Ipsos-Insight

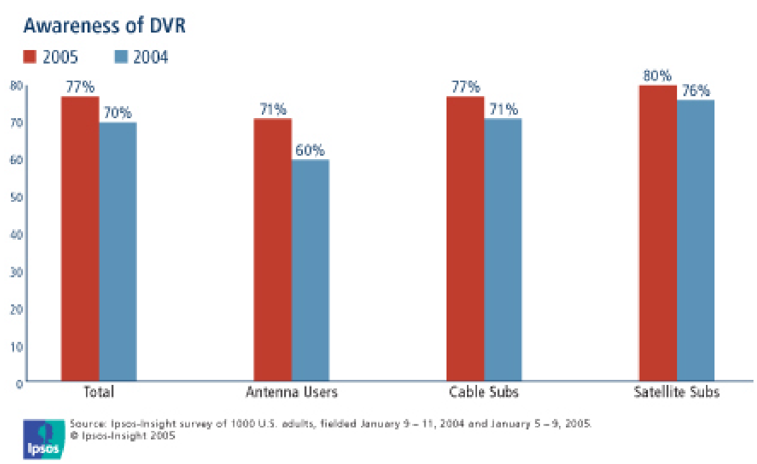
DVR Study Shows Awareness Up, but Buying Intentions Remain Flat
Ipsos-Insight research reports on Digital Video Recorder market trends and shift away from retailers

January 24, 2005, New York, NY—Despite a significant year-over-year jump in awareness of digital video recorders (DVRs, also known as PVRs or by the popular brand name TiVo), the likelihood that consumers will purchase a DVR sometime soon remains relatively flat, according to results from a survey among 1,000 American adults conducted by Ipsos-Insight, the global market research firm and member of the Ipsos Group.

The Ipsos-Insight study compared results from two similar DVR awareness and usage studies, conducted first in 2004 and again 2005. The results revealed that 77% of Americans are aware of video recorders that allow a person to record hours of TV programming without a videotape and surf through it with a remote control; a significant increase from the 70% awareness level in 2004.

Awareness Up, but Intentions to Buy Remain Flat
"Although awareness is up, the likelihood of consumers to purchase a DVR remains relatively flat," said Bartos, who further stated that only 8% of Americans are likely or very likely to purchase a digital video recorder in the next 12 months, consistent with last year's results, which showed only 9% purchase intent.

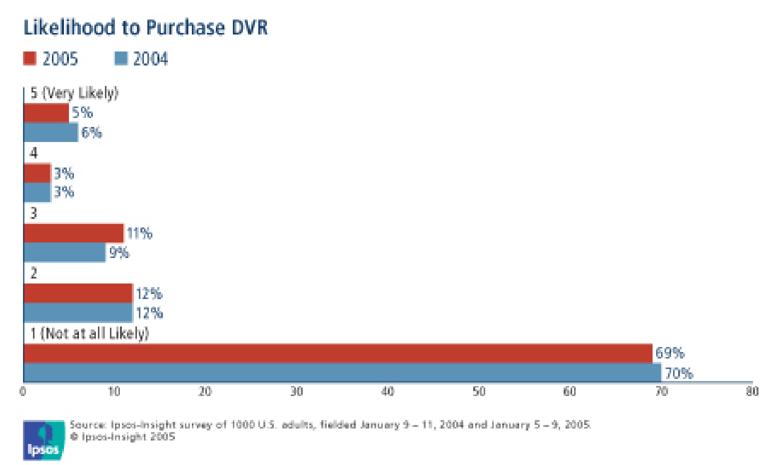
"We typically see purchase intent scores above 20% when technology products are ready to go mainstream. With purchase intent in the single digits for DVRs, we expect it will be a few more years before this technology is as widely penetrated as DVD players or digital cameras," said Bartos.



Service Providers Getting the Share
"A new trend is emerging where consumers are shifting away from electronic stores and moving toward service providers to acquire their DVRs," said Bartos.

The study revealed that consumers are more likely to get their DVRs from satellite and cable providers—collectively, an increase of 23%. Consumers are less likely to obtain a DVR from traditional electronic stores—a decrease of 6% from 2004 to 2005.

"Aggressive campaigns launched by satellite and cable providers have likely helped these service companies, like DirecTV and Dish (satellite) and Comcast and Time Warner (cable), to compete in the DVR space," Bartos added.



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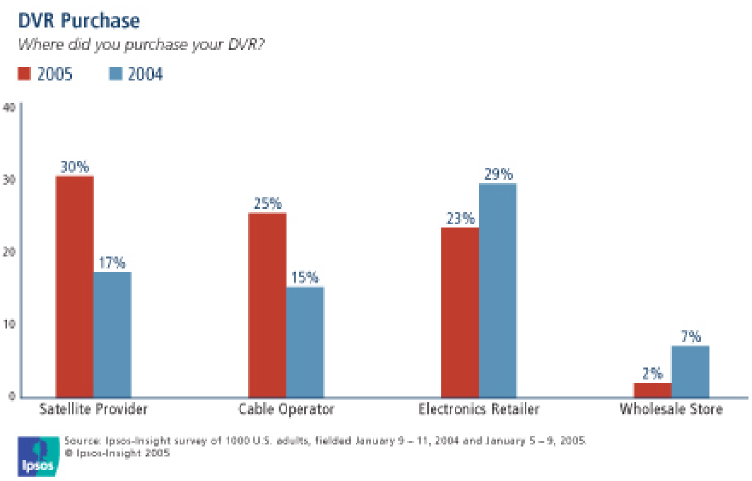
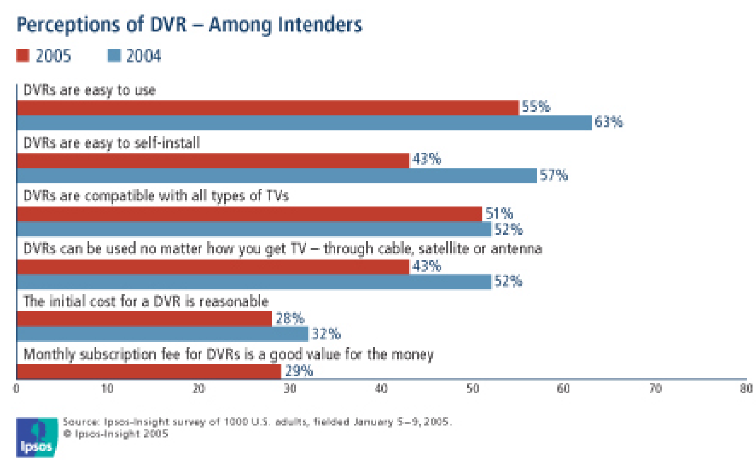
The same pattern emerges with people who were asked where they plan to get a DVR. In 2004, when intenders were asked where they plan to get their DVRs, more than two out of three (68%) said they would purchase from an electronics store. In 2005, this number has dramatically decreased: only two out of five (44%) intenders say they are likely to purchase a DVR from an electronics retailer—a decrease of 24% in one year.



Barriers to Reaching DVR Intenders
Overall, consumer perceptions of DVRs are not as strong in 2005 as they were in 2004. Most notably the perception that DVRs are easy to self-install has dropped from 57% in 2004 to 43% in 2005.

"Cable and satellite service providers have a real opportunity to reach intenders who do not want to deal with the perceived hassle of installing DVRs," said Bartos.



In addition, price perceptions seem to be a barrier to getting a DVR, both the initial cost of the box as well as the monthly subscription fee. Just over one-quarter (29%) of intenders believe the initial cost and monthly fee are a good value for the money.

"Clearly consumers do not see the price/value equation of DVRs," explained Bartos. "The challenge for marketers is to reinforce the features and benefits of DVRs to intenders in order to help move them over the hurdle and become DVR owners."

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Methodology
These national survey research data were collected via Ipsos U.S. Express, a weekly national omnibus survey. Fieldwork was conducted between January 9-11, 2004 and January 5-9, 2005. 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.

Ipsos-Insight

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