Insight survey of 1,000 adults fielded this month, satellite and cable subscribers reported higher levels of awareness compared to antenna users. Not surprisingly, the people who are most aware of DVRs skew toward the "classic early-adopter profile": they are more likely to be young, college-educated, high-income men.

When asked whether or not people plan to purchase a DVR in the next 12 months, 1 in 10 respondents intend to do so, according to Ipsos-Insight. "The DVR industry has managed to gain a high level awareness for their product," said Lynne Bartos, a leader with the company's Cable, Media and Entertainment research division. "However the industry needs to move forward in the next phase of marketing; getting people interested and excited about DVRs to increase consideration."

The vast majority of purchase intenders plan on purchasing their DVR at an electronics retailer such as Best Buy or Circuit City (68%). This is different from where current DVR owners purchased their DVR: only 29% of DVR owners purchased their unit through an electronics retailer, while17% bought from their satellite provider, and 15% from their cable operator.

"It is not surprising that most people would expect to buy a DVR at an electronics retailer, given that a VCR is probably their frame of reference," added Bartos. "They probably purchased their VCR from an electronics retailer, not from the company who provides their TV signal."

"This perception of buying a DVR from an electronics retailer bodes well for manufacturers such as TiVo and suppliers like DirecTV who market their DVR product through the retail channel, but not so well for the cable operators," said Bartos. "In order to help ensure high penetration of their own cable DVR product, cable operators need to be very aggressive in their marketing efforts. The traditional bill stuffer won't do in this case."

Those respondents who intend to purchase a DVR for the most part have a positive perception of DVRs. The majority (63%) believes that DVRs are easy to use, and easy to self-install (57%). Only about one-half (52%) of intenders believe that DVRs are compatible with all types of TVs; a message that manufacturers as well as cable and satellite providers need to reinforce as this may be holding some people back from actually getting a DVR.

However, only 52% think that DVRs can be used no matter how TV programming is obtained–whether through cable, satellite or an antenna. "This finding is probably not a big issue for cable and satellite providers since they market directly to their customer base," said Bartos, "but for TiVo and other manufacturers, they want to make sure that retailers reinforce this message to prospects."

1700 Broadway, 15th Floor
New York NY 10019
Tel: 212.584.9256
Fax: 212.265.3790
www.ipsos-insight.com

Further, only 32% believe that the initial cost for a DVR is reasonable, even though DVRs are available for about $150 to $200—even less if purchased through a satellite provider.

“Manufacturers and suppliers may be able to convert a lot of purchase intenders by improving price perceptions and clearing up misconceptions about the technology,” added Bartos. “And cable operators and satellite providers will have to market DVRs more aggressively, or risk missing out on purchase occasions.”

For more information, please contact:
Lynne Bartos
Cable, Media, Entertainment Research
Ipsos-Insight
312-665-0556
lynne.bartos@ipsos-na.com

Methodology

Data were gathered using the Ipsos U.S. Express from January 16 to 19, 2004. Interviews were conducted via telephone among a nationally representative U.S. sample of 1,000 adults age 18 and older. A total of 973 adults with a television in their household were interviewed.

Ipsos-Insight

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