

22 August 2002

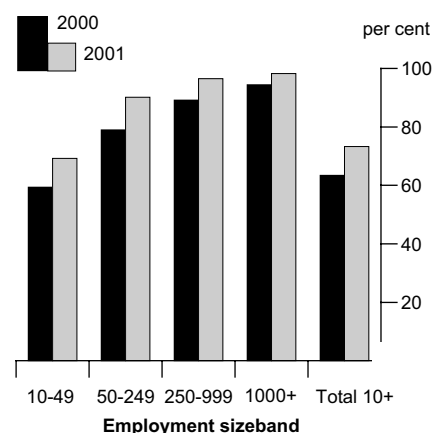
Coverage
United Kingdom
Theme
Economy

2001 e-commerce survey of business

The first stage¹ of results for the 2001 e-commerce survey of UK businesses are published today by the Office for National Statistics (ONS). The survey of 12,000 businesses of all sizes² across most of the economy indicates that in 2001 50 per cent of UK businesses were online, that is, reported internet use.

The larger the business the more likely it is to be online. 46 per cent of the smallest sized businesses were online, compared with 98 per cent of businesses with 1,000 or more in employment (Table 1). On a comparable basis with the 2000 survey, that is for businesses with more than ten in employment, the number of UK businesses online has increased by 15.9 per cent, from 63 per cent in 2000 to 73 per cent in 2001.

Internet access, 2000 and 2001



Other key findings from the survey are that in 2001:

- 12 per cent of businesses had permanent internet connections
- 17 per cent of those not online planned to be during 2002
- 64 per cent of businesses used PCs, work stations or terminals
- 39 per cent had their own website
- Of those online 7 per cent were selling online; 25 per cent were purchasing online
- 9 per cent and 10 per cent of businesses were selling and purchasing via other electronic networks respectively

The 2000 survey was the first of its kind. Following consultation with UK government departments and Eurostat, the questionnaire was revised significantly for the 2001 survey. This makes year on year comparisons difficult. In addition care must be taken in making comparisons given that the survey was extended for 2001 to include businesses with less than 10 in employment, and a number of other industry sectors.

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1 The 2001 survey results are being released in stages; there will be further releases during autumn 2002.

2 The 2000 survey covered businesses with more than 10 in employment; the 2001 survey covered businesses of all sizes.

Detailed analysis

17 per cent of businesses not already online in 2001 planned to be during 2002 (Table 1). This figure rises to 20 per cent when the smallest businesses with less than 10 in employment are excluded.

Other use of Information and Communication Technologies (ICT)

49 per cent of UK businesses used email in 2001. 10 per cent used intranet (internal Internet available within their business). Allowing for coverage differences between the two years, this represents an increase in intranet use of 3.7 per cent from 27 per cent in 2000 to 28 per cent in 2001.

5 per cent used interactive telephony, where orders are placed via the telephone without a human operator to take the calls, and 5 per cent used electronic data interchange (EDI) in 2001. This represents a 13.3 per cent decrease in the use of EDI from 15 per cent in 2000 to 13 per cent in 2001. 4 per cent used extranet (extension of their business's intranet that allows external users to access some parts of the intranet).

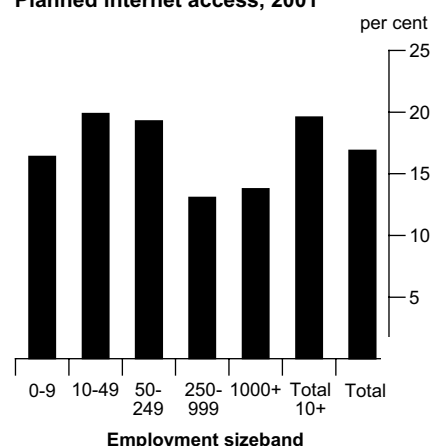
When the smallest businesses with less than 10 in employment are excluded, these figures rise to 72 per cent, 27 per cent, 7 per cent, 13 per cent and 8 per cent respectively. The larger the business, the more likely that ICT is being utilised (Table 2).

PCs and own websites

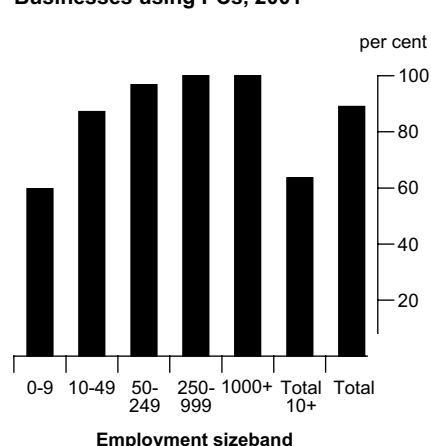
64 per cent of businesses used PCs, work stations or terminals in 2001. Excluding businesses with less than 10 in employment this figure is 89 per cent (Table 2).

39 per cent had their own website in 2001. Excluding businesses with less than 10 in employment, this figure increases to 62 per cent (Table 2). Allowing for coverage differences between the two years, the percentage of businesses with their own website has increased by 30 per cent, from 50 per cent in 2000 to 65 per cent in 2001.

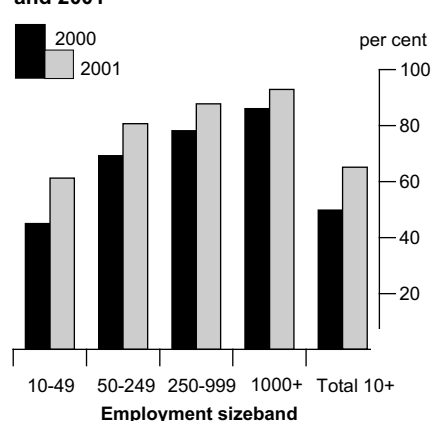
Planned internet access, 2001



Businesses using PCs, 2001



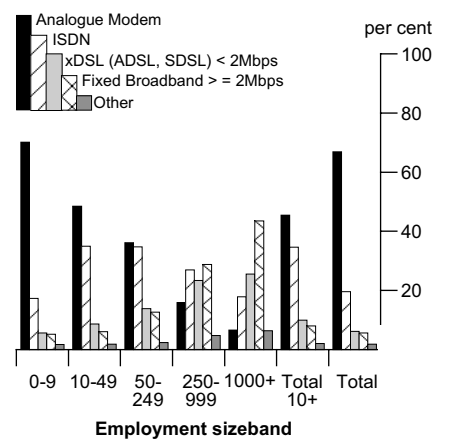
Businesses with websites, 2000 and 2001



Online connection

The primary connection type for online businesses was dial-up connections (67 per cent), followed by ISDN lines (19 per cent). xDSL or other fixed connections accounted for 6 per cent, with broadband accounting for a further 6 per cent. The remaining 2 per cent used other connection types (Table 3). When businesses with less than 10 in employment are excluded, the figures for each type of connection are 46 per cent, 35 per cent, 10 per cent, 8 per cent, and 2 per cent respectively.

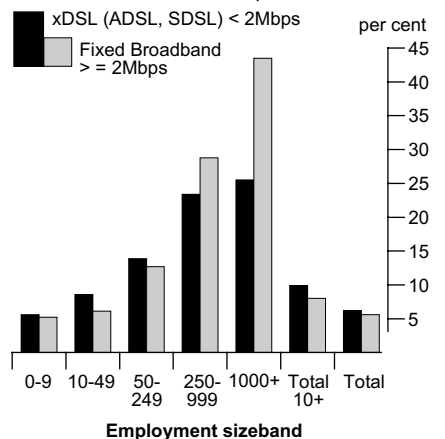
Connection type, 2001



Permanent connection

The level of broadband connection varied from 5 per cent for the smallest companies surveyed to 44 per cent for those with more than 1000 in employment. Similarly the level of xDSL or other fixed connection increased as the size of businesses increased (Table 3). 6 per cent of the smallest businesses had this type of connection in 2001, with 26 per cent of the largest reporting this as their primary connection type.

Permanent connections, 2001



Barriers to broadband technology

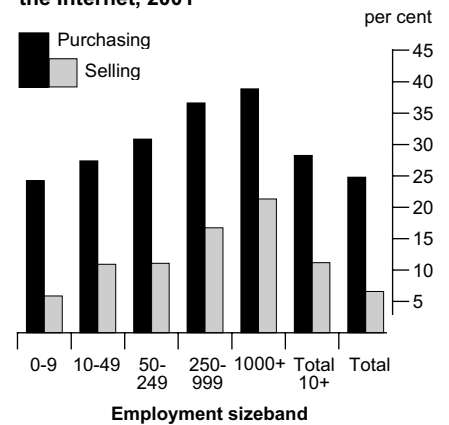
Of those online companies not using broadband technology more than a third (37 per cent) highlighted 'not previously considered' as the most important reason for not using a broadband service. 18 per cent considered that high cost of installation was a barrier, with a further 14 per cent stating that lack of information about benefits was the most significant barrier. A further 14 per cent of businesses cited high running costs, and 10 per cent did not have availability in the area.

The remaining 7 per cent stated other reasons such as security and reliability concerns, company policy and no need for broadband technology at this time.

Online trading

Of those online, 7 per cent of businesses used the Internet to make sales during 2001, whilst 25 per cent bought online. The level of activity varied according to the size of businesses, but again, the larger the business the more likely they are to be trading online (Table 4). Excluding the smallest businesses with less than 10 in employment, the percentage of UK businesses selling and buying online rises to 11 per cent and 28 per cent respectively.

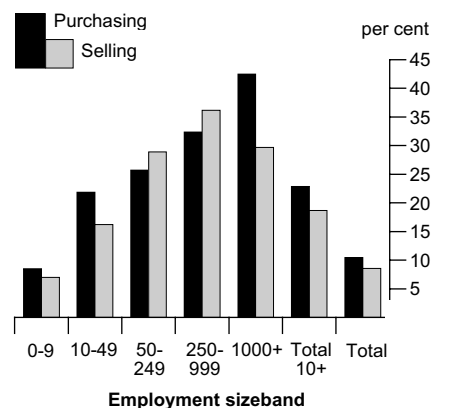
Percentage of businesses trading via the Internet, 2001



Trading via other electronic networks

In 2001 9 per cent of UK businesses used other electronic networks other than the Internet for making sales, whilst 10 per cent did for purchasing (Table 4). These figures rise to 19 per cent and 23 per cent respectively when the smallest businesses (those with less than 10 in employment) are excluded.

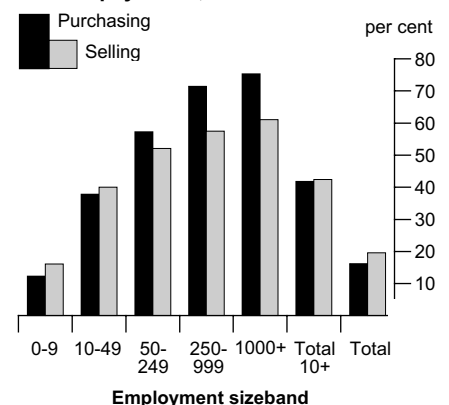
Percentage of businesses trading via other electronic networks, 2001



Use of e-networks to make or receive payments

In 2001 20 per cent of businesses used electronic networks including the Internet to receive payments. 16 per cent did so to make payments. The larger the size of business, the more likely businesses are to adopt this activity (Table 4). Excluding the smallest businesses with less than 10 in employment, both of these figures rise to 42 per cent.

Percentage of businesses using electronic networks to make and receive payments, 2001



Integration of business processes

In 2001 the most integrated business process was of invoicing and payment systems, with 7 per cent of businesses reporting this. This is followed by integration of suppliers' business systems with 6 per cent. The least integrated processes are automatic links with own production or service operation, and with own logistics systems. In all cases, the survey indicated that the larger the business the more likely that business process integration is being exploited (Table 5).

BACKGROUND NOTES

1. E-commerce is having a huge impact on the way businesses operate. It has the potential to lead to growth in trade, increase markets, improve efficiency and effectiveness and transform business processes. In 2001, the ONS developed a package of measures that will help monitor the UK's use of e-commerce.
2. One strand of the strategy is the E-commerce Inquiry, an annual survey of UK business, which asks about their use of, and attitude to, the Internet and e-commerce. This is the second survey of its kind and was despatched in January 2002 in respect of 2001. The survey is part of a European Union (EU) initiative providing EU-comparable data on e-commerce.
3. The survey used the definition of e-commerce that was agreed by the Organisation for Economic Co-operation and Development (OECD) and the EU: it is the method by which the order is placed which determines whether a transaction is e-commerce – not the payment or delivery channels.
4. 12,000 businesses were sampled for the 2001 survey, an increase of 3,000 from the 2000 survey. The ONS Inter Departmental Business Register (IDBR) was used as the sampling frame. The sectoral coverage of the survey was increased to include the Health and Social Work, Recreational and Cultural Sporting Activities and Other Service activities, and firms with less than 10 in employment were sampled for the first time. In addition the questionnaire was revised significantly for the 2001 survey following consultation with UK government users and Eurostat. Year on year comparisons are therefore difficult and care should be taken in comparing the 2000 and 2001 estimates.
5. Some of the 2000 estimates have been revised due to company mis-reporting which has become apparent in the second year of the survey, and also because of improved estimation for non-response.
6. The 2001 E-commerce survey results are being released in stages to allow further quality assurance of the estimates. Data relating to the value of trading online etc. will be released during autumn 2002. Year on year comparisons will be available.
7. The estimates published in this report are weighted to be consistent with the number of businesses in the UK economy. Business weighting reflects the contribution made by the large number of smaller businesses. Employment weighting gives more emphasis to the sizebands with the larger sized businesses. Employment weighted results are presented for comparison in Tables 6 – 10.



8. Electronic networks other than the Internet are defined as electronic data interchange (EDI), e-mail, electronic fax or automated telephone entry.
9. The E-commerce Inquiry was carried out in line with the rigorous standards of all National Statistics. However, it is important to note that the survey is still in development given the nature of the area of activity being surveyed and the fast development of technologies.
10. Details on National Statistics policy governing the release of data are available from the Press Office.
11. **National Statistics** are produced to high professional standards set out in the National Statistics Code of Practice. They undergo regular quality assurance reviews to ensure that they meet customer needs. They are produced free from any political interference. © **Crown Copyright 2002.**

1 Businesses online by size of business, 2001

Employment size	0-9	10-49	50-249	250-999	1,000+	All sizebands	10 or more
<i>Per cent</i>							
Online (reporting Internet use)	46	68	86	97	98	50	72
Planning to go online in 2002	16	20	19	13	14	17	20

2 Businesses using other information and communication technologies (ICT) by size of business, 2001

Employment size	0-9	10-49	50-249	250-999	1,000+	All sizebands	10 or more
<i>Per cent</i>							
Using PCs, workstations, terminals etc	60	87	97	100	100	64	89
With own website	35	58	76	85	90	39	62
Using e-mail	46	68	89	99	99	49	72
Using Intranet	8	23	41	63	81	10	27
Using interactive telephony	5	5	12	17	28	5	7
Using EDI	4	10	23	45	62	5	13
Using extranet	3	6	12	25	42	4	8

3 Type of Internet connection by size of business, 2001

Employment size	0-9	10-49	50-249	250-999	1,000+	All sizebands	10 or more
<i>Per cent</i>							
Dial-up Internet connection	70	49	36	16	7	67	46
ISDN line connection	17	35	35	27	18	20	35
xDSL or other fixed connection <2Mbps	6	9	14	23	26	6	10
Fixed Broadband connection >=2Mbps	5	6	13	29	44	6	8
Other connection type	2	2	2	5	6	2	2

4 Businesses trading online and via other e-networks by size of business, 2001

Employment size	0-9	10-49	50-249	250-999	1,000+	All sizebands	10 or more
<i>Per cent</i>							
Selling online	6	11	11	17	21	7	11
Buying online	24	27	31	37	39	25	28
Using other e-networks for sales	7	16	29	36	30	9	19
Using other e-networks for purchasing	9	22	26	32	43	10	23
Using e-networks to make payments (inc Internet)	12	38	57	71	75	16	42
Using e-networks to receive payments (inc Internet)	16	40	52	57	61	20	42

5 Integration of business processes by firms, by size of business, 2001

Employment size	0-9	10-49	50-249	250-999	1,000+	All sizebands	10 or more
<i>Per cent</i>							
Integrated invoicing and payment systems	6	13	20	33	43	7	15
Integration with your suppliers' business systems	5	9	13	19	30	6	10
Automatic links for re-ordering replacement supplies	4	7	9	13	28	4	8
Integration with customers' business systems	3	5	11	19	21	3	7
Integration with own marketing operations	2	4	6	9	13	3	5
Integration with own production or service operation	2	4	9	17	25	2	5
Integration with own logistics system (including electronic delivery)	1	3	8	17	29	2	5

6 Businesses (employment weighted) online by size of business, 2001

Employment size	0-9	10-49	50-249	250-999	1,000+	All sizebands	10 or more
<i>Per cent</i>							
Online in 2002	44	71	88	97	99	82	91
Planning to go online in 2002	21	23	19	15	6	15	13

7 Businesses (employment weighted) using other information and communication technologies (ICT) by size of business, 2001

Employment size	0-9	10-49	50-249	250-999	1,000+	All sizebands	10 or more
<i>Per cent</i>							
Using PCs, workstations, terminals etc	59	90	97	100r	100r	91	98
With own website	41	60	78	85	94	75	82
Using e-mail	43	71	91	99	99	83	92
Using Intranet	8	25	44	63	86	53	62
Using interactive telephony	5	6	13	18	37	20	23
Using EDI	4	10	27	46	73	39	47
Using extranet	3	7	13	25	48	25	30

r = revised

8 Type of Internet connection (employment weighted), by size of business, 2001

Employment size	0-9	10-49	50-249	250-999	1,000+	All sizebands	10 or more
<i>Per cent</i>							
Dial-up Internet connection	69	46	34	16	4	29	20
ISDN line connection	20	37	34	27	14	23	24
xDSL or other fixed connection <2Mbps	5	9	15	23	25	17	19
Fixed broadband connection >=2Mbps	5	6	15	29	52	27	32
Other connection type	1	3	3	5	5	4	4

9 Businesses (employment weighted) trading online and via other e-networks, by size of business, 2001

Employment size	0-9	10-49	50-249	250-999	1,000+	All sizebands	10 or more
<i>Per cent</i>							
Selling online	6	11	11	18	34	19	22
Buying online	23	28	31	37	38	32	34
Using other e-networks for sales	9	17	31	36	29	24	28
Using other e-networks for purchasing	11	23	26	32	52	33	38
Using e-networks to make payments (inc Internet)	13	41	58	71	80	57	67
Using e-networks to receive payments (inc Internet)	17	43	52	57	66	50	57

10 Integration of business processes by firms (employment weighted), by size of business, 2001

Employment size	0-9	10-49	50-249	250-999	1,000+	All sizebands	10 or more
<i>Per cent</i>							
Integrated invoicing and payment systems	8	13	22	33	53	31	36
Integration with your suppliers' business systems	7	9	14	19	42	23	27
Automatic links for re-ordering replacement supplies	6	7	10	14	39	20	23
Integration with customers' business systems	4	6	13	20	24	15	17
Integration with own marketing operations	3	4	6	10	18	10	12
Integration with own production or service operation	3	4	10	18	33	18	21
Integration with own logistics system (including electronic delivery)	2	3	10	17	41	20	24
