



## Brick-and-Mortar Preferred Over Internet for Buying Electronics Device

### See and Touch Comfort Factor Critical as Twice as Many Consumers Likely to Shop in Person than Online for Media Hubs, According to Latest Ipsos Insight Study *America's Digital Den*

**New York, NY, December 13, 2005** – Reflecting a still-developing market, online Americans prefer to buy media hubs – devices that move music, photos, and video via wired Ethernet or Wi-Fi from any PC to a home stereo or TV – in traditional brick-and-mortar stores. The finding comes from an independent study conducted by Ipsos Insight among 2,369 online Americans to explore consumer adoption of emerging, home-based media management products that bring together multiple electronic and entertainment devices in the home and connect them to the Internet. The study also indicates that, despite the intent to buy at brick-and-mortar stores, consumers will use the Internet as their primary source of information about media hubs – also known as media servers or media streamers – before making a purchase.

The implications to media hub manufacturers and retailers are enormous. Companies like Microsoft, Sony, and Dell – the preferred media hub providers among Americans – will ship more units if they partner with retailers in addition to selling through their own or other third party websites. In November, Microsoft launched its specialized media hub, the XBOX 360—a gaming machine that also plays DVDs and supports CDs, DVD-ROMs, DVD-R/RW, MP3s, JPEGs, and more. According to one analyst, Microsoft hopes to ship between 1.5 million and 2.5 million units.

In fact, Ipsos Insight found that nearly six out of 10 (58%) study participants expressed interest in purchasing a media hub to serve as central storage areas for music, videos, games and more that they can access from TVs, computers, stereos, wired-Ethernet media players, and wireless digital media players around the home. While not a firm measure of imminent purchase, this does indicate a large reservoir of largely untapped consumer interest. Among those surveyed, 57% said they would shop for a media hub in a consumer electronics store. Fewer than half that – 26% – said they would shop through an Internet retailer.

“It may seem surprising that people accustomed to operating in cyberspace want to revert back to shopping in person, but the uncertainty and complexity of this new technology seems to make people seek out a personal level of reassurance that they can see and touch,” said Todd Board, Senior Vice President with Ipsos Insight’s Technology & Communications Practice. “This doesn’t mean the Internet isn’t an important shopping resource in this context. Rather, it just underscores that the pattern for consumer uptake of new technologies still involves the see-and-touch comfort factor.”

To that point, potential buyers are twice as likely to spend time looking for information online than they are in the retail environment. Nearly six out of 10 (57%) said they would use the Internet to search for information on this kind of home electronics and entertainment connectivity, while 26% said they would seek information from store displays.

### Breaking Down Barriers

Alongside commonly sought after features like brand, price, and capacity, consumers may be looking for information that alleviates concerns about compatibility with other devices already in the home. Nearly half (49%) of consumers say they are concerned they would “have to replace/upgrade devices that this would work with,” down from 57% at the same time last year. Four out of 10 (40%) say they are “concerned it might not work with some brands/products,” down from 43% last year.

“Marketers in this ‘Digital Den’ space shouldn’t lament what may seem like added complexity due to consumers’ two-step evaluation process, because it’s actually a great opportunity,” Board said. “This consumer self-education model, which has potential customers proactively seeking out marketers, really opens up much greater market penetration potential for viable new technologies.”



### **Methodology**

Ipsos Insight's *America's Digital Den* study was conducted with a representative sample of 2,369 Americans over the age of 13 who have access to the Internet at home. Data were gathered using the Ipsos U.S Online Panel from October 3-10, 2005.

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

Todd Board  
Senior Vice President, Technology & Communications Practice  
Ipsos Insight  
415.597.4013  
[todd.board@ipsos-na.com](mailto:todd.board@ipsos-na.com)  
or  
Diane Johnson  
Special Consultant to Four Leaf Public Relations LLC  
703.391.2056  
[diane@dtjorg.com](mailto:diane@dtjorg.com)

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