

Dialing back: Cost-cutters return to slow-speed Internet

March 4 2009, By Etan Horowitz

With his work hours cut and an investment portfolio in the tank, Arnold Zimmerman is considering the unthinkable: ditching his blazing-fast cable Internet service and going back to dial-up.

"I didn't think I would ever go back," said Zimmerman, 66, of Davenport, Fla. "I had to wait to get online. It was terrible. But with this economy, you got to look to cut wherever you can."

You remember dial-up, don't you? It's the beep, crackle, pop method of sending e-mail and browsing the Web that was pretty much the only option in the early days of the Internet.

In today's media-rich world of social networking, online videos and music, going from high-speed to dial-up is like switching from a Maserati to a horse and buggy. But some people say the hundreds of dollars they would save might just be enough to make them go back, especially for those who have access to high-speed Internet at work.

Although there's no hard and fast data about how many people are switching from high-speed to dial-up, there are signs that it is becoming an option for cost-conscious customers.

United Online, which owns dial-up providers NetZero and Juno, recently launched an advertising campaign in which CEO Mark Goldston says the average family can save \$300 a year by switching to NetZero's \$9.95-a-month dial-up Internet service.

The company reported that during the fourth quarter of last year, the percentage of customers dropping its services hit an all-time low at just 4.3 percent.

"This is not the iPod crowd we're talking about," Goldston said. "It's the e-mailing group and people doing casual surfing around the Internet. I am not for a minute suggesting that dial-up is better than broadband, but when it really comes down to it, the real question is: How powerful is your need to save money?"

Goldston said interest in dial-up is the highest it has been since its heyday about 10 years ago. He likened switching to dial-up to buying generic brands or putting regular gas in a car that calls for premium only.

Shortly after NetZero started running ads, dial-up competitor PeoplePC - owned by EarthLink - announced a dial-up plan at \$7.95 a month. Kevin Brand, senior vice president of product management, said EarthLink has seen an increase in dial-up customers. According to the Pew Internet and American Life Project, 57 percent of Americans have broadband at home, while 9 percent have dial-up.

But officials at these companies said that although there is renewed interest in dial-up, it's still not a robust, growing segment of the Internet-service business.

Jeff Kagan, a telecommunications analyst in Atlanta, said there isn't a mad rush of people from high-speed to dial-up. When people look to cut costs, they typically slow their Internet speed or switch from cable to DSL.

Dial-up Internet provides a connection of 56 kilobits per second, while broadband Internet (DSL or cable) typically ranges from 768 kilobits per second to 15 megabits per second. That's about 15 to more than 270

times faster than dial-up.

Plus, using the Internet at home has become so ingrained in people's lives that many see high-speed as a necessity.

"Right now, it is the beginning of a trend toward dial-up to save money for a segment of the users," Kagan said. "That trend will continue to grow as long as the economy is screwed up. Once the economy gets repaired, that will drop off quickly because high-speed Internet will be the first thing they add back."

But for many people looking to save money, going back to dial-up won't ever make sense.

Irene Walther, 60, of Orlando was laid off in July from her job as an administrative assistant. She switched from dial-up to high-speed Internet about a year ago and said she won't go back because it's so slow.

"My nephew would send pictures of the baby, and it would take an hour or an hour and a half to download my e-mail," Walther said.

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