

## **Alistair Nicholas Bancroft**

### **Technological Advancements**

Internet technology has been “evolving at an unprecedented rate” (Hurst 1998, p1) since the early 1990s when very few had heard of the Internet (O’Connor & Galvin 2001, p14). “Barriers for consumers to get online... have all but disappeared” (Wibbels 2006, p22), whilst Internet connection speeds have “risen steeply [since the turn of the millennium] influencing the level of browsing” (Mintel 2006*b*) and an uptake in connections. Original dial-up modem connections peaked at a top speed of 56 Kbit/s (kilobits per second) and in addition required the full use of the telephone line, resulting in maximum disruption and minimal usage (William 1998).

The introduction of ‘Broadband Internet access’ (broadband), allows for high-speed Internet connection “that is always on, 24 hours a day” (SOUK 2005), without disrupting the telephone line. PriceWaterhouseCoopers predict that broadband household subscriptions will soar by 300m to 540m subscribers worldwide from 2007-2011 (Abacus 2007). At the end of 2006, the average broadband speed across all residential and small and medium enterprises in the United Kingdom was 3.6Mbit/s (Megabits per second), more than twice the figure of 1.6Mbit/s at the end of 2005, and by the end of June 2007 this had risen to 4.6Mbit/s (Ofcom 2007). As of June 2008, 24Mbit/s broadband was available in the UK (BroadbandGenie 2008), with next generation broadband predicted to reach speeds from 1Mbit/s to 100Mbit/s (Kelly 2008).

A faster Internet connection “means users can watch video, enjoy high quality Internet telephony, and move quickly from Web site to Web site, even when large graphics and photos are present” (Strauss *et al* 2006, p13), drawing more users through increased

convenience and reduced Internet related frustration (Bnet 2002; Horrigan & Rainie 2006, p4). “Low-cost, high-speed access will [further] transform usage” (Stone *et al* 2000, p180). The UK, however, still has much room for improvement, sitting 13<sup>th</sup> in the ITIF Broadband adoption rankings, which South Korea and Japan top with speeds of 49.5Mbit/s and 63.6Mbit/s respectively (Taylor 2008).

Despite broadband connection speeds more than doubling since 2005, average costs have consistently been falling, dropping 9% during 2006 alone (Ofcom 2007). Growth in the number of Internet service providers (ISPs) and increasing “communications convergence” (Broadband Choices 2007) - with combined TV, Internet and Phone packages - has helped facilitate these price drops (O’Connor & Galvin 2001, p20). In the UK, combinations of government encouragement and regulatory pressure have further reduced costs, with the goal of making access available to all (Budde 2006). Growth is further evident - as a result of and as an attributer - in the increasing content available online. In comparison to June 1993 when there were only 130 websites online (Kreitzman 1999, p123), in June 2008 there are no fewer than 104m active websites and 340m deleted websites (Domain Tools 2008).

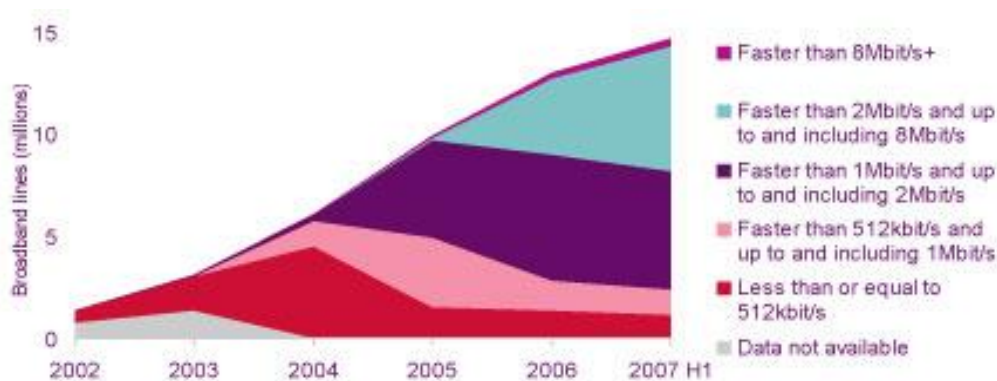


Fig. 1. Increasing Speed of Internet Connections. (Source: Ofcom 2007)

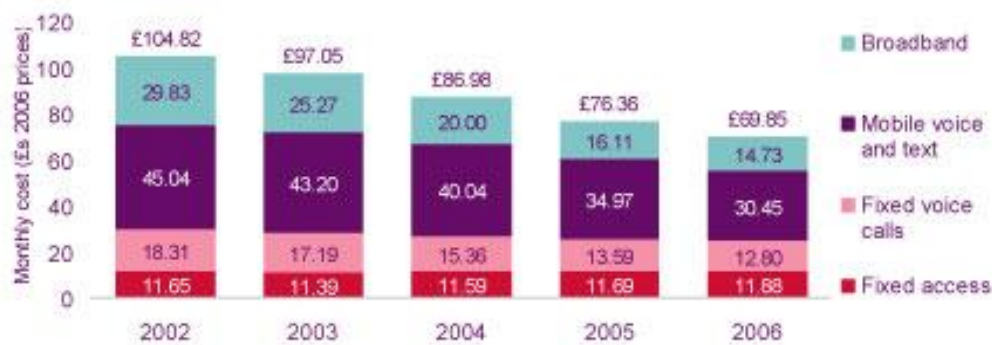


Fig. 2. Falling Costs of the Internet in Converging Markets. (Source: Ofcom 2007)

In the rush to be early adopters (Stone *et al* 2000, p160), in “reaction to the early hype” (Cartellieri *et al* 1997, p45), and enticed by the global mass market audience, many organisations had failed to adapt to the online medium; targeting consumers on “the basis of [the website’s] editorial content” (Cartellieri *et al* 1997, p50) and applying “mass marketing techniques to what is essentially a niche marketing platform” (Hurst 1998, p1). To succeed in a market it is imperative to understand firstly how it works (Porter 1980), yet many “website owners admitted [that] they went online because everyone else was doing so” (Koranteng 1998, p16).

Internet presence for many companies began with simple ‘informational’ homepages, that resembled traditional offline annual reports and brochures that came to be dubbed ‘brochureware’ (Hurst 1998, p1; Strauss & Frost 1999, p6). The closest these sites offered in terms of interactivity was the introduction of the “response button, creating an e-mail query or comment” (Stone *et al* 2000, p178). This led many to conclude that the Web was overhyped, leaving corporations to not give a great deal of thought to their Web presence (Strauss & Frost 1999, p6). As IT continued to advance and the Internet became more widely adopted by consumers, so grew the confidence of companies that money could be made from forming and applying an online strategy (Koranteng 1998, p3), as evidenced by the rise of online retailers, such as Amazon.com (Ghemawat & Baird 2000).

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