



## **New Findings On VoIP Revealed by Ipsos-Insight Study**

**June 21, 2004, New York, NY**— More than half (54%) of Internet users in the U.S. are still unaware of VoIP (Voice over Internet Protocol), and among those who have heard of VoIP, the majority (56%) are confused about how the Internet-based telephone service really works, according to topline findings from a recent study conducted by Ipsos-Insight of more than 1,200 Internet users in the U.S.

The story is similar in Canada: only one in four (23%) online Canadians are aware of the term VoIP, while only one in five are aware of the term "IP Telephony." Additionally, among those who say they are aware of VoIP or IP Telephony, only 13% claim to understand "a great deal" about the technology, compared to 52% who say they understand the basics and 35% who say they have heard the name only. Of the four in ten (41%) Internet users in the U.S. aware of VoIP, most have only heard the term VoIP and really don't know anything about it.

"These awareness levels are not surprising given that we are still in the early adoption phase for VoIP," said Lynne Bartos, Senior Vice President and head of Ipsos-Insight's Cable, Media & Entertainment Practice. "Still, it's clear consumers are confused, even among early adopters, in large part by the 'translation clutter' taking place in the marketplace.

"Providers are throwing around competing and conflicting terminology and marketing campaigns when all consumers want at this point are the basics."

VoIP is also referred to as IP telephony, Internet telephony, Voice over the Internet (VOI), net phone, broadband phone, and by branded application names, like Vonage Digital Voice and OptimumVoice.

### **Key Findings Suggest Widespread Confusion**

The study reveals consumers are having a hard time visualizing the total VoIP package. On the positive side, the vast majority (73%) is aware that they can use their Internet connection as normal while making phone calls.

But understanding levels about other VoIP advantages and limitations are mixed. For example, consumers are split almost evenly about whether they can or can't keep their home phone number with VoIP. This is a reflection of what's happening in the marketplace—some providers let you keep your home phone number and others do not—underlying the confusion for the consumer. And, for the most part, consumers don't understand that they can use their regular phones with VoIP or that they can have multiple telephones connected to their VoIP service.

Bartos said: "Consumers definitely need to understand that making a phone call using VoIP doesn't mean throwing away their existing regular telephone, and that more than one phone or device can be connected to the service. These misperceptions could be barriers to conversion for many consumers."

In addition, only about one-third (36%) of consumers believe that they can dial 911 with VoIP. Emergency service calling was not available on first-generation VoIP services, but suppliers are beginning to address this issue. With some providers, seamlessly connecting to emergency services can be difficult; also, the dispatch center may have difficulty identifying the location of VoIP calls. Providers need to continue to make this feature a standard option to maximize VoIP uptake rates.



Only 39% of those familiar with the service say they believe VoIP provides a reliable signal, even though all service providers claim their signals are reliable. Similarly, only 36% know that VoIP provides new features not available with standard phone service, and only 27% believe adding a phone line would be easy.

"Not only are consumers confused about the equipment and functionality of VoIP, but they are questioning the reliability of the signal—this perception definitely needs to be overcome," Bartos added. "In this stage of the game, VoIP providers looking to enter the market need to start with the basics; that is, raise awareness levels, improve consumer understanding, and get consumers excited about the features and benefits of VoIP."

Despite adverse perceptions surrounding VoIP setup and service, most people (58%) who are familiar with the service believe VoIP would save them money.

"The VoIP value proposition seems to be resonating with consumers, as 58% say that VoIP saves money. This message needs to be reinforced and communicated as this might be a primary reason for many people to make the initial switch to VoIP," concluded Bartos.

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**Methodology**

*Data were gathered using the Ipsos U.S. Online Panel from May 6—12, 2004, via a nationally representative U.S. sample of 1,247 respondents aged 12 and over. Panelists are chosen through random telephone surveys conducted on an ongoing basis across the United States. With a total sample size of 1,247 one can say with 95% certainty that the results are accurate to within  $\pm 3.1\%$  percentage points of what they would have been had the entire population of the U.S.'s regular online users been surveyed. The margin of error will be larger for sub-groupings of the survey population.*

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