



Use of Internet

Digital Agenda Scoreboard
2015

The Digital Economy and Society Index (DESI) is a composite index that summarises relevant indicators on Europe's digital performance and tracks the evolution of EU Member States in digital competitiveness.

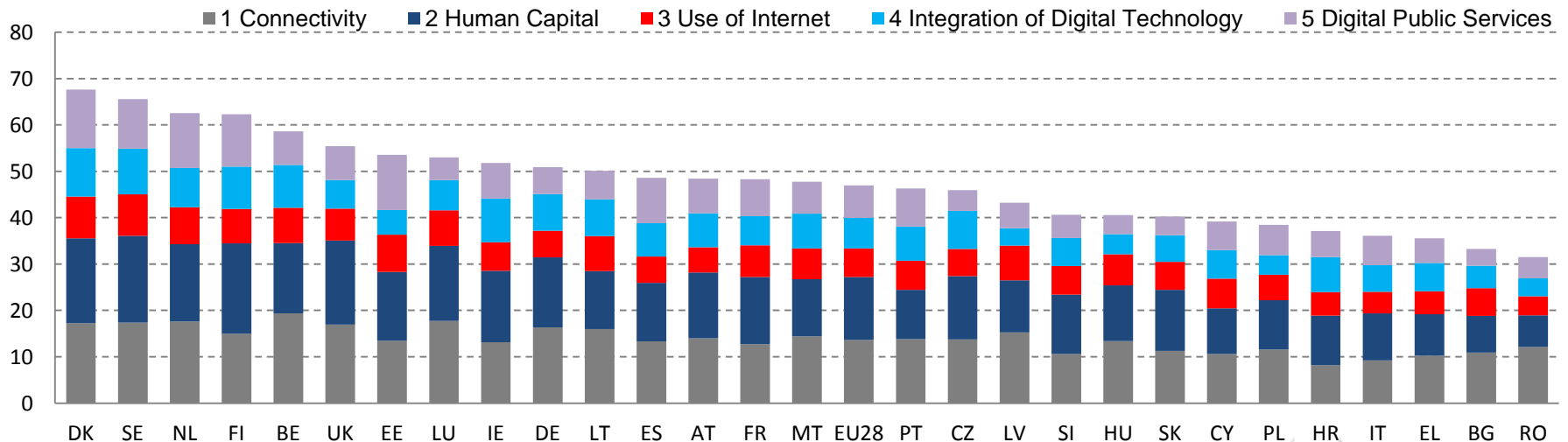
Denmark, Sweden, the Netherlands and Belgium have the most advanced digital economies in the EU followed by Belgium, the UK and Estonia.

Romania, Bulgaria, Greece and Italy are at the bottom of the list.

The five dimensions of the DESI

1 Connectivity	Fixed Broadband, Mobile Broadband, Broadband speed, and Affordability
2 Human Capital	Basic Skills and Usage, Advanced skills and Development
3 Use of Internet	Content, Communication and Transactions on line
4 Integration of Digital Technology	Business digitization and eCommerce (40%)
5 Digital Public Services	eGovernment and eHealth (33%)

Digital Economy and Society Index (DESI), 2015



Source: European Commission, Digital Agenda Scoreboard

Digital Agenda Scoreboard 2015 – Use of Internet

Use of Internet by EU citizens

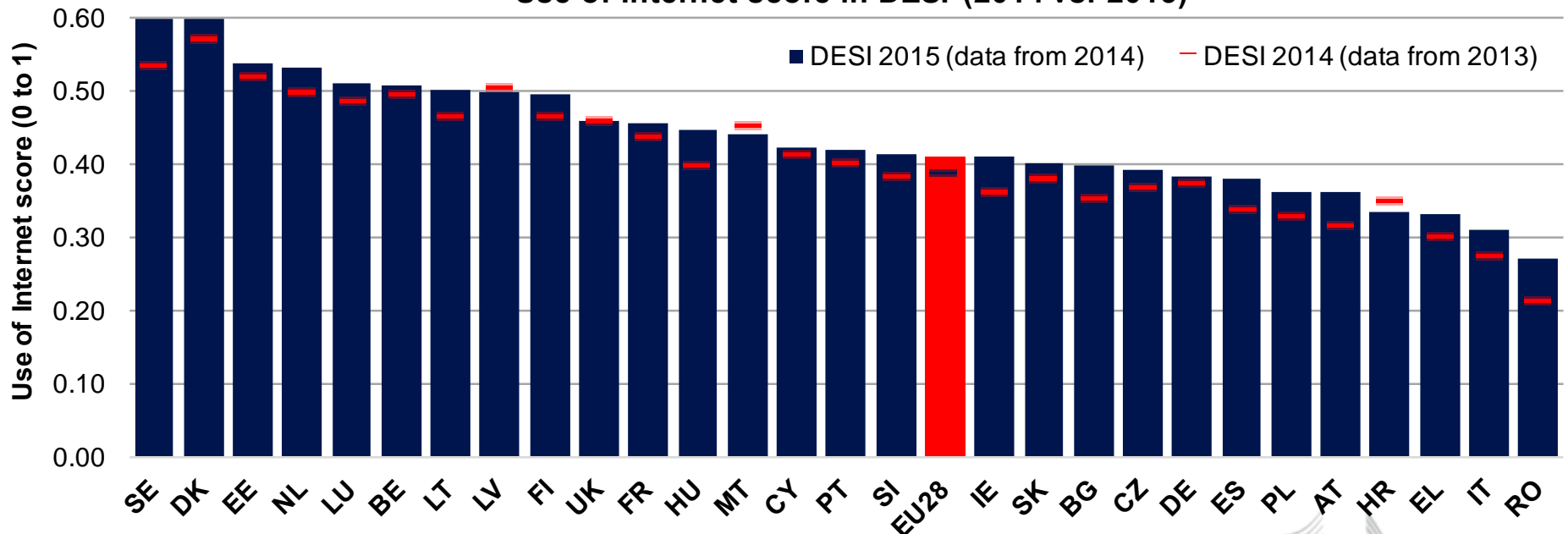
EU citizens engage in a **wide range of online activities**. They consume content, communicate, shop and bank online. Such activities are captured in the DESI dimension 3. Use of Internet.

From DESI 2014 to DESI 2015 the **EU as a whole improved** its Use of Internet score (+0.02) as did most individual countries, which shows that citizens are more engaged in online activities.

Sweden and Romania showed the greatest improvement (+0.06), with Sweden overtaking Denmark as the country whose citizens are most active online. The only three countries that slightly worsened their score were Croatia, Malta and Latvia.



Use of Internet score in DESI (2014 vs. 2015)



Source: DESI - Digital Economy and Society Index (European Commission)

European Internet users are increasingly engaging in **on-line activities**

EU Internet users are actively engaging in a wide variety of on-line activities.

In absolute terms, the **biggest increase** was observed in the percentage of Internet users making on-line **video calls** (+4pp) and **reading news** on-line (+3pp).

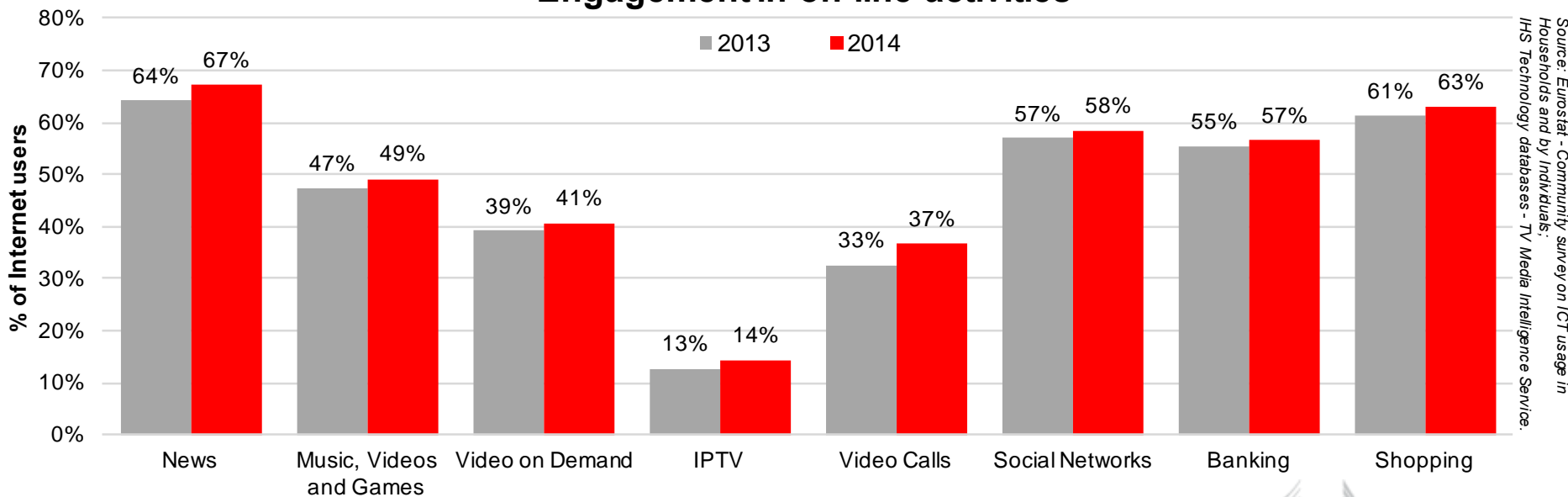
Poland has the biggest increase in the users reading news on-line (+28 pp). The biggest increase in the users listening music, videos or playing games is recorded in **Czech Republic** (+23pp) and **Ireland** (+20pp). **Romania** recorded the biggest increase in the users in making video calls and doubled it's figure from 2013 (+23 pp).

EU Internet users are active in **obtaining content** online, with two-thirds reporting reading news online and nearly half obtaining Music, Videos and Games. EU households are also using the Internet to obtain televised entertainment, both via Video on Demand and via IPTV.

EU citizens also **communicate** online. More than one-third of Internet users place calls (video or audio) over the Internet, and 58% interact using social networks.

When it comes to **online transactions**, EU Internet users are keen on doing their banking activities online (57%) and close to two-thirds of them reported to have shopped online during 2014.

Engagement in on-line activities



Close to two thirds of EU Internet users shop on-line

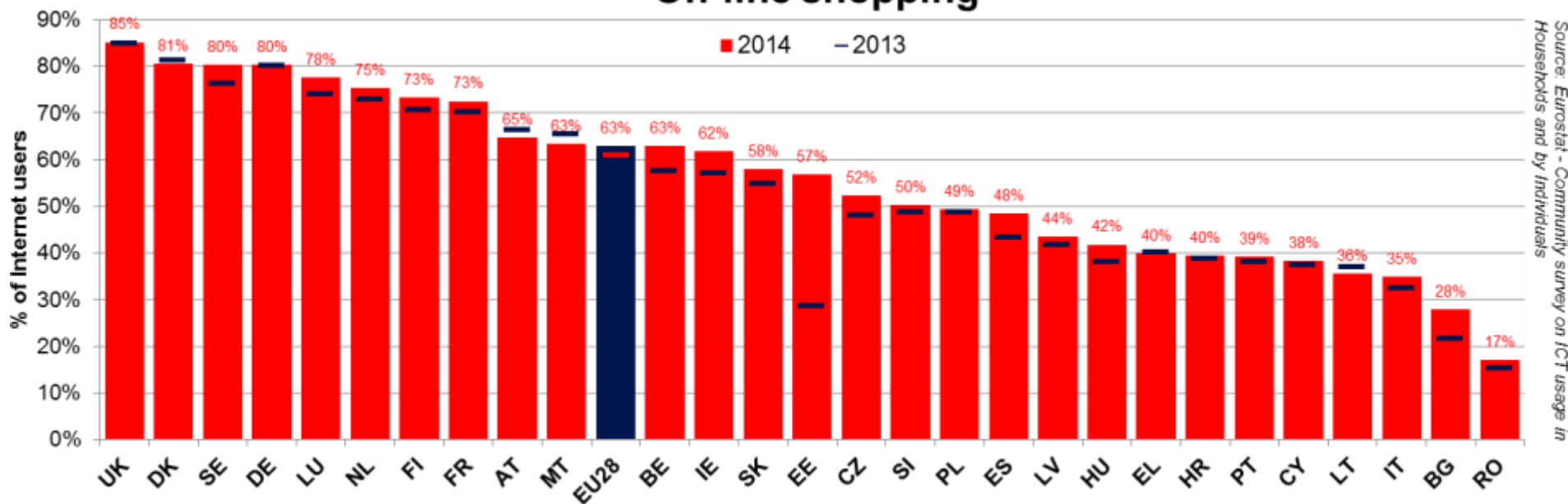
Close to two-thirds of EU Internet users trust the Internet enough to engage in online shopping.

High rates of users shopping on-line are recorded in the **United Kingdom** (85%), **Denmark** (81%), **Sweden**(80%), **Germany** (80%). Relatively lower rates of users shopping on-line are recorded in **Bulgaria** (28%) and **Romania** (17%) despite considerable progress from 2013 to 2014.

Concerning progress from 2013 to 2014, the percentage of **EU Internet users shopping online increased slightly** from 62% to 63%.

Most member states showed progress from 2013 to 2014. Estonia showed a remarkable increase, nearly doubling the percentage of Internet users that shopped online. Bulgaria and Belgium were second and third in terms of absolute increase, with 6pp climbs in online shoppers.

On-line shopping



Source: Eurostat - Community survey on ICT usage in Households and by Individuals



More than half of EU Internet users use on-line banking

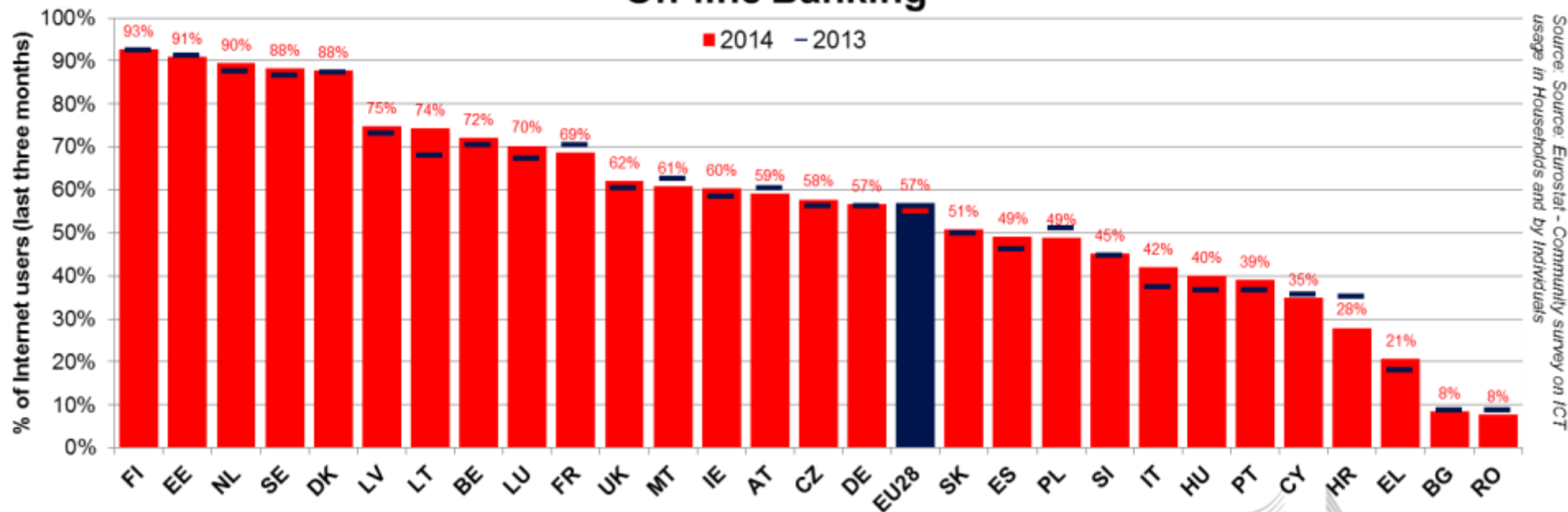
More than half of EU Internet users trust the Internet enough to engage in transactions with their bank online.

High rates of Internet users banking online are recorded in **Finland (93%)**, **Estonia (91%)** and the **Netherlands (90%)**. Lower rates are recorded in **Bulgaria (8%)** and **Romania (8%)**, where less than 10% of Internet users go to the bank online.

Concerning progress in the EU overall, from 2013 to 2014 the percentage of Internet users doing online banking increased slightly from 56% to 57%.

The greatest improvements were registered in **Lithuania**, where the number of Internet users doing online banking increased 7pp, and in **Italy**, where there was a 5pp increase.

On-line Banking

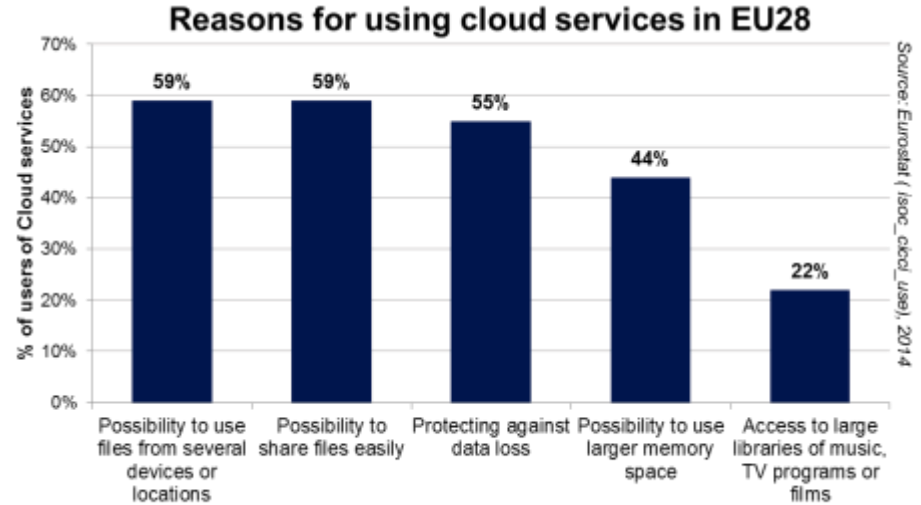


Close to one third of EU Internet users are using cloud services

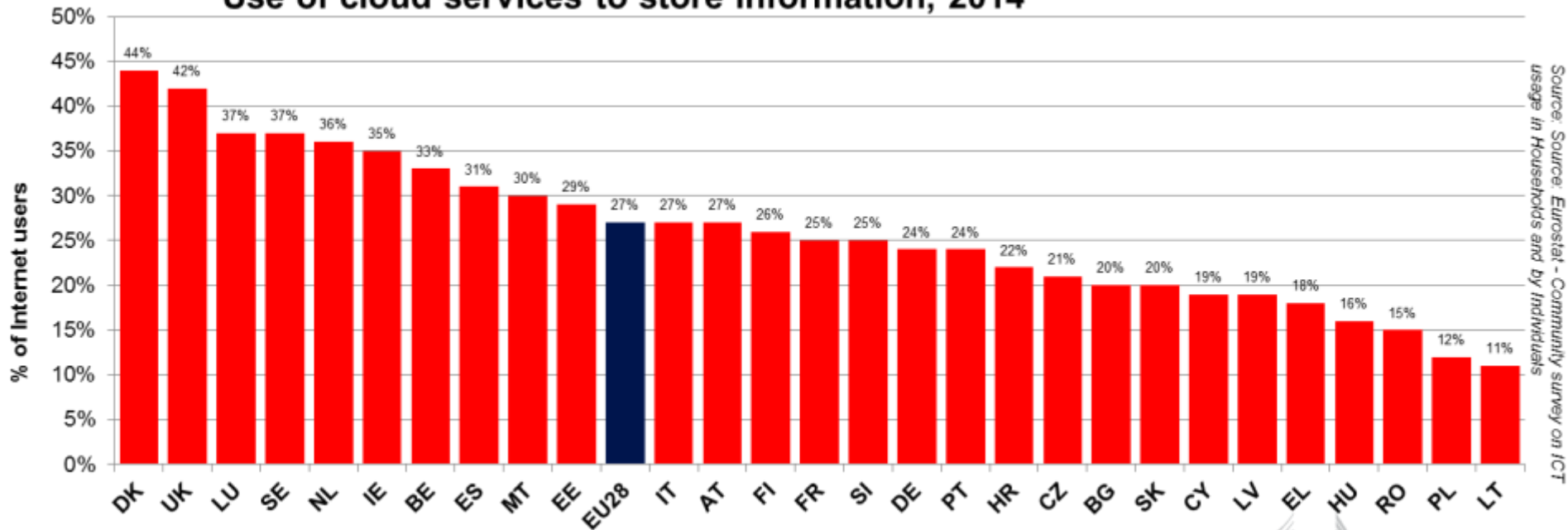
In 2014, **27%** of EU Internet users saved files on the Internet using **cloud services** (such as Dropbox, Google Drive, iCloud or Flickr).

Internet users took advantage of cloud services the **most in Denmark** (44%), followed by the United Kingdom (42%). The countries where cloud services were less widespread among Internet users were Romania (15%), Poland (12%) and Lithuania (11%).

The possibility to access files in **different locations and devices**, the possibility to **share files easily**, and **protection against data loss**, are the **reasons for using** cloud services invoked by most EU Internet users.



Use of cloud services to store information, 2014



Europeans increasingly download Apps.

App Economy continues solid growth both in Europe and worldwide.

App downloads from all platforms reached 90bn worldwide and 20bn in Europe in 2013.

The number of downloads grew a staggering 83% worldwide in 2013. Europe showed a 65% growth, and the USA grew at a rate of 31%. Forecasts beyond 2013 point to a slowdown in growth, with 2014 bringing an increase of 47% in downloads worldwide, 37% in Europe and 13% in the USA.

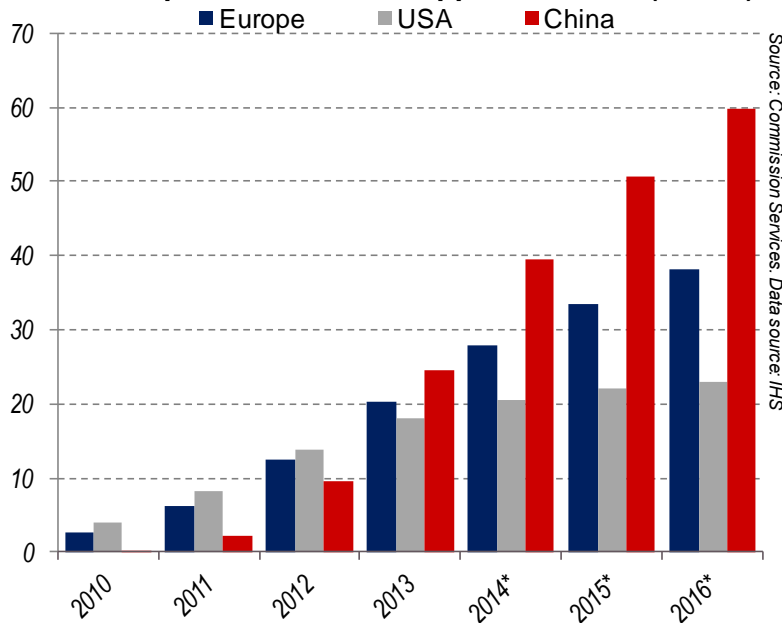
App revenue (both downloads and In-App purchases) reached EUR 13.6bn worldwide and EUR 2.9bn in Europe in 2013.

Worldwide App revenue has more than doubled in 2013 (107% growth). In Europe it grew 65% and 50% in the USA. Revenue growth is slowing down and in 2014 App revenue is expected to grow 42% worldwide, 35% in Europe and 20% in the USA.

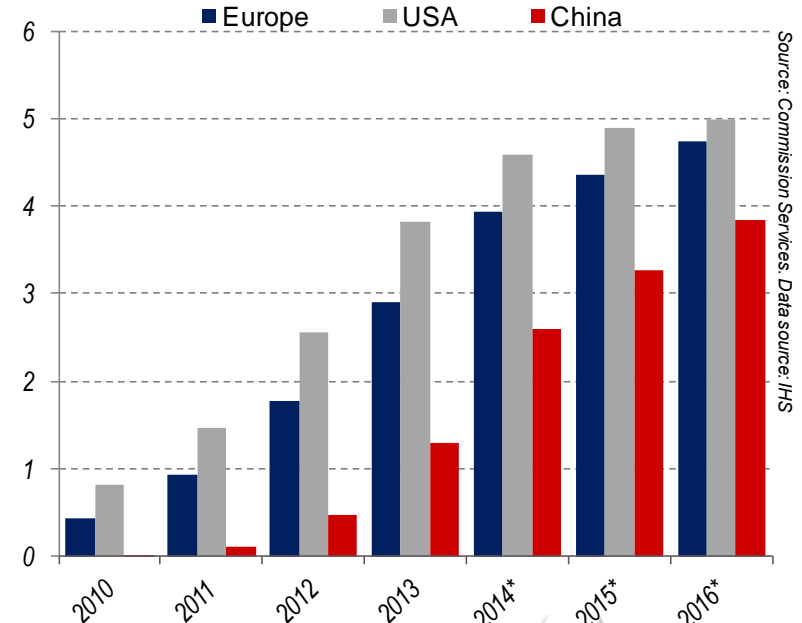
The App economy's staggering growth is led by China, which continued growing at triple-digit rates in 2013, both in downloads (154%) as well as in revenue (176%).

In 2013 China overtook both Europe and the USA in downloads. Its 24bn downloads make up 27% of the worldwide market. However, its 1.3bn EUR revenue in 2013 accounts only for 10% of total worldwide revenue.

Smartphone and Tablet App Downloads (billion)



Smartphone and Tablet App Revenue (bn EUR)



Apple App Store and Google Play are the main App platforms.

Google Play is leader in App downloads.

Apple App Store is ahead in total revenues.

Google Play and the Apple App store are the two main platforms for App distribution worldwide.

In 2013 they accounted together for 60% of worldwide App downloads and about 85% of revenue from App purchases (App downloads plus In-App purchases).

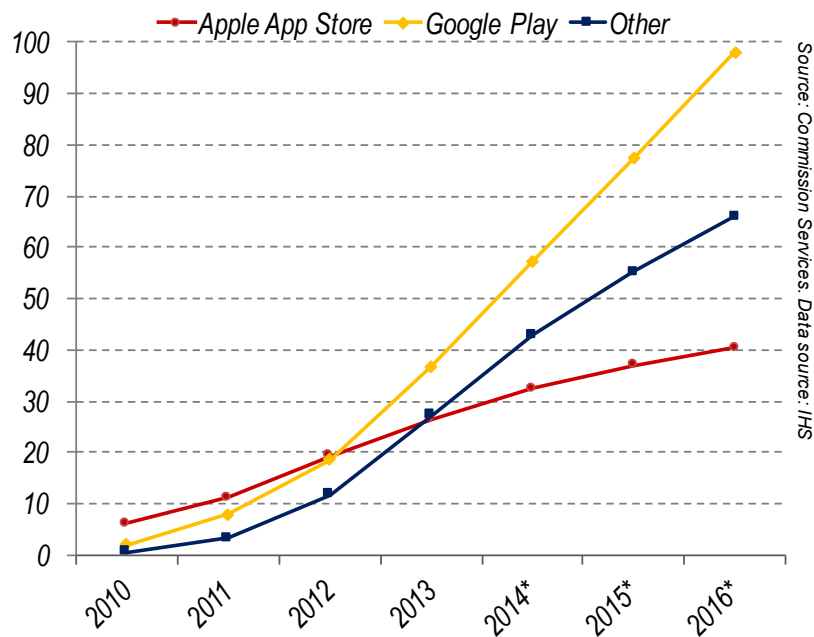
Concerning App downloads, Google Play is in the lead with 37bn downloads in 2013 versus 26bn for the Apple App Store.

In terms of revenue, Apple's App Store generated over EUR 8bn in 2013, more than twice the revenue generated by Google Play (EUR 3.7bn).

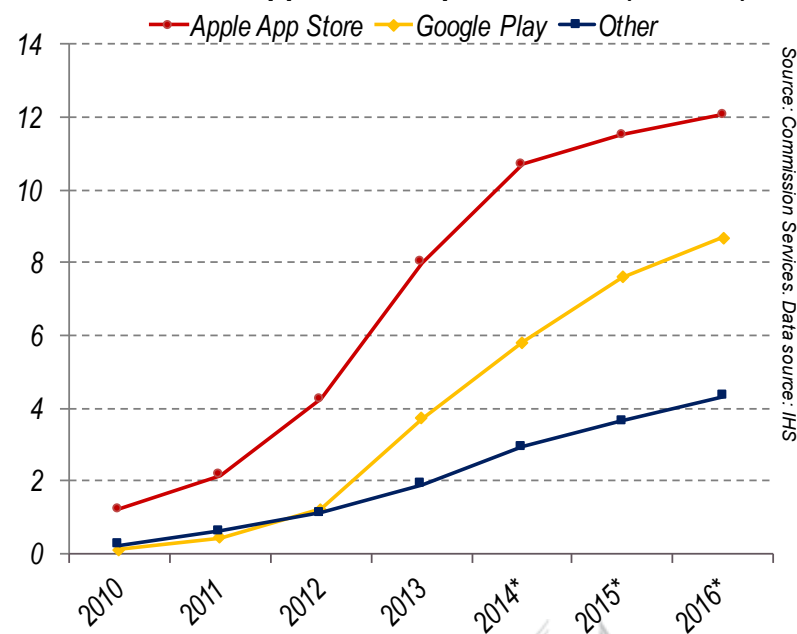
Both platforms are in rapid expansion, whether measured in terms of App downloads or in revenues therefrom.

The Apple App Store grew 37% in terms of downloads and 88% in terms of revenues in 2013. Google Play nearly doubled in number of downloads and saw a 3-fold increase in revenue.

Worldwide App Downloads per Platform (bn)



Worldwide App Revenue per Platform (bn EUR)



In-App Purchases are the preferred App Store business model.

Games generate close to three quarters of all App Store revenues.

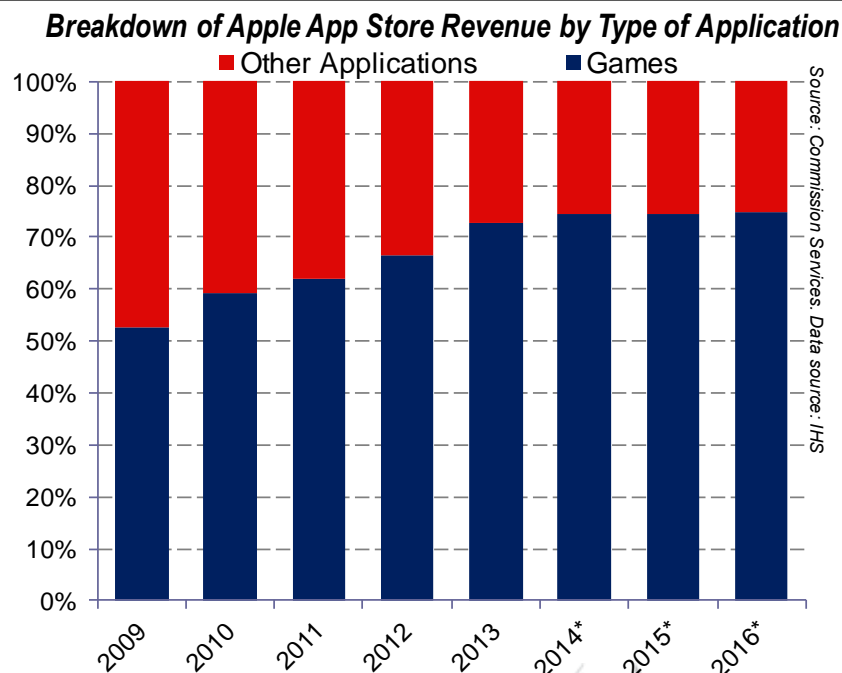
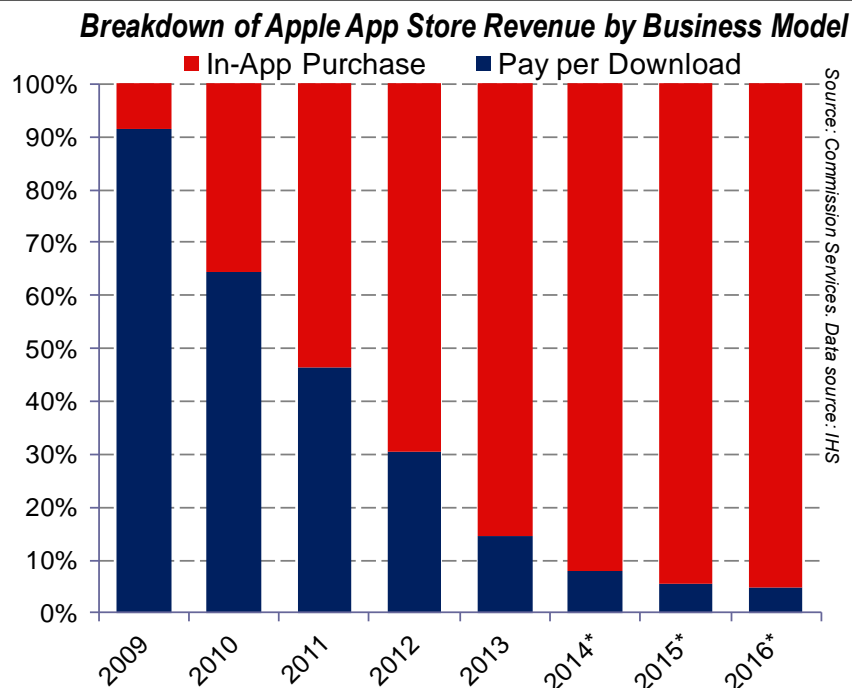
Looking at the breakdown of revenue from the **Apple App Store** in Europe reveals preferred business models and types of content.

In-App purchases are the preferred App business model, over Pay per Download.

In-App purchases account for 85% of App Store revenues in Europe in 2013. The revenue from In-App purchases was close to EUR 1.5bn in Europe, versus about EUR 250m from App paid downloads.

Games generate the largest share of App Store revenues, more so than all other Applications together.

Games account for close to 75% of App Store revenues in Europe in 2013. The revenue from Games reached about EUR 1.25bn in Europe, whereas other Applications generated only EUR 470m.



Advertising revenues continue to **recover** after the financial crisis.

Online + Mobile are the fastest growing segments, posting double-digit growth in 2014.

Digital advertising is **quickly growing** its revenue share at the expense of traditional advertising.

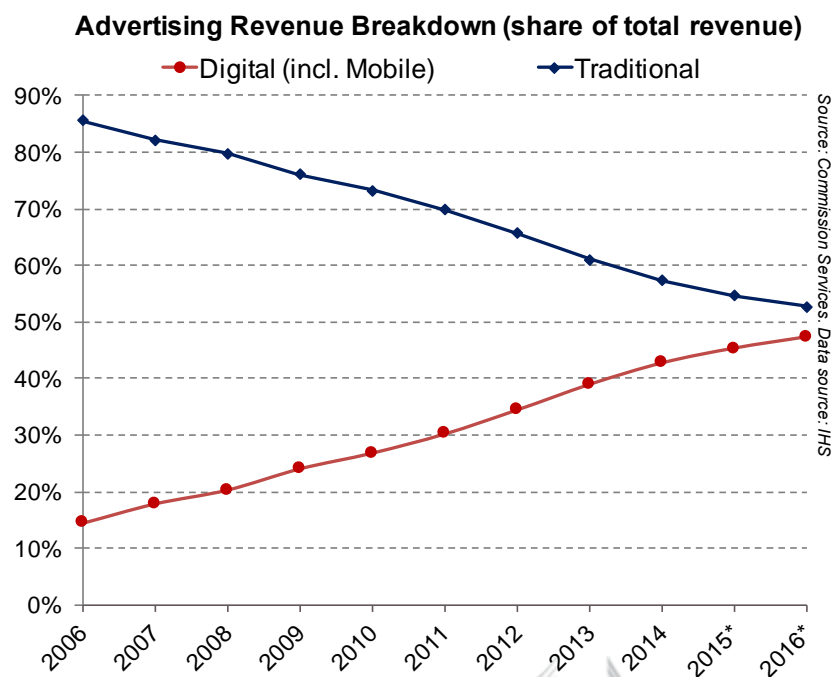
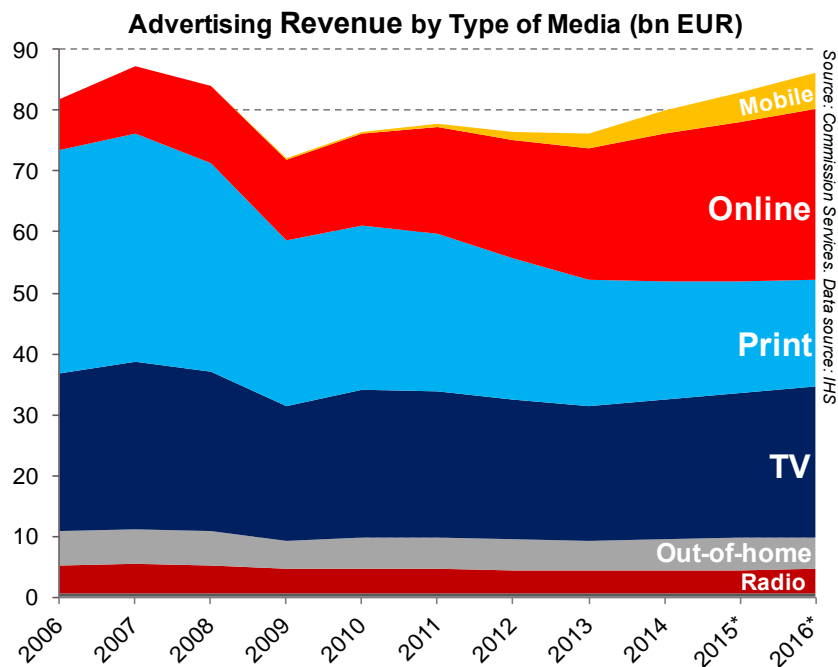
Advertising revenues continue to recover from the severe dip suffered in 2009.

Total advertising revenues** grew 4.8% in 2014 and reached EUR 80bn, a value that is approaching the 2007 pre-crisis peak of EUR 87bn.

The growth in advertising revenue is driven by the frank expansion of the Online and Mobile segments, which grew respectively 12.5% (+2.7bn EUR) and 55% (+1.4bn EUR) in 2014.

Other segments showed slower revenue growth in 2014, with the exception of Print, which contracted 7% (-1.4bn EUR).

Digital advertising (comprising all Online and Mobile revenue, plus 26% of TV revenue) is gaining terrain and represented 43% of all advertising revenue in 2014. Overall, digital advertising revenue grew 15% in 2014 (+4.5bn EUR), whereas traditional advertising lost 2% (-0.8bn EUR).



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** data comprising 23 EU countries (excluding Cyprus, Latvia, Lithuania, Luxemburg and Malta)

* forecast for 2015 and 2016

The UK and Germany account for **nearly half** of all advertising revenue in the EU.

The UK has the **largest share of total revenue** due to the **Online and Mobile** segments.

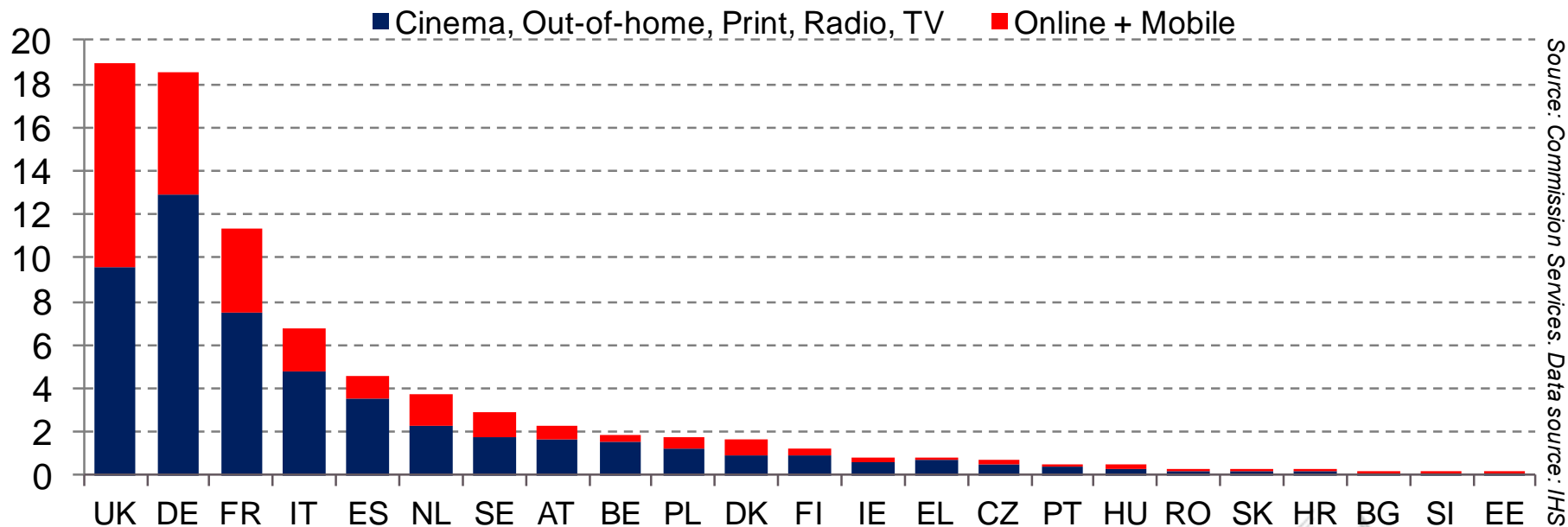
The largest European countries also generate the most advertising revenues: the **UK** (24%), **Germany** (23%), and **France** (14%).

The share of online + mobile revenue in total advertising revenue varies significantly across countries. The **UK accounts for the largest share of online + mobile revenues** (34%), followed by Germany (20%) and France (14%).

Due to the revenue from the Online and Mobile segments, **the UK has overtaken Germany** as the biggest advertising revenue generator in 2014, with a EUR 19bn in total revenue.

The highest growth in total revenue in 2014 was attained by the UK (13%), followed by Austria (10%) and Ireland (9%). **Online + Mobile revenues grew in all countries** during 2014, with the highest growth rates in Austria (38%), Ireland (29%) and the UK (21%). On the converse side, only the UK, Spain, Portugal and Romania had positive growth in the aggregate of the other segments.

Advertising Revenue per Country in 2014 (bn EUR)



Source: Commission Services. Data source: IHS