

## Online presence boosts the bottom line

### Overview

Online has grown up. It has shed its adolescent stage and is now being taken more seriously. It is changing how we communicate, how products and services are being marketed and sold and how companies and government bodies operate. There is a growing realisation that a strong online presence is an imperative for every business that cares about the bottom line.

In Ireland, hard facts about online activity, if they exist at all, are often buried in official reports or scattered across several websites. The result is that it is difficult to assess online adoption in Ireland, as well as other critical trends that impact on a company's online strategy and its decision-making process.

This new publication, *State of the Net*, aims to fill that



**Aileen O'Toole,**  
Managing Director,  
AMAS

gap. It is a barometer of online activity and will be published quarterly, both in print and on the Web. It aims to plot key trends and analyse

their significance, from the perspective of Irish decision-makers.

Here is a snapshot of the main Irish online trends:

- Use of mobile phones has tipped over the 100% penetration level
- Less than half of Irish households have an Internet connection, but there is significant year-on-year growth
- Online advertising and promotion is seriously under-reported
- Travel and accommodation are the top purchases for Irish consumers online
- eGovernment adoption in Ireland is still relatively low
- Irish broadband adoption is in the bottom quarter across 30 OECD countries

The last point is the most significant. We would argue that connectivity is the single biggest impediment to greater online use and a

source of concern in terms of Ireland's competitiveness. The government is promising action on broadband rollout. Whether it happens, and whether it impacts on our scoring in the international league tables, will be monitored in *State of the Net* over coming issues.

*State of the Net* uses only official or authoritative sources. Inevitably, we've found gaps. We're keen at AMAS to get feedback on this publication, as well as suggestions for other trends to include in future issues. Please email us on [feedback@amas.ie](mailto:feedback@amas.ie)

*Aileen O'Toole as Managing Director of AMAS acts as a strategic adviser to private and public sector organisations on their online channels. A former senior media executive, she was a co-founder of The Sunday Business Post and part of the team which developed one of Ireland's most successful media brands.*



**Fergal O'Byrne,**  
Chief Executive,  
Irish Internet Association

## IIA welcomes research report

The Irish Internet Association (IIA) receives daily requests for information about internet usage in Ireland. They come from students, company directors, sales executives, among others. Where possible, we offer our help. We have thought about producing our own research, but resources were limited.

The IIA met with consultancies to discuss the production of a regular, co-branded Irish

internet usage report. AMAS was enthused by the idea and had many ideas for the project. As a result, *State of the Net* was born.

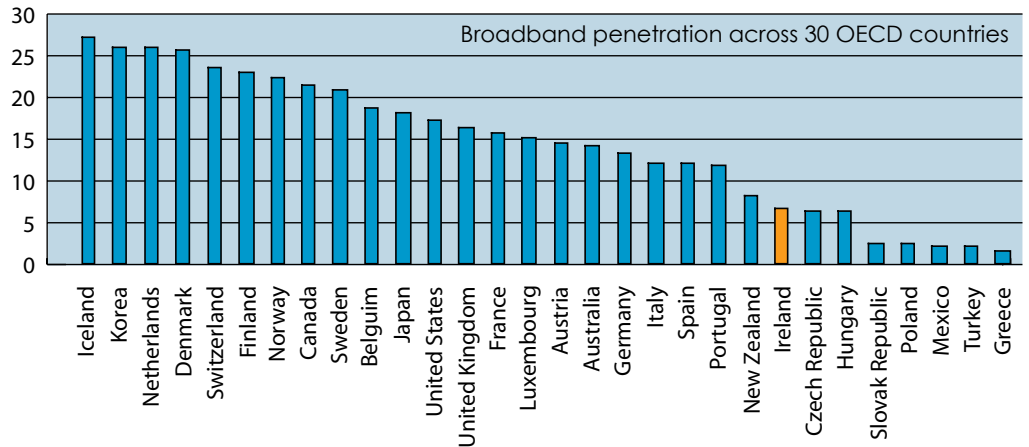
This is the first definitive quarterly publication of its kind. It aims to be the resource for internet usage statistics in Ireland. This report will be invaluable to businesses, researchers, media and interested users. The IIA is delighted to work with AMAS on this project.

The Irish Internet Association is the professional body for those conducting business via the internet from Ireland. Established in 1997, it remains one of the driving forces behind the adoption of the medium. It is a non-profit organisation. Members include suppliers of internet products and services and those using the medium for communications, marketing and commerce.

# 1. Broadband

The most tracked, the most talked about and the most worrying trend is Ireland's broadband uptake. Ireland is the broadband equivalent of Newcastle United – much has been promised, but little has been delivered.

Ireland sits uncomfortably in the bottom quarter of 30 countries tracked in the OECD's broadband league table. Ireland's score of 6.7 per 100 people, compared with OECD average of 13.6 and an EU15 average of 14.2. As for business access, we're also lagging behind other European power houses.



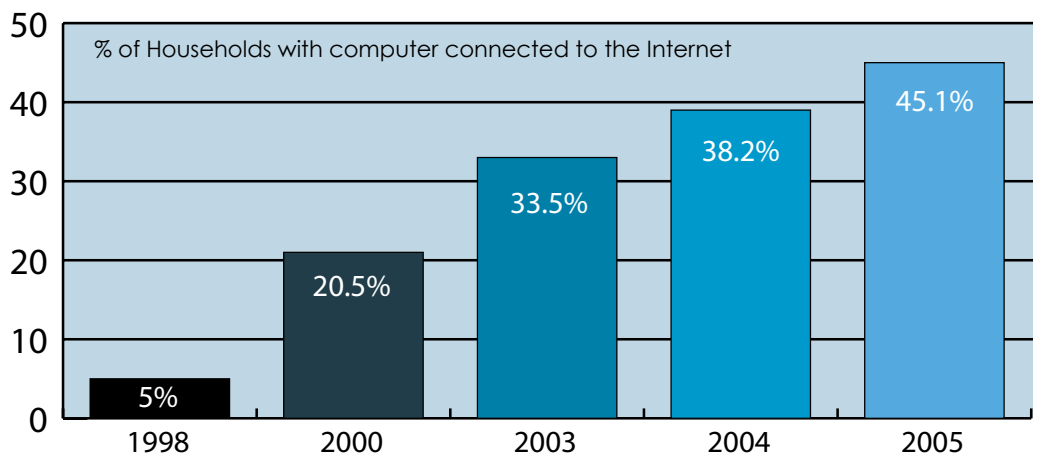
The result? Competitive problems for Ireland Inc and for businesses. Frustration for Irish users.

Source: OECD Broadband subscribers per 100 inhabitants, December 2005. Sample: 30 OECD countries.

# 2. Internet usage

Michael O'Leary now sells all Ryanair tickets in Ireland online but more than half of the Irish population don't have a PC with a connection to the internet at home. Despite falling PC prices, many people still buy their airline tickets and do their motor tax online from their workplaces, in an internet café or the local library.

Figures from the Central Statistics Office show evidence of a digital divide. Internet access in the southern and eastern parts of Ireland stood at 47.3%. This compares with 38.8% for the border, midland and western areas.



Source: Central Statistics Office, Information and Society Telecommunications 2005

# Top Trends

## 3. Mobile Use

Two per cent of the Irish population now have more than one mobile phone connection. With a penetration rate of 102%, the ubiquitous mobile is the online application of choice for Irish people.

But we're still playing catch up on some of our European neighbours. The last time there was a pan-European comparison Ireland came in at 94%. Luxembourg led the league table with 142% market penetration, followed by Sweden at 109% and the Czech Republic at 106%.

We haven't seen many Irish babies with mobile phones – yet. So what's the explanation for so many mobiles? The answer is that what's being measured is subscribers to mobile networks and some people have double and treble subscriptions. As for Luxembourg, its high ratings have to do with the sophistication of its telephone market.

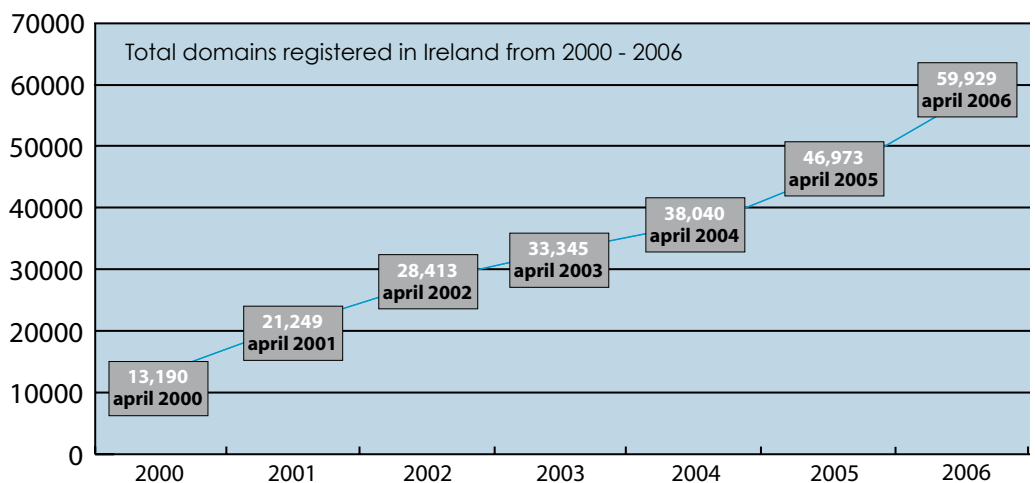


**Sources:** ComReg.; Irish mobile penetration, December 2005; European comparisons, Eurostat yearbook 2005,

## 4. Domain registrations

The number of .ie domains is nudging towards 60,000, more than three times what it was at the height of the dotcom boom in the late 1990s. At the end of April, the Domain Registry of Ireland (IEDR) showed 59,929 registrations and new additions of 1,000-plus per month since the start of the year.

As for .eu domains, Irish people joined in the rush and interest was strong, despite the well-documented bureaucracy. By mid-May, 23,996 .eu domains been registered by Irish entities from a total of 1.78 million .eu registrations.



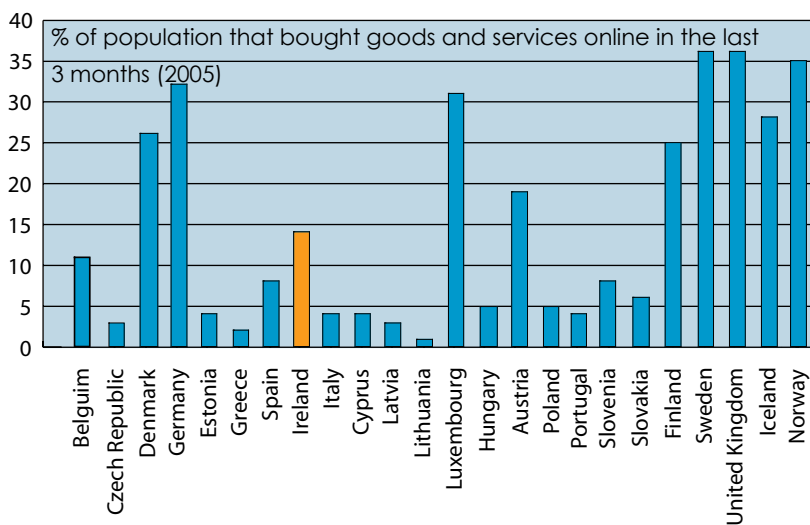
**Source:** Domain Registry of Ireland

the opportunity to win online

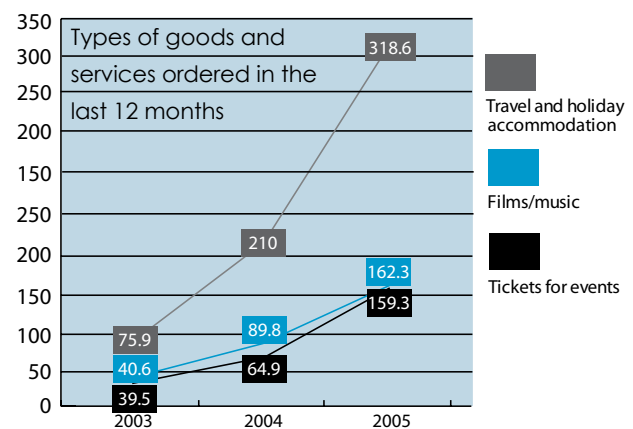
## 5. Online shopping

Are we a nation of web shopaholics? Not really, according to the statistics. We trailed most of our European neighbours in the latest pan-European study. It showed that only 14% of Irish people bought something online in the previous three months, compared with 36% each for the UK and Sweden.

So what are we buying? There are few surprises – travel and accommodation are tops, followed by music and film and then tickets. Across all three categories, the trends are upwards. In 2003, 76,000 people said that they bought travel and accommodation online but by 2005 that number had risen to 318,000.



Source: Eurostat, 2005



Source: Central Statistics Office, Information Society and Telecommunications 2005, and 2004, and 2003. The graph shows responses to a question about whether survey respondents had ordered goods or services online in the last 12 months.

## 6. Search

Ignore the power of search at your peril. Some studies show that most traffic to a website begins with a query on a search engine. But what are the most popular search terms? The king of online search Google has started to publish its most popular search terms for Ireland.

The five top search terms in Ireland for March 2006 are likely to raise an eyebrow or two. Funny pictures? Banking? Jessica Alba? The movie star with an impressive footprint on Google – the search engine clocks no fewer than 15.6 million references on web pages and some 93,000 images.

Source: Google Zeitgeist, March 2006  
[www.google.com/intl/en/press/intl-zeitgeist.html](http://www.google.com/intl/en/press/intl-zeitgeist.html)

### Top 10 Search terms

1. Currency converter
2. Funny pictures
3. Ireland
4. Banking
5. Jessica Alba
6. Budget travel
7. Horoscopes
8. Cheltenham
9. Liverpool
10. Cheap flights

# Top Trends

## 7. Online advertising and promotion

At last, there are some numbers on online advertising in Ireland. Most likely, they only scratch the surface of online advertising and promotion activity.

BASE, published by the Institute of Advertising Practitioners in Ireland, is a composite survey of media spend based on rate card valuations supplied by media owners. BASE inflates the value of

advertising spend as it does not factor in discounts.

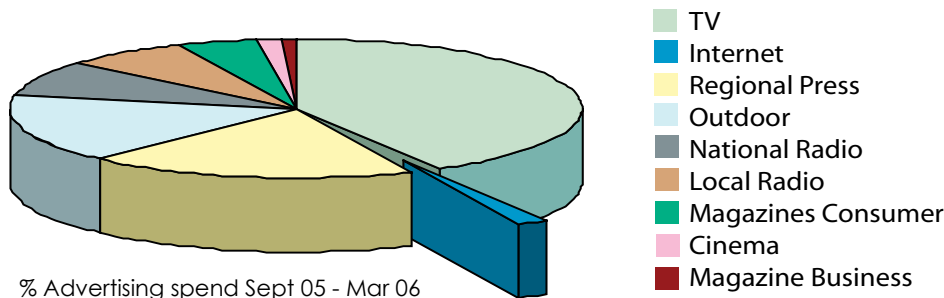
Online made its debut in the BASE study for the six months to March 2006. It shows a rate card spend of €6.7 million, just 1.5% of the overall advertising cake of €440 million. Online is a minnow compared with TV, press and other categories.

However, BASE does not monitor all online spend. It tracks a limited number of Irish websites and does not take account of search marketing, classifieds and other forms of online promotional activity.

In the UK, as well as in other markets, there are more sophisticated measurements of online advertising. In 2005, online had a 7.8% share of total advertising, having overtaken directories (6.4%) and outdoor (5.1%). Sources: Internet Advisory Bureau and PricewaterhouseCoopers.

Anecdotal evidence indicates increased activity in online advertising and promotion in Ireland. So far there is an absence of research to back this up.

**Source:** BASE, Institute of Advertising Practitioners in Ireland.



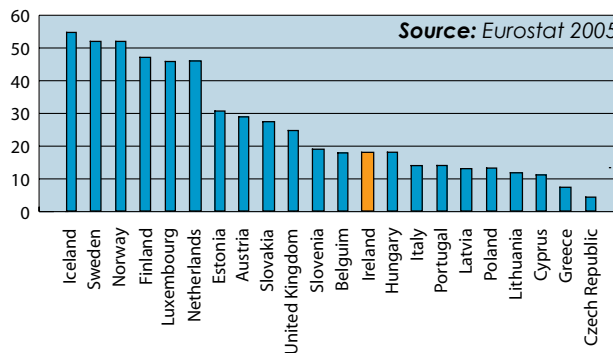
## 8. eGovernment activity

Checking out your neighbour's planning application. Viewing your competitor's audited accounts. Applying for a driving test. Avoiding the queues at the motor tax office. %

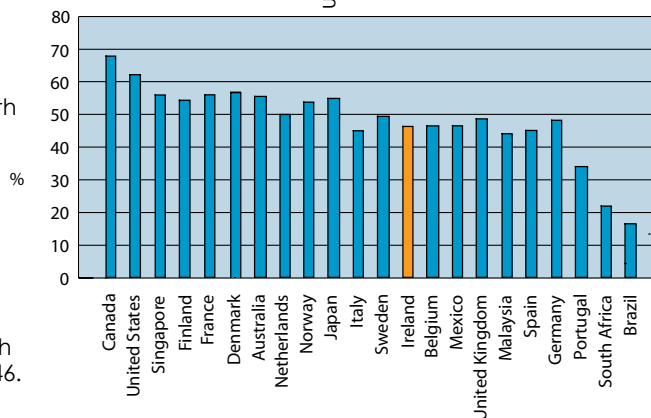
Online is making a difference to how we access government services. That difference will accelerate once more services, such as online access to PAYE records come on stream this year and next.

Ireland is still behind other countries in the eGovernment stakes, according to two studies. Both, coincidentally, show Ireland at No. 13 of 22 countries surveyed. The first is a pan-European comparison of the proportion of people who make contact with government departments electronically. Top of the pile in that survey was Iceland, which scored 55 against Ireland's 18.

The second – the much-quoted Accenture eGovernment study – shows our relative "maturity" in eGovernment as average. That term means integrated eGovernment services. The top performer is Canada which gets a score of 68 compared with Ireland's 46.



Percentage of individuals who have used the Internet, in the last 3 months, for interaction with public authorities (2005) Not all European countries supplied data.



Overall maturity scores (2005)

**Source:** Accenture, Leadership in Customer Service, New Expectations, New Experiences, May 2005

## Get ready for a telephony bloodbath

### Emerging Trends

Signs are there is about to be a battle – a series of battles – around voice over Internet Protocol (VoIP) phone services. After several years hovering near-mainstream, the VoIP trend has taken off across all sectors, from home users to corporate.

Last September, there was a clear sign that VoIP was turning into big business. That's when eBay agreed to pay \$2.6 billion for Skype, one of the leading VoIP providers world-wide.

The ability to make free computer-to-computer voice calls over the Internet fuelled the initial uptake. When this was extended to allow computer users to call ordinary



By **Fiachra Ó Marcaigh**,  
Director, AMAS

phones at extremely low rates, it drove demand sharply up.

### 1.7c per minute

Skype allows Irish subscribers to call land line numbers all over the world for 1.7 cents per minute. This is far below the rates available even on discount for calls to the US and Australia using traditional phone service.

In the US, Skype has just upped the ante even further, offering free calls to landline and mobile phones in the US and Canada until the end of the year. The scene is set for a series of high stakes battles:

1. Vonage, Skype's biggest rival is planning a flotation. Some analysts say Skype's move has killed that option for Vonage, which is losing money heavily (€265 million in 2005).
2. Coming up behind Skype are some of the 800-pound

gorillas of the online world, such as AOL. It has just announced a free local phone number service so its instant messenger users can receive calls from traditional phone lines. This is a feature that Skype charges for, as Skypeln.

### VoIP fact

**In Ireland, ComReg has allocated numbers from its 076 VoIP range to 20 different service providers (March 2006)**

*Fiachra Ó Marcaigh as a Director of AMAS has led a series of strategy, research, accessibility and usability assignments. A former Assistant Editor (Systems) at The Irish Times, he has six years' experience of eBusiness consultancy.*

## AMAS: a leading online consultancy

### Profile

AMAS is a consultancy specialising in online channels. The company is retained by businesses and government bodies to plan, manage, evaluate and market their online channels.

Founded in 2001, AMAS's client base includes Bank of Ireland Group, Diageo, Forfás, Enterprise Ireland, The National Disability Authority and The Environmental Protection Agency, as well as several multinational companies.

### Services

**Strategy:** AMAS is a market leader in devising online communications and marketing strategies

**Research:** AMAS conducts rigorous, objective research, through focus groups, benchmarking, online and conventional surveys, user testing and other methodologies

**Audits:** The AMAS eBusiness Audit scores online channels under 18 areas of online activity against over 200 best practice checkpoints.

**Content:** AMAS is Ireland's leading content specialist. We advise on the content function, content technologies and provide a full content origination, editing and optimisation service.

**Marketing:** AMAS devises strategic and tactical campaigns to maximise revenues, generate leads, build loyalty and achieve marketing goals

**Project management:** AMAS project manages the development or redevelopment of online projects, often in partnership

with web development companies.

**Outsourcing:** AMAS delivers a full range of content, eMarketing and site management services

### Find out more

**To hear more what AMAS can do for your business contact Aileen O'Toole, Managing Director, on 00 353 1 6610499 or at [info@amas.ie](mailto:info@amas.ie)**