

Nearly 20 percent of Ireland's non-digital SMEs kept offline by poor broadband

But appetite for digital skills is strong: almost a third of all Irish SMEs want digital and e-commerce training; IE Domain Registry recommends rollout of national digital skills programme.

- **IEDR's biannual dot ie Digital Health Index records highest ever score, but e-commerce problems persist;**
- **Only 40 percent of Irish SMEs with a website can process sales orders through it;**
- **Lack of online presence and e-commerce capability is frustrating consumers and impacting business trustworthiness;**
- **Two-thirds of Irish SMEs have a website, while more are using social media and data analytics;**
- **IEDR CEO: "We live in an age of convenience. Consumers expect to be able to research and buy from businesses, online 24/7."**

Nearly 20 percent of Ireland's offline SMEs are stopped from building a website or engaging in e-commerce because of a poor internet connection, according to the latest edition of the dot ie Digital Health Index published today by the IE Domain Registry (IEDR), the company that manages and maintains Ireland's country domain, .ie.

14 percent of Irish SMEs rate their internet connection as 'poor' or 'very poor', a figure that rises to 25 percent in Connacht and Ulster.

Despite these issues, almost a third (32 percent) of Irish SMEs want more digital skills and e-commerce training.

To remedy this, IEDR is recommending the rollout of a cross-industry digital skills programme for micro-businesses that have begun their digital journey, but need help to access Ireland's growing e-commerce market; as well as a Local Enterprise Office-run 'buddy system' that pairs up businesses with digital experts in their local area.

E-commerce, is becoming an increasingly important part of Ireland's economy. Ireland's share of the European e-commerce market is €9 billion and is expected to grow to €14 billion by 2021. However, most of this spend is going abroad to foreign retailers that offer more comprehensive online services.*

While only 40% of Irish SMEs with websites can take sales orders, it is a noteworthy improvement on just 30% in the last wave of research only six months ago, indicating that SMEs are realising the benefits of selling online.



IE Domain Registry

Consumer sentiment and e-commerce ability

While many offline SMEs struggle with the technical aspects of setting up and maintaining a website or social media page, or are kept offline by a poor internet connection, the majority (53 percent) of 'offline'ers say there is simply 'no need' to have an online presence in their industry. However, the dot ie Digital Health Index reveals that SMEs with a website earn, on average, an additional €26,825 per annum.

Consumers expect businesses to be online: almost 70 percent said it is 'frustrating' if a business does not have a website, two-thirds say a business looks 'outdated' if it does not have one, and nearly 30 percent do not even *trust* a business that does not have a website. Furthermore, 59 percent of consumers said that if a business has no online presence, they would be less likely to use their services or do business with them offline.

Clearly, there is a gulf between consumer sentiment and SME action. Micro-businesses make up more than 92 percent of all businesses in the Irish economy, but only 14 percent of SMEs have any web sales ability at all.

Brexit has done little to persuade offline SMEs to go digital. Only 8 percent said the UK's vote to leave the EU had encouraged them to reassess their plans to develop an e-commerce-enabled website.

The .ie Digital Health Index improves

IEDR's dot ie Digital Health Index is a biannual report that assesses the number and quality of digital assets owned by Irish SMEs, such as websites, social media pages and e-commerce tools.

Despite ongoing issues with internet infrastructure and a persistent low uptake of e-commerce, this edition of the dot ie Digital Health Index recorded the best score for Ireland's overall digital health since research began in 2014.

Exactly two-thirds of Irish SMEs have websites. An increasing number are using social media, particularly Facebook (62 percent, up from 50 percent), while more businesses are using data analytics to interact with and learn about their customers (17 percent, up from 7 percent). SMEs are also more confident in the quality of their digital assets and their contribution to business.

Other key findings:

- 78% of SMEs said their website was important in generating new business and sales;
- 41 percent of SMEs say that social media is less important than their website;
- Nearly two-thirds (63 percent) of Irish SMEs do not promote their services online. Among those that do, the average monthly spend is €144;
- Paradoxically, almost half of SMEs (47 percent) *without* a website acknowledge the importance of a website in generating increased business awareness.



Comment

David Curtin, Chief Executive of IEDR, said the increase in the overall score of the dot ie Digital Health Index is good news, but big changes are needed before Ireland can become a major e-commerce player.

“It is encouraging to see the dot ie Digital Health Index hit its highest ever score. Generally speaking, SMEs are actively embracing the benefits of an online presence and its power to grow revenues, improve customer relations, and analyse market behaviour.

“However, nearly 1 in 5 SMEs remain completely offline despite almost half of them acknowledging the importance of a website in some way. Our research has shown time and time again that while many businesses do not see a need to have a website of their own, the majority of consumers strongly disagree. In fact, a business with no online presence, or even a poorly designed one, is likely to be damaging its offline reputation.

“We live in an age of convenience. Consumers are tech-savvy but can be time-poor. They expect to be able to research and buy from businesses online 24/7. Offline SMEs will lose out to their competitors.

“Going online, building a website and engaging in e-commerce, even using third-party platforms or products, is not as complicated as it was ten years ago. There are many inexpensive, often free, easy-to-use tools that can have you marketing and selling your product to customers online in as little as a few hours.

“Beyond educating SMEs in the benefits of e-commerce and digital business, there are ongoing infrastructural issues that must be addressed as a matter of urgency. Access to Ireland’s broadband network, while vastly improved on a decade ago, is still limited in many rural parts of the country. For a quarter of all SMEs in Ulster and Connacht in 2017 to describe their connection as ‘poor’ illustrates the extent of the digital divide.

“Ireland will not become a major e-commerce player overnight. Industry and Government must continue to work shoulder-to-shoulder to ensure that SMEs in all regions of the country have access to a modern, high-speed internet connection that allows reliable access to the global digital marketplace. The research indicates that e-commerce awareness is no longer a major issue. Going forward, resources must be targeted at improving the digital sales skills of online businesses, who already understand the benefits of an online presence, through digital skills and mentorship programmes.”

* **Source:** Virgin Media Digital Insights Report 2016

dot ie Digital Health Index Q4 2017

[Read the dot ie Digital Health Index Q4 2017 report in full.](#)