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InfoBeads Reveals 67.5 Million U.S. PCs Regularly Access the Internet

New Study Shows 60% of U.S. Households with a PC Access the Internet

LA JOLLA, CA, June 1, 1999 — 67.5 Million U.S. PCs were connected to the Internet in January 1999 – a 50% growth over January 1998. This number indicates that 56% of all PCs installed in the U.S. connect to the Internet. While home/family PCs account for the largest number of Internet-connected PCs (31 million), the workplace segment contributed the highest increase, growing 76% last year to almost 28 million PCs. These findings come from the latest Technology User Profile (TUP) Study from InfoBeads, a Ziff Davis organization. The study is based on interviews with over 11,000 PC users in the U.S..

Sixty percent of U.S. households with a PC accessed the Internet at year-end 1998, bringing the total to 31.3 million. The InfoBeads study shows that more than 8 million new U.S. households logged onto the Internet in 1998, which is a 35% increase over the previous year's 23.2 million households. This household Internet penetration growth continues to be fueled by newly purchased PCs. Three-quarters of consumer PCs purchased in CY98 were used to access the Internet by year-end 1998.

"Most Internet users today are relative newcomers to the Net, " said Miran Chun, an Industry Analyst at InfoBeads. "We've witnessed a real explosion of Internet users in the last couple of years, so it is not surprising to see that almost two-thirds of them have been online for two years or less."

E-mail continues to be the top Internet activity among all types of users and has driven much of the growth of the Internet to date. "There is a network effect working here," added Chun. "The more people accessing the Internet, the more attraction and value it has for each additional user. The emergence of cheap PCs has diminished the cost barriers associated with connecting to the Internet. People who may not have purchased a PC before may do so in order to send e-mail to friends and family."

Technology User Profile is an annual survey of U.S. PC users that covers PC, peripheral and Internet usage in the home, self-employed and workplace market segments. The 1999 edition of the study is now available to clients. A special collection of Internet InfoBeads examining Internet usage, activities, household demographics and broadband access is available on the InfoBeads Web site for only $1,495. For more information, go to http://www.infobeads.com/default.asp?sid=060199

About Ziff-Davis Inc.

Ziff-Davis Inc. is a leading integrated media and marketing company focused on computing and Internet-related technology, with principal platforms in print publishing, trade shows and conferences, online content, television, market research and education. Ziff-Davis provides global technology companies with marketing strategies for reaching key decision-makers. Following the recent initial public offering of a new series of common stock intended to track the performance of its Internet business, ZDNet, the existing common stock of Ziff-Davis Inc. became a series of common stock intended to track the performance of the ZD Group, which includes print publishing, trade shows and conferences, education, market research and television businesses and an 84% retained interest in ZDNet.

InfoBeads is a Ziff-Davis Organization.

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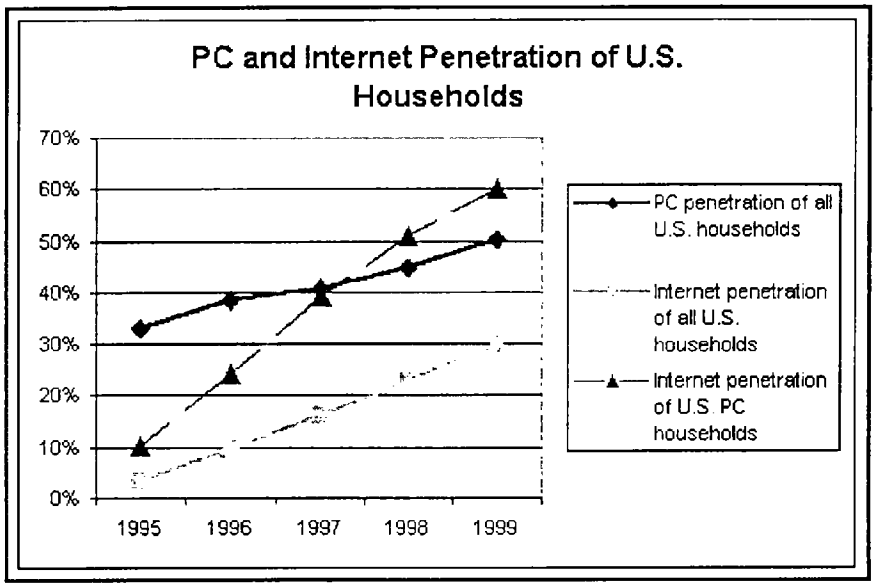
June 1, 1999

U.S. Internet Penetration – Growing by Leaps and Bounds

Written by Miran Chun, Industry Analyst, Internet

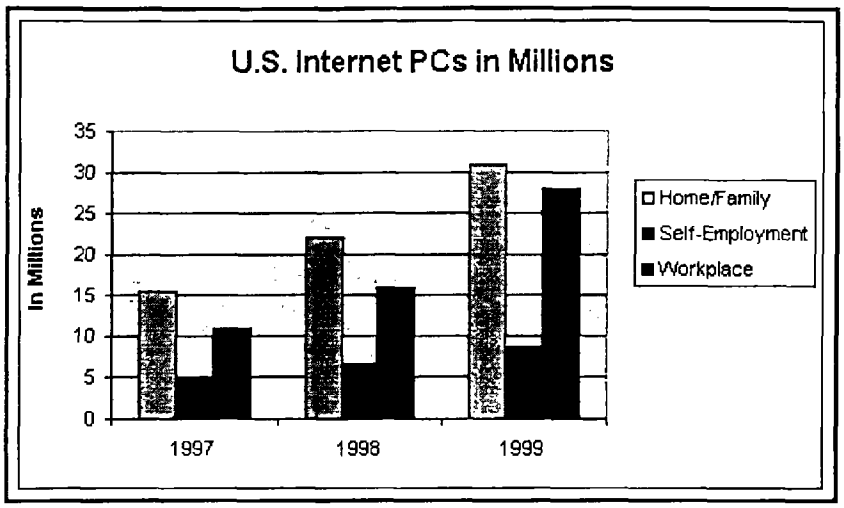
See corresponding Press Release

The Internet had another outstanding year last year. Homes with personal computers and Internet connections once again set records. According to our recently released Technology User Profile, as of January 1999, 56% of *all* U.S. PCs (work, self-employed and home) regularly accessed the Internet. And for PC households alone, 60% were on the Net. Those are big numbers: 67.5 million PCs and 31.3 million households in the U.S. use the Internet regularly. The study is based on over 11,000 PC users in the home, self-employed and workplace market segments.



Source: Technology User Profile

This is impressive stuff. The Internet added eight million new U.S. Internet households (35% year-over-year growth) to its audience, or 22.8 million new U.S. Internet PCs (51% growth) in 1998 – something like adding the entire population of Sweden every four months. After all, in our 1995 TUP study, we reported that there were a "mere" 3.3 million U.S. Internet households and 8.7 million PCs online.



Source: Technology User Profile

The most fascinating piece of this can be seen in the workplace. While workplace Internet penetration (53%) is still surprisingly low, it is also rising quickly. The workplace segment grew 76% last year, to almost 28 million PCs by year-end. The consumer and household markets get the most media attention because this segment usually is first to market and is perceived as offering sexier products and services. And yet as we know by now, the business segment is what holds the most promise – the money and attention ultimately follow.

The possibilities remain myriad. The more business users surfing the Net, the greater the likelihood that decision-makers discover innovative ways to incorporate Web technologies into business processes. At the current clip, maybe not this year, but possibly the year after that, the workplace market could easily overtake the consumer market in the number of PCs connected to the Internet. The evidence of soaring Internet adoption in the workplace must have marketers drooling.

In the interim, home Internet access rises hand-in-hand with newly-purchased PCs. Three-quarters of consumer PCs purchased in 1998 accessed the Internet by year-end, and most of the people using these PCs are Net newcomers. We've witnessed an explosion of new users in the last couple of years, with almost two-thirds of Internet users saying they've been online for two years or less.

So, what do all people do when they are on the Web? Communication is the killer application, making e-mail the No.1 Internet activity for all users. Despite the Web's luster, e-mail is what fueled the Internet's rocket-like rise. Why? The network effect: the more people on the Internet, the larger the attraction and value of the Internet for each additional user. Add to that the ever-declining cost of PCs and you begin to see why the Internet has grown the way it has: many people buy cheap PCs as glorified e-mail stations.

What will happen next year? It is easy to predict more of the same, but recent data suggests that, at the very least, we are seeing an installed-base effect. The number of installed PCs with Net connections is getting so large that it will be hard for future growth to be as jaw-droppingly impressive. While that is inevitable, it also means it's time for the Internet to get down to business – business-to-business e-commerce, that is.

Other stories on this topic