

Press Release



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Battle for User Experience Will Determine War for Consumer Mindshare

*New Research from The Diffusion Group Finds "Digital Cable Ready"
is Just the First Shot in a Multi-Industry Battle for Consumer Control*

October 11, 2005 (Dallas, Texas) - As the cable TV industry, consumer electronics manufacturers, and content providers prepare for Digital Cable Ready devices, a battle will be waged over who controls the user experience. According to The Transition to Digital Cable Ready, The Diffusion Group's most recent digital media analysis, each of these three groups has diverse and often conflicting motives for pushing DCR:

- Cable operators hope to eliminate the expense of subsidizing digital set-top boxes, but are determined to maintain control over the user interface, and even reach beyond the television into the home's network;
- Consumer electronics manufacturers are hoping to wrest control away from the set top box through the sale of DCR-enabled TVs and DVRs, and are reluctant to grant cable operators exclusive license to the user interface; and
- Content providers, advertisers and programmers are hoping interactivity will measurably improve their control of user experience, while the viewer finds new ways to thwart traditional content funding models.

In all three of these cases, the goal is controlling the user experience - starting with the menu through which consumers will view content options, identify and navigate between programs, and control their viewing experience. As more digital electronics find their way into consumer homes, and as more of these devices become connected to one another, the value of a single easy-to-use interface that allows control of multiple content sources becomes more important to both consumers and vendors.

"Digital Cable Ready is not your father's Cable Ready," said Gary Sasaki, consulting analyst with The Diffusion Group. "DCR defines much more than how the tuner works - it defines the user interface, the flow commerce, and the way products and services can interact with the viewer."

Sasaki points out that Digital Cable Ready is not just a U.S. issue. Older televisions could afford to let issues stop at the border. New DCR products and services must be mindful

of international issues because interactive experiences will be based on international standards.

"Current Digital Cable Ready products are just a stop-gap, and everyone knows it, except perhaps the consumer," said Sasaki. "Today's solution is based on the CableCARD which involves as many as six parties - the MSO, the technician, the consumer, the CableCARD vendor, the television/DVR/STB vendor, and the retailer - it is easy to point fingers at the other guy when something goes wrong. But these problems only mask the real battlegrounds that DCR will expose in the future."

TDG's latest report, The [Transition to Digital Cable Ready: Analysis & Forecasts](#), provides a detailed examination of the transition from analog to digital set-top boxes, to CableCARDS and ultimately downloadable security. The report provides a detailed explanation of technologies and specific standards involved in the transition to Digital Cable Ready; an analysis of the market and bureaucratic forces driving the movement to embedded conditional access and security in the US cable industry; an examination of consumer TV purchase intentions and familiarity with Digital Cable Ready products; as well as detailed forecasts for Digital Cable Ready products through 2010.

The complimentary report is available at [TDG's website](#) or by contacting the firm at 469.287.8050.

About TDG

The Diffusion Group is a market planning and research firm dedicated to keeping our clients *In Front of the Curve*.™ Since 2004, TDG has helped more than 250 technology leaders, media companies, and service providers to understand and manage the quantum shifts now impacting how consumers access, navigate, distribute and consume media – whenever and wherever they may be.

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