

# European internet audiences

Europe overtakes North America and Asia Pacific

*September 2002*

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# European internet audiences and reach

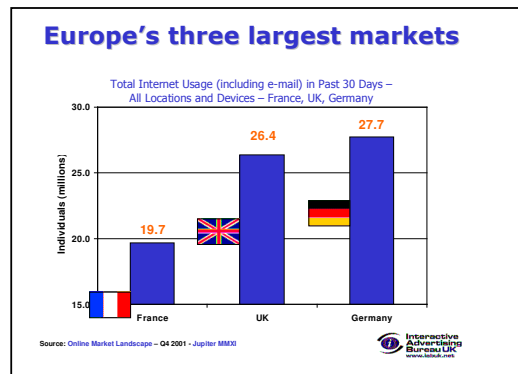
Europe overtakes North America and Asia Pacific

**Danny Meadows-Klue**

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## A milestone in Europe's development

The online community has passed another milestone. There are now more people connected to the internet in Europe than in North America or Asia Pacific. Slowly, quietly and almost without comment, Europe has taken pole



position in the online audience race.

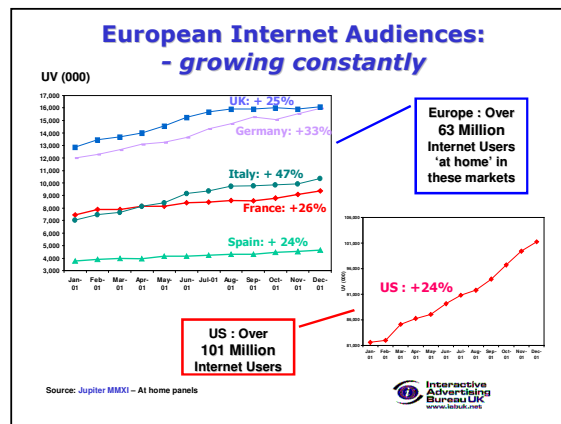
The latest collated audience research from Nua.com reveals how Europe's collective access to the internet grew steadily while media fragmentation reduced the audiences in television and press – the latter continuing its speculation of the viability of the online

sector. Companies emerging from years of turbulent market conditions now look set to reap rich rewards as all indicators confirm that audience growth will continue.

According to Nua.com, Europe has 186 million people connected, US and Canada have 183 million, and Asia Pacific has 168 million people connected. The global Internet audience grew to 580.8 million people by the end of May 2002, a rise of 173.7 million since December 2000 when the total Internet audience stood at 407.1 million

## How audiences vary by country

Not surprisingly, the number of people connected varies in proportion to the size of each country. Within Europe, larger territories such as Germany,



France and the UK have the largest total online audiences, while others such as Scandinavia and Benelux have Europe's highest market penetration.

Europeans now account for 32 percent of global Internet users, The country with the highest rate of internet

penetration at the end of May 2002 was Iceland with 70 percent of its entire population having access to the internet. Sweden is next with 65 percent, followed by Denmark with 60 percent. Completing the top ten are the Netherlands with 58 percent, the UK, 57 percent, Norway 54 percent. By comparison, in Asia Pacific Hong Kong has 60 percent penetration and Australia has 54 percent. In the US penetration is 59 percent while Canada is 53 percent.

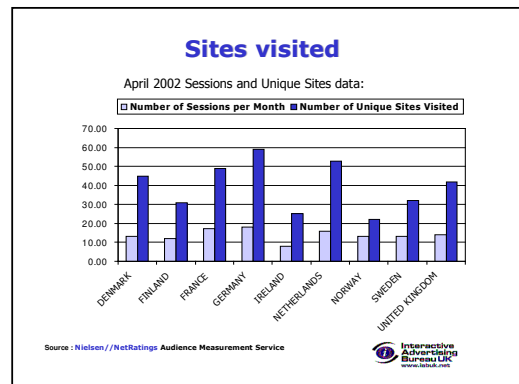
Access is growing but the importance of online can be measured in many ways and metrics such as time, pages and number of sites all play their part.

Each month across Europe we typically spend more time looking at more pages and visiting more websites. As one would expect there are strong national differences. For example German users each visit more websites than those in most other countries while users in Ireland visit relatively fewer.

While the number of sessions is about the same each month for users in Norway, Sweden and the UK, the number of websites they visit varies greatly with UK audiences visiting almost double the number of their Norwegian counterparts. This is a function of language, media choice, market consolidation and national cultural factors.

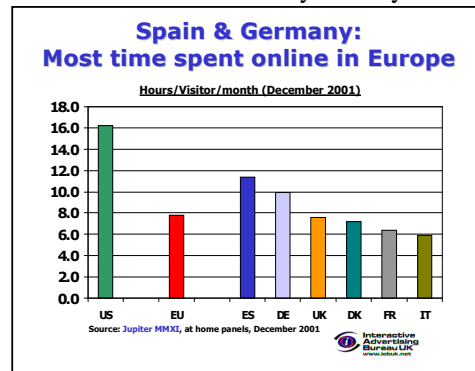
### Taking more time

By the end of 2001 the average time spent online per user, per month was about eight hours. However this disguises a broad range of experience – on the one hand German and Spanish users averaged ten hours or more online per month, compared to Italians and French users who averaged closer to six hours. Typically countries in Eastern Europe have lower average times and lower numbers of website visits.



### Living the web lifestyle

It is now clear that in every country the internet is increasingly important in

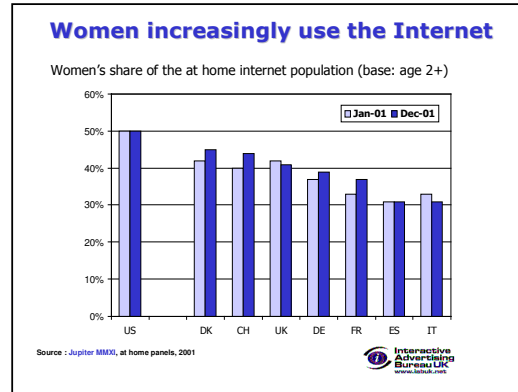


everyones lives on many levels. Users tentatively started by sending a few emails and reading an online newspaper, progressing then to search engines, before experiencing the richness of online media and entertainment. Maybe they researched online classified advertising to look for a job, a home or a car. Chances are they have now purchased a book, a CD, a flight or even a finance product through a website. It is all part of what Bill Gates describes as the 'web

lifestyle' through which the internet enriches our lives and becomes a key tool for personal as well as business use.

### Market maturity differs across Europe

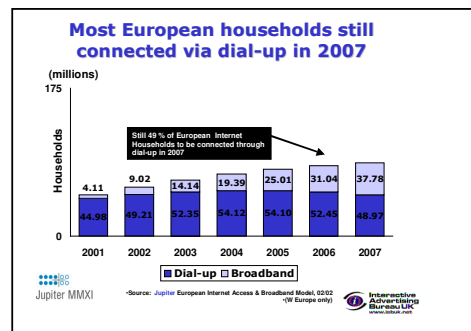
In terms of gender Europe still has some way to go before its countries match the 50:50 gender balance seen in the US, although research from Jupiter MMXI shows that in general the gender gap is closing.



Looking around Europe the wider pattern is clear, although each country is typically at a different stage along the development curve. In the more mature markets like Finland and the UK about half the households are already connected (46 percent and 52 percent respectively). In these markets internet commerce has reached critical mass and online advertising already counts for one percent of total advertising spend (11m Euro and £165m respectively). In the younger markets such as Spain or Greece the same trends are at play but today the countries are between one and three years behind the mature markets.

### Accelerating growth in the future

The historic drivers of growth are stronger today than they have ever been. There are more sites, more services, more opportunities and usually online is a more effective way of getting things done than through traditional channels. This assures even the sceptics that growth will continue.

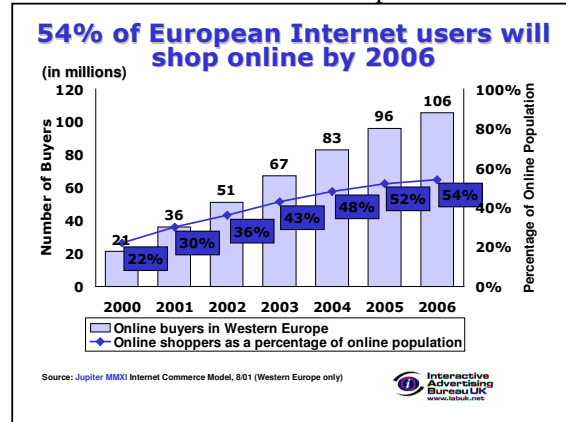


But it is only part of the story. Broadband access will accelerate growth faster for four separate reasons.

Firstly, the accompanying flat rate pricing removes any cost barrier to greater use. Secondly the speed of the internet increases massively, which allows faster, indeed immediate access to existing websites and the opportunity for video and audio files to be used with the ease of switching on a television or radio. Thirdly, and just as significantly, an 'always on' connection removes barriers to the opportunities to use the net – it is available be used straight away. Finally, new applications such as networked games, shared software and video conferencing will become new 'must have' tools that only the internet can deliver.

E-commerce and e-retailing play a critical role in the monetisation of internet investments. Jupiter MMXI has forecast that half of online users in Western Europe will become converts to internet shopping within the next few years.

The full role of the internet in the sales process is much deeper and more complex. Online has already proved itself as the single most important way to find information. Considered purchases that require research and analysis



before a buying decision are already dominated by the role of the internet. In particular travel, financial services, property, motors, recruitment and consumer durable goods now treat online channels as a key element in the customer's purchase process.

The news that Europe has taken over the lead from the US is a milestone, but one of many milestones that reflect how online media has come of age to play an important roll in modern life. Companies that understand the new economy are well placed to exploit these audiences. They should understand the need to offer functional websites that offer enhanced customer service. Organisations operating in the old economy are simply losing their share of voice and their customers.

### ***Our thanks***

Digital would like to thank ACNielsen, Jupiter MMXI, and especially the UK and European IABs who collated the original data for their members. We would also like to thank other leading research companies for the research they have contributed to the industry this report and the supporting seminar slideshow.