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Leichtman Research Group

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DVR AND VOD USERS HAVE DOUBLED IN THE PAST YEAR

DVR Users Are Skipping Ads, But That's Not New

Durham, NH – July 21, 2005 – New consumer research from Leichtman Research Group, Inc. (LRG) found that Digital Video Recorder (DVR) and Video-on-Demand (VOD) users have both doubled in the past year. About 8% of households in the United States now have a DVR, and 23% of all cable subscribers have used VOD.

Among DVR owners, 88% say that they usually skip commercials when they watch programs recorded on their DVRs. However, DVRs do not appear to be exclusively responsible for ad skipping. Fifty-six percent of DVR owners also say that, even prior to getting their DVR, they often changed channels when commercials came on or avoided watching commercials.

These findings are based on a survey of 1,350 households throughout the United States, and are part of LRG's study, *On-Demand TV 2005: A Nationwide Study on VOD and DVRs*. This is LRG's fourth annual study on this topic.

Other key findings include:

- 88% of adults nationwide have heard of DVRs – up from 74% last year
- 61% of cable subscribers say that their cable provider offers VOD service – up from 40% last year
- 33% of all DBS subscribers in cable areas believe that satellite TV companies currently offer VOD service

“On-Demand TV is clearly becoming more widely adopted, and consumers are generally very pleased with these services,” said Bruce Leichtman, president and principal analyst for Leichtman Research Group, Inc. “Yet despite the more widespread adoption of DVRs and VOD, we should not assume that these services are yet turning the advertising model upside down.”

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.

On-Demand TV 2005: A Nationwide Study on VOD and DVRs is based on a telephone survey of 1,350 adults age 18+ from throughout the continental US that was conducted in June, 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 +/- 2.7%.

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