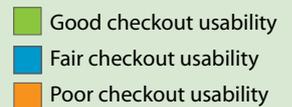
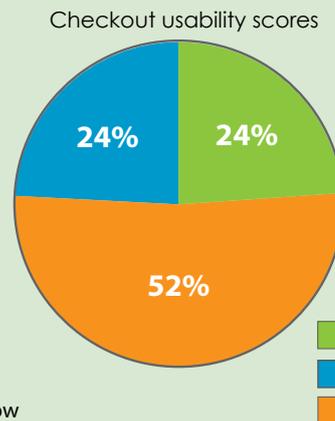
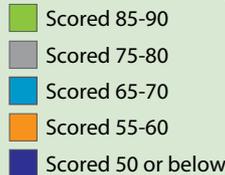
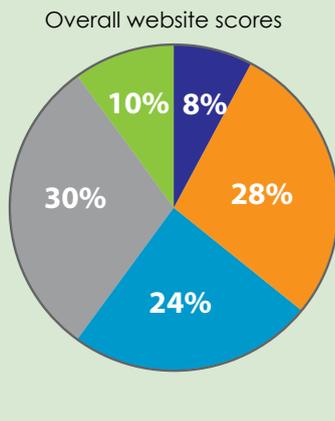


Next's website tops eCommerce survey



Aileen O'Toole,
Managing Director,
AMAS



Source: AMAS survey of 50 Irish websites, October 2008

The Irish website of clothing retailer Next has emerged as Ireland's top online shopping site in a large-scale study of Irish eCommerce sites. Conducted by AMAS for State of the Net, the survey shows that some of the best-known traditional retailers, such as Hughes & Hughes and DID, had the worst scores among the 50 sites surveyed.

The sites were scored against a checklist of eCommerce good practice and on items that affect user-friendliness.

Next (nextdirectory.ie) achieved a score of 90 marks out of a possible 100 and was followed by Meteor, Perfume Ireland, Leinster Rugby and Moviestar, all sharing second place on 85 marks. At the other end of the scale, four

sites shared the worst score of 50 marks each – the online electronics site Elara, online wine merchant Wine Online, bookseller Hughes and Hughes, and electrical retailer DID.

Among the main findings were:

- 40% of the sites are top-tier sites, achieving scores of 75 marks or above, with another 24% in the middle ground and 36% achieving poor scores (60 marks or less)
- Checkout usability – the ease with which customers can complete a purchase – varied considerably from site to site. Only 24% scored highly for this, with 52% in the middle and 24% on low marks
- Many sites do not take sufficient steps to protect



themselves from pricing mistakes, despite the high-profile Aer Lingus underpricing episode earlier this year

- Only two websites – Champion Sports and Best Quote – used HTML code that passed validating tests. This means that the

vast majority of the sites are not complying with a best practice requirement that is also important for accessibility

The 50 eCommerce websites were compared and scored for convenience, efficiency, transparency and compliance. The sites

continued on page 5

Online ad formats

page 3



Web 2.0 builds brands

page 6



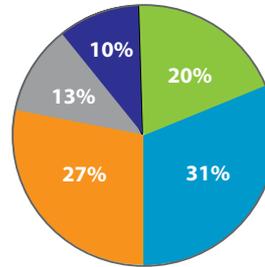
1. Online Shopping

Irish shopaholics will be more restrained this Christmas but the Internet will play a more powerful role, particularly as a tool to compare prices, products and stores. More choice and the wish to avoid crowded stores in the run-up to Christmas are the main reasons Irish consumers shop online, according to Deloitte's annual Christmas spending survey.

The most popular shopping sites are the prominent, pure-play online retailers such as eBay and Amazon which seem to be more popular among Irish consumers than their European counterparts. Music, books, DVDs and videos dominate the online shopping lists for the festive season.

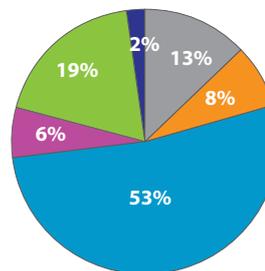
Source: Deloitte annual Christmas spending survey 2008, based on a sample of 672 individuals

Note: Totals may not equal 100% due to rounding



How consumers will use the Internet for their Christmas shopping this year

- I will not use the Internet at all
- Research and compare shops
- Research and compare prices
- Buy products and/or services
- Research and compare products

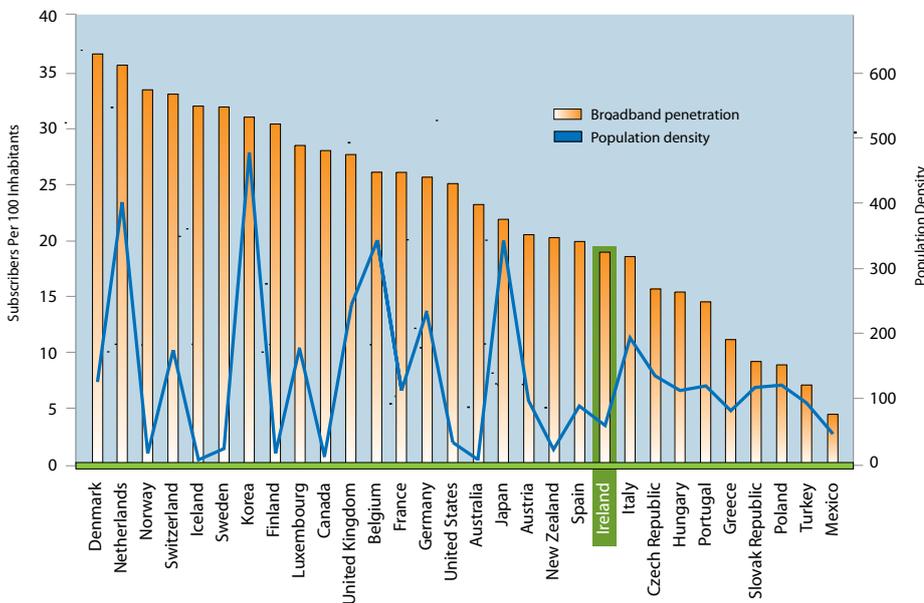


Types of websites used by online shoppers

- Price comparisons sites
- Blogs
- Internet trading sites
- Supermarket sites
- High street shops' sites
- Manufacturers' sites

2. Broadband

Broadband penetration vs population density



The great broadband debate continues but has changed tack. The story will continue to dominate the news agenda, despite impressive headlines achieved this year (a million plus subscribers and 54% of households with connections, by ComReg's reckoning).

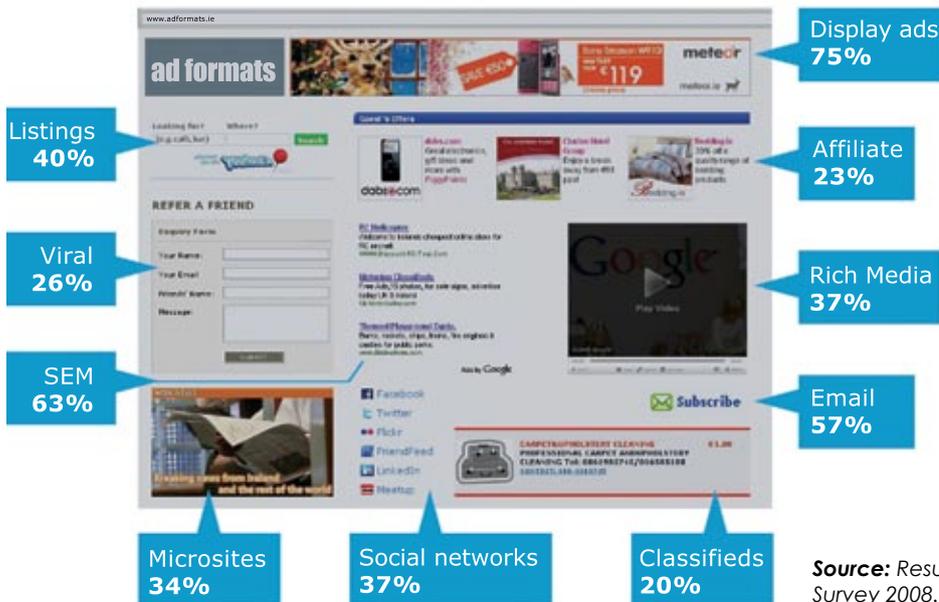
Why? Because broadband is key to Ireland's competitiveness and the debate has shifted from one that has been primarily about availability to one about affordability and speed. Put simply, the businesses that Ireland needs to foster are broadband intensive. And policy advisers such as Forfás, and business lobbyists such as Chambers Ireland, are championing the cause for accelerated investment in a more advanced broadband infrastructure.

Ireland's international ranking is key and is one of the more important statistics reviewed by the type of knowledge-based businesses Ireland need to attract. Our graph, based on OECD data, shows that Ireland is in 21st spot among the 30 countries tracked, just a single point ahead of the position a year ago.

Source: OECD, broadband subscribers per 100 inhabitants, June 2008, (inhabitants/km2, 2006)

Top Trends

3. Advertising formats



Definitions:

- **Display** – banners, buttons, pop-ups etc
- **SEM** – Search Engine Marketing for this survey was defined as including pay-per-click campaigns and search engine optimisation
- **Email marketing** – eZines, email campaigns
- **Online listings** – such as those in paid-for directories
- **Rich media** – video, Flash, other dynamic interactive display advertising
- **Social media networks** – Bebo or Facebook and others
- **Microsites** – campaign sites, usually single purpose
- **Viral marketing** – content or campaign designed to be passed along
- **Affiliate marketing** – revenue-sharing through third-party sites

Source: Results International: Irish Digital Advertising Sentiment Survey 2008. Data based on a sample of 120 Irish businesses.

Another survey among Irish businesses shows their appetite for online advertising – and points to similar trends to those shown in the AMAS/Marketing Institute study published in the last edition of State of the Net.

The survey, from specialists Results International, gives valuable insights into the type of advertising formats favoured by businesses. The findings – shown in this website mockup – indicate that traditional online

advertising formats are dominant but that many marketers are experimenting with different formats. Over a third, for instance, are now using rich media and social networks as part of their online marketing mix.

4. eGovernment

Ireland got a reasonable, if not remarkable, scorecard in the latest international eGovernment benchmarking study. Still, it represents some moderately positive news for the eGovernment agenda after the drubbing it received from the Comptroller and Auditor General earlier this year about expensive, runaway projects.

Ireland came 19th in the 2008 eGovernment readiness stakes among 192 countries assessed by the UN. That's a point ahead of where we stood in the 2005 study. But before we get carried away, consider the runaway performance of the

Scandinavian countries which command the top three positions. Also, Estonia which was our near neighbour in the 2005 study at 19, has galloped ahead to the 13th position.

The UN's eGovernment Readiness Index, on which the scoring is based, is a composite of web measurement (the sophistication of a country's online presence), telecommunications infrastructure (such as PC, Internet and telephony penetration) and what's called the Human Capital Index (based on educational and literacy issues).

eGovernment Readiness		
	Country position 2008	from 2005
1.	Sweden	↑ 2
2.	Denmark	↔ 0
3.	Norway	↑ 7
4.	United States	↓ 3
5.	Netherlands	↑ 7
19.	Ireland	↑ 1

Source: United Nations eGovernment surveys 2008 and 2005

the opportunity to win online

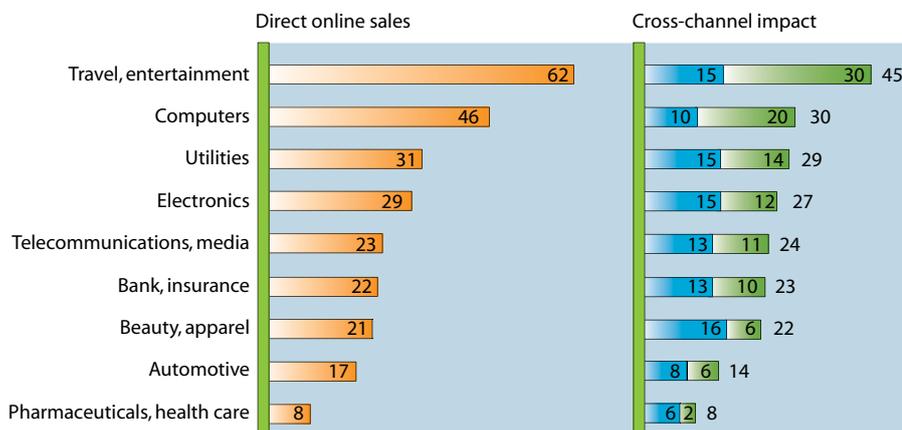
5. Cross-Channel Purchasing

The Web – the most measurable medium in the history of marketing – is not being fully exploited internationally because of “nascent technologies, inconsistent metrics and a reliance on outdated media models”. Harsh words indeed from management consultancy McKinsey, in its latest quarterly bulletin.

Poor measurement extends to how

businesses track the cross-channel impact of their marketing efforts – online influencing offline purchasing and vice versa. Examples of this include consumers who use stores to investigate products before buying – one US retailer has found that half of its customers say it is important for them to examine products in a physical location before they buy them online.

McKinsey gathered some insights into cross-channel impacts in a study of European marketing managers and it shows how “touch points” – how consumers encounter a brand or a brand message – are converted into sales. As the chart shows, travel and entertainment have the greatest cross-channel conversion rates, followed by computers and utilities.



The impact of cross channel advertising in generating sales

■ Online sales influenced by offline touch points
■ Offline sales influenced by online touch points

Source: McKinsey European customer touch point survey June 2008. Graphs based on a sample of 340 senior marketing executives

continued from front page

are all Irish or market their goods and services to Irish consumers. They include many well-known sites selling clothing, groceries, electronics, telecoms services, books, travel and insurance online.

The survey methodology involved a review of the 50 sites against 11 points of eCommerce good practice. The checkpoints were weighted to give an overall possible score of 100. The points checked included:

- The clarity and simplicity of the online checkout process
- Whether customers have to opt-out to avoid extra charges or signing up to marketing messages
- The prominence of privacy policies and terms and conditions
- The download speeds of the sites

based on a 1.44mbps T1 connection

- Whether the sites passed the valid code check
- Using secure connections for online transactions by credit card

The website that everyone loves to hate – Ryanair – got a score of 60, which put it in the middle of the table. The airline has made some improvements in its site which led to a better score than it got last year. Ryanair was the worst performer in last

Boost your online sales

Is your website under-performing? AMAS offers eBusiness audits, usability reviews, user testing and other services to boost your online channel. Find out what we can do for you: www.amas.ie or contact info@amas.ie

year's State of the Net online shopping survey, which is not directly comparable with this year's survey.

Why bother with usability? Because the business case is so compelling. Some studies show that online shopping sites that are customer-centric, well-structured and have efficient checkouts can enhance their online sales by as much as 100%. Good website usability also ensures more repeat visits and brand loyalty.

Therefore it is very surprising that 24% of the sites in the study had poor checkout usability scores. This means that there were barriers there to stop customers spending money with them. How sensible is that in the current market? For a full list of the companies and their scores, visit www.amas.ie.

Top Trends

6. Online Advertising

Online audience measurement in Ireland is dogged by a torrent of data. Some of it is irrelevant (such as hits on a website, which aren't a true measure of online traffic) and little of it is directly comparable. This makes the job of media planners, the professionals who buy online advertising, a challenging one.

The arrival of a new mechanism to measure traffic on Irish websites is welcome, particularly as it offers a robust methodology and directly comparable data. The Internet Audience Measurement (IAM) is an initiative of Bluemetrix, the Irish company which measures online traffic in distant markets such as Japan and Scandinavia.

Its software was running on 38 Irish websites when the first tranche of data, on which our graph is based, was released in early November. Not all the big sites are signed up and some of those that are (such as Daft.ie and The Irish Times) did not have any stats available for the first monthly release.

But while, the top 10 table is limited in its scope, it enables like-for-like comparisons as the same measurement tool is used. This new measure will gain in importance over coming months, as more sites sign up and more data becomes available.

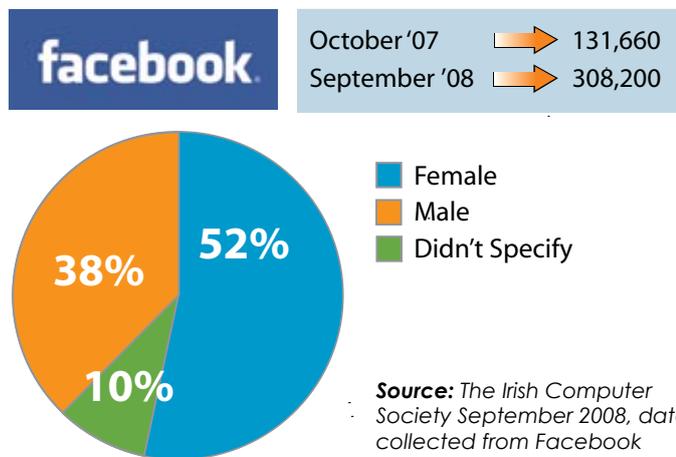
Top 10 Irish Websites			
	Site name:	Unique visitors	Page views per visitor
1.	BOARDS.IE	1,179,299	14
2.	EIRCOM	1,079,344	19
3.	breakingNEWS.ie	362,591	13
4.	Irish Examiner.com	244,743	15
5.	BuyandSell	208,390	23
6.	Hotels.com	196,675	9
7.	<finfacts>	190,854	2
8.	THE IRISH NEWS	141,150	6
9.	MUNSTER RUGBY.ie	117,689	8
10.	TODAYfm	107,048	8

Source: Bluemetrix study of 38 Irish websites for October 2008 (www.irelandmetrix.ie)

7. Social Networks

Irish memberships of social networking sites continue to roar ahead. New year-on-year comparisons for Facebook show a more than doubling of its Irish members within a year and that more than half of those members are female.

Membership of the social networking site Facebook



8. Top Searches

Top 10 Google searches Ireland - 2008

1.	bebo	100
2.	dublin	70
3.	youtube	50
4.	you	30
5.	yahoo	25
6.	hotmail	25
7.	google	25
8.	games	25
9.	news	20
10.	map	20

Source: Google Zeitgeist survey for 1 January to 14 November 2008. Figures normalised and presented on a scale from 0-100

Social networking sites and Web 2.0 applications now dominate the top search terms from Ireland to Google. Google's Zeitgeist trends go back to 2004, when Ireland's top 10 included terms such as "music", "london", "jobs", "flights" and "holidays".

Build your brand with Web 2.0 tools



Fíachra Ó Marcaigh,
Director, AMAS



Discover Science & Engineering: The national science awareness campaign uses online video, blogs, user-generated content and social networking as well as websites to extend its reach. (Discover Science & Engineering is an AMAS client.)

Here are some practical examples:

1. A blog lets you break out of the website "broadcast" mode and become more conversational
2. RSS feeds get your content into people's feed readers
3. Online video can entertain and inform
4. Photo-sharing sites mean that you can distribute promotional and product imagery
5. Social networking sites – from Bebo for teens to LinkedIn for professional networking
6. Social bookmarking on sites like delicious.com promote the brands bookmarked
7. Directories and wikis. Write yourself up!

Web 2.0 brand-building is not the answer to everything, and it's not suitable for every business. But for many, many companies, it

is the next logical step to building their brands online.

Yes, companies still need websites, but they need more. It's not so much about "the website" as about an organisation's overall online footprint. This footprint may include hundreds or thousands of other references and links from all sorts of online locations.

As one multinational's brand manager said recently: "We spend less time building websites as destinations and more time building online communities and interacting with existing ones."

Fíachra Ó Marcaigh is addressing the IIA User Experience conference on November 25 on the theme of building and protecting your brand online. For more information, visit www.ia.ie

Throwing away opportunities to build their brands online – that's what you can say about more than 80% of the sites surveyed for the AMAS eCommerce research. Of the 50 leading Irish sites, only eight had Web 2.0 features such as RSS feeds, blogs or online video on their sites.

Of course a website itself helps to build a brand. Provided it is well executed and carries the brand messages and graphic design, it communicates the brand to visitors to the site. But the problem is in the last part of that statement

– "visitors to the site". No matter how good a website is, how strongly branded, it does not carry your brand messages outwards. Even with an eNewsletter attached your brand is preaching to the choir – those who have visited the site and have signed up.

The answer – and a way to reach younger age groups who make much less use of traditional websites and email than us oldies (over 25s) – is Web 2.0. That part of the Web that is most focused on networking, sharing and linking is an excellent place to build your brand online.

IIA invests in membership services



Fergal O'Byrne,
Chief Executive,
Irish Internet
Association

The buoyancy in the Irish internet sector is reflected in IIA membership figures, which have just broken through the 600 mark. This reflects an increase of 20% on the same period last year.

Both existing and new members recognise the benefits of membership. The goals of the association are to Connect, Inform and Promote. We have invested considerably

this year in upgrading communications channels with our members. The IIA has a new email platform, an active blog, an upgraded website and we even Twitter if that is your thing! State of the Net is an important part of the wide range of content produced for IIA members.

This year, for the first time, members can renew their subscriptions online. We're a not-for-profit organisation and we've decided not to increase membership fees for the upcoming membership renewal phase - the fourth successive year that there has been no increase. The IIA has plans to build on the achievements of this year in 2009 and to continue to add value to our members.

AMAS: what we do

AMAS is a consultancy specialising in online channels. The company is retained by businesses and government bodies to plan, manage, evaluate and market their online channels.

Services include:

- Strategy
- Research
- Audits
- Content
- Marketing
- Project management
- Outsourcing

Find out what AMAS can do for you. Contact Aileen O'Toole, Managing Director, on + 353 1 6610499 or info@amas.ie.