

CANADIANS SLOW TO EMBRACE VOIP

*Awareness of New Communications Technology Low,
Understanding Even Lower*



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Calgary, Alberta – Voice over Internet Protocol (VoIP) technology faces an uphill battle in the short term, according to a new study from Ipsos-Reid, Canada's leading public opinion and marketing research company. While VoIP technology has received considerable attention in recent months, consumer awareness, current usage, and interest in using VoIP technology remains low.

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.

"Before VoIP gains any traction in Canada, the providers are going to have to educate consumers about what exactly VoIP is and what the benefits are," said Mark Laver, author of the study and a Senior Research Manager at Ipsos-Reid. "Until then, VoIP will likely only be a niche service found in the households of Canadian technology enthusiasts," continued Laver.

Among those who say they at least understand the basics of VoIP, only 8% indicate that they are currently using the communications technology at home. This extrapolates to less than 1% of Canadian households. Additionally, only 9% of Internet users aware of VoIP say they definitely would subscribe to VoIP. While this shows that VoIP penetration could grow considerably compared to current uptake levels, it also indicates that current VoIP providers have not effectively communicated the benefits and advantages of VoIP over traditional telephone services to most consumers.

“Right now there doesn’t appear to be much demand for VoIP among general consumers, but once the incumbent telcos and cablecos put their marketing muscle behind it, consumers will likely show more interest,” said Laver. “One only needs to look at the high consumer adoption of wireless phones and high-speed Internet in this country to see examples of their marketing forte.”

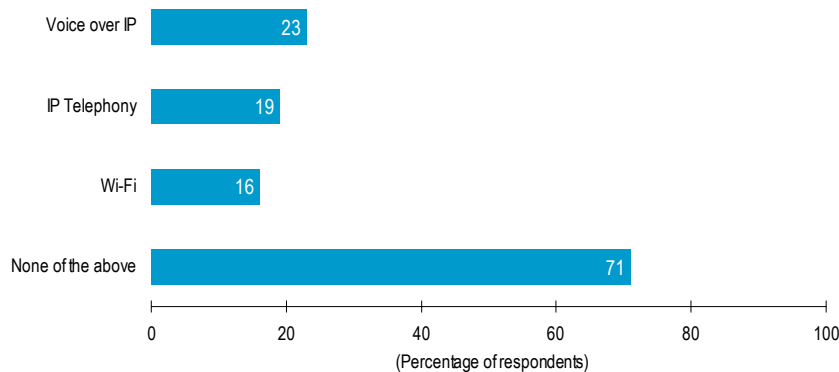
While those familiar with VoIP understand that the technology has the ability to reduce long distance costs, there does appear to be a lot of confusion among even those who consider themselves to be knowledgeable on the topic. Only 48% agree that VoIP provides a clear, crisp quality telephone call, and 29% agree that VoIP is for technology enthusiasts only. Additionally, only 25% agree that VoIP networks are secure.

Should the major Canadian communications companies offer VoIP in the coming months, the traditional telcos will have an early advantage over the traditional cablecos, as those looking to subscribe to VoIP over the next year say they are more likely to choose a telco (36%) versus a cableco (21%).

“Depending on which of the major players get to market first, the battle for VoIP market-share in Canada could take on the opposite profile from the battle for high-speed Internet,” said Laver. “With high-speed Internet, the cablecos were in the market first and grabbed the bulk of the early adopters, but now the telcos are catching up. But those interested in VoIP are more likely to want to use a telco for their VoIP service, so if the major telcos get to market first, the cablecos will be playing catch-up.”

Awareness of Technologies

n=1,000, Canadian Internet Users



The “Canadian Inter@ctive Reid Report” is the largest, most comprehensive and authoritative source of its kind about quarterly Internet trends in Canada. The results are based on two separate data collection instruments. In the first, 1,000 web users from Ipsos-Reid’s Canadian Internet Panel are surveyed online. Panelists are chosen through random telephone surveys conducted on an ongoing basis across Canada. Results are complemented by a further 1,000 interviews via telephone with Canadian adults in order to verify results of the panel and track issues among non-Internet users. Telephone interviews for this release were conducted between March 23 and 30, 2004 while the online data was collected between April 7 and 14, 2004. These data are statistically weighted to reflect the population proportions of regular online users by online expertise and regional distribution. Our panelists represent approximately 14.4 million Canadian adult Internet users who are online for one hour a week or more (there are a total of 17.9 million adults who have Internet access).

With a national sample of 1,000 (for each component), one can say with 95% certainty that the overall results are within a maximum of ± 3.1 percentage points of what they would have been had the entire population of Canada’s regular online users been surveyed. The margin of error will be larger for sub-groupings of the survey population.

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