



## America's "Digital Den:" The Future of Converged Home Entertainment

Despite low awareness of media hub concept, consumer interest in Internet-friendly home entertainment products is high, reveals Ipsos-Insight survey

**June 28, 2004, New York, NY**—Nearly three out of four (72%) U.S. consumers say they are interested in a product that would easily connect their home entertainment systems to the Internet—commonly referred to as a "Digital Den"—according to results from a survey among 1,000 American adults by Ipsos-Insight, the global market research firm and member of the Ipsos Group. However, the company also found that most consumers are concerned about the time and knowledge required to set up a Digital Den system, as well as compatibility issues with equipment they already own.

Digital Den-type products are typically referred to generically as media hubs, wired-Ethernet media players, and wireless digital media players, with product names like Fireball, Soundblaster, Macsense HomePod and Turtle Beach AudioTron At-100, just to name a few. Some products connect stereos with Internet music files, other products link TVs to Internet movie files, and a few do both.

Survey findings suggest that the lack of big consumer and technology brands behind such products creates uncertainty in the minds of consumers.

"Low familiarity and confusion are not surprising given that we are still in the early adoption phase of Digital Den-type products," said Todd Board, Senior Vice President and head of Ipsos-Insight's Technology & Communications practice.

"At this early stage of the game, with so many brands and product variations, there is a risk that 'translation clutter' is confusing potential customers as to what the products actually do. Not so different from the confusion consumers are encountering with the introduction of things like VoIP, or telephone service via the Internet."

### Consumers Ready to Buy at the "Right Price"

Despite low awareness, consumer interest in internet-friendly home entertainment products is high and many are ready to do business.

The Ipsos-Insight findings show that two out of three (64%) U.S. consumers say they are not familiar with home entertainment products that act as a central hub for sharing music, movies, games, and other digital content between home electronic devices and the Internet.

However, among the large bulk of people who expressed an interest in connecting their home entertainment devices to one central media hub, the majority (64%) said they anticipate purchasing a Digital Den type product within the next year, if one is available for a reasonable price.

"People are interested in networking their home entertainment systems to the Internet," said Board, "and they are willing to spend money on Digital Den type products if the price is right."

The majority of people interested in Digital Den products say they would spend around \$50 to \$200 to connect their home entertainment systems, which is roughly what they would pay for a DVD player or video game console.



## **Breaking Through to the Mass Market**

Key findings in the study reveal consumers are having a hard time visualizing the total Digital Den package, creating roadblocks for firms entering the market.

"Consumers are confused about the equipment, functionality and compatibility of Digital Den products," Board said. "These misperceptions could be barriers to conversion for many consumers. What's key to understand here is that when consumers aren't sure how a new technology approach will work, and aren't totally comfortable that it will work, they look to trusted brands as a proxy, a 'guarantor' of product performance."

Among the major concerns consumers have with integrating their home electronic products, the survey found that most are worried that they will have to upgrade all of their current electronic devices or change brands in order to plug into a new Digital Den platform.

To that point, consumers are skeptical that a Digital Den product will work like it's supposed to. Many are concerned products will be too complicated to set up, while others worry the system may be too complicated to use and that certain types of content would be prevented or protected from sharing between devices.

"Firms looking to enter the Digital Den space need to start with the basics; that is, raise awareness levels, improve consumer understanding and performance trust, and then get consumers excited about the features and benefits of creating a Digital Den," said Board.

## **For more information, please contact:**

Todd Board  
Senior Vice President, Technology & Communications Practice  
Ipsos-Insight  
Tel: 415.274.8924  
Todd.Board@ipsos-na.com

## **Methodology**

*Data were gathered using the Ipsos U.S. Online Express from June 9—14, 2004. Interviews were conducted via the Internet among a representative U.S. online sample of 1,054 adults age 18 and older. The margin of error is +/- 3.1%.*

## **Ipsos-Insight**

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