



Savvy Internet Users Sold on Broadband, but Undecided between Cable and DSL for the Home Americans' migration from dial-up to broadband ramps-up competition between cable and DSL providers, reveals Ipsos-Insight

May 24, 2004, New York, NY—One in four U.S. households with Internet access say they are likely to switch Internet service providers (ISPs) in the next six months, with more than half (56%) of dial-up users likely to upgrade their Internet connections to high-speed. However, dial-up switchers are equally inclined to choose Cable or DSL, according to data collected among 1,000 American adults by Ipsos-Insight, the global marketing research firm and member of the Ipsos group.

"Broadband is here, and with it, a battle is brewing between cable and DSL," says Todd Board, Senior Vice President with Ipsos-Insight's Technology & Communications practice. "While the number of new-to-Internet users is declining, broadband companies including cable, DSL, and satellite Internet providers will have to compete for a relatively focused segment of consumers who are likely to upgrade their connection from dial-up to high-speed."

As the level of Internet users plateaus at two-thirds of U.S. households, broadband usage continues to show signs of growth. Broadband accounts for nearly half (46%) of all home Internet access, up 7% from May 2003, with dial-up access at 51%. "This is promising news for broadband companies," says Board. "We are seeing indications that more home-based Internet users are migrating toward high-speed access, with cable and DSL battling it out for number one."

Switching Lanes

According to the data, cable leads DSL among homes already equipped with broadband (56% to 40%, and 4% for satellite access). But new information shows that it may not be easy for cable-based Internet providers to hold on to their number one position; among the 56% of dial-up users likely to switch ISPs in the next six months, 28% will trade-up to cable and 27% to DSL in a statistical dead heat, and the remaining 2% moving over to satellite. A large minority, 35%, plans to stay with dial-up; 9% of respondents are not sure. "The market looks pretty bleak for satellite ISPs. They've had a hard time making enough noise in the marketplace to compete with the cable and DSL guys, who have a much more entrenched footprint in American homes," continued Board.

Cable Likely to Maintain the Lead

While many switchers are considering their options, cable Internet access providers are winning the most satisfied customers. One in three (33%) cable ISP customers claim their ISP "exceeds expectations," versus 21% for DSL and 17% for dial-up. "As word gets out, switchers will lean toward the providers where they hear the good word-of-mouth stories from friends, relatives, neighbors, and colleagues. Right now, cable providers have the edge," says Board.

With the new-to-broadband consumers on the fence between cable and DSL service options, ISP providers will have to differentiate their offerings. Some are likely to bundle offerings together for slightly cheaper prices, like SBC/Yahoo!, which currently offers an online promotion for DSL in addition to basic phone service, and Comcast, which offers Internet access for an additional charge to receiving basic TV cable.

"Now that the race is on, it's likely consumers won't be able to open their mailboxes or visit a website without seeing a coupon from their local broadband carrier advertising the latest promotions for switching from dial-up to broadband," said Board.



For more information, please contact:

Todd Board
Senior Vice President, Technology & Communications Practice
Ipsos-Insight
Tel: 415.274.8924
Todd.Board@ipsos-na.com

Methodology

Data were gathered using the Ipsos U.S. Express from March 5—7, 2004. Interviews were conducted via telephone among a nationally representative U.S. sample of 1,000 adults age 18 and older. The margin of error is +/- 3.1%.

Ipsos-Insight

Ipsos-Insight, the flagship marketing research division of Ipsos in the U.S., specializes in research for companies in the following industries: agrifood; cable, media and entertainment; consumer packaged goods; energy and utilities; financial services; health; lottery and gaming; retail; and technology and communications. Ipsos-Insight provides custom and tracking research services to domestic clients, as well as U.S.-based multinationals. It offers concept and product testing, package testing, attitude and usage studies, omnibuses, tracking systems, brand equity, volume forecasting, marketing models, advanced analytics, and global research. Ipsos-Insight is an Ipsos company, a leading global survey-based market research group. To learn more, please visit www.ipsos-insight.com.

Ipsos

Ipsos is a leading global survey-based market research company, owned and managed by research professionals. Ipsos helps interpret, simulate, and anticipate the needs and reactions of consumers, customers, and citizens around the world.

Member companies assess market potential and interpret market trends. They develop and build brands. They help clients build long-term relationships with their customers. They test advertising and study audience responses to various media. They measure public opinion around the globe.

Ipsos member companies offer expertise in advertising, customer loyalty, marketing, media, and public affairs research, as well as forecasting and modeling and consulting. Ipsos has a full line of custom, syndicated, omnibus, panel, and online research products and services, guided by industry experts and bolstered by advanced analytics and methodologies. The company was founded in 1975 and has been publicly traded since 1999. In 2003, Ipsos generated global revenues of \$644.2 million U.S. Visit www.ipsos.com to learn more about Ipsos offerings and capabilities.