


Mandate for Net Appliances

1999
Demand Trends for Internet Appliance Users

Thomas E. Miller
VP, Internet Strategies Group
Cyber Dialogue, Inc.
(800) 539-7126
www.cyberdialogue.com

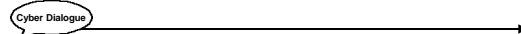


Who is Cyber Dialogue?

Launched in 1993 as AOL partner and sister of:

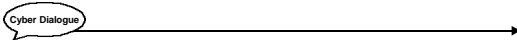


- Internet, Database Marketing Know-how
- American Internet User Survey Flagship Survey
- Online Market Segmentation & Modeling



Mandate for Net Appliances

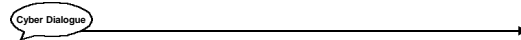
- Internet User Macro Trends
- Who's Online Today? Who's Not?
- Current Net Usage Trends
- Interest in Non-PC Access
- Demographics of Appliance Prospects
- Willingness to Pay
- Outlook



Internet User Macro Trends

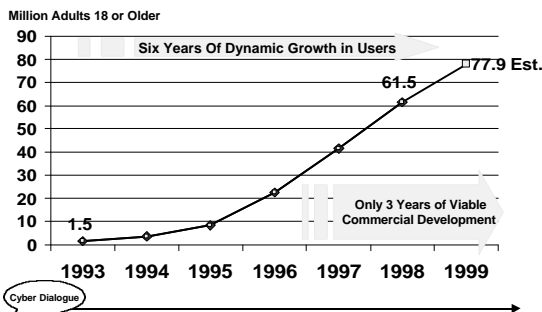


American Internet User Survey Highlights



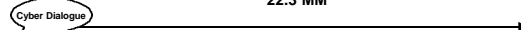
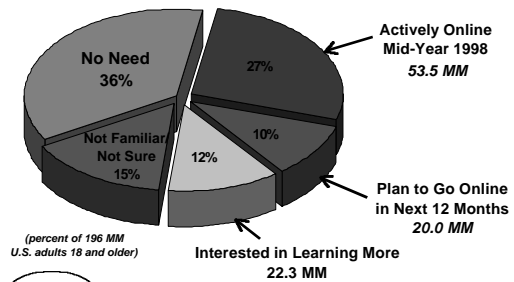
U.S. Adult Online Users

Closing in on 39% of U.S. adults this year



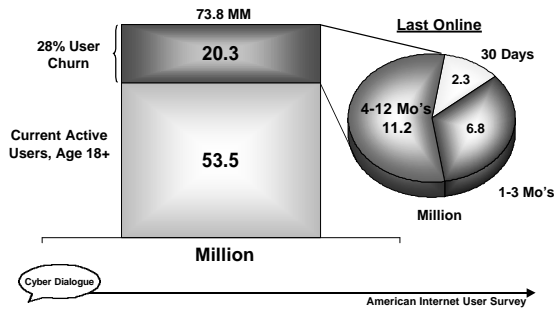
Outlook for New Internet Users

Half of all adults are uninterested in today's Net



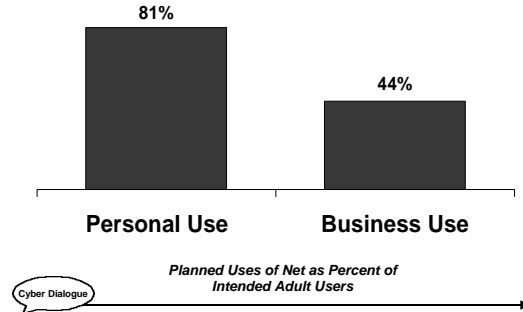
Internet User Churn is Real

Many "in and out" users

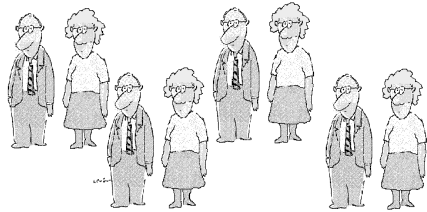


Intenders Are Focused on Personal Uses

Looking forward to entertainment and personal services



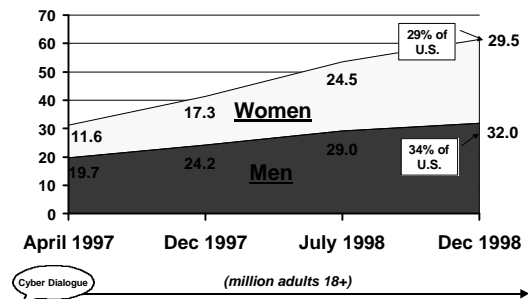
Who's Online? Who's Not?



American Internet User Survey Highlights

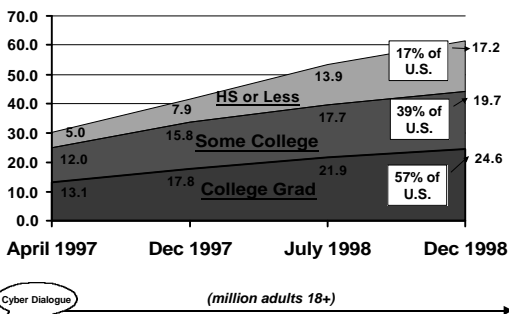
Adult Men vs. Women

Parity means benefits outweigh technology barriers



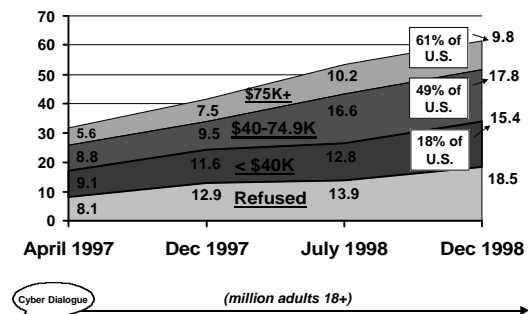
By Educational Attainment

Nearing saturation among college grads



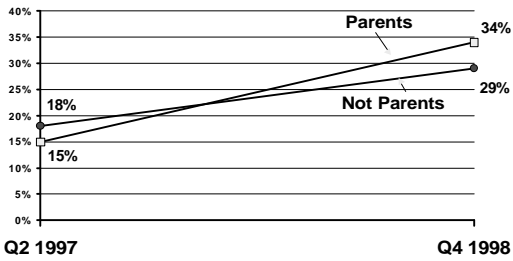
By Income

The market must move downscale



Parents Online Today

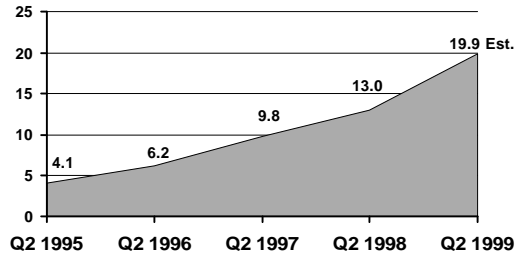
Parents now surpass non-parents



Cyber Dialogue *Percent of U.S. adults online*

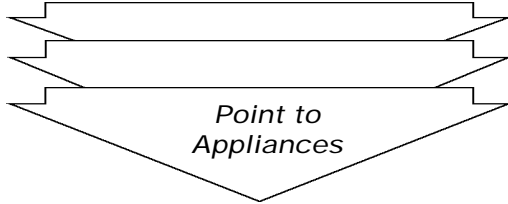
Kids Online Today

From all locations: home, school, libraries, friends



Cyber Dialogue *(million and percent of children under 18)*

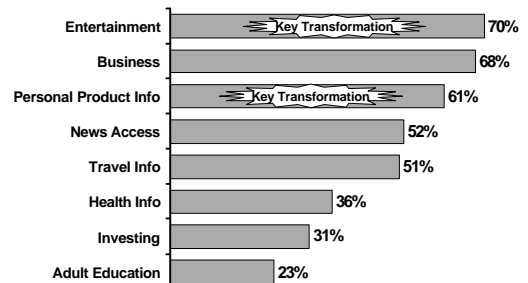
Current Net Usage Trends



Cyber Dialogue

Entertainment Uses Top List

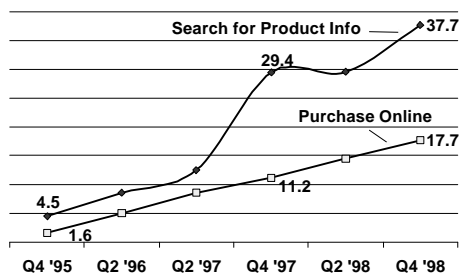
Shopping is not far behind



Cyber Dialogue *(percent of active online adults)*

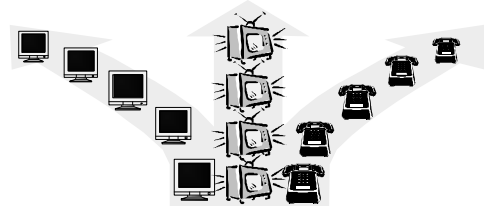
Online Shopping Population

Kicking into high gear...prioritizing "convenience"



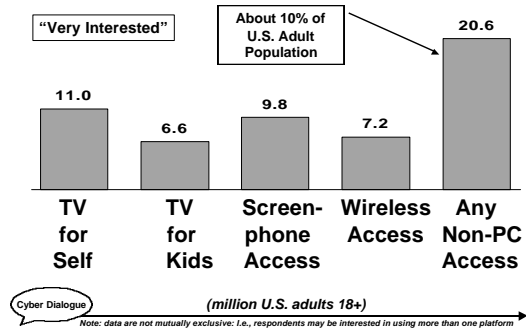
Cyber Dialogue

Interest in Non-PC Access

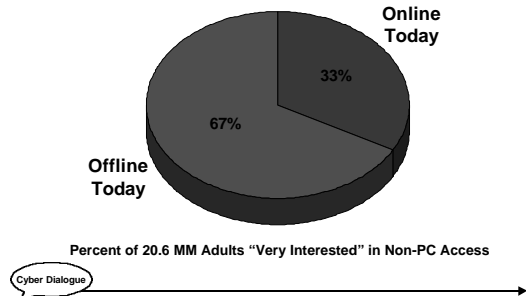


Cyber Dialogue

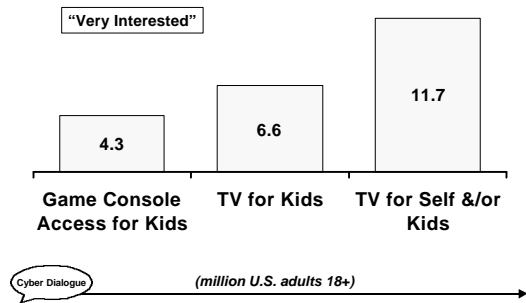
Consumer Interest in Non-PC Platforms
TV garners the most interest



Online vs. Offline Interest
Online users show most interest in TV & Mobile access



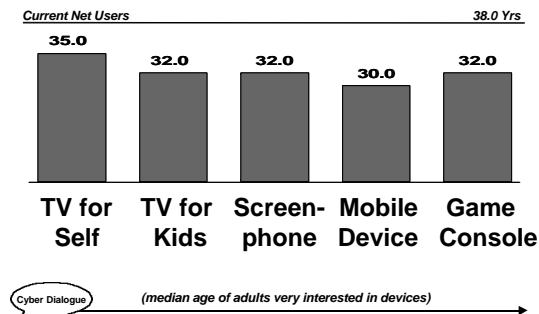
What About Kids?
More parents today prefer TV over game console access



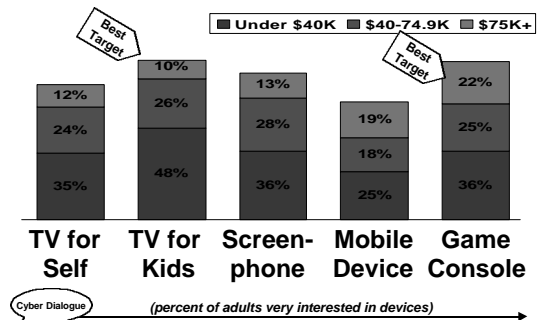
Demographics of Appliance Prospects



Interested Adults Are Younger

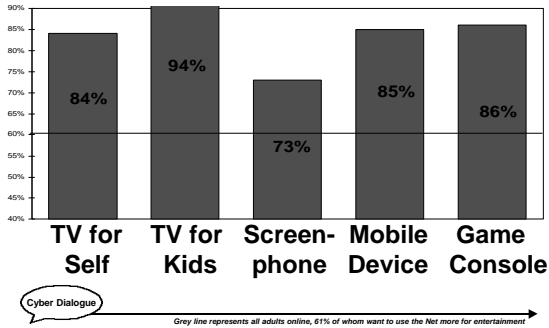


Income Distribution
Interest on behalf of kids broadens the income base



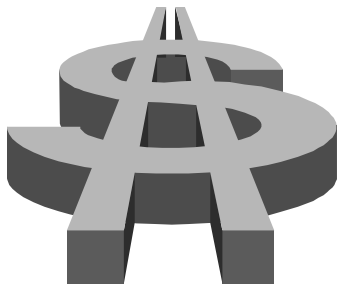
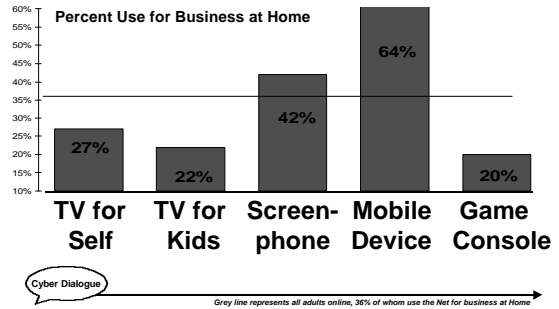
Entertainment

Percent of "very interested" adults want to use Net more for entertainment



Business Use at Home

Skews toward phones and mobile access

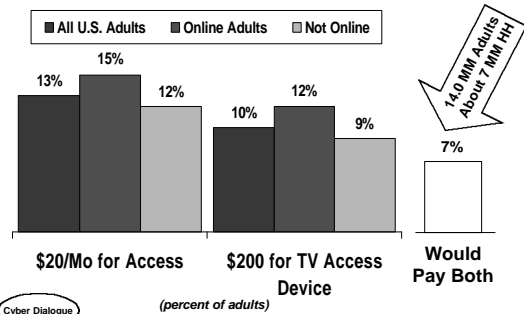


Willingness to Pay

Cyber Dialogue

Would Pay for TV-Based Access

More are willing to pay for access than for devices



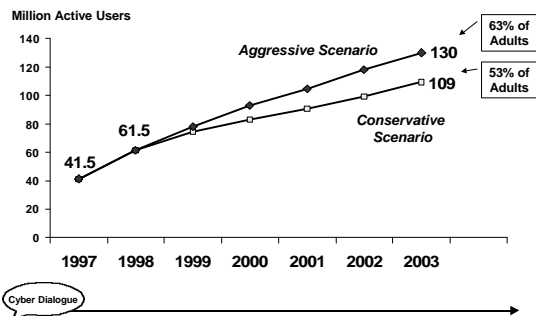
Outlook



Cyber Dialogue

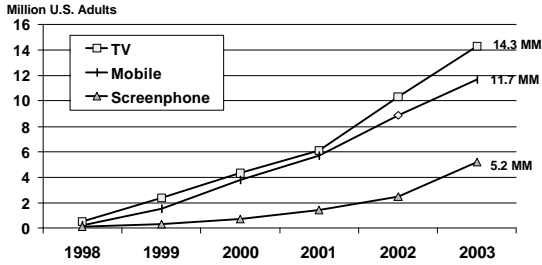
Online User Forecast

Aggressive growth depends on reshaping the Net



Outlook for Appliances

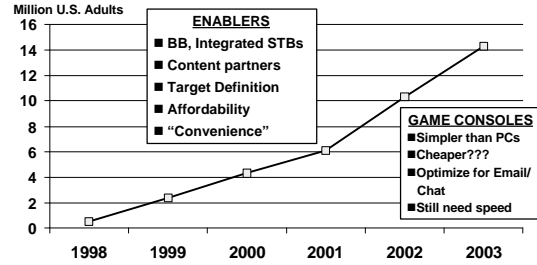
Some 6.6 million adult users will go online only via appliances by 2003



Cyber Dialogue

Outlook for TV Access

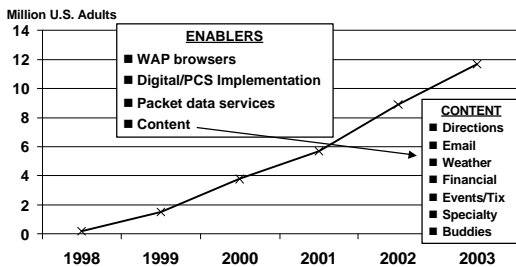
Looks promising for entertainment content, email and consumer services



Cyber Dialogue

Outlook for Personal Mobile Access

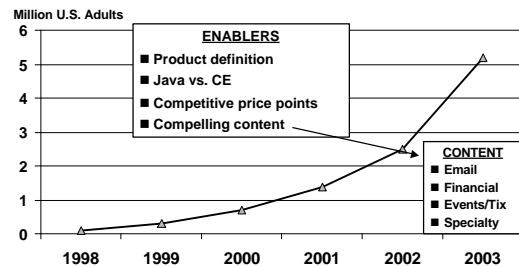
Overlaps with market for corporate users



Cyber Dialogue

Outlook for Net Screenphones

Least clear market right now



Cyber Dialogue

Summarizing the Appliance Mandate

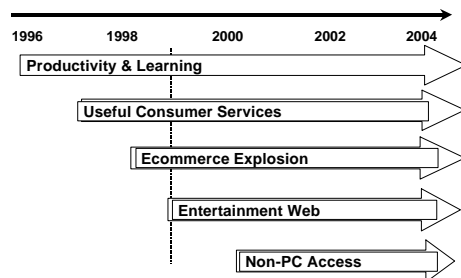
Based on current user/non-user demand trends

- Online market must move downscale
- Many temporary users are gaining online experience
- Half of all adults are uninterested in Net as we know it
- Kids are beginning to push for home access
- New users want personal entertaining content/services
- Interest in non-PC platforms is solidifying

Cyber Dialogue

Internet Timeline

Key transformations



Cyber Dialogue

Thank You

For more information: www.cyberdialogue.com/212.255.6655

