

What can you learn from analyzing online discussions?

A TNS Media Intelligence/Cymfony Influence 2.0™ Report

Social media analysis is a great way for companies to measure customer preferences and predict trends. The attached Consumer Opinions and Trends Report shows you what we found when we tapped into the world of social media to measure how people feel about the latest high definition format wars between HD DVD and Blu-Ray.



Consumer Opinions & Trends Report

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HD DVD vs Blu-ray

What will displace the DVD?

Only a few years after DVDs made VCRs obsolete, two new high-definition video formats are vying to replace the DVD: HD DVD and Blu-ray. Powerful consortia of manufacturers, media companies, and technology companies are lining up behind their choice. As the first generation of these new devices hit retailers, what do consumers have to say?

The Consumer says: HD DVD over Blu-ray

Consumers talk positively about HD DVD and don't see that Blu-ray offers any clear advantages.

- Positive discussions about HD DVD are 46% higher than Blu-ray, with over twice as many post authors stating being "impressed with HD DVD" vs "impressed with Blu-ray".
- Few posts discuss the higher storage capacity and advanced interactivity, advantages Blu-ray touts.

Blu-ray opponents doubt Sony's innovation and technology ability

Our analysis shows it is an oversimplification to focus on the cost differences of the two formats and consumers' reluctance to purchase until one becomes standard.

- Sony, a leader of the Blu-ray consortium, has a long string of past failures with technologies (such as Betamax and MiniDisc), Blu-ray detractors frequently note. They are skeptical that Sony can win this format war.
- Gamers were unhappy that the PS3 game console included a Blu-ray player. Beyond the increased cost, they objected to Sony giving them no choice.

Overview of Coverage, HD DVD vs. Blu-ray



Cymfony conducted an independent study of discussion about new high-definition video formats and players. Between October 1, 2006 and November 23, 2006, we aggregated 17,664 posts from blogs, discussion boards and other social media sites. Discussion was evenly divided between HD DVD and Blu-ray, while the individual products using these platforms were rarely discussed. Early Adopter sources drove the majority of conversation.

Figure 1: Format Discussion Volume

By product group

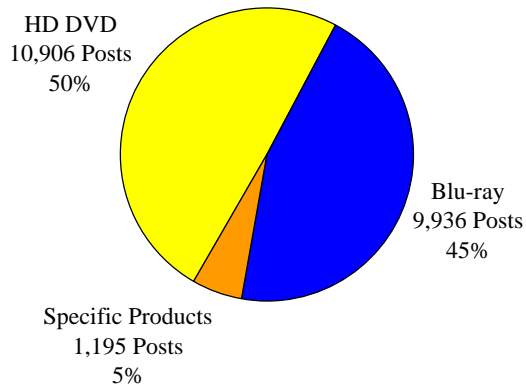
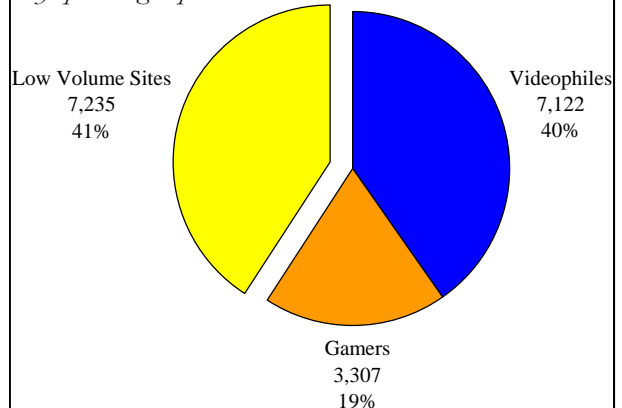


Figure 2: Speaker Analysis Volume

By speaker group



Key Observations

Consumers debate formats, not specific models (Figure 1)

- Overall discussion was balanced between HD DVD and Blu-ray during this period, though HD DVD conversation narrowly edged out Blu-ray.
- Consumers discussed specific models far less, with only 1,200 posts referencing one of the 3 Blu-ray players or 9 HD DVD players currently on the market.

Early adopters drive current discussion (Figure 2)

Posts about these video formats were found on 323 discussion boards, blogs, consumer review, and other social media sites. Almost 60% of the conversation occurred on only 44 sites. These sites have a clear focus on two types of Early Adopters of entertainment technology:

1. Videophiles were those focused on creating total video experiences in their homes through the use of home theater systems, high definition, etc.
2. Gamers were identified as those focused on discussion of the benefits/disadvantages of the various gaming consoles and their respective games, as well as the associated equipment needed to fully enjoy the experience (such as HDTVs).

Overview of Coverage, HD DVD vs. Blu-ray

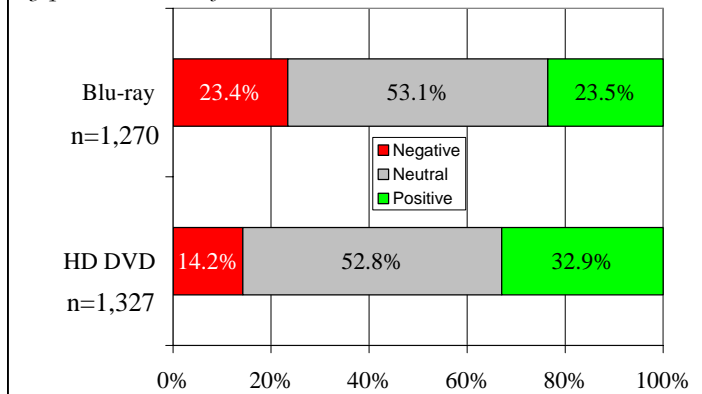
Overall Tonality (Figure 3):

Cymfony selected 2,000 posts for more detailed analysis to develop a deeper understanding of many HD DVD and Blu-ray issues. Posts were selected randomly and were screened based on a substantive discussion of these two formats; passing mentions were excluded.

- HD DVD clearly has the edge among these consumers, with a greater percentage of positive posts and a smaller percentage of negative posts than Blu-ray.

Figure 3: HD DVD discussion is more positive

By post volume and format



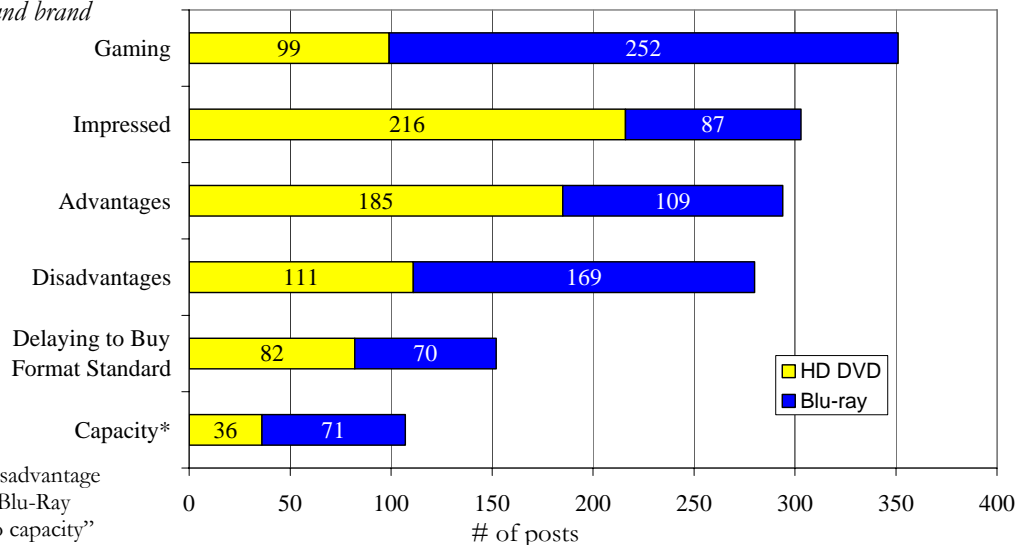
Discussion Drivers (Figure 4):

Cymfony analyzed these 2,000 posts for key topics driving discussion.

- Much of the Blu-ray discussion was driven by the release of Sony’s PS3 game console on November 17. PS3 includes a Blu-ray player, though this did not work in Blu-ray’s favor (see page 4).
- 2.5 times more posts discussed being impressed with the technology of HD DVD than Blu-ray.
- We found 70% more posts discussing HD DVD’s advantages than discussing Blu-ray advantages.
- There was little discussion of Blu-ray’s larger storage capacity, a key advantage being promoted. Many doubted there was any need for this capacity, either for games or movies. We found no discussion of more sophisticated interactivity, another differentiating feature promoted by Blu-ray.
- While the press has extensively discussed the battle between the new formats, only 7.5% of posts mention delaying a purchase until a standard emerges. This is likely not representative of the broader market due to the high percentage of Early Adopters generating discussion.

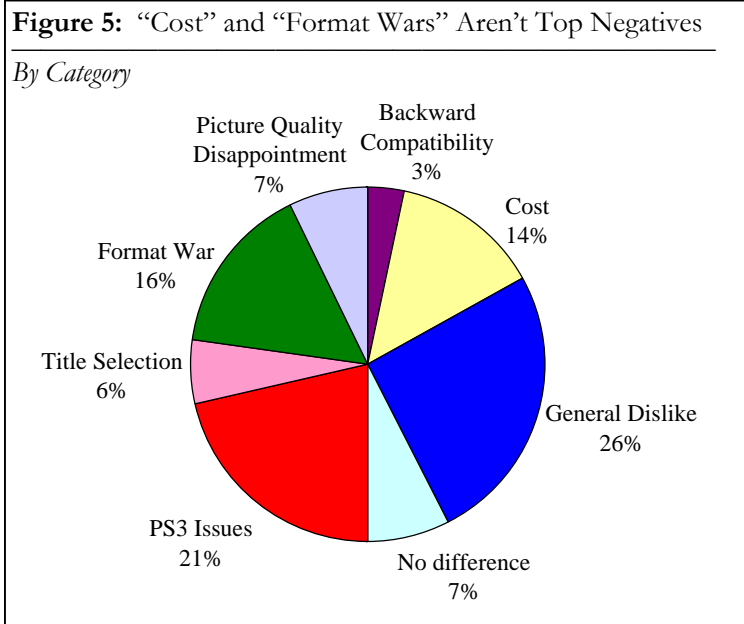
Figure 4: Post authors are impressed by HD DVD, cite its advantages

By post volume and brand



*HD/DVD: “disadvantage due to capacity; Blu-Ray advantage due to capacity”

Overview of Coverage, HD DVD vs. Blu-ray



Mainstream media focus on the higher cost of Blu-ray and the “format war” as reasons consumers may be slow to embrace high definition video. These aren’t the biggest reasons currently discussed in social media.

Post authors express a “general dislike” for the format, often based on doubt regarding Sony’s credibility as a technology innovator and ability to succeed with new platforms (Figure 5).

- Many posters noted other failed Sony platforms, including Betamax and MiniDisc, and felt that Blu-ray will follow the path of these other Sony failures (see CGM Highlights 1-2).
- Additionally, many of the post authors felt Sony is an arrogant company (see CGM Highlight 3-4).

These issues also occur in negative comments about Sony including Blu-ray in the PS3 game console. The PS3 launched during the study period, stimulating a significant amount of conversation.

- Sony’s plan to jumpstart Blu-ray adoption by building it into PS3 is rejected by a significant segment of this audience. Authors disparage Sony’s decision to build the Blu-ray player into PS3 and praise Microsoft for offering the HD DVD player as an option to Xbox 360 (see CGM Highlight 5).
- Backward compatibility with older HDTVs is also expected to be a problem for PS3 users, and has many worried that all the high-definition video won’t be viewable on TVs with less than a 1080p resolution (see CGM Highlight 6). Xbox 360 was praised for its ability to display in lower resolution.

CGM Highlights

The following posts were selected as examples of themes in numerous posts.

1. “Sony, on the other hand, has a track record of starting format wars, and losing them too. Beta, mini-disc, umd, and atrac have all been huge flops, but they just don't seem to learn their lesson because they're too greedy.”
phishhook.com
2. “Sony has yet to come through on its new formats, betamax and sacd being the primary examples. I vote for HD-DVD.”
www.stevehoffman.tv
3. “Also, I'm kind of glad Sony is getting screwed. The laughing face of arrogance was suddenly slammed with the fist of reality.”
pokemonlite2000.com
4. “There's other issues too; the sheer arrogance of Sony is incredible, and puts me off wanting to support them.”
avforums.com
5. “What if you don't give a damn about watching movies on your game console? What if you prefer to buy a separate HD player? That's the rub. Sony forces you to buy Blu-ray. MS doesn't force you to buy HD-DVD. It's about giving the consumer options. Bargain my arse, as a consumer I prefer options.”
forums.adventuregamers.com
6. “We all know how great it is that the PS3 can display games and movies in 1080p, as long as you have the right HDTV setup to display it. The PS3 is having major issues scaling properly to 1080i and even 720p.... A Sony rep has admitted that there is a problem and a firmware upgrade is in the works, so don't make this a deal-breaker.”
www.damox.com



Consumer Opinions & Trends Report

Overview of Coverage, HD DVD vs. Blu-ray

Cymfony, a market influence analytics company, scans and interprets the millions of voices at the intersection of consumer-generated and traditional media. Our award winning platform, Orchestra, integrates innovative technology with expert analysis to identify the people, issues and trends impacting your business—at the speed of the market.

Combining powerful automated analysis with expert human interpretation, Cymfony provides products and services that deliver intelligence on consumer preferences, competitor strengths and weaknesses, and other information critical to a company's reputation, brands, products and employees.

Cymfony works with marketing, research and PR professionals worldwide, offering a range of packaged services that address areas such as consumer-generated media strategy, consumer opinions and trends, customer satisfaction, PR measurement, and reputation management.

For more information or to schedule a demonstration of Orchestra, contact Cymfony at (617) 673-6000.

METHODOLOGY

Cymfony's Orchestra platform sifted millions of posts from a broad universe of social media sites (including blogs, discussion boards, consumer review sites, etc) from October 1, 2006—November 23, 2006. The technology identified, compiled, and tagged 17,664 posts for references to HD DVD, Blu-ray and 12 specific models of high definition players. A subset of 2000 posts with substantive discussions of these formats were randomly selected and tagged with more detailed data on the tonality and discussion topics included.

Cymfony conducted this research as an independent study to evaluate and measure the influence of online social media in the high definition video market. The research was not sponsored by any manufacturer or other organization affiliated with either HD DVD or Blu-ray technologies products.

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