

Interactive Television: The Internet meets the couch potato
Bigger screens, ease-of-use and faster access speeds biggest attractions,
Angus Reid study shows

Toronto, July 20, 2000 – As many as 100,000 Canadian homes could be hooked up to interactive television in the next year, helping transform more and more TVs into online information, banking and shopping appliances, according to research from the Angus Reid Group.

Interactive TV's popularity as an alternate way of accessing the Internet at home will likely be attributed to the fact that televisions are already in more than 11.5 million households in Canada, removing the need to purchase a new appliance for the home. Bigger screens and the ease of using a TV over a computer are two features that will likely increase consumer interest toward interactive television, says Camilla Lauricella, Vice-President of Angus Reid's technology group in Toronto. But for some, the biggest appeal is high-speed cable access. ITV was defined as a digital service that provides Internet access through a television set, including email, browsing, chatting, banking, shopping, bookmarks, and online information such as news, sports, weather, stocks, and travel information.

Overall, a surprising 58% of Canadians are aware of interactive TV services given that ITV is still in its infancy in North America, Lauricella says. About 4% stated they are "very likely" to subscribe to the service in the next year (translating to approximately 100,000 households), and 17% are "somewhat likely."

Not only are interest levels high, but consumers clearly see the value of these services as expressed in their willingness to pay extra for these services. The Angus Reid study found that 72% of those expressing an interest in subscribing to the service are willing to pay more for the service. In total, one-quarter of all consumers are willing to pay more for interactive TV, according to the data collected in April.

Interactive TV appliances won't replace the PC any time soon, but it is estimated that more than 28 million digital set-top boxes will be shipped globally this year, with Europe leading the way with more than 8 million households already hooked up to interactive TV. In Europe, a local phone service tariff makes accessing the Internet via a phone line more expensive than using interactive TV, increasing the enthusiasm for ITV, Lauricella notes.

"Interactive TV's biggest initial appeal may be among Web Surfers who report being dissatisfied with their current Internet service, mostly because of slow access speeds," Lauricella says in the company's latest issue of the Canadian Telecom & IT Review. "The growth of interactive TV will continue to be more evolutionary than revolutionary. It's not quite the magic box that will bring the Internet to every household, at least not right away. But if the Internet is truly to achieve mass appeal on a global scale, TVs are going to have to play a much larger role.

"At the very least, interactive TV is sure to increase competition among service providers and internet-enabled device manufacturers in the battle for preferred Internet supplier status to homeowners."

Study findings:

- ◆ Awareness of interactive TV is significantly higher among those who already have Internet connections, either at home or at work, than among those who currently lack Internet connections (64% to 50%, respectively).
- ◆ Canadians who currently lack Internet connections are among the least likely to expect to sign on – only one in six or 16% say they are very or somewhat likely to start using Interactive TV.
- ◆ By contrast, 28% of Canadians who lack home Internet connections but still log on at their office say they will be very to somewhat likely to start using Interactive TV in the next year to go online at home.

- ◆ The minority of Internet users who reported being somewhat or very dissatisfied with their Internet access were the ones most interested in interactive TV – more than a third of them (36%) indicated they would be somewhat or very likely to start using it in the next year.
- ◆ Quebecers are least likely to subscribe to interactive Television services and are least likely to pay more for these services. Given that interactive Television services revolve around Internet services via the television, it is not overly surprising that Quebecers hold the lowest intentions considering that they currently hold the lowest usage of Internet services in Canada.

About the study

Launched in January 1998, the “Canadian Telecom & IT Review” provides an accurate assessment of the telecommunications and information technology sector within the Canadian consumer marketplace. Industry dynamics are monitored for all service categories - wireline, wireless, cable & satellite, and online services on a quarterly basis.

Results from the April study are based on 1,500 telephone interviews with household decision-makers. Interviews were conducted via telephone using Angus Reid Group's national network of CATI (Computer Assisted Telephone Interviewing) stations. Random sampling was used to collect the data and a quota system was utilized to ensure significant regional representation. A weighting scheme was applied to the final data to reflect actual regional proportions.

With a national sample of 1,500, one can say with 95% certainty that the overall results are within a maximum of ± 2.5 percentage points of what they would have been had the entire population been surveyed. The margin of error will be larger for sub-groupings of the survey population.

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