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16 June 2016

## **1 in 6 Irish SMEs still have no online presence whatsoever – dot ie Digital Health Index**

- **Irish businesses are still not engaging in e-commerce, says latest dot ie Digital Health Index from IE Domain Registry, despite majority of Irish consumers buying and transacting online;**
- **Poor broadband infrastructure is keeping 1 in 4 SMEs without a website offline;**
- **Over half of Irish offline SMEs have no intention of building a website in the near future;**
- **71% of Irish consumers find it “extremely frustrating” when a business is not online; 3 in 4 say they are more likely to purchase from a business that is online;**
- **The dot ie Digital Health Index is at 45.5 in April 2016 (up from 37.4 in May 2014).**

1 in 6 Irish SMEs, or 17%, still have no website, social media account, or any online presence whatsoever, according to research by the IE Domain Registry (IEDR) as part of their latest dot ie Digital Health Index, published today.

The research, commissioned by IEDR and undertaken by Ignite Research in April 2016, measured the health of 500 Irish SMEs’ digital presence by analysing the number of digital assets (like websites, apps and social media accounts) owned by them, and their perceived quality.

Among those without a website, over half - 55% - said they had no intention of building one in the near future. 60% of offliners said there was “no need” to have a website within their industry; 35% said that they didn’t have enough time to build one; and 9% said they lacked expertise.

Access to adequate broadband infrastructure continues to be a significant problem for many SME ‘offliners’, that is, those without an online presence. More than 1 in 4 of this group, or 27%, said that a poor internet connection is preventing them getting online.

### **Improvements in website and social media use**

Encouragingly, however, the number of Irish SMEs with a website is up from 65% to 72%, while the number of SMEs that have web sales ability is up 11 percentage points, from 8% to 19%.

Indeed, while 1 in 6 SMEs remain offline, this is a decrease from 1 in 4, or 25%, as per the last dot ie Digital Health Index (September 2015).

SMEs with a Facebook page and Twitter profile numbered 48% and 21% respectively, while those with a YouTube and LinkedIn account increased to 7% (from 3%) and 23% (from 16%).

Over half of SMEs, or 55%, that use social media said that they proactively post to their business's social media pages, while more than 4 in 5 of those SMEs, or 77%, said that it has had a positive impact on their business growth.

### **E-commerce activity**

Despite the majority of SMEs expecting revenue to increase over the next 12 months, almost 1 in 5 SMEs, or 19%, are able to process sales online, whether through a website or third-party platform. While this is an increase from 8% in the last research wave (September 2015), the report still indicates that for 74% of SMEs, the entirety of their revenue is generated completely offline. Indeed, the latest dot ie Digital Health Index suggests a strong digital divide with very low e-commerce capability in the micro-business (<10 staff) category.

### **Consumer frustration**

IEDR also surveyed 1,000 Irish adults as part of this latest report and found that 90% of consumers go online to find out more about a business. The majority said they were annoyed when a business does not have an online presence: 79% said it was "frustrating" while 71% said it was "extremely frustrating".

Consumers are transacting more online: 88% said they make payments online (38% weekly); 84% bank online (75% weekly); and 84% shop online (26% weekly).

In fact, 3 in 4 consumers, or 75%, said that they were more likely to purchase from a business that is online.

### **Comment from IEDR**

Speaking on the publication of the latest edition of the dot ie Digital Health Index, David Curtin, Chief Executive of IEDR, said:

"While more Irish SMEs than ever have a website, 1 in 6 still have no online presence whatsoever – no contact details, no product listings, and no social media accounts. This is despite the fact that we live in an internet age where nearly every Irish consumer goes online to find out more about a business and look to make purchases.

"Though the number of offliners has dropped since the last dot ie Digital Health Index in September last year, the fact that 55% of SMEs with no intention of building a website still see "no need" for one indicates that many do not fully appreciate the business-transforming power of a website, including how it can open up new revenue streams. In 20<sup>th</sup> century terms, it's like being ex-directory from the telephone book! Even for businesses without a clear B2C offering, a website can be a calling card and helps promote brand recognition.

“Irish consumers spent €6.5 billion online in 2015<sup>1</sup>, and they are more than happy to look abroad for products if they can’t get them here. Indeed, the research for the dot.ie Digital Health Index found that only a minority of Irish SMEs’ websites can take sales orders online (29%) and even fewer can process payments (25%). This is a glaring missed opportunity.

“For many SMEs, the will to build a website is not the issue; lack of expertise and infrastructural problems, however, are.

“In particular, lacklustre broadband in many parts of the country remains a profoundly important issue for Irish SMEs. IEDR joins many voices in calling on the Government and Minister Naughten to re-examine the decision to cut and delay broadband funding. Ultimately, this ongoing problem will only serve to widen the digital divide, hamper economic development in rural counties and push money out of the Irish economy. Micro-businesses, that is SMEs with <10 employees, are the bedrock of Irish society employing over 320,000 (26% of the workforce<sup>2</sup>) and deserve more tangible supports.”

## **ENDS**

For more information, please contact:

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## **Notes to editor**

## **Digital assets owned – SMEs with a website**

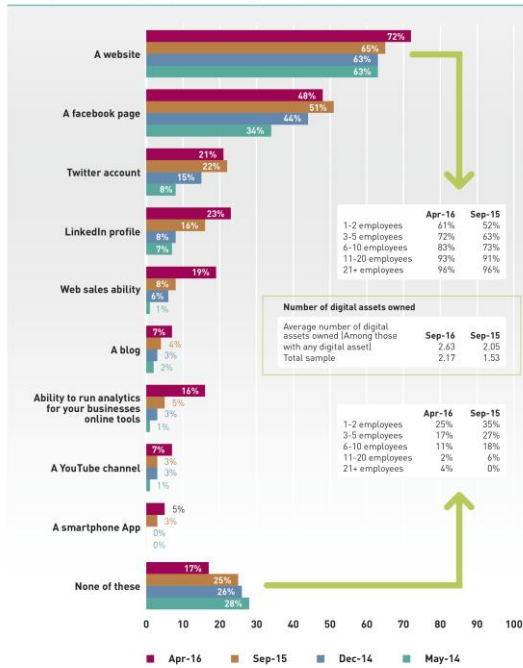
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<sup>1</sup> Source: Visa Europe Irish Consumer Spending Index, Feb 2016

<sup>2</sup> CSO Business Demography 2012, Table 3.2.

## Digital assets owned – SMEs with a website

Breakdown of the digital assets owned by Irish SMEs

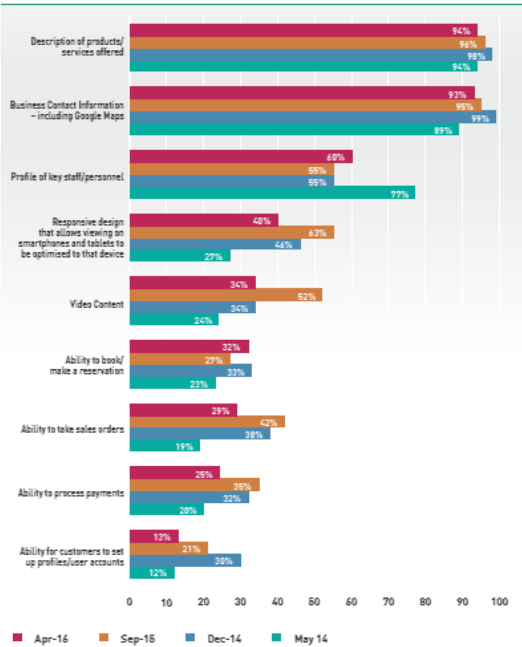


Base: 501; All companies [April 2016]

## Website functionality

### Website functionality

Considering your business' website, which of the following does your website do/have?



Base: 360; All companies with a website [April 2016]

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## **About IEDR**

dot ie is the identifiably Irish online address of Irish small business. The dot ie domain namespace is the only domain name reserved for Irish businesses and people. For an Irish SME, having a dot ie name tells the global online community you are Irish and tells the Irish community that you are local.

The IE Domain Registry (IEDR) is responsible for the management and administration of Ireland's official Internet address dot ie, in the interest of the Irish and global Internet communities. The IEDR operates the domain name system (DNS) for the dot ie namespace, facilitates a dispute resolution service and operates a public 'Whois' lookup service for dot ie domains.

The IEDR is a managed registry which means that there are policies and procedures governing the registration of dot ie domain names. New applications, which must show a connection to the island of Ireland, are also reviewed to ensure compliance with the terms and conditions of registration.