From *Independent Cable News*, August 2001

edge about digital has also increased. Awareness that the cable company offers such a service has increased to 67 percent from 51 percent last year and nearly seven out of ten (68 percent) of those aware have some knowledge of what the cable company offers—making the net of cable subscribers who have heard of digital cable service and have some knowledge of what is being offered 46 percent compared to last year's 30 percent.

As far as small dish systems are concerned, 85 percent of cable subscribers in our sample are aware of this cable alternative, and upwards of 30 percent know that small dish satellite systems offer a lot of channels. Important this year, no respondents say that DBS offers more variety and selection in comparison to cable (compared to 8 percent in 2000 and 11 percent in 1998). According to Stephen Liebmann, President of S. Liebmann & Associates, Inc., "Our study demonstrates that cable systems offering digital have had a banner year; garnering a market share well above the 15 percent stretch target of just two years ago, and more than doubling the market share of satellite among their present cable customers. Total digital market share—cable vs satellite—among all cable passed households, will be a key industry metric going forward!"

Interest In Digital Features

Regardless of whether cable or satellite delivered, the survey shows that more reliable service with fewer outages (54 percent), the interactive on-screen program guide (53 percent), digital quality picture (53 percent), and new special interest channels from companies like A&E, Discovery, Fox, Turner, ESPN, and MTV (51 percent) are the highest rated perceived advantages of digital.

The most frequently cited reason for actually signing up is "to have more channels" (cited by 24 percent of digital subscribers) and "better picture quality" and "good price for what offered" (14 percent each). Once in the home, the top-rated digital features among all digital subscribers are digital quality TV picture (high value rating among 76 percent of all digital subscribers) and the interactive guide (75 percent).

TiVo, Replay, Interactivity

The survey findings also reveal growing interest in interactive features. Cable subscribers express substantial levels of interest in having VCR-functionality, and the ability to create your own TV schedule with automatic recordings as well as video-on-demand.

Among the Internet TV players, on the other hand, the only one with an appreciable level of awareness is WEB-TV (69 percent), and likely purchase behavior for TiVo is at 13 percent of cable subscribers who say they are very likely or likely to purchase the system for $499 and pay a monthly fee of $9.95 for service. ❑

About The Survey

These survey findings represent only a small part of *Digital TV VII*, a comprehensive study of the market potential for digital television services. *Digital TV VII* provides its subscribers with the latest information on the attitudes, interests and likely purchase behavior of consumers in markets where digital is being marketed to consumers. The study is available for purchase. It includes data tabulations, and a comprehensive report from the authors.

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