In five years, the Personal Video Recorder (PVR) has gone from being completely unknown to being in almost seven million North American homes. It is estimated that by 2005 this figure will bulge to 14 million users. The change has been from a total absence of product category to commoditization.

In principle, the PVR or DVR (Digital Video Recorder) is simply a hard disk capable of storing television content. Given that its speed to play back the images it has recorded is faster than the speed of the television broadcast, the device lets one see the recorded contents later. Therefore, it is possible to watch a television programme and if necessary, for example to answer the phone, freeze the image at any time and continue watching the programme later from the point you left it. This capability lets one watch a television programme a few minutes after it has started and skip over the commercials. This last point is one of the characteristics that has made the PVR highly unpopular with all the agents in the sector, except, of course, with users.

However, now that many people have been seduced by those highly positive aspects of the PVR and have learned the meaning of the initials, TiVO, the creator of this product can only sit and watch as manufacturers of consumer electronics, cable television suppliers and even computer giants like Microsoft and Apple are trying to corner part of its market.

All of these rivals are conscious of the fact that it is very difficult to compete against any electronic product that does not have patentable technology. Unlike the VHS or Beta technology, for instance, the functions and technology TiVo uses had already been invented. For this reason it is proving hard to differentiate competitively with the product itself.

Of course, the competitors have not caught the TiVo management off guard. Most of the company’s income stems from subscriptions to the “electronic management of programmes”. This service lets the user record, for example, any television series every day of the week. Although this is a simple task when there are only a few television channels available, it becomes very useful for a market like the one in the United States where most cities and towns receive broadcasts from many local channels and the series can easily be repeated in dozens of them at different hours. The difficulty of finding the programme we want on a certain channel becomes all the more so when we
are not speaking about definite series, but a more general subject, say wrestling. This is the only formula to avoid commoditization: the sum of services capable of offering added value to customers.

In Spain, however, similar services to the ones supplied by TiVo face a problem that has no immediate solution. The number of channels most television spectators can enjoy is limited to a few open analogue channels, while subscribers to television services via satellite hardly reach 1.8 millions. Moreover, our market is much smaller than the one in the United States, so the market penetration needed to meet the fixed costs of these companies is 10 times greater. The only hope for this type of company would be to have a high penetration of TDT (Terrestrial Digital Television) that, without an excessive investment, would let the supply of channels increase significantly.

In short, the ball returns to the court of content, whose management is seen as more and more confused. No wonder the dream of TiVo and its more powerful competitors (read Apple and Microsoft) is to become the single manager of any digital entertainment service in the home.