Ipsos Insight

The PC To Be Challenged By Competing Digital Platforms For Supremacy In Tomorrow's "Digital Den"

As More Americans Experiment With Digital Media, Television Peripherals Such As The Digital Video Recorder And Dedicated Game Console Are Emerging As Legitimate Competitors To The PC As The Preferred Digital Entertainment Platform In The Home

New York, NY, May 4, 2006 – Today, the personal computer remains the dominant hardware platform consumers rely on to access the Internet in the U.S., and has been instrumental in launching the age of digital media into mainstream America. However, as the entertainment industry prepares for the growing interest in digital video and gaming services to complement digital music, recent research conducted by Ipsos Insight shows that some more avid media consumers prefer other hardware platforms to explore this next stage of the digital entertainment evolution. In related research, the company also found that Americans don't have a huge appetite for replacing old entertainment options with new ones. Watching movies and TV content on the PC or portable devices is not exciting to mainstream America yet.

As part of a wider survey of online U.S. adults about digital entertainment, most Americans today (88%) use some form of device that can display and/or deliver digital entertainment content (i.e., beyond basics such as a TV, or dial-up Internet connection from home). Among this majority of 'digital platform' users, three in five (61%) prefer their broadband-equipped PC for digital entertainment purposes, dominating user preference for other devices such as cell phones (13%), video game consoles (10%), and Digital Video Recorders (DVRs) like TiVo (8%). However, among those who regularly use a DVR, preference for the DVR (37%) is on par with the broadband-enabled PC (39%). Console gamers also reported some degree of preference for their gaming consoles (31%) for personal entertainment usage in comparison to the PC (43%).

PC vs. DVR vs. Game Console: Which will win the home?

All of this seems to suggest that as digital video and gaming content enter more American living rooms, the PC may not be the silver bullet to drive trial and adoption of these emerging digital forms, particularly among early adopters. Todd Board, Senior Vice President of the Ipsos Insight Technology & Communications practice, says that device and content players need to carefully evaluate how they approach going to market with emerging digital content plays. "While music lovers have adopted the PC as a primary device to tap into the digital medium, to assume the PC will play a similar role for avid fans of video and games may be premature, or at least simplistic. Those who have already adopted the DVR and game console clearly have forged a strong bond with these devices, and have 'marked' themselves as avid consumers of higher-engagement multimedia experiences."

One potential scenario is that the markets for both games and video could eventually become segmented based upon the preferred method of consumption, with many consumers tapping into different modes for different content experiences. For example, content that is most preferably consumed in the living room – referred to as the '10-foot' experience – may be driven more by the set-top box, DVR or game console given their current legacy with consumers. An example of this type of richer, more immersive content would be full-featured games, full-length motion pictures, or sporting events. Conversely, topical content with a short shelf-life, or a less immersive nature, such as digital video clips and podcasts (already dominant in today's video offerings online via sites like YouTube and Grouper) could continue to prosper along a more PC-centric stream. Today, the market for digital video is best positioned to deliver this '2-foot' experience, as users can view this content on their PC or a portable media device. Says Board, "Based on our data, consumers who today prefer their gaming console or DVR over the PC are basically telegraphing something about their preferred digital content experiences. As yet more options emerge – think of cable provider DVRs, Google Video, or the Yahoo Go TV now in beta – it will remain important to think in terms of consumer preferences for different digital content experiences, in understanding their apparent preferences for different digital platforms. Likewise, we also need to distinguish between the preferred modes of access, consumption, and storage of digital content, in understanding the evolution of this broader space."

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Traditional Video Consumption Modes Will Remain (For Now)

In addition to probing consumers on their device preferences, the recent Ipsos study also asked Americans whether they anticipate a year from now spending more, less or about the same amount of time conducting a number of different entertainment activities. Surprisingly, despite the rapid growth in awareness of and interest in the digital medium, most consumers believe they will spend even more time a year from now using established channels to consume music, movies, television and games. For example, roughly one in four adults today (24%) anticipates spending more time a year from now then they do today watching movies on DVD they own, while just 6-7% of Americans feel they will increase the amount to time they spend watching movies on the Internet, or on portable devices, a year from now. So while traditional methods may be appear to be losing their luster to the buzz around newer digital distribution methods, many Americans still love watching live TV programming, going out to the movie theater and playing video games from the rental store.

Board concludes, “The data reflect the reality that most consumers don’t have some huge appetite for replacing old entertainment options with new ones – rather, at this point a minority of consumers are intrigued by additional options. Watching movies and TV on the PC or portable devices is not exciting to mainstream America yet, as most consumers overwhelmingly prefer the ’10-foot’ experience for video content. The key to driving the digital medium into the living room hinges on simplicity, and enabling this 10-foot experience for enjoying web-driven video content. To some extent this hinges on greater consumer awareness and comfort with the full power of the extendable media center PC, the Xbox 360, and set-top and web-driven DVR plays. A huge question, though, is how many consumers are willing to bother modifying their desktop PC space to make that more conducive to the 10-foot experience – or to bother configuring device connections to pipe digital content to their TV. And as more American households adopt powerful notebooks and WiFi for traditionally PC-centric activity, this will remain a fluid question.”

Methodology

This study was conducted with a representative sample of 1,063 online adults from the entire U.S. online adult population (18+). This yields results which are accurate to within +/-3.01% at the 95% confidence level. Data were gathered using the *Ipsos U.S. Online Express* from April 6-10, 2006.

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