

Research Trends in Internet Use

Update 2013



Content

1. Introduction	3
2. Research results 2013	4
2.1 Changes in internet use	4
2.2 Demand for domain names and websites	7
3. Expert panel debate	9
3.1 Digital communication experts	9
3.2 The expert panel's views	10
1. Hardware - smartphones, tablets and PCs	10
2. Internet - search behaviour	11
3. Social media - the future	12
4. Conclusion	14

1. Introduction

Trends in Internet Use 2013

In June 2012, SIDN published *Trends in Internet Use* – a report describing research into the influence of apps, mobile communications devices and social media on the demand for domain names. Because the on-line world changes very quickly, Keala Research was commissioned by SIDN to monitor developments by carrying out several follow-up surveys.

Expert views

The follow-up survey findings were presented to a panel of six leading Dutch digital communication experts and used as the basis for the update report now before you. In this report, we compare the 2013 findings with those from 2012 and look ahead with the aid of the feedback from the expert panel.

2. Research results 2013

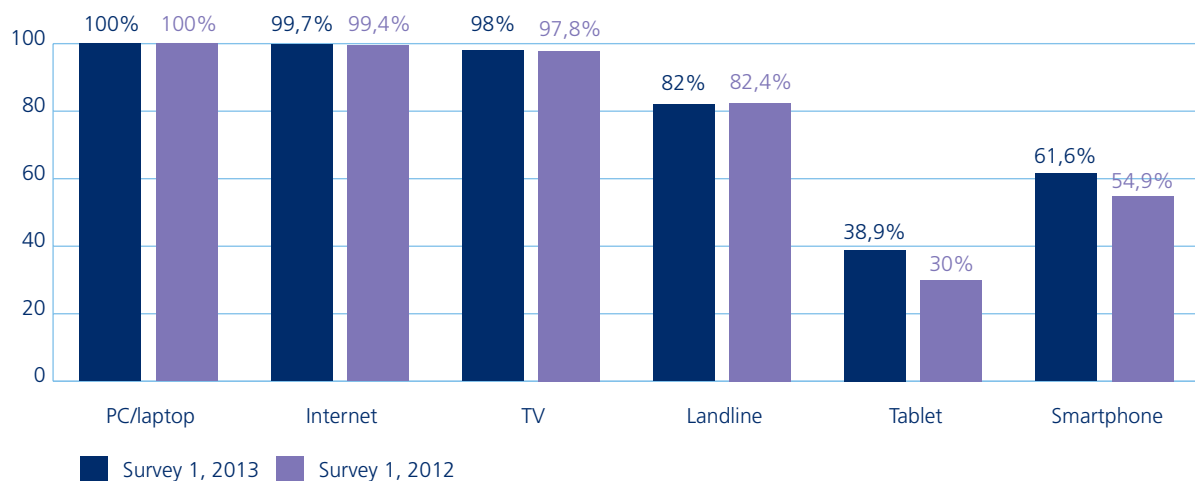
2.1 Changes in internet use

The ratio between tablets, smartphones and PCs

2013: The tablet breakthrough

Between 2012 and 2013, the proportion of respondents who had tablets went up from 30 per cent to 40 per cent. However, the tablet has not only been gaining market share: increasingly, it is also the preferred device for using the internet. In 2012, significantly more people named the smartphone as their favourite access device than the tablet. By 2013, however, the tablet had become just as popular with private individuals as the smartphone. Amongst business people, the tablet was even more popular. The tablet's popularity was despite the fact that a lot more people have smartphones than tablets.

Figure 1: Penetration of devices



No change in surfing habits yet

In 2012, most respondents said that they expected their habits to change a lot in the years ahead. For the time being, however, there is little evidence of that happening. The same three navigation methods continue to dominate:

1. Search engines
2. Typing domain names
3. Bookmarks

Bookmarks remain popular, but appear to be losing ground. Strikingly, however, domain names have maintained and even slightly improved their position as a preferred navigation tool, even amongst smartphone users. Asked how they usually reach websites, our 2013 respondents gave almost the same answers as the people we asked in 2012.

Figure 2: 2013 - How PC users reach websites

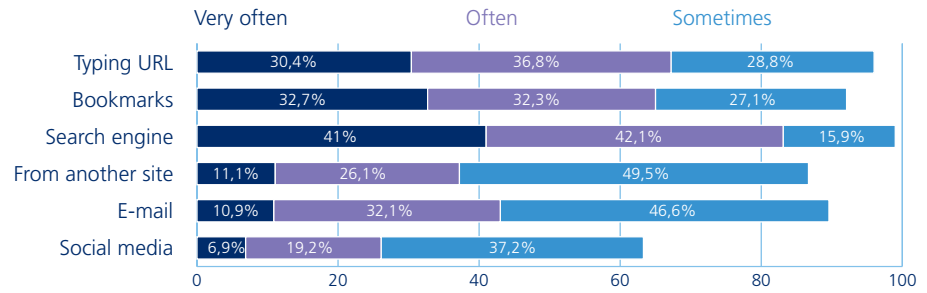


Figure 3: 2013 - How tablet users reach websites

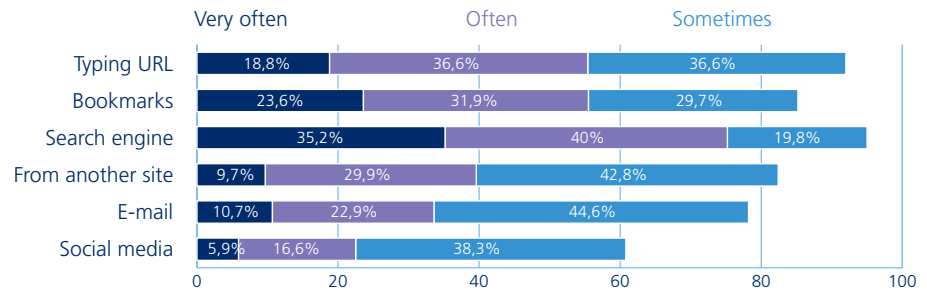
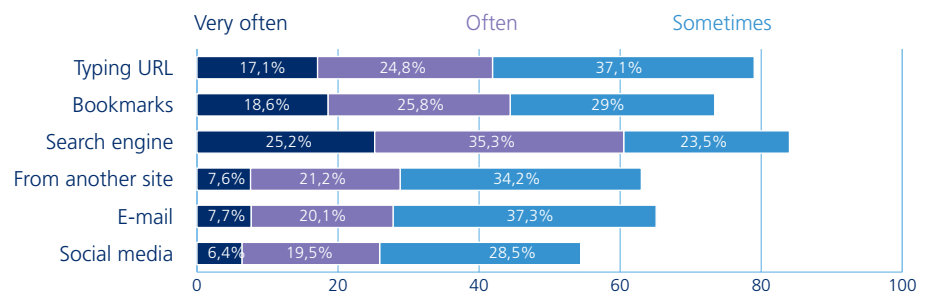
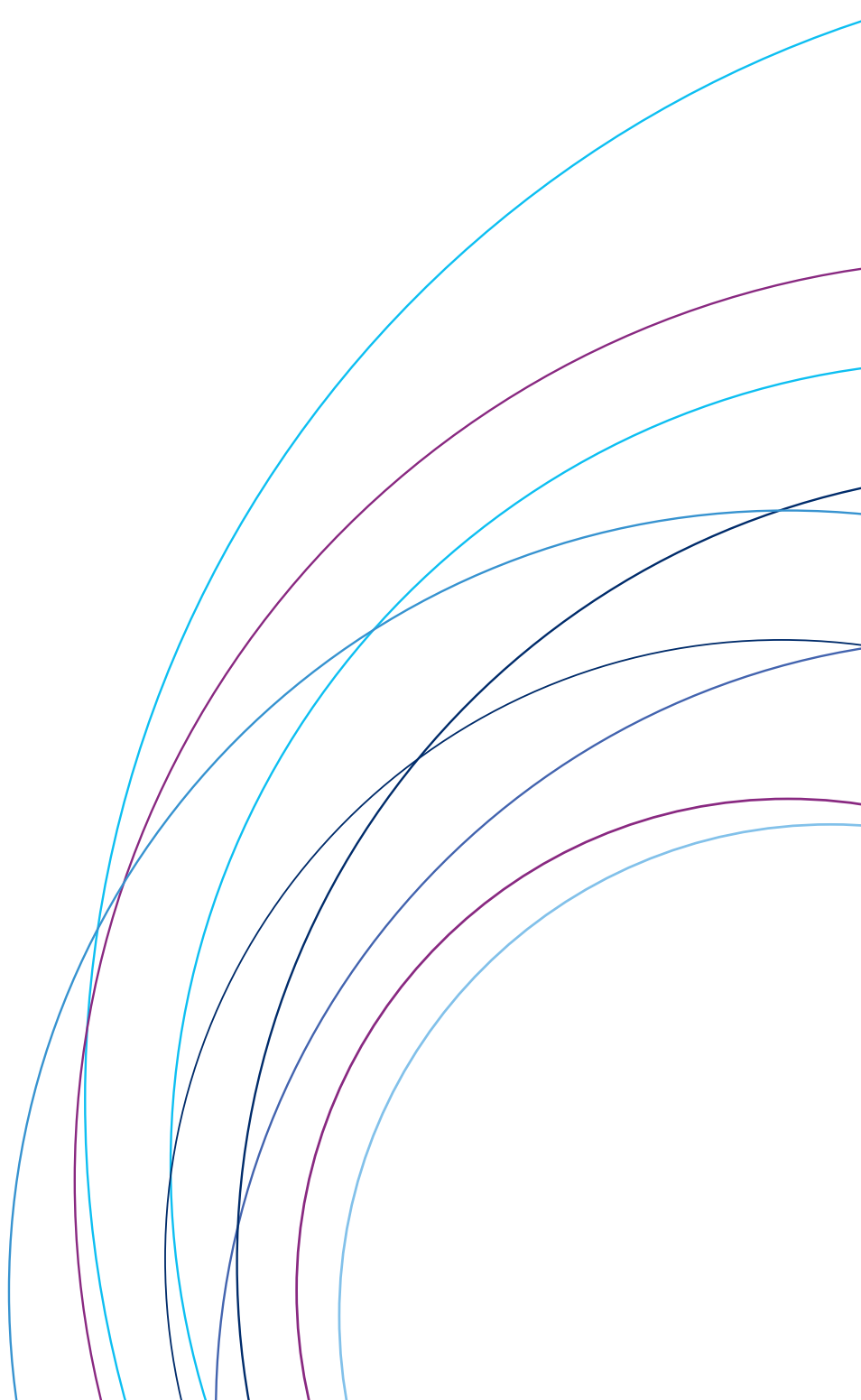


Figure 4: 2013 - How smartphone users reach websites



Windows 8 has barely influenced app use

In 2012, many experts were predicting that the App Store-like design of Windows 8 would have a major effect on the use of apps. Microsoft's new operating system has since been launched, but its impact to date appears marginal. Nor has there been an enormous take-up in 2013. The market performance of Windows 8 has so far followed a similar pattern to that of Vista a few years ago. The public has shown itself distinctly unimpressed, but that may change with the release of the first update in autumn 2013.



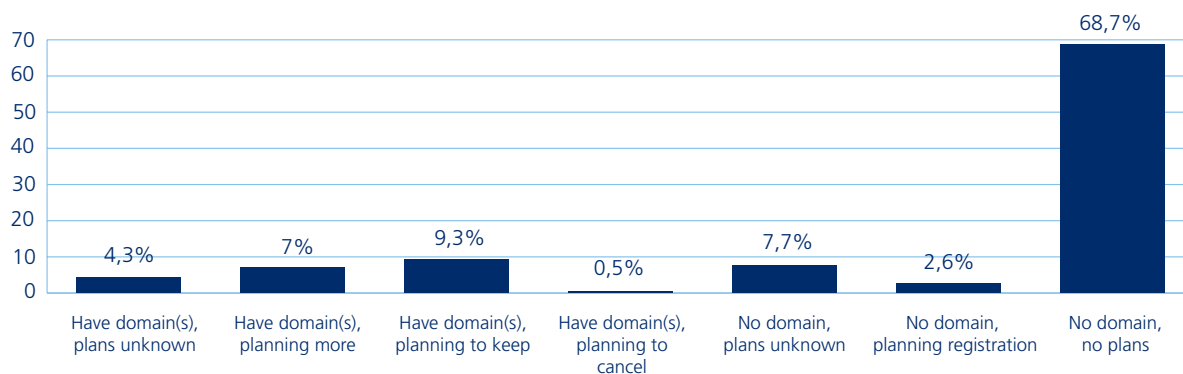
2.2 Demand for domain names and websites

What is the general market picture?

More private individuals have their own domain names, interest waning

The number of private domain name registrants has risen over the last year. In 2012, 74 per cent of households included no one who owned a domain name. By 2013, households without registrants had fallen to 69 per cent. Increasingly, it is existing registrants who register new domain names: the percentage of registrants that would like to add to their domain names went up from 1.40 per cent in 2011 to 7 per cent in 2013. Meanwhile, the percentage of non-registrants who plan to get a domain name has roughly halved, from 5 per cent of all households to 2.6 per cent. Notably, familiarity with the uses of domain names is down across the board: in 2013 fewer respondents could spontaneously name a use for a domain name than in 2012.

Figure 5: Domain name acquisition scenarios



Businesses expecting much less growth

In 2012, the average business expected its domain name portfolio to increase considerably over the following three years, from six names to more than eight. Respondents in the 2013 survey anticipated far less growth. On average, businesses now expect the size of their portfolios to increase by no more than 0.7 domain names over the next three years. Of the names that businesses already have, 61 per cent are in active use, and 39 per cent are not. Confidence in webshops remains undiminished. Businesses still expect the share of their turnover generated by online trade to nearly treble in the next three years.

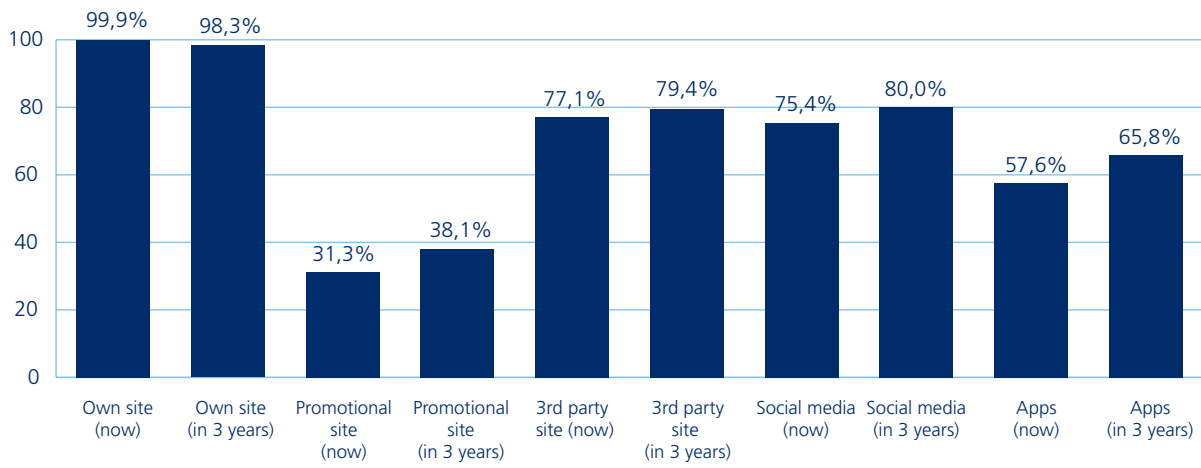
Figure 6:

	Manufacturing/Utilities	Construction/Installation	Transport	Commerce	Hotels & catering	Business services	Financial services	Education	Government	Health care	Total
Used	2,9	1,8	2,9	3,7	1,4	4,1	2,5	4,5	2,3	2,5	3,2
Unused total	2,4	0,5	3,5	3,3	0,9	1,6	0,6	1,4	0,7	1,3	2,0
Total	5,3	2,2	6,4	7,0	2,3	5,7	3,2	6,0	3,0	3,8	5,2
Used	55%	79%	46%	53%	61%	72%	80%	76%	76%	65%	61%
Unused total	45%	21%	54%	47%	39%	28%	20%	24%	24%	35%	39%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Promotional and campaign sites remain very popular, forecast growth continues

The trend in the growth of promotional and campaign websites aimed at particular target groups remains strong in the business market. As yet, there is no sign of substitution by social media.

Figure 7: Penetration of applications for reaching target groups



3. Expert panel debate

3.1 Digital communication experts

The experts who debated the survey findings have different backgrounds but share a special passion for everything to do with the internet, mobile communications and electronic gadgetry. Their particular interest is not so much the technology itself, but the way people use it.



Klaas Weima

Founder and CEO of Energize, a creative bureau specialising in interactive brand communication. Klaas is intrigued by the question of how to build a brand in the digital communications era. He has written a book based on interviews with world-famous brand gurus, such as Philip Kotler, David Allen and Guy Kawasaki. He is an active blogger and was nominated for the title Online Mediaman of the Year in 2009 and 2010.



Ruud Alaerds

CEO of market research agency Keala Consultancy. Ruud has considerable experience of both ICT and market research, making him an ideal discussion partner for marketers and IT professionals. He is a fervent blogger and always seeking ways of making market information relevant to businesses.



Henri de Jong

Co-owner of Mijndomein.nl, one of the biggest domain name businesses in the Netherlands. Henri is a veteran internet entrepreneur and always looking for clever commercial applications that make life easier and better for consumers. His mission: a personal domain name for everyone in the Netherlands.



Ben van der Burg

Former elite speed skater Ben van der Burg is Commercial Director of IT firm Triple IT. He watches trends in digital communication and talks about them with an enthusiasm that has won him popularity in various media channels. Ben gives talks, writes columns and presents PepTalk on BNR Nieuwsradio.



Jeroen Bertrams

Independent on-line marketer and manager. Jeroen has written six management books and developed various courses for ISBW. His *Social media expert in een week* (*Social media expert in one week*) was a bestseller on Bol.com. He is a regular expert contributor to radio and TV programmes on digital subjects.



Frank Meeuwsen

Frank is digital strategist at The Incredible Adventure Starts Here... He is a real digital enthusiast, who knows the internet inside out. Frank strives to help brands and organisations make considered and constructive use of digital media. Frank is also founder of the website Lifehacking.nl and via various blogs regularly publishes on trends and insights in the digital realm. He is the author of *Bloghelden* (*Blogging Heroes*), a book about the early years of blogging in the Netherlands.

3.2 The expert panel's views

Hot today, forgotten tomorrow. In the digital world, things develop and change so fast that even the experts can barely keep up. Nevertheless, the panel was able to highlight a number of significant trends by looking at contemporary events. Their central conclusion was that, in essence, people's communication needs remain fairly constant. Yet the way people look for information and contact each other, and the devices they use to do so, are changing rapidly all the time.

"Devices are changing the way we behave. Need to drive somewhere? Check for traffic jams on your mobile before setting off. Want to talk to someone? Don't call them, use a chat app instead: it's much more efficient. And you can keep in touch with the grandparents on Facetime. People who are now in their thirties or forties haven't learnt to handle all the digital media around today. But the generation that's growing up with modern media will be different."

1. Hardware - smartphones, tablets and PCs

Tablets are conquering the market

Rapid developments in mobile devices mean that the ways we find information and stay in touch are constantly changing. Just as we are getting used to the smartphone, the tablet seems to be pushing it aside. More and more people have tablets and use them to surf the internet. *"Generally speaking, the more popular a device is, the more popular it'll be for accessing the net. That ought to mean that the smartphone is currently the most popular device for going on line. Yet lots of people say that they prefer tablets."*

New kid in town

However, the tablet already has a rival in the popularity stakes. The new kid in town is the 5.55-inch Samsung Galaxy Note 3. Bigger than a smartphone, smaller than a tablet. This intermediate-size gadget has quickly been dubbed a *phablet* by reviewers. It's a sort of digital notepad, which you can also use to make calls. It remains to be seen whether the phablet will challenge the tablet and smartphone at the top of the penetration figures in 2014. For their part, the expert panel preferred to focus on the way people were likely to use their devices.

Device use is changing drastically

What really matters isn't which mobile device has the highest market penetration, but how people use their chosen devices. The way people are using their tablets is evolving quickly. It's increasingly common for people to pick up their tablets in the evening. They may be watching TV or working on their laptops, but they'll have the tablet on as well and use it to check things out. Tablets are used mainly for consuming content: reading, looking up information, watching videos. But that pattern is quickly changing too.

Shopping by mobile

It's clear that shopping by mobile is increasing enormously. However, panel members differed as to the forms of shopping involved. Some experts suggested that smartphones and tablets were used mainly for repeat purchases, while others argued that it wasn't unusual even to arrange a car lease or book a flight. Making 'simple' purchases and

repeat purchases by mobile is entirely normal. If you don't need to do any research, a mobile is a quick and easy way to order and pay. That is backed up by the figures, which the panel said were soaring. *"Your choice of device depends on what you want to do. If you want to make a purchase and you already have all the info you need to make your choice, it's easier to use a mobile or tablet. But if you want to book a holiday or buy a car, you're going to want to look at your options carefully first, which will probably mean sitting down with a keyboard and mouse."*

What is your communication device for?

What people do with their smartphones and tablets varies enormously. It's no longer the case that people use phones for calling, tablets for looking up information and PCs for online shopping. Making voice calls on a phone is being replaced by Facetime, Google Hangouts and Skype. *"When my daughter wants to call her grandparents, she fetches the iPad."*

Digital generation gap

For children, it no longer matters which device they use. Young people hardly call each other nowadays: they communicate in text, speech and image using a mobile device. They are used to communicating via a small screen. *"My nineteen-year-old daughter views her mobile in the same sort of adaptable way that I see my laptop. But I'll be interested to see whether, having used a mobile for everything in her teens means she doesn't feel any need for a larger screen later in life. Somehow I doubt it, myself, because some things, such as pictures and films, make a different impression when you see them bigger."*

Watching videos on a mobile

Data on the mobile use of YouTube show that people are not wedded to the idea that films and videos should be watched on a large screen. In the space of a year, mobile access to YouTube has gone up from 6 per cent to 40 per cent. The panel expects that percentage to stay unchanged or possibly increase, especially with the rise of on-line TV viewing via *Uitzending Gemist*, cable providers and Netflix.

Situation-dependent

What you use a device for depends not only on its function, but also on the circumstances in which you use it – at the kitchen table, in the car at your desk, for example. At the office, you are likely to use your PC for most things, because it's right there in front of you. The tendency is for purchases to be researched using a large-screen device, discussed while sitting on the sofa, and actually made using a smartphone or tablet.

Technology is converging

Situation-dependency of the kind described above may be about to change, however. At the moment, we still make choices about which device to use for what, but ultimately everything is likely to converge. *"I get the impression that the average person finds keeping up with all the new developments too much. My mechanic still uses an old silver Nokia, and he's perfectly happy like that. Technology is developing too quickly for most people."*

2. Internet – search behaviour

Mobile first and 4G

Anyone building a website today thinks about the mobile user first. The PC is no longer the standard; everything is responsive and 'mobile first'. *"Sites have to be super-simple now, because the content has to be viewable on a tiny screen. The mobile user isn't an after-thought, but your first thought. And that's not going to change, because with 4G mobile internet access is going to get even faster. It's going to change the way we live."*

Battle for the start page and browser

The top three ways that people reach sites are currently: looking the site up in Google, typing the domain name and using a bookmark. But will that still be the case in the future? According to the experts, the battle for the start page and browser is just beginning. *"Notably, last year people did more searches on Facebook than using Google. That gives you some idea of how much impact Facebook has had and how quickly things change on the internet. Search is the really big earner. Everyone wants the search market, because that's where the money is."*

Biometric searching

At the moment, on-line searching and surfing involves typing or tapping. People either type in URLs or tap on an app tile. But that's all set to change too, the expert panel believes. Biometric and machine-to-machine searching are on the rise. The most prominent new ways to access on-line content involve activating mobiles with a fingerprint or eye scan and searching by speech (SIRI). *"SIRI is currently in its infancy, but it's going to take over. It's already on the rise in the big US cities. Human input, voice input is increasingly common. Speech and Google Now already work really well – that's clear to me from the way my daughter uses them."*

The future of Google

The number of searches made using Google is declining, as people switch to options such as Facebook or SIRI. Nevertheless, as a company, Google continues to innovate in the fields of content and technology. Google looks very carefully at the way people behave and at market developments. And Google continues to exercise control over consumers and businesses with the 'ranking spook'. As a result, Google+ has more and more users and before long .shop extensions may well be available for webshops. *"Someday something will replace Google, but for the time being Google retains its power. There's a sort of love-hate relationship with Google: you hate the concentration of power over information, but you love their capacity for coming up with really clever new gadgets and applications, such as Google Glass, self-driving cars and slick designs."*

Privacy – an important issue

Privacy is an important issue at the moment. The Snowden case has pushed privacy up the public agenda. People are increasingly inclined to question the security of their personal data. *"Private networks are very much on the rise, because people are looking to protect their privacy. They want to keep more content to themselves, and not to share everything via social media."*

'I have nothing to hide'

Most experts believe that hosters are responsible for privacy: people want to feel secure with their hosting firms. They want to know that their hosters will protect

their content against people with a lot of money and intimidating lawyers who demand that things they don't like are taken off line. Freedom of expression and personal content are hot topics. *"At the moment, plenty of people still take the view 'I have nothing to hide, so privacy isn't something I bother about.' But there will come a time when people are more careful about the information they share about themselves via social media."*

Need for privacy increased by use of biometrics

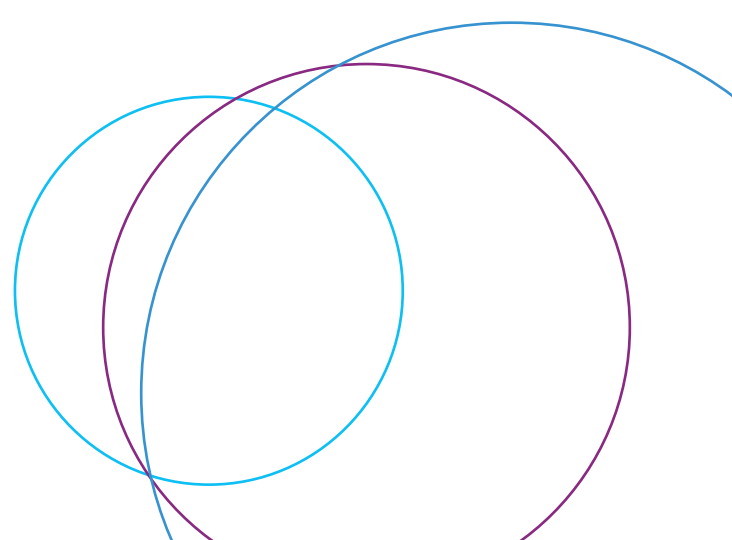
The increasing use of biometrics, such as fingerprint and eye-scanning technology on mobiles, makes internet security and privacy even more important for users. As the technology becomes more personal, people are more inclined to ask what is being done with their data. The panel expects the younger generations to be more alert to the issues than older generations.

Coping with information overload

People of all ages find the sheer volume of information hard to handle. *"The madness just keeps shifting around: a few years ago, you had 250 e-mails a day landing in your inbox. Now it's an incessant flow of social media communications."*

3. Social media – the future

Social media in their present form will disappear. But the need for social contact and the means of communication will remain. *"What we now call social media will in a few years simply be normal communication. We probably won't use the likes of Facebook, Twitter and Instagram any longer, but the social behaviour they have introduced will continue. A timeline on which you post things or talk to people will become the norm."*



What will happen to Facebook?

The experts foresee Facebook continuing to exist for some time to come. Like Google, the company is always one step ahead of the market. *"Facebook is everywhere on the internet, so it's bound to be with us for a while yet. However, I'm not sure that people will continue using it to share everything the way they do now. At some point, some other company is bound to take up the baton."*

Social searching to gain ground

Searching on the basis of reviews (social searching) is likely to gather momentum. You trust certain people in a particular field and you search for things and choose things on the basis of what those people say. Just tapping your own query into a search engine will become old fashioned. *"People no longer trust companies; they put their faith in individuals who know what they are talking about or have personal experience."*

No patience, instant results

In 2011-12, research found that businesses anticipated diverting large parts of their communications budgets to social media. By 2013, however, business people were saying that they attached just as much importance to promotional or campaign websites. Does that imply that the business community no longer believes in social media? *"Businesses are looking for short-term results, whereas social media is more of a long-term investment. Businesses don't have the patience any more. Everything is performance-based: the effort they invest has to have a measurable result."*

Mismatch between hypes and targets

Social media has become a container term, which nowadays equates to spam in your timeline. Businesses find it hard to earn money from social media. The commercial blogging of around 2006 was unable to generate any profit, for example. The same thing seems to be happening now with content marketing: many businesses see it as a goldmine, but you can't depend on the results. *"You can make a difference by working on your branding. But it's very difficult to sell that internally, because it's all about sales."*

Technology unites and makes the world smaller

Social media hypes may come and go, but the basic idea will hang around. New modes of communication and new applications will always keep appearing. Technology unites users and makes the world smaller. *"It's important to remember that all technology is greeted with scepticism at first. How many people said they'd never have a huge TV in the sitting room? Or use a computer? Or walk down the street on the phone? Social media will always be with us. New technologies will appear, there will be new hypes and some will end in disappointment. But, at heart, things will stay the same."*

Private first: small-scale communications

The expert panel is convinced that people will go back to smaller-scale communications. Instead of sharing everything with a large group, they will communicate with smaller, carefully selected circles of people they trust. The desire to communicate within a small community is apparently innate. Research by Erasmus University has shown that small networks are seen as more trustworthy, and that communication within those networks is consequently more effective. That is why initiatives such as Wechat and Path have proved so popular. *"Wechat – which involves communicating in a closed group – is going to be really big. People are looking to get back to smaller, more personal networks with no more than fifty people, such as Path. They are reconsidering who they really want to be in contact with."*

4. Conclusion

There are still various popular ways of reaching websites. It is certainly not the case that one method dominates, or that one type of mobile device dominates. Smartphone users definitely type in domain names less often than tablet and PC users.

Many people still type URLs

A search engine is still the most widely used way of reaching a website. Bookmarks, which were the second most popular option in 2011, have been pushed down to third. Contrary to expectations, manually entering a URL has taken over at number two in the popularity stakes.

Technology continues to develop

Mobile device technology continues to develop rapidly. Examples include:

- Touch screens
- Folding screens
- Smart watches
- Speech and gesture interaction

The dynamic nature of the technological landscape means that it isn't possible to predict which ways of reaching websites will prevail. It is notable that the market's growth expectations are sharply down, but so too are the 'churn' expectations.

Future domain names

Domain names will remain relevant. Even when they are invisible to the user, they form the backbone of the internet. The appearance of new extensions is also likely to reinforce their significance. The experts on the survey panel are all enthusiastic supporters of the idea of everyone having their own domain name, like a social security number or passport number. Even politicians are starting to come around to the idea, but hesitate to intervene decisively.

