

## **GartnerG2 Says Retailers Fail to Capitalise on Increasing Interactive TV Adoption - Consumers Are Simply Not Using It**

### ***GartnerG2 says retailers and digital operators need to do more to attract consumers to use digital TV***

Egham, UK 17 January 2002 - A new survey from GartnerG2 (NYSE: IT and ITB), a business research service from Gartner, shows that the penetration of digital TV in European households is increasing. The UK leads the way where 35 percent of households now have interactive digital TV, up from 27 percent last year. By the end of 2002 this will rise to almost 40 percent. In France, Sweden and Spain, the penetration is currently more than 12 percent. However, GartnerG2 said that despite the sales opportunities this presents retailers to sell to customers in the comfort of their own homes, such sales are not taking off. According to GartnerG2, the root cause is that many consumers either don't realise they have interactive TV or know how to use it.

The survey found that digital TV subscribers are unaware that interactive TV is already included in their subscription. 50 percent of British and 75 percent of French adults who have interactive TV access do not realise that they can use their TV remote control to buy products on their sets. Of those UK consumers who knew they had interactive TV services, 35 percent said they had not used them, citing they were not interested in the services offered. Furthermore, over 40 percent said they just haven't got round to figuring it out.

The 6 percent of subscribers who have purchased via interactive TV have primarily bought low value items (between £10 - £50) that are part of the immediate TV viewing experience, such as ordering pizzas during films.

Davnet Cassidy, an analyst for GartnerG2, commented, "The reason for the lack of success with television-based commerce ('T-commerce') is that retailers have not linked their interactive TV presence to TV programming. They need to realise that consumers will not use the TV like they use the Internet, to purposefully seek out products for sale."

"Retailers urgently need to move away from the 'build it and they will come' attitude and work hard to focus on a clearly defined sales proposition for a defined target audience. "Television is a very powerful marketing medium, retailers need to use interactive advertising intelligently to seduce consumers to buy through interactive television" Cassidy said. Cassidy also warned both retailers and operators that nothing will be achieved unless consumer awareness sees a dramatic improvement, and urged Digital TV operators to embark on an educational campaign immediately. GartnerG2 recommendations to retailers:

- Go beyond a standalone interactive TV commercial and sponsor TV shows or form partnerships with existing programmes related to your market.
- Use interactive TV to reach consumers the traditional PC Internet can't reach. Half of interactive TV users don't use the PC Internet - typically less educated, blue collar workers on average incomes.
- Draw attention to your TV shopping site with interactive advertisements. TV viewing relaxes people and makes them receptive to new ideas, take advantage of this.

#### **Recommendations to Digital TV operators:**

- Lack of awareness is the main reason consumers don't use interactive television. Operators should get creative and use the medium itself to educate customers on how to use these services.
- Train those who install your digital TV service to show customers how easy it is to

- use interactive TV services.
- Offer compelling and useful content such as games and information services. Although they may not bring in revenue directly, they will lead consumers to use and become more familiar with interactive TV services.

GartnerG2 is a new research service from Gartner that helps business strategists guide and grow their businesses. For more information on the report visit [www.GartnerG2.com](http://www.GartnerG2.com).

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