

## The digital rollercoaster Factsheet: landmarks in digital development

Digital Insight Report  
March 2008

Internet communications have become a routine part of the daily lives of most people in the technically advanced countries of Asia, Western Europe and North America. As part of this, online marketing has already become a mainstream part of the media mix. These facts and landmarks we collated for participants on the Digital Training Academies are a summary of the internet and marketing development Academy lectures and are intended to present a few highlights of the immense changes created through this industry.

First published: May 2004

Updated: March 2008



**Analyst's profile:**  
**Danny Meadows-Klue**

Danny has been a researcher and commentator in the digital networked industries since 1995. He managed the UK's first online newspaper and has helped run web businesses ranging from mass market portals and consumer magazines, to online stores, search and email services. He is the co-founder of the UK and European IABs, was their president for four years and has been lecturing on digital marketing for more than a decade. He is the author of the Digital Media Planning Academy.

“Digital media have unlocked new levels of precision and relevancy in media planning, creating the potential for deep customer engagement that audiences seek out. The internet has brought together almost every advertising format from classic media to offer planners a wealth of choice, while delivering a massive step-change in the accountability of marketing and media. In the digital networked economy, marketing teams can drive business growth in a way previously unseen, and online media planning is at the cutting edge of integration, convergence and accountability in marketing.”

## At a glance

## Contents

### Preface

1. A few landmarks in digital history
2. Audience growth: unstoppable
3. Advertising: focus on the UK
4. Search engines today

## Preface

Internet communications have become a routine part of the daily lives of most people in the technically advanced countries of Asia, Western Europe and North America. As part of this, online marketing has already become a mainstream part of the media mix. These facts and landmarks we collated for participants on the Digital Training Academies are a summary of the internet and marketing development Academy lectures and are intended to present a few highlights of the immense changes created through this industry.

### Speed read

The average British internet user now spends 164 minutes online each day for personal use - the equivalent of over 41 days each year.  
This compares to 148 minutes spent watching television

#### Access booms, and broadband saturates

- 90% of our audience is on broadband
- 32 million people online in the UK (Nov 2007)
- The average UK speed is 4megs

#### Online advertising's market share of all advertising

- 14.7% share in the UK (first half of 2007)
- 10-12% Scandinavia
- 9% in the US

#### The search boom in the UK

- £1.6bn(e) in search alone 2007
- Google \$2.5bn in the UK
- Remember that search is poorly counted in most countries and much spend missed

Technology and development

## A few landmarks in digital history

1969 The internet was created out of ARPANET in the 1960s to protect US military communications

1971 First email programme created

1973 First international connections to ARPANET (UK / Norway)

1980s CompuServe dominates the US access market arriving in Europe in 1990

1980s (late) the first generation of home PCs enter the market in Western Europe and the US: take-up gains critical mass among early adopters (initial brands ZX81 and ZX Spectrum, later Atari, BBC and C64)

1990-1 Tim Berners-Lee and scientific researchers at CERN use Internet protocols (IP) to create hyperlinks, building the basic structures that became the world wide web. The concept of browsing is born

1992 First graphical browser released. Mosaic allows users to 'point and click' to access content

1993 Netscape and web crawlers pioneer the concept of search

1994 Directories such as Yahoo start to provide a structure for finding web pages

1994 Marketing enters a new era



### HotWired and AT&T: 468 x 60 banner October 25 1994.

Since then, the banner has pervaded the online landscape and remains the foundation of many interactive campaigns. Banners have been designed to drive traffic, build brands, create buzz, and generate sales.

Today a new generation of web banners are using sophisticated 'behavioural targeting' techniques to learn about the viewer's interest and provide tailored messaging

www.DigitalJargonBuster.org:

The banner is a graphical advertising space that typically runs across the top of a webpage. The original banner is 468 pixels wide by 60 pixels tall, but the term 'banner' is often used to describe the whole family of industry approved graphical formats, including the skyscrapers and smaller sizes

## Media storage costs collapse

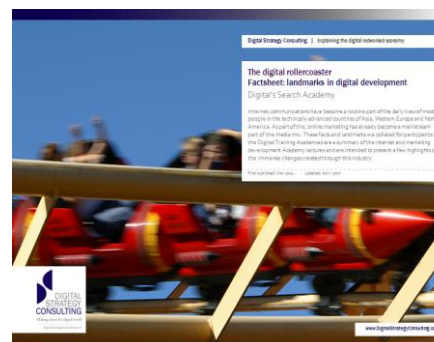
A 1GB USB flash drive now costs about £20

1GB can hold more than 800 pictures (at 3 megapixels each) or 240 songs

You can get up to 10GB free online storage at sites like Streamload.com

This is enough for:

- 4 hours of high-definition video, or
- 2000 MP3s, or
- 10,000 digital photos



## Digital Insight Reports

www.DigitalStrategyConsulting.com/insight

In times of huge economic and technical change, knowledge becomes a critical success factor. We created the Digital Insight Reports to bring you insights from a particular part of this fast changing industry. They are independent perspectives on key issues around business or marketing in the digital networked economy.

Audience

## Audience growth: unstoppable

Today: more than 1 billion people now online worldwide

23 hours a week: the average for British internet users

Access: 50,000 new installations of broadband every week in the UK

2003: 15% of European consumer's media time

2004: 70% planned to take a net-enabled device with them on holiday (Source: Nielsen//NetRatings, June 2004)

### United Kingdom

Online population is 56% of adults over 16

77% of 16-34s use the internet during the week

70% of internet users are on broadband

From 2004 to 2005 - 16% increase in time spent online

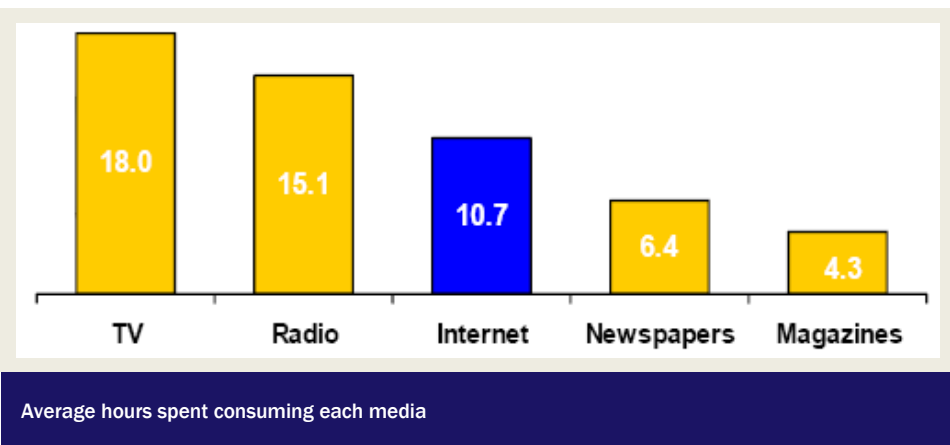
News and travel sites most popular in the UK

More people in the UK visit shopping and jobs websites than the European average

## 2006

### 160 minutes per day

Men are still the highest internet users  
an average of 172 minutes per day



### Women

156 minutes per day

Shopping

Shopping has become one of the most popular online activities

Internet users now spend an average of £446 online each year

(National Office of Statistics Time Use Survey/TNS Research Feb 2006)

### Media time

The average British internet user now spends 164 minutes online each day for personal use - the equivalent of over 41 days each year

This compares to 148 minutes spent watching television

Two thirds (66%) of survey respondents were found to have increased their time online over the past 12 months

The biggest growth seen among 16-24 year olds

(Source: National Office of Statistics Time Use Survey/TNS Research Feb 2006)

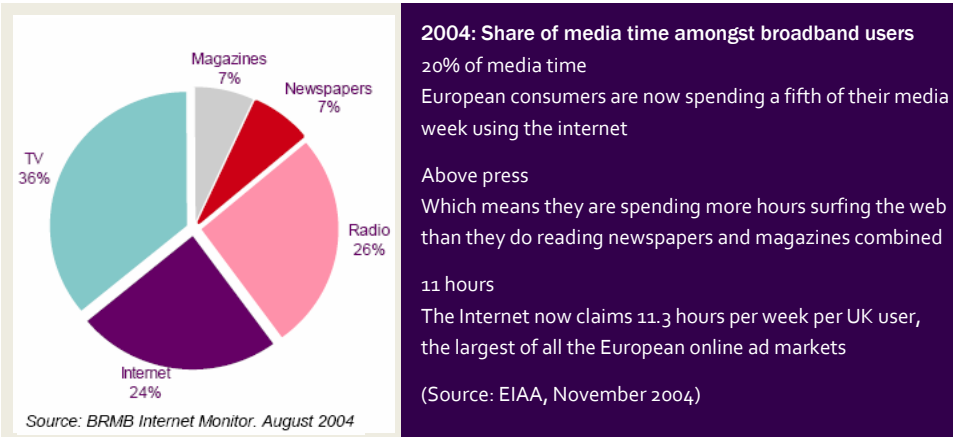
On average, internet users spend a quarter of their weekly media time on the internet

(Source: BMRB Internet Monitor, January 2006)

The internet is the second most commonly used medium after television

The research, carried out in November 2005, showed that 26.5 million people (half the UK population) used the internet during that month, compared to 23.4 million people in November 2004

(Source: E-consultancy, November 2006)



## 2007

Audience time with media

Online second only to TV

Wireless internet access in the UK

A third of people used wireless within the last 12 months

There's a feminisation of the internet

Women 25-34 spend more time online than men of the same age

Internet audiences are getting older too

30% of time online in the internet is the over 50s

MySpace

Growth continues, and now 120m people are members worldwide (that would make it the 5th largest country in the world)

## Rise of broadband in Europe

Access booms, and broadband saturates

- 90% of our audience is on broadband
- 32 million people online in the UK (Nov 2007)
- The average UK speed is 4megs

23% of European households now have broadband access

A total of 40% of households have internet access, with 16% going online via dialup

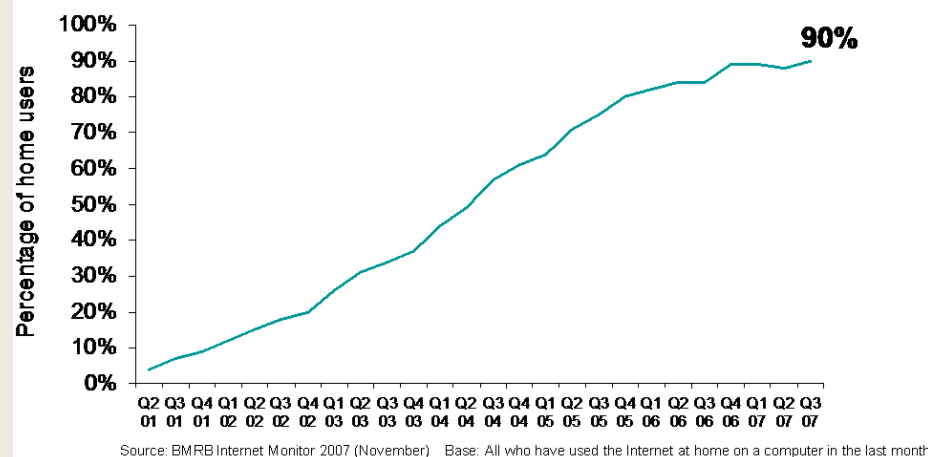
75% of four people households have broadband compared to 12% of single occupant homes


57% of British households (13.9 million) are now connected to broadband

72% of UK internet users have used broadband in June 2006, up from 54.4% in 2005

This represents an annual increase of 600,000 households

The average British broadband user spends 50 days per year online



	2004	2005	2006	2007	2008	2009	2010
<b>ADSL</b>	3,652	6,182	8,615	10,541	12,228	13,439	14,353
<b>Cable</b>	1,950	2,750	3,389	3,863	4,288	4,695	5,033
<b>Other*</b>	21	30	41	60	85	119	138
<b>Total</b>	5,623	8,962	12,045	14,464	16,601	18,253	19,524
<b>% of house holds</b>	22.3%	35.4%	47.4%	56.7%	64.8%	71.0%	75.7%

Source: eMarketer May 2006

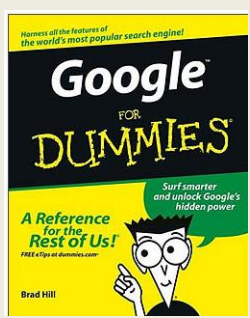
### Broadband penetration

Almost 90% of internet access in the UK was through fast broadband connections. The data for September 07 showed 88.4% of Britons are opting for broadband. Within this half are for services claiming to be 2 megas or faster (remember the definition of how broad your band has to be to qualify for 'broadband' are still a little hazy). The good news is that the findings show broadband use in Britain has reversed from its laggard status of 2002, but there is a sting in the tail: on the high-end speeds only 4% of us are running faster than 8megs – pretty bad news for IPTV firms that (generally) need real fast connections for seamless streaming. (Source: <http://meadows-klue.blogspot.com/>)

### Broadband access technology

The quarterly figures from the Office of National Statistics (ONS) show that 61% of UK households (15m households) now have internet access. Access has risen by 7% since 2006 (equivalent to just over 1m households) and by 36% (4m households) since 2002. 84% of those with internet access now have broadband connections, up from 69% in 2006. Overall, broadband services accounted for 86.1% of all internet connections in June, from 83.6% in March. Dial up services accounted for only 13.9% of connections. (Source: Digital Intelligence September 07,)





**Digital marketing goes mainstream:**

As online marketing breaks into the mainstream, Digital has worked with the 'For Dummies' publishers to help more people access knowledge and insights in search marketing. Search engines have opened up digital marketing to millions of small firms who need only a credit card and the simplest of copy writing skills to get started in online marketing.

**Google ad revenue overtakes TV**

Google made more money from UK advertising than Channel 4 in 2006

Google could overtake ITV by 2008



*"There is deep structural change taking place. If we want to protect the fantastic legacy of UK broadcasting, we need to wake up to this sooner rather than later"*

**Andy Duncan**  
- who has lobbied for additional state support for C4

**Digital Training Academy programmes**

Intensive digital marketing and publishing coaching that boosts the effectiveness and productivity of digital teams in media owners, brands and their agencies.



"I've been in digital for many years, but the Digital Training Academy you ran for our senior management has transformed this company. Congratulations."

Media company board director and participant, in-company Digital Training Academy programme

**Boosting your digital teams**  
Our programme of training for media owners, consumer brands, agencies and business service firms covers more than 40 different disciplines within digital marketing and publishing. We cover everything from improving the effectiveness of search marketing to writing smarter email campaigns, from harnessing social networks and blogging, to strengthening media sales teams.

**How can we help you?**  
Call one of our Academy Managers today on + 44 (0) 20 7244 9661 or talk with us by simply emailing [Admissions@DigitalTrainingAcademy.com](mailto:Admissions@DigitalTrainingAcademy.com)

Digital Thought Leaders  
Joseph Baffe  
Author and President of iFinger

*"You are the community you keep — or more importantly you are the community that keeps you."*

**DIGITAL STRATEGY CONSULTING**

**Digital Thought Leaders**

[www.DigitalStrategyConsulting.com/thoughtleaders](http://www.DigitalStrategyConsulting.com/thoughtleaders)

Why do some firms get it so right, and their audiences and revenues explode? Our Digital Thought Leader interviews bring you closer to people and brands shaping the digital networked economy. They are based on discussions we've had with them since 2000 and are published monthly.

## Our strategy and training programmes

- Corporate and product strategy development
- Business plan analysis and risk assessment
- Executive digital management coaching
- Digital skills and knowledge training
- Customer acquisition strategies
- Market research and analysis

If you have any questions about our approach to training, or the detailed content of the course then please email or call the team.



Making sense of a digital world

Digital Strategy Consulting Limited & Digital Training Academy Ltd

Tel +44 (0)20 7244 9661

Email [Team@DigitalStrategyConsulting.com](mailto:Team@DigitalStrategyConsulting.com)

Company 4342606

Copyright, marks, limits of liability, disclaimer and the small print

Copyright © 2000-2008 Digital Strategy Consulting Limited. All rights and marks remain are our property. You should always take advice before investing and Digital Strategy Consulting cannot extend any duty of care to anyone reading this report. Remember that the young digital markets are volatile and as business models and practices change you should seek ongoing advice for the decisions you make. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means without the prior written consent of the publisher. While every effort has been made to ensure the accuracy of this paper, neither the publisher nor the author(s) make any warranties with respect to the accuracy or completeness of the contents of this work and specifically disclaim all warranties, including without limitation warranties of fitness for purpose. The work is offered on the understanding that neither the publisher nor the author(s) are engaged in rendering legal, accounting or financial advice and shall not be liable for any damages herefrom. The fact organisations or websites are referred to does not in any way mean we endorse them. We offer no guarantee or warrantee on the information contained herein. Nothing in this document forms any part of a contract and our approach to research, consultancy and training is subject to change without notice. For a full schedule of terms and conditions for working with us contact our team.