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DSL BRINGING IN MORE PRICE-SENSITIVE BROADBAND CUSTOMERS

Cable Maintains Strong Advantage in Higher Income Households

Durham, NH – June 6, 2005 – New consumer research from Leichtman Research Group, Inc. (LRG) finds that lower priced DSL offerings have begun to change the dynamics of the broadband market. In the past year, phone companies expanded the economic base of those interested in broadband services, and overtook cable companies as the preferred provider among non-broadband households interested in getting broadband service.

The mean annual household income of new potential broadband customers is \$59,500, a level 10% lower than last year's. Yet, while DSL's emphasis on price is helping to attract new subscribers, cable maintains a strong advantage among higher income households. The mean annual household income of cable broadband subscribers is 17% higher than their DSL counterparts.

These findings are based on a telephone survey of 1,600 randomly selected households from throughout the United States and are part of a new LRG study, *Broadband Access and Service in the Home 2005*. This is LRG's third annual study of this topic.

Key findings include:

- Of those interested in getting broadband, 32% express a preference for their local phone company to provide broadband service, while 26% prefer their local cable company – last year, 35% of those interested in getting broadband preferred the cable company, and 23% preferred the local phone company
- Reported mean monthly spending on cable broadband service is about \$40, compared to \$36 for DSL – last year, cable and DSL households had nearly identical average monthly broadband spending

- The mean income of broadband subscribers is 35% greater than narrowband/dial-up subscribers

“Broadband is one of the fastest adopted products or services in US history, with cable and DSL now accounting for over 35 million subscribers nationwide, a figure that is likely to double in the next four years,” said Bruce Leichtman, president and principal analyst for Leichtman Research Group, Inc. “While cable still has many more broadband subscribers than DSL, and will maintain an advantage for years to come, DSL’s emphasis on price and extended availability is clearly having an impact in expanding the category to more cost-conscious consumers.”

About Leichtman Research Group, Inc.

Leichtman Research Group, Inc. (LRG) specializes in research and analysis on broadband, media and entertainment industries. LRG combines on-going surveys and analysis with years of hands-on industry experience to provide companies with a richer understanding of the potential impact and adoption of new products and services. For more information about LRG, please call (603) 397-5400 or visit www.LeichtmanResearch.com.

Broadband Access and Service in the Home 2005 is based on a telephone survey of 1,600 adults age 18+ from throughout the continental US that was conducted in March 2005. The random sample of respondents was distributed to best reflect the demographic and geographic make-up of the US. The overall sample has a statistical margin of error of +/- 2.5%.

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