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Top U.S. ISPs by Subscriber: Q1 2002

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Oddities, anomalies and reporting errors reveal a changing U.S. Marketplace among the upper echelon of U.S. ISPs during the first quarter of 2002.

U.S. Top Dial-Up ISPs	
AOL Brands	7,700,000
MSN	5,200,000
United Online	4,900,000
EarthLink	3,600,000
CompuServe	3,000,000
SBC/Prodigy	1,800,000
AT&T Worldnet	1,400,000
People PC	588,000
Volaria Online	240,000
Bluelight	200,000

(Q1 2002 by Subscribers/Users)

According to our records, top ranked [America Online](#) lost 1.6 million users in the U.S. during the first three months of 2002. This is based on [ISP-Planet's](#) year end findings that AOL had 27.7 million users at the end of 2001. However, we're not going to declare that the apocalypse is upon the ISP industry due to AOL's downturn in dial-up.

Instead, we'll remind readers that AOL picked up 3.0 million new users in other parts of the world during the same reporting period—currently up to 8.5 million, from 5.5 million at the end of 2001. This includes some 5.9 million AOL users in Europe and 2.6 million throughout the rest of the world. AOL subsidiary [Road Runner](#) also reported robust gains for the first quarter—securing a half million new users in just three months. Certainly this is the first time we have ever observed AOL losing dial-up customers since we started tracking its performance in 1999. But we will have to wait another couple of quarters before we call it an official "trend."

Although we don't track European ISPs at this time, it's highly irregular that AOL produced a 4.6 million subscriber swing between its U.S. and European divisions. But the oddities don't stop with AOL in the first quarter. We discovered that [MSN](#) padded its reported 8 million user milestone a bit by including MSN Extra Storage, MSN Gaming Zone, MSN Money Bill Pay and MSN Greeting Cards subscribers along with MSN Internet access users. We've adjusted MSN's subscriber base down 300,000 users this quarter as a result of the error. MSN remains firmly entrenched as the second largest ISP in the U.S.

[United Online](#) lost nearly .5 million active users at the end of last year and the parent company of [NetZero](#) and [Juno Online](#) reports it lost another 400,000 users during the first three months of this year. But we say good riddance to freeloaders for United Online, since the former no-fee ISP picked up another 140,000 paying customers while trimming its operational costs at the same time. This is not to say that United Online's balance sheet appears as healthy as [EarthLink's](#), which added another 100,000 new users between January and March, 2002. The Atlanta-based ISP continues to march toward attaining its 5 million-user milestone. Notably, a half million of these users are broadband, not narrowband dial-up customers.

Meanwhile, [PeoplePC](#), with its inexpensive computers and \$12.95 a month unlimited access plans, jumped up two notches in our ranking. The 8th largest dial-up ISP in the U.S. added 138,000 new users during the first quarter of 2002. As a result, PeoplePC produced a 30 percent growth rate over year end 2001 figures. Dial-up subscriber growth at PeoplePC outpaced all other ISPs in our rankings—including cable modem and DSL providers. PeoplePC has a unique strategy of signing up employees of large corporations as well as other

groups, such as the announcement on February 25, 2002 of an agreement with Veterans of Foreign Wars of the United States (VFW).

Road Runner	2,400,000
AT&T Broadband	1,360,000
Comcast	1,041,000
Cox	1,000,000
Charter	747,700
Cablevision	560,000
RCN	468,265

(Q1 2002 by Subscribers)

SBC	1,500,000
Verizon	1,350,000
Bell South	729,000
Qwest	484,000
Covad	359,000
Hughes Direcway	224,000

(Q1 2002 by Subscribers)

Broadband comparisons

With @Home users being migrated to their actual homes, we expected to see healthy growth in customer counts for [AT&T Broadband](#), [Comcast](#) and [Cox](#). Oddly enough, only Comcast and Cox picked up new users, growing their customer counts 9.8 percent and 28.4 percent, respectively.

[Cablevision](#) increased its first quarter subscriber base 10.5 percent over its year end figures. Top ranked cable access firm [Road Runner](#) increased its client count by 26.3 percent over the same period. Meanwhile, AT&T Broadband's subscriber base added only 60,000 new users, growing its customer count by only 4.6 percent. Obviously, growing its business is not a priority for Comcast at this time.

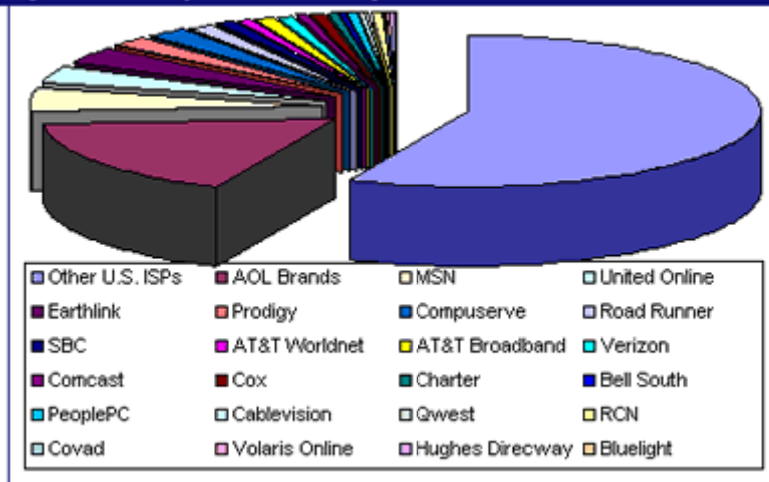
When it comes to U.S. DSL providers, [SBC](#) still leads the pack with 1.5 million lines in use. But [Verizon](#) is closing the gap. Only 150,000 lines separate first and second place. But SBC lit up 200,000 new lines and Verizon hooked up 150,000 new connections, so SBC has set a pace at the start of this year that the East Coast telecom company might not be able to match. [Bell South](#) actually outperformed Verizon, too. The 15th largest provider in the U.S. added 158,000 lines during the quarter.

By far the most interesting development in DSL portion of our ranking is the addition of [Hughes Direcway](#). The company known more for its dish work than copper lines reports it now serves more DSL users than satellite fed Internet connections (113,000 and 111,000, respectively). As a result, we've lumped Hughes in with the other top DSL providers in the U.S., even though nearly half of its services are satellite based.

Final revelation

According to our calculations, [All Other U.S. ISPs](#) connected 85.6 million users at the close of the first quarter of 2002. The top 22 U.S. ISPs we current track served Internet access to 63.3 million users during the same time frame.

Q1 2002 Top U.S. ISPs by Subscribers: Market Share



Rank	ISP	Subs. (millions)	Date & Source	Market Share
1	America Online (Dial-Up)	26.1 *	[Apr. 24, 2002] AOL's Q1 2002 Earnings Release	17.5%
2	MSN (Dial-Up)	7.7	[May 9, 2002] Corporate Communications Dept.	5.2%
3	United Online (Dial-Up) [NetZero + Juno Online]	5.2 ±	[Apr. 10, 2002] United Online's Recipe For Success	3.5%
4	EarthLink (Dial-Up)	4.9	[Apr. 22, 2002] Passes the Half Million Mark for High Speed Subscribers	3.3%
5	SBC/Prodigy (SBC & Prodigy DSL & Dial-Up)	3.3 ¹	[Apr. 18, 2002] SBC First-Quarter Earnings	2.2%
6	CompuServe (Dial-Up) [AOL Owned]	3.0	[May 9, 2002] Corporate Data Points	2.0%
7	Road Runner (Cable) [AOL Owned]	2.4	[Apr. 24, 2002] AOL Time Warner Earnings	1.6%

8	AT&T Broadband (DSL)	1.4	[Apr. 24, 2002] AT&T Broadband Finally Breaks Even	0.9%
9	AT&T WorldNet (Dial-Up)	1.4	[May 9, 2002] Corporate Communications Dept.	0.9%
10	Verizon (DSL)	1.4	[Apr. 23, 2002] Verizon Reports Solid First- Quarter	0.9%
11	Comcast (Cable)	1.0	[May 1, 2002] Comcast's Pro Forma Growth	0.7%
12	Cox (Cable)	1.0	[Apr. 21, 2002] Cox Reaches 1 Million Home Internet Users	0.7%
13	Charter (Cable)	.75	[Apr. 29, 2002] Charter Posts Strong Revenue	0.5%
14	BellSouth (DSL)	.73	[Apr. 19, 2002] BellSouth Reports First Quarter Earnings	0.5%
15	PeoplePC (Dial- Up)	.59	[May 1, 2002] PeoplePC Reports First Quarter Financial Results	0.4%
16	Cablevision (Cable)	.56	[May 2, 2002] Cablevision Reports First Quarter Financial Results	0.4%
17	Qwest (DSL)	.48	[Apr. 30, 2002] Qwest Reports First Quarter 2002 Results	0.3%
18	RCN (Cable+Dial- Up)	.47	[May 7, 2002] RCN Announces First Quarter 2002 Results	0.3%
29	Covad (DSL)	.36	[May 2, 2002] Covad Announces First Quarter 2002 Results	0.2%

20	Volaris Online (Dial-Up)	.24	[May 8, 2002] Corporate Communications Dept.	0.2%
21	Hughes (DSL & Satellite)	.22	[Apr. 15, 2002] Hughes Reports First Quarter	0.2%
22	Bluelight (Dial-Up)	.20	[May 9, 2002] Corporate Communications Dept.	0.1%
23	Other U.S. ISPs	85.6²		57.6%

* AOL Time Warner U.S. subscriber figures reflect reported 34.4 million worldwide customers, less This membership total includes 26.1 million in the U.S., 5.9 million in AOL Europe, and 2.6 million throughout the rest of the world.

± United Online ranking based on active users per month; reported 1.6 million billable users for Q1-2002.

¹ At the end of March, 2002 SBC reported 1.5 million DSL users and 1.8 million dial-up users for SBC and Prodigy combined.

² U.S. Online population based on March 21, 2002 update of [Big Picture Geographics](#) by [CyberAtlas](#), less Top 23 U.S. ISPs, totals 85.6 million users.