

TiVo

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One of the concepts discussed in *BLUR: The Speed of Change in the Connected Economy* was the blurring of the lines between product and service. In addition, blurred "offers" were described as a blend of product and service. An excellent example of a blurred offer is TiVo, the personal television product and service that provides the first customized approach to television viewing. TiVo's Personal Television Service allows users to control their television viewing by providing the ability to pause, rewind, instant replay, and play back in slow-motion a live television broadcast. The TiVo personal television offer consists of an in-home personal TiVo receiver and the personal TiVo service. In the following pages, this paper described TiVo's revolutionary product and service. This was followed by a discussion of the ten blurred attributes of the TiVo offer. In conclusion, the paper briefly explored TiVo's future success and its probable impact on television viewing habits.

TiVo

One of the concepts discussed in *BLUR: The Speed of Change in the Connected Economy* was the blurring of the lines between product and service. In addition, blurred "offers" were described as a blend of product and service. In our connected economy, successful companies often provide offers made up of both products and services (Davis & Meyer, 1998). An excellent example of a blurred offer is TiVo, the personal television product and service that provides the first customized approach to television viewing.

TiVo is a company, a product, and a service. The company, headquartered in Sunnyvale, California, was founded in 1997 by former Silicon Graphics senior vice president Michael Ramsay and vice president James Barton (TiVo, 1999). TiVo's Personal Television Service allows users to control their television viewing by providing the ability to pause, rewind, instant replay, and play back in slow-motion a live television broadcast. This offer also enables customers to create a customized television lineup of shows that are available for viewing anytime day or night.

The TiVo personal television offer consists of an in-home personal TiVo receiver and the personal TiVo service. In the following pages, this paper describes TiVo's revolutionary product and service. This is followed by a discussion of the ten blurred attributes of the TiVo offer. In conclusion, the paper briefly explores TiVo's future success and its probable impact on television viewing habits.

Product

The TiVo receiver is essentially a smart digital videocassette recorder comprised of numerous chips and a large hard disk (Mossberg, 1999). The receiver uses Quantum QuickView hard disk drive technology coupled with the MPEG 2 compression system to allow users to pause, rewind, or fast-forward any program they watch. Users are able to make a telephone call in the middle of a live program without missing a second. They are able to pause the program and resume watching after the call is finished.

The TiVo receiver connects between the television set and cable box, satellite receiver, or antenna/coaxial cable. In addition, a videocassette recorder may be plugged into the receiver to act as an archive device. The remote control provided with the receiver has "thumbs up" and "thumbs down" buttons that allow the user to teach the receiver to find and record only those shows of interest to the user. TiVo receivers are available in two configurations - a 14-hour model priced at \$499 and 30-hour model for \$999 (TiVo, 1999).

Service

The TiVo service works by making nightly telephone calls to obtain the up-to-date television program information the receiver needs to operate (TiVo, 1999). When the user activates the TiVo service, the TiVo receiver (plugged into an existing telephone line)

makes a toll-free call that lasts ten to twenty minutes. After this initial setup call, the receiver takes another one to two hours to process the downloaded data. Finally, on a daily basis, TiVo calls toll-free in the middle of the night for one to three minutes to update the program data.

Once loaded with current television programming data for the user's local area, TiVo creates a personal profile of the user's likes and dislikes. The service then works to identify and record both requested shows and others that may be of interest to the user. The receiver updates the personal profile every time the user chooses a program. TiVo service subscriptions are available in three formats - \$9.95 per month, \$99 per year, or \$199 for a lifetime subscription (TiVo, 1999).

Ten Blurred Attributes of the TiVo Offer

In the book *BLUR: The Speed of Change in the Connected Economy*, authors Davis and Meyer discuss in detail the ten attributes of blurred offers. These attributes include anytime, real time, online, interactive, anyplace, learning, anticipating, filtering, customizing, and upgrading (Davis & Meyer, 1998). In a recent interview, co-author Stan Davis emphasized the importance of the online attribute of a blurred offer. "You shouldn't offer a product without service, or a service without a product. You should blur the distinction between the two. Right now, we believe that connectivity is the most important driver -- the offer of a product with connectivity," said Davis (Mathieson, 1999).

The TiVo offer is an excellent example of a product and service with connectivity. The TiVo receiver is connected to the service during nightly downloads to obtain the latest television programming information. Customers are also able to order both the product and the service online at <http://www.tivo.com/buy/buy1.html>. The following is a discussion of TiVo's nine other blurred attributes (TiVo, 1999).

Anytime

TiVo allows users to view their favorite television programming anytime day or night. In addition, updated program schedules are available for download whenever a request is made.

Real Time

TiVo is real time. The service reacts immediately to requests for programming and updates personal profiles based upon real time input derived from users' viewing habits.

Interactive

Features, such as TiVo's smart remote control, interact with users to learn which television programs to record. In addition, TiVo allow users to interactively select television shows from a list of their favorites.

Anyplace

TiVo is currently available anywhere in the United States. The offer knows the user's location and provides programming information specific to that area.

Learning and Anticipating

TiVo becomes smarter with use. When television shows are rated with the "thumbs up" or "thumbs down" feature, the system learns the user's likes and dislikes. This information is placed in the user's personal profile and is used by the system to anticipate which shows the user might enjoy watching.

Filtering

The TiVo offer is most valuable because it filters out the thousands of television programs shown each day and records only those of interest to the user.

Customizing

TiVo provides a fully customizable approach to television viewing. Its user configurable menu and storage provides users with a custom listing of their favorite shows.

Upgrading

In the future, TiVo customers will be able to upgrade their receivers with software enhancements and increased storage capacity.

Conclusion

The TiVo Personal Television Service is an excellent example of the blending of product and service. In fact, TiVo has all ten attributes of a blurred offer as outlined by Davis and Meyer (Davis & Meyer, 1998). Will the blurred combination of product and service offered by TiVo be successful? Yes, and TiVo will also have a significant impact on television viewing habits.

Forrester Research estimated that by 2004 more than 14 million Americans will be watching television on sets equipped with TiVo-like devices (Dubow, 1999). As more users are able to fast-forward through advertising, overall advertising revenues will decline because fewer people will be viewing. The effect on the big television networks will also be dramatic since viewers will move from live network broadcasting to ad-free premium channels.

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