A CBI / GOOGLE SURVEY
OF INTERNET TRENDS FOR BUSINESS AND CONSUMERS

CONDUCTED BY GfK NOP
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1.0 Introduction

Internet usage amongst business has developed at an exponential rate since the inception of the World Wide Web in the late 1980s. From the invention of e-mail, through the dotcom boom of the late 1990s, to the ever increasing levels of e-commerce that we are seeing today, the Internet has become a fundamental part of business in the UK and worldwide.

The Internet is now deeply embedded in business practices. The question is not if, but how the Internet will lead technological developments within businesses, between businesses, and for customers and consumers over the next few years.

New technologies and platforms are being created all the time which will allow businesses to interact with greater efficiency. The development of tools which allow instant communication via text, phone or video from almost anywhere in the world means that the days of being 'out of office' are increasingly behind us.

External forces will also influence how businesses will need to use the Internet. In addition to the huge increase in the amount of products that they are purchasing online, consumers are using ever more sophisticated methods to communicate and create social networks which will have a significant impact on purchasing behaviour and the media required to influence this.

The pace of change that has been brought about by new technologies has left many unanswered questions. This study investigates the impact on working practices and business and on the expectations of customers.

Five hundred business leaders and five hundred consumers have been interviewed to map the development of Internet usage, current trends, and future expectations for businesses and consumers alike.

It is clear from the findings that business has come a long way on its online journey, with real benefits secured in terms of increasing sales both on and offline and finding new ways to reach and engage with the customer. Staff are reaping benefits from new technologies which enable them to work more flexibly and drive their productivity. And, as consumers, those staff members and their families are rapidly taking up and, indeed, driving new ways of engaging, researching and purchasing online.

Businesses have some way to go before enough feel confident they are getting it right online. The opportunity is immense, the territory is uncharted. This report should help to navigate the way.

2.0 Summary of key findings

- The Internet has had a 'revolutionary' or 'substantial' impact for over half of UK businesses, influencing their dealings with customers and other businesses, internal communications, and their working practices. Half of all businesses believe that adapting to their customers' Internet behaviour will be crucial to the success of their business.

- The effect of the Internet has been widespread, driving greater efficiencies in the workplace and improving communications between businesses. Half of companies say they have taken an experimental approach online.

- Taken together, this has resulted in a much higher investment in Internet-based technology / systems. Businesses surveyed invest a total of approximately £10.6 billion per year. By 2009, this is expected to have grown to almost £13 billion.

- Businesses surveyed also spend a total of approximately £2.2 billion on online marketing and advertising a year. By 2009, this should have increased to £3.3 billion, according to this survey.

- A third more businesses have become e-commerce enabled in the last 3 years and those that have expect their sales to double in the next 3 years. 29% said that their online strategy actually helped to drive offline sales as well.

- Yet half of firms are also unsure what impact their Internet strategy is having and two in five feel their online presence does not live up to the competition. Nearly a third (30%) blame their limited understanding of the online environment for holding back further investment in Internet marketing and advertising.

- The consumer survey reveals a significant rise in online shopping driven by the twin factors of empowerment and convenience.

- 60% say the Internet gives them more power as a consumer and 43% say companies are becoming more accountable as a result of the Internet. 72% agree that reading other people's experiences of a brand or product helps inform their decisions.

- 83% of consumers use search engines to source information on products and services. The majority of search engine users go to trusted retailer sites rather than unknown links.

- Most consumers are only interested in online adverts that are relevant to them, with the vast majority (90%) disregarding pop-ups. 78% said the only adverts they are interested in were those relevant to what they are searching for or doing online.

- More people plan to shop online this Christmas, each spending on average almost £230. Those who shopped online last Christmas plan to spend more this year – a quarter of these people plan to spend at least half as much again.

- The more trusted online brands are financial service providers and the supermarkets. Timely delivery, clear and up-front pricing and good, visible security are seen as the most effective ways companies can win consumers' trust.

- Inability to 'try before you buy' is holding 44% consumers back from buying more online, 40% say it is the cost and hassle of returning goods. For 25% security is the issue but for 39% nothing in particular is holding them back.

3.0 Overall business impact

The Internet has had a very significant impact upon business in the UK and worldwide, and is now indispensable to almost all industries. This survey has quantified its importance, and the impact it has had in terms of investment, changes in business practices, communication, customer habits, media utilisation, marketing and advertising.

55% of businesses believe the Internet has had a 'revolutionary or substantial impact' on their industry. Businesses in the South East (17%) and London (15%) are most likely to consider it has had a revolutionary impact. Outside of London (69%), businesses in the East Midlands (68%) and Scotland (67%) have the highest proportions describing the effect as either revolutionary or substantial.

In terms of industry sector, a revolutionary impact is most likely to have been felt in the Hospitality/Travel/Tourism (34%), Technology/Media/Telecoms (34%), and Financial Services (24%) sectors. The Financial Service and Hospitality/Travel/Tourism sectors, along with Leisure / Entertainment, are those who currently have the highest proportion of sales online and so would be expected to see substantial changes brought about by the Internet.

3.1 The evolution of the Internet

The Internet has become more central to companies' overall business in the last 2-3 years (75% confirm this to be the case), while almost two-thirds (61%) believe that their online approach is now more customer-focused. Strikingly, 48% said their company's approach had become more experimental.

This is combined with a more selective approach financially, with 38% of businesses claiming that their online investments have become more targeted (59% in Financial Services, 59% in Consumer Goods Manufacturing, 57% in Professional/Business Services).

48% agree that adapting to their customers' Internet behaviour will be crucial to the success of their business in the next 3 years. However, businesses are still not totally confident in their ability to understand the full potential of the Internet. 70% believe that their company still has a lot to learn about reaching their customers online, and only 23% feel that their business makes better strategic use of the Internet than their competitors.

The Internet has also become important for interaction between businesses. 59% of respondents use Internet based 'purchasing' platforms or services with business partners, 58% use platforms or services for sales and marketing, 48% for finance, 34% for distribution and 23% for product design and manufacturing. Only 16% aren't using the Internet to interact in any of these areas. Sectors that expect their use of the Internet with business partners to increase in the next 2 to 3 years include Hospitality/Travel/Tourism (76%), Financial Services (72%), and Consumer Goods Manufacturing (61%).

3.2 Working practices

The Internet has also had a substantial impact upon working practices. Almost three-quarters (72%) of businesses have the requisite Internet-based technology enabling their employees to work from home. This rises to 90% amongst companies with 500+ employees, but drops to 62% for companies with 50-99 employees. Technology/Media/Telecoms and Professional/Business Services are the sectors most likely to do this.

54% of businesses are providing employees with Internet-enabled PDAs or mobile telephony for remote working, 52% provide broadband for home working, and more than one third (36%) provide instant messaging. 24% currently use Internet telephony in their business, and another 19% expect to do so in the next 2-3 years, pointing to a near doubling of this technology in the workplace. 22% don't currently offer any of these technologies.

Provision of such technology is currently lowest amongst the smaller companies (32% of companies with 50-99 employees and 19% of those with 100-249 employees aren't offering any of these technologies). And whilst they may be further down the line in terms of online sales, the Leisure/Entertainment and Financial Services sectors are less likely to be offering employees these technologies (39% and 28% respectively don't offer any of them).

The provision of such Internet facilities has had a very beneficial effect upon internal communications (84% positive impact), staff productivity (75% positive), and staff morale (56% positive).

Companies in Northern Ireland appears to be gaining real benefits from technology achieving the highest results regionally for staff productivity (85% positive impact), staff morale (75% positive impact) and staff turnover (41% positive impact).

3.3 Investment in the Internet

The average (mean) annual capital investment spend in the UK is £2.61m. This varies as follows by company size:

50-99 employees: £611,000
100-249 employees: £1.29m
250-499 employees: £5.05m
500-999 employees: £4.76m
1,000+ employees: £16.1m

The average (mean) proportion of this total spent on Internet-based technology/systems is 11.41%, which equates to an average spend of £297,687. This gives a current aggregate spend of approximately £10.6 billion across all UK businesses with 50+ employees.

The average spend varies as follows by company size:

50-99 employees: 12.45% (£76,070)
100-249 employees: 11.14% (£143,706)
250-499 employees: 8.43% (£425,715)
500-999 employees: 11.32% (£538,832)
1,000+ employees: 9.85% (£1,585,850)

Half (52%) expects investment in Internet-based technology/systems to account for an increased proportion of their annual capital investment budget in the next 2-3 years. While 37% expect it to remain the same, very few (3%) anticipate that it will decrease. The average (mean) anticipated increase is 52% - so firms that expect an increase typically anticipate investing half as much again on Internet technology in two to three years' time. This does, however, vary by sector – for example, the average amongst Transportation/Distribution companies predicting a rise is 123%, whilst the equivalent figure is just 18% in the Hospitality/Travel/Tourism sector.

Taking into account all the anticipated changes (increase/decrease/stay the same), the estimated average spend in 3 years time rises to £361,181. This gives a predicted aggregate spend of approximately £12.9 billion across all UK businesses with 50+ employees in 3 years time.

There were two key issues that businesses indicated would hinder future investment in Internet-based operations with other firms. Unsurprisingly, concerns about trust and security (51%) and inter-system compatibility (48%) came up highest – two key factors in any online interaction. Among companies with 10,000+ employees, 67% felt that compatibility would be an issue. Meanwhile, SMEs have greater concerns than larger companies over the cost of computer services and software.

3.4 Changing consumer usage and the impact of purchasing habits on business

Online sales are rapidly growing: Three years ago three-quarters (76%) of businesses surveyed had no online sales, but one third of business have become e-commerce enabled in the last three years, allowing consumers to buy online.

Online sales are expected to rise during the next three years. The proportion of companies saying that they still won't have any online sales at that point drops to 41%, while the average (mean) percentage of overall company sales accounted for by online sales is anticipated to have more than doubled to 13%.

Financial Services (31%), Hospitality/Travel/Tourism (25%) and Leisure/Entertainment (21%) still expect to be at the forefront of online sales, but will be joined by Technology/Media/Telecoms companies, who estimate that the proportion of online sales will increase almost threefold to 23%. When using Internet-based systems for sales and marketing between business partners, Consumer Good Manufacturers (77%) lead the way, along with Leisure/Entertainment (72%) and Retail (69%).

40% of companies with fewer than 500 employees are selling online, along with 46% of companies with between 500 and 4999 employees, and 58% of companies with 10000+ employees. The average (mean) percentage of overall company sales accounted for by online sales is 6%. This figure rises to 21% in the Financial Services sector, 15% in the Hospitality/Travel/Tourism sector, and 12% in the Leisure/Entertainment sector.

The majority (52%) of businesses didn't believe there were any significant factors holding back their Internet sales. Those that did most frequently mentioned Consumer IT skills, and Consumer/Customer Internet access (the digital divide) as being factors. 13% felt that the lack of universal broadband was holding back their online sales, a problem that is rapidly disappearing with the current escalation in broadband ownership. One in ten businesses in the West Midlands (9%) and London (10%) and Scotland (10%) claimed their online sales to be affected by the lack of broadband take up - this is in contrast to Northern Ireland (36%) and the South West (17%).

Almost one in three (29%) consider that an online presence has had a positive knock-on effect upon offline sales. The higher the proportion of a company's sales that are made via the Internet the more likely that company is to see a positive relationship between online and offline sales. Only 4% felt that their online presence had caused a reduction in transactions at their traditional point of sale.

3.5 New developments in online marketing

The average (mean) marketing and advertising spend in the UK is £533,000. This varies as follows by company size:

50-99 employees: £158,000
100-249 employees: £334,000
250-499 employees: £672,000
500-999 employees: £479,000
1,000+ employees: £3,662,000

This average (mean) spend is highest in the Technology/Media/Telecoms (£663,000), Retail/Services (£622,000) and Professional Services (£536,000) sectors.

The average (mean) proportion of this total spent on Internet marketing and advertising is 11.68%, which equates to an average spend of £62,254. This gives a current aggregate spend of approximately £2.2 billion across all UK businesses with 50+ employees.

The average proportion of Internet marketing and advertising spend varies as follows by company size:

50-99 employees: 12.12% (£19,150)
100-249 employees: 11.79% (£39,379)
250-499 employees: 9.94% (£66,797)
500-999 employees: 7.37% (£35,302)
1,000+ employees: 14.21% (£520,370)

Looking to the future, the majority (58%) expect Internet marketing to account for an increased proportion of their annual marketing budget in the next 2-3 years. Whilst 37% expect it to remain the same, just 1% anticipate that it will decrease. The average (mean) anticipated increase is 57% - so firms that expect an increase typically anticipate spending more than half as much again on Internet marketing in two to three years' time. This varies by sector – for example, the average anticipated rise amongst Financial Services companies is 164%, whilst the equivalent figure is 36% in the Retail sector.

Taking into account all the anticipated changes (increase/decrease/stay the same), the estimated average spend in 3 years time rises to £91,511. This gives a predicted aggregate spend of approximately £3.3 billion across all UK businesses with 50+ employees in 3 years time.

The most widely cited reason for engaging with customers via the Internet was to develop new sales channels (78%). 67% cited competition from business rivals as a driver, 64% said operational efficiencies, and 61% said they valued the ability to quantify the response to their efforts. 62% said online engagement with customers had improved operational efficiencies.

The most common form of online advertising and marketing is email marketing (45% overall - rising to 96% in Hospitality/Travel/Tourism and 79% in Leisure/Entertainment) - although 76% of respondents to the consumer survey noted that email marketing goes straight in the 'spam box.' Search marketing (34% overall - 58% in Professional/Business Services, 54% in Hospitality/Travel/Tourism) came in second and online community websites (29% overall - 49% in the Public Sector) third. 34% of respondents noted that they do not currently use any form of online advertising and marketing. This was particularly true for SMEs, with 36% of companies with 50 – 500 employees not using any form of online advertising and marketing, against 22% of companies with 500-4999 employees and 20% with 5,000+ employees.

Viral marketing (8%), podcasts/vodcasts (6%) and blogs (6%) are currently most prevalent in the Technology/Media/Telecoms sector (13%, 23% and 24% respectively) and Financial Services (12% blogs).

Almost 80% of respondents noted an extension of customer reach after online advertising and marketing. Similarly, over 70% benefited in terms of better customer engagement. In the Financial Services and Hospitality/Tourism sectors, 92% and 68% respectively of companies had a positive result in terms of extending customer reach, highlighting the strength of Internet advertising and marketing for engaging consumers.

For those companies spending 1 – 10% of their entire advertising and marketing budget on online advertising, 67% noted a positive result in terms of better customer engagement, whilst 80% of those companies spending more than 10% did so. This trend occurred in other areas. For instance in extending customer reach, 71% of those spending 1 – 10% noted a positive experience, while 89% of those spending more than 10% did so.

58% expect to increase their spend on Internet marketing and advertising in the next 3 years; only half of one per cent expect to decrease it. Almost a quarter (23%) of those anticipating an increase expects their Internet marketing budget to at least double. The average expectation for Internet marketing spend increase over the next 3 years is 57%.

Usage of podcasts/vodcasts (22%) and blogs (21%) is expected to more than triple to almost one quarter of businesses within the next 3 years, while viral marketing will be trailing behind at 15%. The factors most likely to hold back increased investment in Internet marketing and advertising in the future correlate with previous concerns shown by business around their use of the Internet. The most frequent reasons given by companies overall are 'a limited understanding of the online environment' (31%), and 'uncertainty over how Internet marketing fits in with the overall marketing mix' (29%). For companies who expect their Internet advertising and marketing budget to either stay the same or increase, 39% noted they had a limited understanding of the online environment and 35% were uncertain how Internet marketing fits in with their overall marketing mix.

Use of chat forums and blogs to monitor customers' views or opinions about a product or service appears to be very much the realm of the early adopters – 6% of businesses are currently monitoring such sites and 6% are engaging on them. The Technology/ Media/ Telecoms (24%) and Financial Services (16%) sectors are those most likely to be already engaging, as are those companies with higher online sales. For instance, companies with between 6-10% of their sales online – 23% monitor and 18% engage on these media. Amongst companies with over 21% of their sales online, 13% monitor and 16% engage.

3.6 Engaging with the government electronically

55% of those who communicate with the government via the Internet do so for information and guidance, 52% for submitting tax and payroll data. Tendering for procurement contracts is done by just under over one quarter (28%), whilst only 16% are filling out planning applications online. Smaller businesses are more likely to interact with the government online, while a third of respondents had no Internet interaction with the government.

Feedback about online interaction with the government is largely positive, 8% rated it as very positive, 46% positive. Companies with 2,000-9,999 employees are most likely to rate their experience as positive.

Businesses are marginally more likely to say that their experience was better when dealing with national (24%) than local government (18%), although this is reversed for the 1,000+ employee companies (23% local, 18% national). 34% reported no difference between the two. There is some regional variation – businesses in Scotland, Wales, the North East, North West, West Midlands and South East have a more marked preference for online interaction with national government, whilst those in the East Midlands and South West are more likely to view their online interaction with local government more favourably.

Uncertainty about which services are available online (53%, although this drops to 30% amongst companies with 1,000+ employees), is seen as the factor most likely to prevent increased online interaction with the government, highlighting the need for greater awareness among small and medium-sized businesses. 34% said that it takes them too long, and 28% said that the government was insufficiently technically advanced. Concerns about data protection and privacy or unhelpful advice and guidance (both 21%) are less widespread, whilst lack of broadband connectivity isn't seen as a hindrance (mentioned by just 6%).

Online interaction with government is expected to rise over the course of the next 2-3 years, with 74% of businesses anticipating an increase (90% of those who sell to government / public bodies expect to see an increase).

4.0 Consumer Internet Usage

The uptake of new technologies, communication media, and general attitudes to the Internet will be crucial not only for those who sell to individuals but for all businesses. What the Internet means to their brand, how consumers are purchasing goods and services and an awareness of how to communicate with the consumer will all be significant factors in the company's future success.

4.1 Online Purchasing

60% agree that the Internet gives them more power as a consumer, and 43% agree that companies are becoming more accountable thanks to the Internet. Consumers also agree that the Internet is aiding them in their purchasing, three-quarters (73%) say that reading other people's experiences of a particular brand or product helps inform their decision. 24% of people say that they trust companies more because of the information they can get from the Internet.

The single most popular method of purchase is still simply to go into a shop (27%). However, Internet-influenced purchases are a rising trend - 18% prefer to make the purchase in a shop only once they've researched the product online. 19% prefer to go straight ahead and buy online, whilst another 13% prefer to make the online purchase once they've looked at the product in a shop. Women are keener on the traditional shop environment (33%), and less likely to buy straightaway online (11%), as are purchasers aged 45+ (12%). More consumers who work full-time prefer to purchase online (24%), than visit a shop (23%).

The online shopping boom is being driven mainly by the twin factors of convenience (80%) and cost saving (54%). Financial factors are particularly important to 18-34 year olds, 70% of whom said that cost saving was a main motivation.

The key restraints on online shopping are the inability to try before you buy (44%), particularly amongst females (52%), and the difficulty/expense of returning goods (40%). The more familiar people are with the Internet the more likely they are to trust it, and 39% of respondents as a whole said there was nothing in particular holding them back from making further online purchases.

Films or DVDs (62%), books (54%) and music (48%) are the most popular online purchases. The most common bigger ticket item is travel, purchased online by almost half (47%) of the sample. Other more expensive items included consumer electronics (27%), household electrical goods and other household goods such as furniture (both 20%). Online purchase of financial services remains relatively limited (15%). Only 5% of Internet users aren't buying any goods online, and this remains below 10% even amongst those aged 55+.

Approaching one quarter (22%) of consumers are frequent users of online auction sites, with a further 42% occasional users. Only just over one third (35%) have never used one. Usage is more prevalent amongst the younger age groups, with 83% of 18-24s, and 82% of students visiting auction sites; however 69% of those over 55 say they never visit auction sites.

Steady rather than spectacular growth is expected in the online purchase of big ticket items in the near future - 14% anticipate buying more such items (with men and 18-24 year olds most likely to). 43% of consumers say they never make purchases of over £1000.

4.2 Online Purchasing Christmas 2006

10% expect to double their online buying this Christmas, and 13% expect to spend half as much again as last year – meaning a quarter expect to spend at least 50% more this Xmas. A further 13% who didn't shop online last Christmas expect to do so this year. Only 3% expect to spend less online this year compared with last. The average person expects to spend £227.09 online this Christmas. This figure varies significantly by gender, with men the bigger spenders (£274.57, compared to £181.16 amongst women). The biggest spending age group will be 35-44 year olds (£284.43).

The majority of people (59%) start researching their Christmas shopping online within 6 weeks of Christmas, though 37% start over 2 months prior. Women are more organised, with 51% beginning over 2 months in advance, whereas the majority of men 53% begin within a month of Christmas. Consumers leave the researching of their offline Christmas shopping later than that of their online, 66% of them leaving it until within 6 weeks of Christmas.

Offline purchasing is, however, expected to start only marginally later than online, at just under 5 weeks in advance on average. As with online purchasing, men and 18-24 year olds are most likely to leave things later than other segments. Women begin Christmas shopping offline much earlier than men, with 45% beginning 2 months or more in advance of Christmas compared to 15% of men. Those over 55 leave it much later than others, with 42% leaving it to within 2 weeks of Christmas.

Geographically, Scotland has the highest proportion who won't be doing any Christmas shopping online (46%), but also the highest anticipated average (mean) spend (£410.99) amongst those who will be. This is in direct contrast to the West Midlands, which has the lowest proportion who won't be doing any Christmas shopping online (1%), but also the lowest anticipated average (mean) spend (£97.50) amongst those who will be.

4.3 Tools for shopping online

Consumers are most likely to use search engines when looking online for information about products and services (83%), and a large percentage also go directly to familiar retailer sites (61%). 47% look at price comparison websites, and 22% consult review sites. Other sources included online business directories (9%), online community websites (4%), media sites (4%) and blogs (1%).

80% agree that search engines are a necessary tool when looking to buy a product, whilst almost three-quarters (72%) agree that search engines help them find products and brands they haven't thought of before. A third (29%) have bought more products than originally planned due to information they obtained using a search engine.

Google was the search engine chosen by 73% of Internet users. Others mentioned included Yahoo (11%), MSN (6%), AOL (3%), and Ask (2%).

4.4 Online Advertising

TV advertising is most noticed by 63% of consumers, newspaper advertising is most noticed by a third (34%) and online advertising is close behind (29%). Mobile advertising has yet to make an impact. Looking specifically at online advertising, 74% agree that they only want to receive adverts for products that they are interested in. 90% agree that pop-up adverts are annoying and they ignore them, whilst three quarters (76%) agree that most email adverts go straight into their spam folder. Four in every five (80%) said that the only adverts they take interest in are those relevant to what they are searching for or doing online.

One half of consumers (52%, dropping to 40% amongst females) agreed that they are prepared to accept advertising in exchange for a service being free, with 19% disagreeing. Only 12% said that they would be prepared to pay a subscription fee in exchange for using a service with no advertising, with nearly two thirds (63%) not prepared to pay.

4.5 Brands Online

The key factors influencing trust in an online brand are timely delivery (56%), provision of clear and upfront pricing information (52%), good visible online security (46%), and provision of comprehensive product/service information (46%). Also important to respondents was having an order and delivery tracking service (32%), and a helpful telephone customer support service (26%). Only 4% of people said that there was nothing online sites could do to win their trust.

The more trusted online brands are financial service providers and the supermarkets. Timely delivery, clear and upfront pricing and good, visible security are seen as the most effective ways companies can win consumers' trust.

4.6 Security

Consumers (83%) see identity theft as a major security threat to online activities. Meanwhile (63%) are wary of computer virus attacks. However 72% of consumers say they haven't suffered an online attack in the last twelve months.

4.7 Consumer engagement with the government online

Approximately two thirds, (65%), have interacted with the government online or accessed its websites. The drivers of such interaction are widespread, with no one dominant factor. People are most commonly communicating or looking for information about money-related issues (28%), motoring (26%), leisure and recreation (22%), employment (21%), health (21%), and education (20%).

5.0 Background and Methodology

This survey was commissioned by the CBI and Google in order to further understand how UK businesses are currently approaching usage and investment in the Internet, how this correlates with their customers' expectations, and whether government and regulators are keeping up.

In order to adequately cover these subjects, two separate studies were conducted in tandem. One survey was conducted amongst businesses with over 50 employees and another across consumers over 18 years of age.

This report represents a summary of the key findings, from both surveys, as well as giving individual details of the methodologies used. Marked up questionnaires from both surveys can also be found at the end of the report.

5.1 Methodology – Business Survey

500 telephone interviews were conducted across businesses in the UK with 50+ employees, across a range of industry types, from 2nd to the 27th October 2006.

The majority of companies were randomly selected from the Dun & Bradstreet provided database, which is commonly recognised in research terms as the UK's most representative business-sampling frame. The database was supplemented by a selection of 500+ employee companies from the CBI's membership base, to ensure good coverage of their largest member businesses. The specific individuals interviewed were identified as having the greatest knowledge of Internet usage within their business, from both and business and technological point of view. Job titles included Managing Director, CEO, Finance Director, IT Director, and Marketing Director.

In order to reflect the total number of businesses in the UK with over 50 employees, the data has been weighted to reflect the national distribution by company size, as follows:

Company size	% of Interviews	% of companies within universe
50-99	26	45
100-249	27	30
250-499	20	11
500-999	12	6
1000+	15	8
Total	100	100

5.2 Methodology – Consumer Survey

A total of 500 online interviews were completed between the 25th and 29th October 2006 with UK adults over 18 years of age. Respondents were geographically and demographically spread across the UK, to ensure that they were representative.

All respondents were sourced from GfK NOPs' online panel of over 260,000 members.

The research data has been weighted to reflect the total UK Internet using adult population aged over 18, in terms of sex, age, region, Internet expertise, length of usage, frequency of usage, and working status (as outlined below). These figures are based upon data from the GfK NOP Internet User Profile Survey, which has been running since 1995, and is currently in its 23rd wave.

	% of UK Internet using Population		**% of UK Internet using Population**
Sex		**Internet Expertise**	
Male	52%	Beginner	23%
Female	48%	Quite knowledgeable	47%
		Quite advanced	21%
Age		An expert	9%
18-24	18%		
25-34	23%	**Length of usage**	
35-44	24%	0-2 years	13%
45-54	17%	2-3 years	15%
55+	18%	3-4 years	11%
		4-6 years	23%
TV Region		6-8 years	16%
Carlton	22%	Over 8 years	22%
Meridian	10%		
West Country	3%	**Hours spent online in last 7 days**	
Anglia	7%	1-10 hours	72%
Central	13%	11-20 hours	14%
HTV	8%	21-50 hours	7%
Granada	11%	50+ hours	7%
Yorkshire	10%		
Tyne-Tees	4%	**Working status**	
Scotland	9%	Working	66%
Northern Ireland	3%	Not working	26%
		Student	8%

5.3 Data Quality

GfK NOP operates an integrated quality system, which conforms to the requirements of BS EN ISO 9001: 2000 Quality Assurance Standard and BS 7911: 2003 Specification for Organisations conducting market research. In addition GfK NOP also abides by the Market Research Society Code of Conduct, The Data Protection Act 1998 and well as being a participant in the Interviewer Quality Control Scheme (ICQS).

In order to ensure the quality of the results presented here approximately 20% of all businesses interviewed were subsequently called back by a second interviewer to check their answers given. Extensive checks are also conducted on all completed online surveys.

5.4 Statistical Reliability

Unless all members of a population are interviewed any survey result can only be an estimate of the true figures. However, it is only necessary to interview a relatively small proportion of the population in order to draw reasonable conclusions. The table below shows the confidence limits for the number of interviews conducted as well as smaller sample sizes. We have shown limits on 50% result, which is where the largest divergence occurs, and also at a 90% result which represents the smaller divergence: -

	Number of Interviews in Sample		
	100	250	500
+/- on a result of 50%	**9.8**	**6.2**	**4.4**
+/- on a result of 90%	**5.9**	**3.7**	**2.6**

For a sample size of 500, which was achieved in these surveys, the confidence limits for a 50% result is +/- 4.4. percentage points. This basically means that we can be fairly certain that the answer to the questions posed would lie between 45.6% and 54.4% even if we interviewed the entire population. On a 90% result, the confidence limits improve to +/- 2.6.

Business Survey – Marked up questionnaire (Weighted)

- Final weighted results based on a total of 500 telephone interviews completed by respondents, in the UK, with the greatest knowledge of Internet usage within their organisation
- Fieldwork was conducted by GfK NOP between 2nd and the 27th October 2006
- Unless otherwise stated, figures quoted are expressed in percentages based on the total number of responses (500). Questions 3a, and 16a were added after the start of fieldwork and were therefore asked of only 441 respondents
- Please note that in some instances the figures presented may not add up to 100%. This is due to either the computer rounding of the figures or respondents being allowed to give multiple answers to a given question

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3.1.1.1.1.1.1 Introduction:

QA. How many full-time employees work in your company in the UK?
IF LESS THAN 50 EMPLOYEES, INTERVIEW TERMINATED AND RESPONDENT THANKED
PLEASE TICK ONE BOX ONLY

Base: All respondents (500)

	%
50-99	45
100-249	30
250-499	11
500-999	6
1,000-1,999	3
2,000-4,999	3
5,000-9,999	2
10,000+	1

QB. What is your job title/function?
PLEASE TICK ONE BOX ONLY

Base: All respondents (500)

	%
Ecommerce/business manager or director	7
Managing Director/CEO/Owner/ Chairman	9
Financial Director	20
CIO	1
CMO/Marketing Director	8
IT Director/Manager/CTO	16
Financial Controller/Head of Finance	5
Marketing Manager	6
Finance Manager	3
Webmaster/officer	1
Commercial/Business Manager/Director	3
Accountant	2
Company Secretary	3
General Manager	2
Sales Manager/Director	2
Office Manager	1
President/Vice President	1
Operations Manager/Director	1
Head of Information Services	1
Projects Office/Head/Manager	1
Systems Administrator	1
Head of PR/PR Officer	1
Other	8

3.1.1.1.1.1.2 Part A – Impact of Internet upon company and sales:

Q1. What has been the overall impact of the Internet upon your industry/sector? Would you say it has been……
PLEASE TICK ONE BOX ONLY

Base: All respondents (500)

	%
Revolutionary	9
Substantial	46
Incremental	30
Minimal	13
Non-existent	2

Don't know	1

Q2a. What percentage, if any, of your company's sales by value in the UK are currently made via the Internet?
PLEASE TICK ONE BOX ONLY

Base: All respondents (500)

	%
0%	60
1-2%	11
3-5%	9
6-10%	6
11-20%	4
21-40%	5
41-60%	3
61-80%	0
81-99%	0
100%	1
Don't know	2
Mean	6.11

Q2b. What percentage did it account for 3 years ago?
PLEASE TICK ONE BOX ONLY

Base: All respondents (500)

	%
0%	76
1-2%	10
3-5%	6
6-10%	2
11-20%	2
21-40%	2
41-60%	1
61-80%	1
81-99%	0
100%	0
Don't know	2
Mean	2.33

Q2c. And what percentage do you expect it to account for in the next 3 years?
PLEASE TICK ONE BOX ONLY

Base: All respondents (500)

	%
0%	41
1-2%	6
3-5%	14
6-10%	10
11-20%	8
21-40%	8
41-60%	7
61-80%	3
81-99%	
100%	1
Don't know	3
Mean	12.65

Q3. Has the growth of Internet sales in your company over the last 2-3 years been higher or lower than you expected?
PLEASE TICK ONE BOX ONLY

Base: All respondents indicating sales at Q2a (208)

	%
Higher	23
Lower	20
Same	42
Did not have specific expectations	11
Don't know	4

Q3a. What, if anything, has been the impact of your online presence upon your offline sales?
PLEASE TICK ONE BOX ONLY

Base: All respondents asked this question (441)

	%
Offline sales have increased dramatically	4
Offline sales have increased	29
It has made no difference to offline sales	26
Offline sales have decreased	3
Offline sales have decreased dramatically	1
There is no relationship between our online presence and offline sales	27
Do not have an online presence	4
Do not have an offline presence	1
Don't know	4

Q4. Which, if any, of the following factors are holding back your Internet sales?
PLEASE TICK ALL THAT APPLY

Base: All respondents (500)

	%
Consumer/Customer Internet accessibility (e.g. the digital divide)	20
Consumer confidence about online security	15
Lack of universal broadband take-up	13
Poor offline delivery of goods	3
Consumer IT skills	21
Costs associated with returns policy	6
Nature of business/not appropriate	6
No website/cost of producing a website	1
Prefer to do business/customers prefer face to face transactions	1
Other	5
None of these	52
Don't know	1

3.1.1.2

Q5. Would you say that your company's approach to the Internet has changed in any of the following ways over the last 2-3 years?
PLEASE TICK ALL THAT APPLY

Base: All respondents (500)

	%
More integrated into the overall business	75
More customer-focused	61

More targeted investments	38
More pragmatic	51
More experimental	48
No difference in approach	10
Have become e-commerce enabled so customers can purchase/order online	32
Don't know	0

Q6a. Does your company have Internet-based technology that enables employees to work from home?

PLEASE TICK ONE BOX ONLY

Base: All respondents (500)

	%
Yes	72
No	28
Don't know	0

Q6b. Which, if any, of the following Internet facilities does your company currently provide employees with?

PLEASE TICK ALL THAT APPLY

Base: All respondents (500)

	%
Internet-enabled PDA's (hand-held computers) or mobile telephony (WAP, 3g) for remote working	54
Internet telephony	24
Instant messaging	36
Broadband for home working	52
None of these	22
Don't know	0

Q6c. And which, if any, does your company plan to offer employees in the next 2-3 years?

PLEASE TICK ALL THAT APPLY

Base: All respondents (500)

	%
Internet-enabled PDA's (hand-held computers) or mobile	

telephony (WAP, 3g) for remote working	14
Internet telephony	19
Instant messaging	10
Broadband for home working	11
None of these	54
Don't know	6

Q7. Could you please tell me if the provision to your employees of such technologies has had a positive or negative impact in each of the following areas?

Base: All providing facilities to employees at Q7b (412)

	Positive (%)	Negative (%)	No impact at all (%)	DK (%)
Absenteeism	12	1	80	8
Staff Morale	56	1	39	3
Internal communications	84	3	12	1
Staff turnover	12	2	80	5
Staff productivity	75	2	20	3

Q8. To what extent, if at all, is the IT skills level of current and potential employees holding back the pace of your company's adoption of Internet-based technologies and processes?
PLEASE TICK ONE BOX ONLY

Base: All respondents (500)

	%
Not at all	49
Slightly	38
Significantly	11
Very significantly	1
Don't know	1

Q9. Would you describe regulators' understanding of online business issues as good, variable, or poor……..
PLEASE TICK ONE BOX ONLY

Base: All respondents (500)

	Good	Variable	Poor	DK

	(%)	(%)	(%)	(%)
In the UK	21	42	11	26
In the EU	11	19	11	59

Part B – Interaction with customers via the Internet:

Q10a. Which, if any, of the following does your company currently use for marketing and advertising products or services on the Internet?
PLEASE TICK ALL THAT APPLY

Base: All respondents (500)

	%
Email marketing	45
Banner advertising	23
Viral marketing	8
Blogs	6
Podcasts (Audio) and/or Vodcasts (Video)	6
Online community websites	29
Consumer-generated content	19
Search marketing	34
None of these	34
Don't know	0

Q10b. And which, if any, of these do you expect to use for marketing and advertising in the next 2-3 years?
PLEASE TICK ALL THAT APPLY

Base: All respondents (500)

	%
Email marketing	17
Banner advertising	14
Viral marketing	7
Blogs	15
Podcasts (Audio) and/or Vodcasts (Video)	16
Online community websites	16
Consumer-generated content	16
Search marketing	10
None of these	43
Don't know	3

Q11. What is your company's approximate total marketing and advertising spend in the UK?
PLEASE TICK ONE BOX ONLY

Base: All respondents (500)

	%
Less that £50,000	43
£50,000-£99,999	17
£100,000-£249,999	16
£250,000-£249,999	5
£500,000-£999,999	4
£1m-£5m	5
£6m-£15m	0
£16m-£25m	0
More than £25m	1
Don't know	7
Refused	2
Mean	0.533 m

Q12. Approximately, what percentage of this total spend is spent on Internet marketing and advertising in the UK?
PLEASE TICK ONE BOX ONLY

Base: All respondents (500)

	%
0%	23
1-2%	11
3-5%	13
6-10%	21
11-20%	13
21-40%	7
41-60%	5
61-80%	1

81-99%	0
100%	0
Don't Know	5
Mean	11.6 8

Q13a. Do you expect this percentage to increase, decrease, or stay the same in the next 2-3 years?
PLEASE TICK ONE BOX ONLY

Base: All respondents (500)

	%
Increase	58
Decrease	1
Stay the same	37
Don't know	5

Q13b. To what extent do you expect it to increase?
PLEASE TICK ONE BOX ONLY

Base: All respondents expecting spend on Internet marketing and advertising to increase (293)

	%
1-2%	4
3-5%	7
6-10%	19
11-20%	16
21-40%	10
41-60%	13
61-80%	2
81-99%	0
100%	14
More than 100%	9
Don't know	6
Mean	56.7 2

Q13c. To what extent do you expect it to decrease?
PLEASE TICK ONE BOX ONLY

Base: All respondents expecting spend on Internet marketing and advertising to decrease (3)

	%
1-2%	0
3-5%	0
6-10%	67
11-20%	0
21-40%	0
41-60%	33

61-80%	0
81-99%	0
100%	0

Q14. Which, if any of the following factors are driving your company to engage with customers via the Internet?
PLEASE TICK ALL THAT APPLY

Base: All respondents spending on Internet marketing and advertising at Q13 (390)

	%
Competition from business rivals	67
Brand or industry leadership (i.e. first mover advantage)	55
Habitual changes in the target market	46
The ability to quantify response	61
To develop new sales/marketing channels	78
ROI from internet marketing is higher than traditional forms	34
Operational efficiencies	64
Customer demand/expectations	1
Others	2
Don't know	5

Q15. Could you please tell me whether your company's experience of engaging customers via the Internet has been positive or negative in each of the following areas.

Base: All respondents spending on Internet marketing and advertising at Q13 (390)

	Positive %	Negative %	No impact %	Not applicable %	Don't know %
Return on investment	45	3	33	15	4
Customer engagement	72	2	17	7	1
Customer reach	78	1	14	7	1
Customer loyalty	35	3	44	14	4
Response to global competition	32	1	35	29	2
Profit margins	33	3	42	17	4
Operational efficiencies	62	2	27	9	1

Q15a. Please tell me whether you agree or disagree with the following statements.

Base: All respondents asked this question (500)

	Agree %	Disagree %	Neither agree or	Don't know %

			disagree %	
Adapting to our customers Internet behaviour will be crucial to the success of my business in the next 3 years	48	33	19	0
My company still has a lot to learn about how to best reach our customers online	70	22	8	0
I am still unsure about the exact impact our online strategy has on our overall business	49	40	10	1
I feel my business makes better strategic use of the Internet that our competitors	23	42	28	7

Q16. Does your company monitor and/or engage customers' views of products or services through media such as chat forums or blogs?
PLEASE TICK ALL THAT APPLY

Base: All respondents (500)

	%
Monitor	6
Engage	6
Neither	91
Don't know	1

Q17. Are any of the following factors holding back increased investment in Internet marketing and advertising?
PLEASE TICK ALL THAT APPLY

Base: All respondents (500)

	%
Limited understanding of the online environment	31
Lack of control over the message	11
Lack of board-level acceptance	17
Legal and regulatory concerns	18
Uncertainty over how Internet marketing fits in with the overall marketing mix	29
Unable to communicate brand messages via the Internet	12
Concern that Internet sales will cannibalise sales from traditional channels	9
Lack of cash/cost	1
Not applicable/not appropriate for our business	1
Others	1
Don't know	0
None	39

Part C – Interaction with businesses via the Internet:

Q18. In which, if any, of the following areas do you currently work with business partners using Internet-based systems or platforms?
PLEASE TICK ALL THAT APPLY

Base: All respondents (500)

	%
Product design and manufacturing	23
Purchasing	59
Sales and Marketing	58
Distribution	34
Finance	48
None of these	16
Don't know	1

Q19. What is your company's approximate total annual capital investment spend in the UK?
PLEASE TICK ONE BOX ONLY

Base: All respondents (500)

	%
Less than £250,000	33
£250,000-£499,999	16
£500,000-£999,999	11
£1m-£5m	15
£6m-£15m	3
£16m-£25m	1
More than £25m	3
Don't know	16
Refused	2
Mean	2.609 m

Q20 Approximately what percentage of this amount is spent on Internet-based technology/systems?
PLEASE TICK ONE BOX ONLY

Base: All respondents (500)

	%
0%	10
1-2%	21
3-5%	19
6-10%	15
11-20%	7
21-40%	6
41-60%	5
61-80%	2
81-99%	0
100%	0
Don't know	14
Mean	11.4 1

Q21a. Do you expect this percentage to increase, decrease, or stay the same in the next 2-3 years?
PLEASE TICK ONE BOX ONLY

Base: All respondents (500)

	%
Increase	52
Decrease	3
Stay the same	37
Don't know	7

Q21b. To what extent do you expect it to increase?
PLEASE TICK ONE BOX ONLY

Base: All respondents who expect spend on Internet technology/systems to increase at Q22a (256)

	%
1-2%	9
3-5%	7
6-10%	16
11-20%	17
21-40%	8
41-60%	8
61-80%	2
81-99%	0
100%	16
More than 100%	6
Don't know	10

Mean	52.1 1

Q21c. To what extent do you expect it to decrease?
PLEASE TICK ONE BOX ONLY

Base: All respondents expect spend on Internet technology/systems to decrease at Q22a (14)

	%
1-2%	0
3-5%	13
6-10%	0
11-20%	30
21-40%	10
41-60%	19
61-80%	10
81-99%	0
100%	14
More than 100%	0
Don't know	3
Mean	41.6 4

Q22. And which, if any, of the following do you expect to hinder investment in Internet-based operations with business partners in the next 2-3 years?
PLEASE TICK ALL THAT APPLY

Base: All respondents (500)

	%
Trust and security concerns (e.g. data privacy and theft)	51
Regulatory/legislative concerns	34
Cost of computer services and software	34
Compatibility between systems	48
Concerns about intellectual property rights	28
None of these	22
Don't know	1

Part D – Interaction with government via the Internet:

Q23. Do you communicate with the government via the Internet, at a national, or local level? IF YES: For which, if any, of the following purposes?
PLEASE TICK ALL THAT APPLY

Base: All respondents (500)

	%
Seeking information and guidance	55
Submitting tax and payroll data	52
Filing out a planning application	16
Tendering for procurement contracts	28
No Internet interaction with government	32
Don't know	4

Q24a. Would you say that your company's overall experience of communicating online with the government has been…
PLEASE TICK ONE BOX ONLY

Base: All respondents interacting with government via the Internet (322)

	%
Very positive	8
Positive	46
Variable	39
Negative	3
Very negative	1
Don't know	3

Q24b. Has your experience of communicating online been better with local or national government?
PLEASE TICK ONE BOX ONLY

Base: All respondents interacting with government via the Internet (322)

	%
Local	18
National	24
No difference	34
Only dealt with one of them	16
Don't know	7

Q24. Which, if any, of the following factors are preventing your company doing more with government on the Internet?
PLEASE TICK ALL THAT APPLY

Base: All respondents (500)

	%
Unsure of what services are available	53
Unhelpful advice and guidance	21
Government technology insufficiently advanced	28
Takes too much time	34
Concerned about data protection and privacy	21
Lack of broadband technology	6
None of these	22
Don't know	3

Q26. Do you envisage your company's communication with government over the Internet increasing or decreasing over the next 2-3 years?
PLEASE TICK ONE BOX ONLY

Base: All respondents (500)

	%
Increasing	74
Decreasing	1
Staying the same	22
Don't know	3

Part D – Classification questions:

Q27. Do you sell mainly to..
PLEASE TICK ONE BOX ONLY

Base: All respondents (500)

	%
Businesses	56
Individuals	24
Government/public bodies	6
A combination of these	9
Don't know	4

Q28. What is your company's primary product or service line (i.e. more than 25% of sales)?
PLEASE TICK ONE BOX ONLY

Base: All respondents (500)

	%
Chemicals	1
Construction	8
Engineering	3
Financial Services	3
Hospitality/Travel/Tourism	3
Leisure/Entertainment	5
Mining/Minerals/Natural resources	0
Manufacture of consumer goods	7
Manufacture of industrial goods	10
Other manufacturing	6
Professional/Business consultancy or services	12
Public sector	11
Retail/services	9
Technology/media/Telecoms	4
Transportation/Distribution	7
Utilities	1
Healthcare/Private healthcare	4
Education/Private education	3
Wholesale services	1
Others	3

Q29. In which region is your company's primary UK location?
PLEASE TICK ONE BOX ONLY

Base: All respondents (500)

	%
Scotland	8
Wales	3
Northern Ireland	3
North East	5
Yorks and Humberside	5
North West	11
West Midlands	6
East Midlands	6
East of England	6
South West	12
South East	21
London	14

Q30. What is your company's approximate annual turnover?
PLEASE TICK ONE BOX ONLY

Base: All respondents (500)

	%
Less than £250,000	1
£250,000-£499,999	0
£500,000-£999,999	1
£1m-£9m	38
£10m-£24m	23
£25m-£49m	10
£50m-£99m	5
£100m-£249m	4
£250m-£499m	2
£500m-£999m	1
£1billion or more	2
Don't know	5
Refused	6

Consumer Survey – Marked up questionnaire (Weighted)

- Final topline results based on a total of 500 online interviews amongst consumers over 18 years of age across the UK
- Fieldwork was conducted by GfK NOP between 25th-29th October 2006
- Unless otherwise stated, figures quoted are expressed in percentages based on the total number of responses (500)
- The figures have been weighted to reflect the overall sample universe of Internet using consumers in the UK aged over 18 years
- Please note that in some instances the figures presented may not add up to 100%. This is due to either the computer rounding of the figures or respondents being allowed to give multiple answers to a given question

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3.1.1.2.1.1 Introduction:

Qa. Could you confirm your gender?
PLEASE TICK ONE BOX ONLY

Base: All respondents (500)

	%
Male	52
Female	48

QB. Which of the following age groups do you fall into?
PLEASE TICK ONE BOX ONLY

Base: All respondents (500)

	%
18-24	18
25-29	9
30-34	14
35-39	7
40-44	17
45-49	10
50-54	7
55-59	4
60-64	7
65+	7

Part A – Current purchasing habits:

Q1. When buying a product or service, would you rather….?
PLEASE TICK ONE BOX ONLY
Base: All respondents (500)

	%
Go into a shop	27
Go online	19
Look online then buy in a shop	18
Look in a shop then buy online	13
No preference	23
Don't know	1

Q2. Where, if at all, do you typically look online for information about products and services?
PLEASE TICK ALL THAT APPLY
Base: All respondents (500)

	%
Search engines (e.g. Google, Yahoo, MSN)	83
Price comparison website (e.g Froogle, Kelkoo, Dealtime)	47
Retailer sites	61
Review sites	22
Media sites	4
Blogs	1
Online business directories (e.g. Yell.com)	9
Online community websites (e.g. Youtube, Myspace)	4
eBay	1
Other	1
Don't typically search for information	3
Don't know	0

Q3a. Do you agree or disagree with the following statements about search engines?

Base: All respondents using search engines to find product information (445)

	Agree %	Disagree %	Neither agree nor disagree %	DK %
Search engines help me find products and brands I have not thought of before	72	2	23	3
Search engines are a necessary tool when looking to buy a product	80	5	13	2
I am more likely to click on an ad on a search engine than a site I don't know	51	28	21	1
Search engines influence my decision to buy a given product	28	39	31	2
I have bought more products than I originally planned due to information I obtained using a search engine	29	45	24	2

Q3b. Which search engine do you use most often?
PLEASE TICK ONE BOX ONLY

Base: All respondents using search engines to find product information (445)

	%
Ask	2
Google	73
MSN	6
Yahoo	11
AOL	3
Wanadoo	0
Lycos	0
NTL	0
Tiscali	1
Looksmart	0
Excite	0
AllTheWeb	0
Mirago	0
Froogle	0
Kelkoo	1
Pricerunner	1
Dealtime	0
Webfetch	1
Other	1
Don't know	0

Q3c. How satisfied are you with the search engine you use most often?
PLEASE TICK ONE BOX ONLY

Base: All respondents using search engines to find product information (445)

	%
Very satisfied	44
Satisfied	49
Neither satisfied not dissatisfied	5
Dissatisfied	2
Very dissatisfied	0
Don't know	0

Q4. Which, if any, goods or services do you currently buy online?
PLEASE TICK ALL THAT APPLY

Base: All respondents (500)

	%
Food	21
Travel	47
Event tickets	39
Music	48
Films/DVDs	56
Games	28
Books	54
Household electrical goods (e.g. washing machine, cooker)	20
Consumer electronics (e.g. TV's, iPods)	27
Financial services	15
Clothing	45
Household items (e.g. furniture)	20
Craft Items	1
Computer accessories/hardware	1
Jewellery/fashion accessories	1
Other hobby items/stamps/gardening tools	1
Other	2
Don't buy goods online	5

Q5. Which, if any, of the following, would you describe as your main motivations for online shopping?
PLEASE TICK ALL THAT APPLY

Base: All respondents buying goods online (477)

	(%)
Cost saving	54
Convenience	80
Choice	26
Other	2
None of them	2
Don't know	2

Q6. Over the next 2 years, do you expect to buy more 'big ticket' items online than you have in the past? By this we mean purchases of £1000 or more.
PLEASE TICK ONE BOX ONLY

Base: All respondents buying goods online (477)

	%
Yes	14
No, I intend to buy the same amount of big ticket items	15
No, I intend to buy fewer big ticket items	8
I never buy big ticket items online	43
Don't know	19

Q7a. Do you intend to do any of your Christmas shopping online this year? If Yes: How much do you intend to spend online?
PLEASE TICK ONE BOX ONLY

Base: All respondents (500)

	%
0-£20	4
£12-50	7
£51-£100	17
£101-£250	19
£251-£500	14
£501-£1000	4
£1000+	1
Will not be doing any Christmas shopping online this year	17
Don't know	17

Q7b. How, very approximately, will that compare with how much you spent online last Christmas?
PLEASE TICK ONE BOX ONLY

Base: All respondents shopping online this Xmas (360)

	%
At least twice as much	10
Half as much again	13
The same	54
Half as much	2
Less than half as much	1
I don't know how much I'll spend this year compared to last Xmas	5
I didn't shop online last Xmas but plan to do so this year	13
Don't know	3

Q7c. Approximately how much time in advance do you start….?

PLEASE TICK ONE BOX ONLY

Base: All respondents shopping online this Xmas (360)

	1 week before Xmas %	2 weeks before Xmas %	1 month %	6 weeks %	2 months or more %	Don't know %
Researching your Christmas shopping online	0	6	32	21	37	4
Purchasing your Christmas shopping online	2	10	47	19	19	2

Q8a. Do you intend to do any of your Christmas shopping offline, e.g. in shops, retails outlets?

Base: All respondents (500)

	%
Yes	88
No	4
Don't know	8

Q8b. Approximately how much time in advance do you start….?

PLEASE TICK ONE BOX ONLY

Base: All respondents shopping offline this Xmas (433)

	1 week before Xmas %	2 weeks before Xmas %	1 month %	6 weeks %	2 months or more %	Don't know %
Researching your Christmas shopping offline	4	14	30	18	30	4
Purchasing your Christmas shopping offline	4	14	33	15	19	14

Part B – Online purchases:

Q9. Which, if any, of the following reasons are holding you back from making (further) online purchases?
PLEASE TICK ALL THAT APPLY

Base: All respondents (500)

	%
Unable to try before you buy	44
Insecure payment methods/worried about security	25
Poor delivery of goods	11
Returning goods is difficult/costly	40
Websites difficult to navigate	4
Too much choice	5
Nothing in particular holding me back	39
Other	6
Don't know	2

Q10. Which three of the following are most important for an online brand to win your trust?
PLEASE TICK A MAXIMUM OF THREE

Base: All respondents (500)

	%
Provide comprehensive product/service information	46
Allow me to customise a product	6
Provide clear and upfront pricing information	52
Having good visible online security practices – (e.g. padlock logo/trustmark)	46
Offer an order/delivery tracking facility	32
Provide an online forum/chat room	1
Deliver goods and products on time	56
Have a helpful telephone customer support service in case I run into problems with the site	26
Allow me to easily share information about products I like with my friends	3
Other	
There is nothing they can do to win my trust	4
Don't know	2

Q11. How often do you use an Internet auction site?
PLEASE TICK ONE BOX ONLY

Base: All respondents (500)

	%
Frequently	22
Occasionally	42
Never	35
Don't know	1

Q12. Please say if you agree or disagree with the following statements.

Base: All respondents (500)

	Agree %	Disagree %	Neither agree nor disagree %	DK %
The Internet gives me more power as a consumer	60	6	32	2
Companies are becoming more accountable thanks to the Internet	43	13	36	7
I trust companies more because of the information I can get from the Internet	24	20	52	4
Reading other people's experiences of a particular brand or product helps inform my decisions	72	4	22	2
eCommerce – selling online – is reaching saturation point	14	32	40	14
I only want to receive advertisements for products I am interested in	74	8	16	2
I would like an online payment service that remembers my credit card details so I don't have to enter them every time	30	45	23	2
I wish there was an easier way I could purchase products using my mobile phone	10	53	30	8

Part C – Advertising:

Q13a. Which, if any, types of advertising do you take most notice of?
PLEASE TICK ALL THAT APPLY

Base: All respondents (500)

	%
Online	29
Newspaper	34
TV	63
Radio	15
Billboard	12
Direct mail	11
Mobile	1
None – I don't take any notice of advertising	17
Don't know	3

Q13b. Which, if any, types of online advertisements do you take most notice of?
PLEASE TICK ALL THAT APPLY

Base: All respondents taking notice of advertising (402)

	%
Email/direct marketing	34
Banner advertising	22
Viral marketing	2
Podcasts (audio)/Vodcasts (audiovisual)	3
Online community websites (e.g. Myspace)	10
Consumer-generated content (e.g.blogs/Youtube)	7
Search engine marketing (i.e. those featured on search engines)	26
None – I don't take any notice of online advertising	33
Don't know	3

Q14 Please say if you agree or disagree with each of the following statements about online advertising

Base: All respondents (500)

	Agree %	**Disagree %**	**Neither agree nor disagree %**	**DK %**
Pop up adverts are annoying and I ignore them	90	3	5	1
The only adverts I take interest in are those that are relevant to what I am searching for/doing online	78	13	8	1
Most email adverts go straight in my Spam folder	78	10	12	1
I am prepared to accept advertising in exchange for a service being free	47	22	29	2
I am willing to pay a subscription in exchange for using a service with no advertising	14	56	24	6

Q15. Which, if any, of the following types of online vendor do you trust the most?

PLEASE TICK ALL THAT APPLY

Base: All respondents (500)

	%
Financial services (e.g. banks, insurance)	37
Travel agents	16
Event ticket sales	19
Supermarkets	30
Clothing stores	18
Auction sites	17
Electronics sites	12
Books sites	28
Music sites	21
Other	1
None of them	9
Don't know	11

Part D – Online security:

Q16 What do you see as the main security threat to your online activities?

PLEASE TICK ALL THAT APPLY

Base: All respondents (500)

	%
Identity theft (e.g. theft of financial details online)	83
Computer virus attacks	63
Phishing/spam emails	43
Other	1
Nothing	2
Don't know	2

Q17 Have you been the victim of an online attack in the last 12 months?
PLEASE TICK ONE BOX ONLY

Base: All respondents (500)

	%
Yes	15
No	72
Don't know	13

Q18 Where does the main responsibility lie for security online?
PLEASE TICK ALL THAT APPLY

Base: All respondents (500)

	%
With the consumer	42
With business	59
With the government	19
With the Internet Service Providers (ISP's)	67
With the police	13
Other	0
Don't know	6

Part E – Interaction with government online:

Q19. Do you ever communicate with government online or access their websites for information in any of these areas?
PLEASE TICK ALL THAT APPLY

Base: All respondents (500)

	(%)
Education/Schools provision	20
Motoring (e.g. vehicle registration)	26
Home & Community (e.g. planning, Housing Association)	12
Employment (e.g. Job centre plus)	21
Money (e.g. tax returns, benefits, state pension)	28
Health (NHS Direct)	21
Travel & Transport (e.g. Foreign Office advice)	14
Leisure & Recreation (e.g. TV License, library)	22
Crime & Legal	8
Other	2
No, I never have any online contact with the government	32
Don't know	3

Q20. How would you rate your online engagement with the government?
PLEASE TICK ONE BOX ONLY

Base: All respondents interacting with the government online (361)

	(%)
Very positive	9
Positive	36
Variable	38
Negative	3
Very negative	3
Don't know	11

Q21. Do you ever view or add content to interactive sites such as blogs, myspace, youtube etc?
PLEASE TICK ONE BOX ONLY
Base: All respondents (500)

	(%)
Yes – view (e.g. read blogs, review or watch videos)	19
Yes – add content (e.g. post comments, write a blog, create videos)	11
No	66
Don't know	4

Q22. Have you ever written or produced content after having used or purchased a commercial product or service (e.g. written a product review)?
PLEASE TICK ONE BOX ONLY
Base: All respondents viewing or adding content to interactive sites (169)

	(%)
Yes	40
No	60
Don't know	1

Part F – Classification questions:

Q23. Regarding your own particular use of the Internet would you say you are…?
PLEASE TICK ONE BOX ONLY
Base: All respondents (500)

	%
A beginner	21
Quite knowledgeable	46
Quite advanced, but still need occasional help	21
An expert	9
Don't know	3

Q24. About how long ago was it that you first used the Internet?
PLEASE TICK ONE BOX ONLY
Base: All respondents (500)

	%
Less than one month ago	1
1-3 months ago	0
Over 3 months but less than 6 months ago	1
Over 6 months but less than 12 months ago	2
Over 12 months but less than 2 years ago	9
2-3 years ago	15
3-4 years ago	11
4-6 years ago	23
6-8 years ago	16
Over 8 years ago	22
Don't know	0

Q25. How may hours in total have you spent actively online in the last week (seven days)?
PLEASE TICK ONE BOX ONLY

Base: All respondents (500)

	%
1-2 hours	4
3-5 hours	29
6-10 hours	38
11-20 hours	14
21-50 hours	7
Over 50 hours	7
Don't know	0

Q26. Do you have a broadband connection at home?
PLEASE TICK ONE BOX ONLY

Base: All respondents (500)

	%
Yes	86
No	12
Don't know	2

Q27. Are you yourself……
PLEASE TICK ONE BOX ONLY

Base: All respondents (500)

	%
Working 30 hours or more a week (full-time)	52
Working 8-29 hours a week (part-time)	14
Retired/not working with private pension/means	6
Retired with state benefit/pension only	4
Unemployed less than 6 months	2
Unemployed more than 6 months	3
Not working with state benefit/pension only	4
Student	8
Pupil	0
Housewife	7

Q28. And which of the following best describes the work you do?
PLEASE TICK ONE BOX ONLY

Base: All respondents working full/part time (328)

	%
Manual/Factory worker	5
Skilled worker/tradesmen	7
Office worker	28
Retail worker	7
Public services worker	10
Education	5
Health care	8
Middle management	6
Senior management/professional	12
Board level director	0
Voluntary work	0
Theatre/Arts	1
Other	8
Don't know	0

Q29. In which region are you located?
PLEASE TICK ONE BOX ONLY

Base: All respondents (500)

	%
Scotland	9
Wales	8
Northern Ireland	3
North East	4
Yorks and Humberside	10
North West	11
West Midlands	7
East Midlands	6
East of England	7
South West	3
South East	21
London	11