17 October 2002

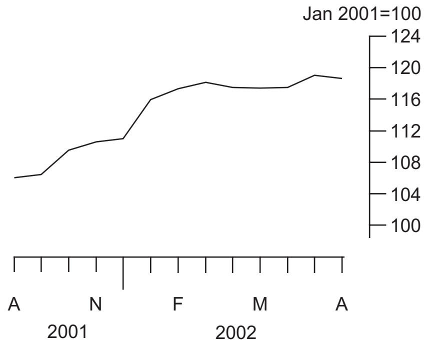
Coverage
United Kingdom
Theme
The Economy

Internet connectivity

August 2002

The latest monthly update to the survey of Internet Service Providers (ISPs) shows that between August 2001 and August 2002 there was a 11.8 per cent increase in the number of subscriptions to the Internet. The month on month change between July and August 2002 was -0.3 per cent.

Index of Internet connectivity



Despite the overall fall in Internet subscriptions in August, which was due to a decrease in the number of dial-up connections, uptake of permanent connections continued to increase. This was due to advertising campaigns promoting a fall in the price of broadband technology (see over).

Subscriptions are defined as those that were active during the month in question. The growth since April 2002 has been revised downwards due to company restructuring and subsequent misreporting.

Index of Internet connectivity

		All subscriptions	Percentage change on previous month
January 2001=100			
2001	August	106.1	2.9
	September	106.5	0.4
	October	109.5	2.8
	November	110.6	1.0
	December	111.0	0.4
2002	January	115.9	4.4
	February	117.3	1.2
	March	118.1	0.7
	April	117.5*r*	-0.5
	May	117.4*r*	-0.1
	June	117.5*r*	0.1
	July	119.0*r*	1.3
	August	118.6	-0.3

r = revised

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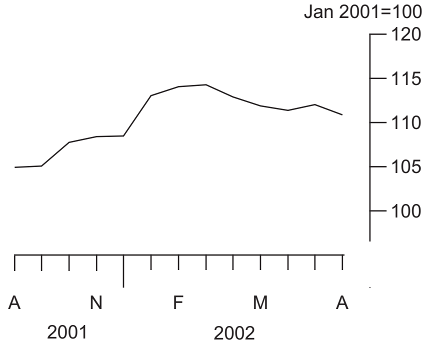
Dial-up versus permanent Internet connections

In August 2002, subscriptions for dial-up and permanent Internet connections continued to display quite different patterns of growth. The indices for dial-up and permanent subscriptions were 110.9 and 1166.5 respectively.

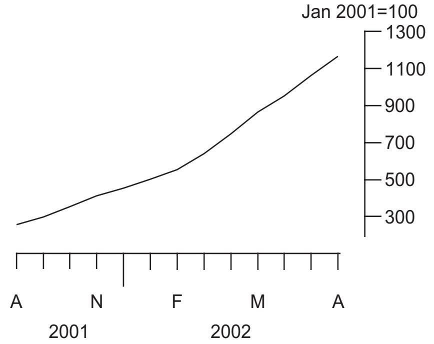
The year on year growth to August 2002 was 5.7 per cent for dial-up connections, with a decrease of 1.0 per cent from July to August 2002. The year on year growth was 354.8 per cent for permanent connections, with an increase of 9.9 per cent from July to August 2002. Dial-up connections continued to dominate the overall number of subscriptions, but with permanent connections continuing to increase their share at a growing rate.

Permanent connections made up 7.2 per cent of total subscriptions in August 2002, up from 6.5 per cent in July. This increase in the market share is due to a fall in the price of broadband technology. Revisions to both the dial-up and permanent indices have occurred due to updated company information.

Dial-up Internet connections



Permanent Internet connections

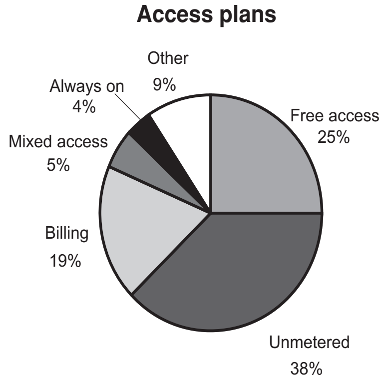


Dial-up and permanent Internet connections

		Dial-up		Permanent	
		Index	Percentage of all subscriptions	Index	Percentage of all subscriptions
2001	August	104.9	98.23	256.5	1.77
	September	105.1	97.95	298.0	2.05
	October	107.7	97.63	354.6	2.37
	November	108.4	97.27	411.4	2.73
	December	108.4	97.01	452.8	2.99
2002	January	113.1	96.83	501.4	3.17
	February	114.1	96.54	553.9	3.46
	March	114.3	96.02	640.6	3.98
	April	112.9*r*	95.34	747.0	4.66
	May	111.9*r*	94.60	865.1*r*	5.40
	June	111.4*r*	94.05	952.6*r*	5.95
	July	112.0*r*	93.46	1061.3*r*	6.54
	August	110.9	92.79	1166.5	7.21

r = revised

Access Plans



In August 2002, the percentage of subscriptions using free access fell by two percentage points to 25 per cent. Those paying a fixed rate for unmetered access increased to 38 per cent, while billed access for call minutes increased by one point to 19 per cent. At 5 per cent there was no change in the percentage of subscriptions using a mixed plan (fixed rate plus bills for calls). 'Always on' increased its share to 4 per cent with 'Other' access accounting for the remaining 9 per cent of subscriptions (down from 10 per cent in July).

Percentage of subscriptions by access plan

		Free Access	Unmetered	Billing	Mixed	Always on	Other
2002	January	37	29	18	5	1	10
	February	35	31	18*r*	4	1	10
	March	32	33	19	4	2	10
	April	30	35	19	4	2	10
	May	29*r*	35	19	5	2	10*r*
	June	29	35	19	5	3	10*r*
	July	27*r*	36	18	5	3	10
	August	25	38	19	5	4	9

r = revised

BACKGROUND NOTES

1. E-commerce could have 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 recognition of its significance in the future performance of the economy, the UK Government has set itself the target of becoming 'the best environment in the world to do e-commerce.' DTI 1998 White Paper *"Our Competitive Future: Building the Knowledge-Driven Economy"* CM4176. In response, the ONS has developed a package of measures that will help monitor the UK's use of e-commerce.

2. One strand of the strategy is the Monthly Inquiry to Internet Service Providers (ISPs). This inquiry, established in January 2001, surveys a panel of ISPs, collecting data on the number of active subscriptions, type of connections to the Internet and access plan used. Publication of the index commenced in December 2001, in respect of October 2001.

3. The index of connectivity is constructed for Internet subscriptions, with January 2001 being used as the base month. The index expresses the current month as a percentage of the base month. The response to the survey stands at 77 per cent for the current month. Estimates are made for non-responding businesses. The index is not seasonally adjusted.

4. The Internet Service Providers Inquiry is carried out in line with the rigorous standards of all National Statistics. However, it is important to note that there is currently no definitive population of ISPs from which to sample, and therefore the index should be treated with some caution as it is still in development phase.

5. The entire index is reviewed each month to ensure that ONS publishes its best estimates. Revisions can occur due to company misreporting or additions to the panel of ISPs.

6. The Office for National Statistics publishes an updated First Release each month. Feedback is welcomed, as are any suggestions for future analysis. ONS aims to publish additional information as the survey develops and the data become more robust. One area for development is to distinguish between business and non business connections to the Internet, although ISPs are presently having some difficulty making this distinction. In future publications, ONS is also looking to include analysis on the type of technology used.

7. Dial-up connections are those that access the Internet via ISDN or an analogue modem. Permanent connections are those with a dedicated continuous Internet connection.

8. There is a quite separate National Statistics First Release *Internet Access* which gives information on households with home access to the Internet and individuals' access to the Internet. That information comes from the Expenditure and Food Survey and the National Statistics Omnibus Survey, and is published quarterly. Similarly, OFTEL produce a quarterly report on Business use of the Internet, which again should not be confused with this First Release.

9. Details on National Statistics policy governing the release of new data are available from the Press Office.

10. **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.