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Giving New Meaning To 'Rich' Media, Broadband Achieves Critical Mass Among Affluent Users

by Ross Fadner

While Internet growth overall has slowed to a virtual standstill, broadband adoption continues to grow, and is quickly approaching critical mass. In fact, new research now being released suggests that in the most affluent households, broadband penetration already has reached the halfway mark.

The findings, being released at the Consumer Electronics Show in Las Vegas today by Knowledge Networks, show that broadband access in households earning \$75,000 or more per year has grown from 40 percent to 49 percent. Nearly a third (31 percent) use cable modems, while 18 percent use DSL connections.

“The long-held vision of the Internet as a go-to source for research and purchase of almost anything is being fulfilled among high-end consumers,” says David Tice, vice president-client services, Knowledge Networks/SRI.

Homes that earn \$75K annually are also twice as likely to report paying \$30 or more per month for Web access. Forty-six percent of upper-income households pay more than \$30 per month for broadband versus 22 percent of households earning less than \$50K.

Clearly, high-income homes have made high-speed Internet access a priority, if not a standard. Broadband households are also 50 percent more likely to shop online, according to the study. Sixty-four percent of broadband households report shopping via the Internet in the past 60 days versus 42 percent of dial-up households.

Increasingly, the interactive advertiser's target of choice is broadband users, as the Internet continues to prove to be an imperative marketing and selling tool for them, as Tice notes. He highlights the benefits of increased broadband adoption among high-income households for advertisers and marketers: “(Broadband users) can view the most sophisticated graphical elements with almost no download time, and it's safe to assume that they have more disposable income to spend on the Internet. The result is a powerful environment for high-end marketing—and a motivator for creating special Web site features leveraging this opportunity.”

In all households, KN/SRI revealed that high-speed Internet adoption also increased from 26% to 34% since spring 2003. Conversely, dial-up connections are now found in 66% of online homes, down from 75% in May.

Nielsen//Net Ratings recorded similar results from May to November 2003. Broadband experienced double-digit growth during this time period, up 27% to 49.5 million homes. They claim that 38% of online homes are now broadband-enabled. Nielsen reported no growth in narrowband since May '03, stagnant at 69.6 million homes.

Knowledge Networks compiled the data from 1,526 interviews conducted in August and September 2003.

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