Ipsos Insight

MOBILE MEDIA MANIA

Portable music and media players top this year's technology wish lists

December 14, 2005, New York, NY – We'll be seeing a lot more headphones in the next three months, according to a survey of consumer household technology purchase intentions by Ipsos Insight, the U.S. survey-based market research group. Almost a quarter of respondents (22%) anticipate buying a portable MP3 player or lower-storage Apple iPod Shuffle or iPod Nano (to use primarily for music) in the next three months, and 14% are interested in buying a portable multimedia device, such as the 30GB or 60GB iPod, Sony PSP, Creative Zen, or iRiver devices.

For the fourth consecutive year, Ipsos Insight surveyed a nationally representative sample of 511 U.S. adults as they head into the holiday shopping season to determine their likelihood of buying specific electronics over the next three months.

"The portable music device category exploded this year, with interest in MP3 players up 9% over last year's survey. In addition, it spun off an entirely new category—portable multimedia devices—which captured the purchase interest of 14% of consumers," said Todd Board, leader of Ipsos Insight's Technology & Communications practice. "This big leap reflects the 'sweet spot' appeal of these portable devices, which balance compactness, simplicity, capacity, and features, while managing to maintain affordable price-points."

Tech Gifts All Wrapped Up?

"Many respondents apparently hadn't received their friends' and families' wish lists yet!" said Board. "When consumers were asked which technology was the hot ticket for under the tree this holiday season, nearly half (45%) didn't know which consumer electronics product or service was desirable. Retailers will definitely have a chance to persuade customers in-store."

"Portable MP3 player (15%) and dedicated TV game consoles (13%) were the most cited gifts to give," added Board.

Traffic Alerts for Top Tech Retailers

Consumers are looking to save, too, with most intending to visit more than one store for their holiday electronics. Nearly half of all respondents intend to shop at Best Buy (48%) or Wal-Mart (45%). Shoppers intend to visit Circuit City (32%), Target (26%), Sears (20%), and Costco (14%) too. Higher income households are gravitating toward Best Buy (60%) or Circuit City (40%) and lower income households are counting on Wal-Mart (65%).

Office supply stores Office Depot (11%), Office Max (10%), and Staples (2%) are some consumers' intended destinations, while others hope to avoid the malls by purchasing electronics from Amazon (10%) or eBay (9%).

The 'Worth It' Hurdle

According to Board, "Demand for many big-ticket items may plateau, at least for the moment, reflecting a mix of saturation, concern about the economy, or what I call the 'worth it' hurdle with more expensive or complex home technologies."

Board explains the 'worth it' hurdle as the incremental benefit to the consumer, balanced against the cost and hassle of experiencing that benefit, including evaluating alternatives and learning how to use the new technology.

"It's one thing to spend between $50 and $200 on an MP3 player this year, knowing that there will be better and cheaper alternatives in a year's time. It's another thing to invest in selecting a high definition or flat panel TV or home theatre system, knowing there may be cheaper, better alternatives just around the corner," Board said.

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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?"

Somewhat/Very Likely to Buy	Oct 2002	Oct 2003	Nov 2004	Dec 2005
Wireless mobile phone (total) (first time or replacement)	26%	31%	27%	20%
Wireless phone with digital camera built in	n/a	14%	11%	12%
Digital still camera	24%	22%	22%	22%
DVD player	24%	24%	22%	19%
Personal computer (first time or replacement)	20%	26%	25%	21%
Printer	18%	18%	21%	20%
Dedicated TV game console (such as Sony PlayStation, Sega System, or Nintendo)	14%	15%	13%	16%
HDTV	10%	15%	13%	15%
Home theater	10%	14%	14%	12%
Satellite TV system	9%	10%	10%	9%
Portable MP3 player	8%	13%	13%	22%
PDA	n/a	6%	6%	6%
Digital video recorder (DVR)	n/a	13%	12%	14%
Wireless network	n/a	17%	14%	11%
Satellite radio	n/a	11%	12%	13%
DVD recorder	n/a	18%	18%	20%
Digital hub	n/a	n/a	11%	7%
VoIP	n/a	n/a	7%	7%
Digital camcorder	n/a	n/a	n/a	14%
Flat panel TV	n/a	n/a	n/a	14%
Portable multimedia device	n/a	n/a	n/a	14%
GPS	n/a	n/a	n/a	9%
Wireless phone with video built in	n/a	n/a	n/a	9%
New truck or other vehicle with factory-installed mobile office capabilities	n/a	n/a	n/a	5%

Source: Ipsos Insight 2005

Top Tech Toy Trends
This year, the company asked consumers to choose from a list of 24 home electronics items. Among the survey's highlights:

- Interest in buying a new digital still camera remains strong and steady at 22% for the third year in a row.
- Consumer interest in cell phones continues to diminish, reflecting high market penetration, with purchase interest in new or replacement cell phones dropping again this year, down to 20% from a high of 31% in 2003; 12% of respondents expressed a likelihood to buy a camera phones, while video phones appealed to 9%.
- DVD recorders (20% purchase interest, up directionally from 18% in 2004) surpassed DVD players (19% interest, down slightly from 22% in 2004) for the first time.
- Fewer households plan to buy a new PC in 2005 (21%), either for the first time or as a replacement, compared to a high of 26% in 2003 and 25% in 2004.
- Consumers may show interest in portable multimedia players and digital cameras, but interest in hard copies remains strong: 20% of consumers said they were somewhat or very likely to buy a printer in the next three months (compared to 18% in 2002 and 2003 and 21% in 2004).
- Dedicated game consoles may be set to reap the benefits of offering high-definition and online gaming capabilities, with purchase interest at 16% in 2005, up slightly from 13% in 2004.

In contrast to the increased consumer interest in mobility, 2005 data showed some slight declines in interest in in-home technology enhancement, both for wireless networking (from 14% to 11%) and digital hubs (from 11% to 7%). Says Board, "To some extent we're seeing the 'worth-it' factor come into play here—consumers may also be guessing that sometime soon they can move their media around the home on ever-smaller portable storage devices that just happen to play media as well—just look at the boom in iPod accessories."

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, October 24 and 26, 2003, November 3 and 5, 2004, and November 29 and December 1, 2005. Data are based on 511 telephone surveys taken with adults (18+) across the United States using regionally stratified random sampling. The survey results can be said to be within ± 4.3 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.

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