

DCSR

PRODUCT KNOWLEDGE BRIEF

The Digital Consumer (DCSR)

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The Digital Consumer provides demand-side research and analysis on the US home consumer's acceptance of emerging digital technologies. To be successful, vendors have to know what end users have bought and are planning to buy.

Surveys of almost 7,000 homes create a portrait of the US Digital Consumer and the personal computer and consumer electronics markets that are converging upon it.

DCSR helps clients understand the driving forces behind the home personal computer and consumer electronics markets so they can sync their development, marketing, and investment plans to this accelerating market.

Digital Consumer Key Issues:

- How are the consumer electronics and personal computer industries converging?
- How fast will the emerging technologies grow?
- How will emerging technologies impact or change consumer usage patterns?
- How will the consumer adapt to the increasing number of information sources?
- Are there new technologies which will impact my existing business?
- Is there a new class competitors that might take over a leadership role in this industry?

The Key Question to ask clients and prospects:

“How will consumers react to the convergence of the consumer electronics and personal computer industries and how will this impact my business?”

1.0 The Digital Consumer

The Digital Consumer (DCSR) provides demand side research and analysis for the US consumer market on emerging digital technologies. This product provides an ongoing picture of the US consumers' acceptance and use of digital technologies. By maintaining a large scope on the technologies that are tracked consumer behavior across multiple emerging technologies will be measured.

Technology	Key Issue
Internet Television	Will the consumer utilize the television medium to access the Internet introducing a new competitive threat to the personal computer in the home?
Handheld PCs	Will Windows CE finally facilitate the broad-scale acceptance of handheld PCs in the consumer marketplace?
Satellite Television	Will the advent of satellite television delivery systems combined with consumer ill will toward cable companies threaten the continued utilization of cable television?
Two-way Pagers	Does the introduction of two way paging networks threaten or enhance the acceptance of cellular telephones by the consumer?
Cellular Telephones	Will the rapid growth of cellular telephones continue or has consumer acceptance of this technology peaked?
Digital Cameras / Camcorders	Will digital cameras and camcorders displace their traditional film and tape based analog predecessors or are these technologies destined to hold a niche position in the market?
Personal Computers	Is the demand for personal computers waning in the US marketplace or will the personal computer become a mandatory tool for US households?
Modems	Will the use of online services and the Internet drive the acceptance of ISDN and/or cable modems? Which technology will win or will another alternative emerge?

2. Business Issues

Vendor

Many vendors have business strategies that depend on an accurate understanding of the acceptance and use of new digital technologies by the US consumer. If not directly involved in the manufacture of these digital devices many companies are offering services that require the utilization of these devices. An understanding of the number of households that current own emerging digital devices as well as the number considering purchase of these emerging products is critical to the business planning process.

These companies need to understand the technologies that are entering the market and the impact on existing products and services. The transition of consumers from one technology alternative to an emerging alternative has the potential to significantly change the revenue stream for a product manufacturer or alter the service model of a service provider.

The speed of acceptance of an emerging technology by the consumer segment has significant impact on the vendor business plans. An ongoing understanding of the acceptance level for these technologies as well as the anticipated future acceptance of these technologies is critical for vendors to ensure success.

3. Technology Issues

Vendor

Convergence is a topic that is on everyone's mind in both the personal computer and consumer electronics industries. Each set of vendors covets the other's turf. Each industry has a vision of what convergence will mean. Each set of vendors has a significantly different vision however. The decision is in the hands of the US consumer as to which model will succeed.

This decision affects not only the vendors in the personal computer and consumer electronics industries but the vendors in the service industries that rely on these technologies to deliver value to the consumer. Advertising agencies that support the vendor efforts need a picture of the consumer buying these new technologies or perhaps more importantly those considering purchase of these new technologies. Financial services companies need to understand the use of technology for the consumer; their attitudes and values regarding these technologies.

The delivery of value to the consumer in the form of digital technology involves many participants no one of which has total control of the value proposition. In order to

maximize the chance for success each vendor needs to understand how the consumer uses digital technologies and where the value is perceived by the consumer.

4.0 Buying Center 1 - Vendor

Buying Center 1 - First-Tier Vendor Contacts

Buying Center 1 - Product Manufacturers

Who? (Job titles of potential first-tier vendor buyers of your research program)

- Director of Corporate Strategy
- Market Research Manager
- Director of Product Marketing
- Brand Manager

Key Issues for Buying Center 1 (What keeps them up at night?)

1. How is the market for consumer electronics changing?
2. How fast will the emerging technologies grow?
3. How will emerging technologies impact or change consumer usage patterns?
4. What are the trends in the industry for my category of products?
5. How will the consumer adapt to the increasing number of information sources?
6. Are there new technologies which will impact my existing business?
7. Are there new technologies which will offer an advantage to my product line?
8. Is there a competing technology to my existing product line emerging?
9. Will my product be used by the consumer in ways that are different than anticipated?
10. Is there a new class of competitors that might take over a leadership role in this industry?

Anxiety Questions to Ask Buying Center 1

(What questions should sales ask these individuals to create Fear, Uncertainty, and Doubt (FUD) in their minds?)

1. Do you know how consumer usage patterns are changing?
2. Are you aware of emerging technologies that could threaten your business?
3. Do you know how fast the technology category for your consumer product is growing?
4. Do you know how fast technologies are growing that compete with your product?

5.0 Buying Center 2 – Vendor

Buying Center 2 - Second-Tier Vendor Contacts

Buying Center 2 - Services Company Contacts

Who? (Job titles of potential second tier vendor buyers of your research program)

- Vice-President of Marketing
- Vice-President Strategic Planning

Key Issues for Buying Center 2

(What keeps them up at night?)

These prospective clients are concerned with the same issues as those in buying center 1 but in less detail. In addition they are concerned with:

Services Companies

1. Identification of emerging technology trends that have potential to impact consumer service offerings and or consumer acceptance of content (i.e., movies, Internet pages, publications, etc.)
2. Confirmation of market hot spots and potential areas of opportunity/conflict.
3. Sizing of the emerging technologies in the consumer market.
4. Determination of consumer acceptance for enabling technology that could impact service offerings.

Executives

5. Is my staff tracking opportunities and threats?
6. Are there emerging opportunities that my company is currently not participating in?

Anxiety Questions to Ask Buying Center 2

(What questions should sales ask these individuals to create Fear, Uncertainty, and Doubt (FUD) in their minds?)

Again many questions are the same as for buying center 1 with the following additional questions:

1. Do you know which technologies threaten your current business models?
2. Do you know how your customers use of technology is changing?
3. Do you know how well your marketing staff is performing?
4. Do you know how well your company's strategy maps to changing consumer usage patterns?
5. Do you know how consumer attitudes toward technology impact your chances of success?

6.0 Competition

There is no known established competitor for The Digital Consumer. Some industry associations such as Consumer Electronic Manufacturers Association (CEMA) or Electronics Industry Association (EIA) offer statistics on an annual basis for a portion of the technologies followed by The Digital Consumer. No analysis is provided for the consumer behavior underlying acceptance of these technologies. IDC Link offers coverage of the personal computer market however the coverage is limited to this

market and does not span other technologies. SRI is doing an increasing amount of consumer research although the company seems to lack expertise in technology. The balance of the known offerings in the market are boutique research providers and are normally limited to a narrow range of technologies.

7. Internal Service Positioning

The Digital Consumer is a new area for Dataquest services that is centered on a combination of demand side research in combination with technology analysis. While other services focus on a given technology, Digital Consumer focuses on a broad range of emerging digital technologies attempting to achieve broad acceptance in the US consumer market segment. The focus of the service is a market sizing and forecast across several technologies and an analysis behind the consumer attitudes, demographics and usage trends as well as the technology trends likely to impact these products and services.

A closely related product to The Digital Consumer is The Home Technology Scorecard. This product is also based on primary research of the US consumer market. This program offers significant drill down of the consumer market segment in the areas of personal computers, printers and online services. This program focuses on consumer ownership, purchase intent, detailed usage patterns, psychographics and demographics of the US consumer market. This product should be sold in conjunction with The Digital Consumer.

The Digital Consumer can leverage the sale of several other Dataquest programs in instances where clients of The Digital Consumer need to drill down for more detail on a given technology. Services related to The Digital Consumer include:

Personal Computers Worldwide (PCIS-WW) Multifaceted industry intelligence covering the world's PC markets.

Mobile Computing Worldwide (MBLC-WW) Provides quantitative and qualitative market information and decision support on mobile computing and communications trends.

Mobile PC Technology Directions Worldwide (PCDD-WW) and Desktop PC Technology Directions (PCDD-WW) These programs implement a model-based approach, synthesizing desktop and mobile PC configurations from components and subsystem forecasts.

PC Distribution Channels Worldwide (DCPC-WW) Detailed information on the trends of PC channels in the United States and summary information on worldwide markets.

Personal Communications North America (PERS-NA) Provides comprehensive coverage of the wireless communications industry.

Remote LAN and Internet Access Worldwide (RIAX-WW) Analysis of the new technologies, products, channels, and competitors entering and redefining the market.

Modems North America (WANA-NA) Comprehensive statistics and in-depth of the market issues driving the modem market.

Semiconductor Application Markets Worldwide (SAMM-WW) Information about the electronic systems in which semiconductors are used, including system production forecasts, accompanying chip demand, and identification of system features and implementation trends affecting the chips needed in future systems.

Communications Semiconductors & Applications Worldwide (CSAM-WW)

Semiconductor opportunities in communications markets with emphasis on LAN, WAN, voice, switching and transmission, and wireless technologies.

Multimedia Worldwide (MULT-WW) Synthesis of supply-side information from semiconductors, computer systems and peripherals, and telecommunications with multimedia hardware and software data.

Personal Computing Software (PCSW-WW) Comprehensive analysis of all major PC software applications, tools, and utilities running under the DOS, Windows, Macintosh, and OS/2 operating environments. Market size and forecast, trends and issues.

8.0 The Digital Consumer Research Team

Computer Systems and Peripherals

Van L. Baker

*Director and Principal Analyst, Distribution Channels Worldwide,
Computer Systems and Peripherals*

Mr. Baker is Director and Principal Analyst of Distribution Channels Worldwide program for the Computers and Peripherals group at Dataquest. He is responsible for all facets of distribution channel research for computers and peripherals. This includes quantitative analysis of distribution channel sell-through for systems products offering shipment data segmentable by elements such as form factor and processor. Mr. Baker is also responsible for qualitative analysis of channel and vendor business models for distribution of computers and peripherals.

Mr. Baker is recognized as an industry expert in the field of computer distribution channels. He is quoted in such publications as the *Wall Street Journal*, *Business Week*, *Computer Reseller News*, *VARBusiness*, and local newspapers. Having spent time in industry both on the sales and manufacturing sides of the business, Mr. Baker brings to Dataquest an understanding of the reseller business as well as the manufacturer business and the constraints inherent in both.

R. Scott Miller

Senior Industry Analyst, Advanced Desktop and Workstation Computing, Computer Systems and Peripherals Worldwide

Mr. Miller is senior industry analyst for the Personal Computers Worldwide program of the Computer Systems and Peripherals group and is responsible for quantitative modeling and qualitative analysis for the global PC markets. Mr. Miller has done extensive research on the United States consumer technology market as well as the market for computers in small and medium business in addition to covering global vendor strategies, technology shifts, and vendor's competitive positioning.

Mike McGuire

Senior Industry Analyst, Mobile Computing Service, Computer Systems and Peripherals Worldwide

Mr. McGuire is the Senior Industry Analyst for the Mobile Computing service of the Computer Systems and Peripherals group. He is responsible for the quantitative analysis of the devices (for example, notebooks and handheld computers) and qualitative analysis of connectivity to networks such as local or wide area networks, the emerging wireless networks from a computer user's viewpoint (for example, which ones would solve the data needs of mobile computer users in terms of cost, geographical availability, and time frame when they will be viable), and the applications and operating systems software used in mobile computing environments.

William C. Schaub

Worldwide Director, Quarterly Tracking Programs, Computer Systems and Peripherals Group

Mr. Schaub is currently the director for Dataquest's Quarterly Tracking Programs such as Worldwide PC Quarterly Statistics. Additionally, Mr. Schaub is codirector of Dataquest's U.S. Home PC market research. Mr. Schaub has been associated with the high-tech business solutions industry for nearly 20 years. He has held a variety of marketing and management positions with Xerox Corporation, Wang Laboratories, Compaq Computer Corporation, and Dataquest. For the past few years, key account clients have called upon Mr. Schaub and his associates to participate in product technology road mapping, PC market segmentation, and distribution strategies. Mr. Schaub holds a B.S. degree from California State University Sacramento and an M.B.A. from St. Mary's College of California.

Lee M. Schugar

Industry Analyst, Technology Directions Program, Computer Systems and Peripherals Worldwide

Mr. Schugar is an industry analyst for the Technology Directions program concentrating on the Graphics and Displays market of the Worldwide Computer Systems and Peripherals group. He is responsible for the quantitative and qualitative analysis of devices including monitors, LCDs, and graphics chips and cards. He is also responsible for technology analysis and evaluation for other parts of the PC Technology Directions program.

Mary Bourdon

Senior Industry Analyst, Computer Storage Program, Computer Systems and Peripherals Worldwide, Dataquest Incorporated

Ms. Bourdon is a Senior Industry Analyst for Dataquests Computer Storage program in the Computer Systems and Peripherals group, specifically focusing on the optical disk storage industry. She is also responsible for cross-industry support and consulting services to Dataquests subscription clients. Prior to joining Dataquest, Ms. Bourdon was the Market Analyst for the CD Industry Research Service at Strategic Marketing Decisions, a market research firm based in Los Gatos. Before this, she dedicated her career in technical and marketing management roles in the systems and peripherals industry. As Market Program Manager at Maxoptix Corporation for four years, Ms. Bourdon was responsible for forecasting revenue projections for rewritable as well as WORM optical drives. Previously, she was the New Business Manager in the Systems Products Business Division of Ricoh Corporation and had market responsibility in addition to management of product planning involving peripheral products such as fax modems, printers, copiers, and scanners. After graduating from the University of South Florida with a B.A. degree in mathematics, Ms. Bourdon spent 12 years with IBM in field systems support.

Telecom**Lisa Pelgrim**

Industry Associate, Networking Program, Telecommunications Group

Ms. Pelgrim is an industry analyst within the Networking program of the Telecommunications group at Dataquest. She researches areas of wide area data networks including modems, cellular WAN equipment, and digital network equipment. Ms. Pelgrim is also involved in conducting primary research, consulting, and customized research products. She is recognized as an expert in the modem market and has been cited in various publications. Prior to joining Dataquest, Ms. Pelgrim was a member of the marketing organization at Time Electronics, a nationwide semiconductor

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and electronic component distributor. Her marketing efforts focused on telecommunications and electronics companies located within the Silicon Valley. Ms. Pelgrim received a B.S. degree in finance and an M.B.A. degree in marketing from the Santa Clara University.

Clint McClellan

Industry Analyst, Personal Communications Wireless Program, Telecommunications Group

Mr. McClellan is an industry analyst for the Personal Communications Wireless program of Dataquest's Telecommunications group. He previously worked at Dataquest as an analyst within the consulting group. Mr. McClellan is responsible for the collection and analysis of information regarding wireless equipment in the United States. Mr. McClellan is also a news anchor at KNTV, an ABC affiliate, on the *Good Morning San Jose* show. He provides analysis on daily news events affecting high-technology industries.

Semiconductors

Dale L. Ford

Senior Industry Analyst, Semiconductor Application Markets Group

Mr. Ford is responsible for conducting market research and analysis for the Semiconductor Application Markets group at Dataquest. He is a specialist on the end use or application of semiconductors with the scope of analysis including both economic and technical trends regarding the semiconductor content of electronic equipment. His work also includes contributions on client-specific consulting projects.

OMAS

Allen Weiner

Director and Principal Analyst, Online Strategies Program, Online, Multimedia, and Software Worldwide Group

Mr. Weiner is the Director and Principal Analyst for Dataquest's Online Strategies program in the Worldwide Online, Multimedia, and Software group. The Online Strategies program includes consumer and business online services and the Internet and other emerging digital superhighways.

Mr. Weiner heads up Dataquest's research efforts in the areas of consumer online services, Internet software, Internet demographics, and such related areas as electronic commerce, security, broadband services, and interactive advertising. Mr. Weiner is a frequent speaker at Internet conferences worldwide, addressing such issues as industry trends and issues. In addition, he is among the most-quoted analysts in the industry, having been cited in such publications as *Time*, *US News and*

World Report, PC Week, The New York Times, The Washington Post, and The Wall Street Journal. Mr. Weiner also is a frequent guest on CNBC and CNN.

Kathy Klotz

Industry Analyst, Multimedia Worldwide, Online, Multimedia, and Software Group

Ms. Klotz is the Industry Analyst for the Multimedia program at Dataquest where she examines and interprets the dynamics that are shaping the multimedia market in both the consumer and business arenas and executes multimedia consulting projects. Her emphasis ranges from software to hardware for both PC-platform and broadband, ITV applications. She has completed extensive research in the areas of compression technologies, electronic software distribution, video servers, CD-ROM content purveyors, multimedia intellectual property rights, 3-D, video, and virtual reality, among other topics. In addition to providing strategic information to Dataquest's syndicated clients with her research and writing, Ms. Klotz participates in developing highly tailored analyses and reports on a custom consulting basis.

International

Kees Dobbelaar

Director PC and Peripheral Group

Mr Kees Dobbelaar is the Director of Dataquest's European PC and Peripheral Group. He is responsible for the management of the all Dataquest Europe's research and in the area of Personal Computers, Storage, Distribution, Printers and Copiers. Kees Dobbelaar worked as a Senior Industry Analyst for Dataquest's European Computer and Application Group, Dataquest's Custom Research Group and Intelligent Electronics Europe (Paris).

Nagayoshi Nakano

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Mr. Nakano is Associate Director and Senior Industry Analyst for Dataquest's Personal Computer Asia/Pacific program based in Tokyo, Japan. He is responsible for developing the database, researching, and analyzing the personal computer market and industry in Japan and Asia including Korea, Taiwan, Hong Kong, and Singapore.

Cherry Velarde

Industry Analyst, Computer Systems and Peripherals Asia/Pacific, Document Management Asia, Dataquest Hong Kong

Ms. Velarde is an Industry Analyst for Computer Systems and Peripherals Asia/Pacific and Document Management Asia/Pacific based in Hong Kong. She is responsible for the PC tracking service for North Asia and is currently working on a regionwide home market study project. Before joining Dataquest Hong Kong, Ms. Velarde worked for more than two years in Singapore and Hong Kong as senior staff writer for *Asia Computer Weekly*, for which she covered the whole spectrum of the local and regional IT markets. Ms. Velarde also worked as a political and business journalist in Manila for four years after completing a B.A. degree in journalism at the University of Santo Tomas in the Philippines in 1989.

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Mr. Menon is Dataquest's Industry Analyst for PC markets in the Asia/Pacific region, which includes Northern Asia, the ASEAN region, Australia, New Zealand, and the Indian subcontinent.