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**New MISC Internet Uptake Index reveals 57% growth in Internet acceptance since June 2000 supported by 20% growth in PC Internet connectivity;
While Internet uptake growth continues to September 2001 (15% growth ½ year) Internet connectivity growth and time stalls for first time**

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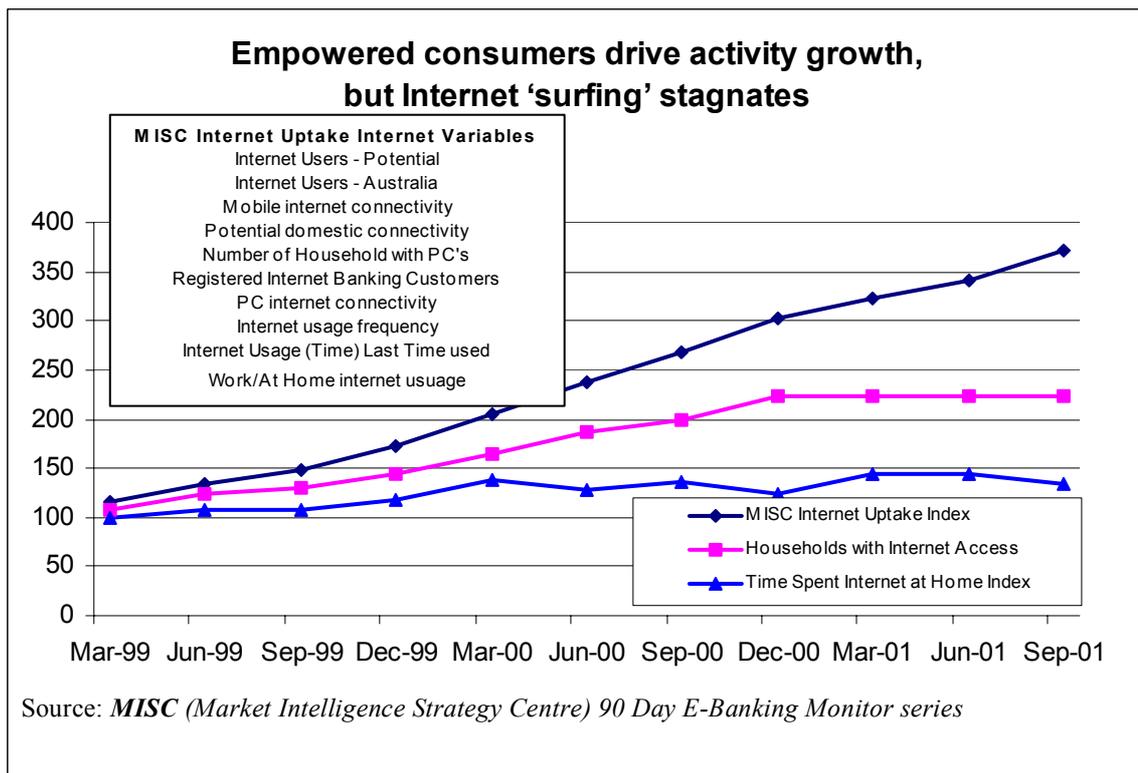
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New MISC *Internet Uptake Index* reveals 57% growth in Internet acceptance since June 2000 supported by 20 % growth in PC Internet connectivity. While Internet uptake growth continues to September 2001 (15% growth ½ year) Internet connectivity growth and time stalls for first time

MISC Australia (Market Intelligence Strategy Centre) today released results from its *September 2001 Internet Consumer Usage Monitor*. The new, composite **Internet Uptake Index**, measures 10 key drivers of Internet acceptance in Australia, and has more than trebled since September 1998, reflecting quarterly average growth rates of 12%. These growth rates have until the March quarter 2001 been closely aligned with Internet connectivity trends i.e. PC's in the home that are connected to the Internet (Internet-enabled) and Internet time usage. However, MISC says in the past 9 months Internet uptake in Australia has entered a new "empowerment" phase of growth, where uptake continues but connectivity growth and usage time stalls. MISC says the novelty driven "surfing phase" appears to be at an end and that this turnaround is quite unlike the Internet experience overseas. In the absence of such a 'composite' index, industry watchers have relied on the measure of Internet connectivity or time spent to determine growth. These solitary measures, as the graph shows, have unexpectedly slowed since December and thus can no longer be used as a reliable indicator of Internet acceptance for the future.



This new "empowerment" growth phase (as MISC describes it) is now usage driven and no longer fully dependant upon technology penetration. Today's Internet users, say MISC, no longer see the Internet as a novelty, but more as a means of empowering themselves in an increasingly complex financial and commercial context. It seems that the Internet in Australia is casting off its plaything image and emerging as an indispensable tool.

This new, startling evidence suggests ongoing Internet uptake will now be fuelled by the empowerment phase as the industry continues to create more commercially relevant content and more efficient transactional Internet platforms. These platforms, say MISC, hold the key to maintaining growth momentum despite current technology saturation. MISC notes that relevant examples of how 'content' feeds this empowerment include both the widening provision of financial information through use of portals like those of ANZ "my anz.com" and Telstra, as well as "less consumer more small



business” directed initiatives such as those of Westpac through its B2 Buy on line market place and the ANZ e biz.com; or the extension of monitoring capabilities via the MasterCard Loyalty and Reward Finder Facility or the more recent Diners club “on line transactional summaries”.

Examples of transactional focused development include the numerous extensions of Internet Banking functionality via “pay anyone” facilities launched by the majority of Australian banks, the expansion of next generation bill payment presentment by groups like Australia Post and Citibank; or account aggregation developments following on from advancements in security by the likes of CBA and Macquarie or even the Australia Post / Ninemsn service and information Portal. While most Banks operate online share trading facilities for investors more direct investment information services including those like CBA Money Markets Online or others that extend transactional capabilities like St George’s Global Dealer or the Macquarie Ameritrade service for US online stock trading are all examples which take the consumer’s Internet empowerment to a new global level. Transactional development has also extended beyond a purely financial aspect. Indeed, the AMEX Blue Card development, has, with its guaranteed web security, and promotion of associated online commerce via loyalty rewards incentives, provided a credible platform for e-commerce take-up as has the “verify” by Visa 3 D secure merchant system which is being phased in worldwide.

How separate drivers wrongly suggest Internet growth has stopped:

While the aggregate Index measure shows consistent (if not slowing growth), several inputs to the Index recently show limited (if any) growth. These contrasting measures when viewed in isolation might suggest that Internet uptake has had its day and the boom is now over. Two such drivers relied on by industry watchers in the absence of this unique composite index, are “time spent on the Internet” and “Internet connectivity”. MISC says that Internet connectivity - which reached 2.9 million homes by December 2000 - has not shown any further real growth to September 2001. Similarly, while Monthly Internet usage was at one stage 7.32 hours a month in May 2001 this has now fallen to 7.04 by September 2001, showing that homes connected spend less time on the Internet. MISC suggests that the most likely reason for this apparent contradiction is that people are increasingly using other ports of entry to gain Internet access and becoming more Internet proficient. Clearly the novelty of surfing and its associated time usage has worn off. The respected research group believes that this may be an early warning sign for those wishing to service this dynamic Internet user consumer group.

Negative and Positive trends BUT index as a whole shows growth

Internet Uptake Index Drivers	Dec 2000	June 2001	Sept 2001
Positive Drivers:			
Ever Used at Home/Other (not Work)	46%	59.60%	59.70%
Registered Internet Banking users	2.29m	3.47m	Na
PC penetration	55%	58%	61%
Internet users quarterly growth	4%	15%	2%
Internet mobile connectivity growth	43%	35%	27%
Negative Drivers:			
Time spent on Internet Minutes per month	428	468	424
PC Internet connectivity growth	13%	1.8%	0%
Ratio of Home:Work Internet use	1.7	1.5	1.5
Current Market Status			
MISC Internet Uptake Index	303	340	372
MISC Index growth (6 Months)	28%	12%	15%

Source: MISC (Market Intelligence Strategy Centre) 90 Day E-Banking Monitor series

So why has uptake continued to grow in the past 6 months in the face of stagnant growth in the remaining parts of the index? As the table of Internet Uptake drivers show those that have had the more positive weighted impact on the index include, the phenomenal success of Internet banking growth; the constrained expansion of other Internet connectivity options (e.g. Mobile phones, more Internet users and more frequent user measures), as well as, to a lesser extent, still growing PC penetration. Such positive measures impact more on the overall index value and have thus seen its



cumulative score rise some 15 % in the last 6 months. In the context of a rapidly changing Internet content and awareness, **MISC** believes it has been an inevitable result that greater up take and qualitative usage (reflected in greater frequency of usage, but for less time) would follow.

The Internet environment holds the key

The positive drivers have been both a consequence of, and influenced by, the changing Internet environment, which **MISC** believes, has been not coincidentally had more impact in the critical first 9 months of 2001 and the lead up. The **MISC** research shows that the Internet world, now accepted by Australian users, has been rapidly transformed from one of a novelty or communications substitute (e.g. E-mail) to one, which plays a more practical role in the maturing lifestyle of Australians. It is rapidly casting off its novelty status says **MISC**. **MISC** isolates from its New Products Database and Internet Consumer Usage Monitor two distinct classes of initiative, which the research group believes, have impacted on this fundamental change. These are either *content initiatives*, which effectively ensure that the Internet is used as a lifestyle management tool for an increasingly on-line savvy consumer; or *transactional initiatives*, which Internet-connected consumers increasingly regard as a means of saving time and money.

The Need for the MISC Internet Uptake Index

Industry and consumers have become increasingly familiar with the use of indexes to accurately measure change e.g. the Consumer Sentiment Index developed by Sydney University or the Business Expectation Index of Dunn and Bradstreet. Whilst there are alternate measures of different aspects of Internet uptake **MISC** is the first research organization to develop a composite measurement tool which can be used to regularly and consistently assess the market's growth. Previously Internet site 'hit' measurements have proven unreliable and customer registrations often fail to reflect true usage or uptake. Whilst the number of Households with Internet access is clearly an indicator of growth, this has now stalled. The **MISC** Index enables a full contextual image to be gained as the ultimate index rating incorporates the regular measurement of 10 differing market variables. These variables are the market force drivers, which **MISC** believes, collectively, determine overall growth for Internet usage and uptake.

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