



Internet Association



Digital Nation: An Internet-Enabled Recovery

Internet Association



1. Introduction

For many of us, the internet is now something we can no longer live without. Indeed – three-quarters of the public agree that the internet makes life easier and more enjoyable.¹ The continued rise of, and advances in, digital technology comes at a hugely important time for the future of the UK – and indeed the rest of the world. The coronavirus pandemic, which caused the world to grind to a halt in so many ways during 2020, showed how vital the internet and digital technology is to people, families and businesses.

Recent research has shown this vividly. Eighty-nine percent of people in the UK felt the internet was essential or important to them during the pandemic.² This includes everything from working from home, creating new communities online to deliver support to vulnerable people, or keeping families and friends connected using video calling and other social networking.

But crucially, this period has also shown how we are living in an era of rapid technological change – making it ever more important for the UK to rise to the challenge of becoming a world leader in digital innovation. The internet has transformed the very nature of business, community, and society for the better. And the use of internet-based tools and services is becoming commonplace right across the country. Nine in 10 UK adults now access the internet on at least a weekly basis, and almost everyone aged 16 to 44 uses it on a daily basis.³

Internet Association's report – 'Digital Nation: An Internet-Enabled Recovery' – details how the internet industry can play a significant role in driving the economic recovery, powering our communities and making society better. It also includes the views of the public – taken from a 1,000 sample nationally representative poll of UK adults conducted in June 2020.

As the country recovers from the coronavirus pandemic, the UK has a chance to become a digital leader across the world – harnessing the internet to drive the economic recovery right across the UK, while continuing to power communities through better public services and by making people's lives better every day. To seize this prize, the UK needs a policy environment that promotes a thriving tech ecosystem – allowing us to capture the full benefits of the ongoing digital revolution. We also need a balanced regulatory environment, which takes account of the cumulative impact of regulation on the sector and its ability to deliver growth.

The groundwork has already been laid by the internet industry. Recent estimates show that the internet economy already provides nearly 400,000 jobs, 80,000 businesses to the UK – as well as contributing approximately £45 billion in value-added, the equivalent of 2.3 percent of GDP. This is evidence of a healthy tech ecosystem – with internet companies both large and small, from the UK and from abroad – delivering economic growth for the UK.

And the way in which the internet has enabled other industries has been revolutionary. The internet has boosted wider productivity through, for example, remote working and cloud-based advances; it has helped businesses reach new customers through digital advertising; and it has enabled companies to grow their sales through e-commerce, while bringing people into bricks and mortar businesses. IA believes that the internet sector can continue and grow this contribution as the UK emerges from the pandemic.

¹ IA Polling, June 2020

² IA Polling, June 2020

³ <https://www.ons.gov.uk/peoplepopulationandcommunity/householdcharacteristics/homeinternetandsocialmediausage/bulletins/internetaccesshouseholdsandindividuals/2019>



2. Internet Impact

2.1 Driving The Economic Recovery

Social distancing measures have led to a rapid acceleration in the use of technology across the UK. But technology will be key to driving the economic recovery post-pandemic. Indeed, technology will be integral to the nation's economic recovery, as the Secretary of State for Digital, Culture, Media and Sport Oliver Dowden said in June.⁴ The public are also clear – 81 percent believe that the internet has a role to play in supporting businesses who will not open fully in the coming months and years.⁵

Significant numbers of people are now working from their bedrooms, kitchen tables, and home offices. This is all made possible by the internet. People at home are still meeting with their colleagues and getting work done, thanks to free tools like video-conferencing. Importantly, 41 percent of people said they have learned how to use video conferencing and messaging services since the pandemic unfolded – highlighting the internet's role in upskilling the nation.

The internet is also allowing brick and mortar businesses to continue to operate. Whether it's the local pub selling meals online, or clothing firms still able to ship their products despite shops being shut, the internet has allowed businesses to keep going. In fact, half of the public (50 percent) bought a product or service from a local business via the internet during the lockdown because they could not visit the premises as normal.⁶

After the lockdown started, Scottish brewery Brewdog was able to quickly move its business online and start delivering cans and draught beer via a new online delivery platform, [now.brewdog.com](https://www.brewdog.com). They also turned their 48 bars into one online hangout space called the 'Brewdog Open Arms', announcing to customers that this was their answer to "how we can still get together, share a beer and stay safe". The online bar has been hosting virtual beer tastings, homebrew masterclasses, live music, and weekly pub quizzes.

And the internet helps shoppers feel confident in products. We know the importance of user reviews, and 76 percent of the public agree that online user reviews are important when you cannot see or handle a product you are thinking about purchasing.⁷ Put simply, the internet helped "keep the lights on" for many businesses right across the country during the pandemic.

As the economy recovers, the internet will also help boost productivity. All sectors of UK industry, from start-ups to global brands, manufacturing to finance, should continue to gain from the greater adoption of technology to deliver increased levels of productivity. And greater productivity should enable a faster recovery. Three-quarters of the public (75 percent) agree that businesses and organisations that adopt technology will be more productive and in turn help speed up the post-coronavirus recovery.⁸

Digital trade and tech investment will also help drive the economic recovery. Firms that have discovered e-commerce can build on this experience to grow in the UK and export globally. Innovative UK tech companies can attract investment from at home and abroad. The UK's technology businesses raised £4.2 billion from January to May 2020. Technology and innovation

⁴ <https://www.gov.uk/government/speeches/digital-secretarys-closing-speech-to-the-uk-tech-cluster-group>

⁵ IA Polling - June 2020

⁶ IA Polling - June 2020

⁷ IA Polling - June 2020

⁸ IA Polling - June 2020



are also powering growth and high-value jobs across the country, with a quarter of Europe's top 20 cities for largest technology investment now found in the UK.⁹

Internet platforms will create jobs directly, allow people to generate extra income, help people become more productive, and enable SMEs to reach new customers to grow their businesses. And the internet is also the place where people will find jobs across all sectors during the recovery, using online job sites.

2.2 Powering Communities

For many, community spirit has been reinvigorated throughout the coronavirus pandemic. And the internet has helped make that happen. These communities are not simply online – the internet allows us to find out what's actually going on in the physical world around us, and connect with people locally.

From community support groups that run their operations through social media, to new apps and services that are constantly launching, the internet is helping bring people together. Over 8 million people are estimated to have joined a community group – such as a residents' association or a neighbourhood or church group – on the internet during the pandemic.¹⁰

The internet is also continuing to bring families and friends closer together. Over three-quarters of the public (76 percent) said that the internet has been important in helping them stay in touch with family and friends they were unable to see throughout the coronavirus pandemic – making use of the internet to make free video calls to loved ones who they can't physically meet.¹¹ For grandparents in particular, it has become a valuable way to keep in touch with family who they have been unable to see during the lockdown.

'The Virtual Pub Quiz' garnered millions of views during lockdown after going viral. Former Lancashire pub landlord Jay Flynn runs the show on his YouTube channel, which raised more than £93,000 for NHS Charities Together via a JustGiving campaign – after Flynn originally aimed to raise £15,000.

Duolingo, one of the world's biggest learning apps, said it recorded a threefold increase in new learners in the first week of the lockdown compared to the same week the previous month. The internet has been a vital tool to help people add important additional skills to their CVs.

A quarter of the public also took the time to learn a new skill online – like bread making or mastering a new language – with the majority of those thinking it would have been impossible to do so without internet access.¹²

And the internet continues to keep people entertained. Streaming services provide hours of TV and music content for people to enjoy, while arts and culture institutions are using the internet to provide virtual gallery visits and stream classic theatre and opera performances. As we spend more time at home even in the new normal, the internet keeps us in touch with the UK's creative output.

The internet will continue to power our communities and make people's lives better as the recovery from coronavirus continues. By connecting us both with our friends and family as well as

⁹ https://www.cbi.org.uk/media/4911/cbi_final_id-report.pdf

¹⁰ IA Polling - June 2020

¹¹ IA Polling - June 2020

¹² IA Polling - June 2020



those locally who need us most, keeping us entertained and helping us learn new things, it is the springboard for many to do something different, try something new or to make a change in their community.

2.3 Making Society Better

Internet services are making our lives better in the new normal we all find ourselves in. In fact, 74 percent of the public agree that the internet has made life easier and more enjoyable.¹³ Technology has been a lifeline to many during the pandemic. And there are considerable opportunities for the future, too – with the internet helping to build a better society.

Huge amounts of educational materials can be accessed online, which benefits both teachers and students. Before the pandemic, 75 percent of parents said their children use the internet to help with their homework; now, with nearly all schools in the UK using remote learning, the internet has enabled education to continue. Internet platforms have partnered with the government to make this happen.¹⁴

In fact, 53 percent of the public said the internet and technology companies can help government improve education by helping pupils who can't return to school by allowing home learning. And 42 percent said using search engines to give pupils a wider variety of learning materials was also important.¹⁵

The internet is also helping secure the health of the nation. People can easily access credible and reliable health information about the virus at the touch of a button. The internet and the digital economy can also help drive solutions to society's biggest challenges – from reaching the UK's net zero targets and unlocking lifelong health to developing a vaccine for Covid-19.¹⁶ A thriving innovation economy also enables the UK to lead international collaborations in areas from digital regulation to scientific research. And with a British DARPA (Defense Advanced Research Projects Agency) on the way – there is a fantastic opportunity for the digital sector to do more.

Fifty-four percent of the public think internet and technology companies can help the Government improve health services by helping detect illness earlier and encourage healthier lifestyles. Fifty-one percent also think the internet can help medical staff more accurately diagnose and treat medical conditions, and 44 percent said the internet has a role to play in helping doctors see patients remotely so they don't need to go to their GP or local hospital.¹⁷

The internet is helping improve public services across the board. The UK is already a world leader in digitising public services, providing better services at lower cost. And the greater uptake of digital technology across society provides further exciting opportunities to use the internet and data to make public services even better.

During the height of the coronavirus pandemic, CHD Living Care Home in Surrey set up an 'Adopt a Grandparent' campaign to help fight loneliness in their community. The scheme worked by matching up a young person with an elderly person in the home, who they then video call regularly for chats.

¹³ IA Polling - June 2020

¹⁴ <https://www.gov.uk/government/news/schools-to-benefit-from-education-partnership-with-tech-giants>

¹⁵ IA Polling - June 2020

¹⁶ [https://www.nature.com/articles/d41586-020-00018-3#:~:text=The%20researchers%20say%20the%20antibiotic,with%20artificial%20intelligence%20\(AI\).](https://www.nature.com/articles/d41586-020-00018-3#:~:text=The%20researchers%20say%20the%20antibiotic,with%20artificial%20intelligence%20(AI).)

¹⁷ IA Polling - June 2020



The public understands the importance of the government championing the digital sector to make society better. Thirty-one percent believe internet and technology companies are the sector that should be encouraged most strongly by the Government – with only medicine, health, and education seen as more important.¹⁸

3. Future Policy

This is a moment to build on relations and increase collaboration between industry and government. The internet industry, government and healthcare institutions have worked well together in response to the pandemic, demonstrating how all parties can come together to achieve shared goals.

The government should now use this experience more broadly and take a pro-tech mindset across all policy areas, to support the UK's tech ecosystem to deliver growth, investment, jobs, and innovation in the UK. This means growth not only from internet companies themselves, but also from the thousands of businesses large and small, across the UK, in a range of sectors, that use technology to boost their productivity and deliver growth in their own right.

3.1 Levelling-Up The UK Economy

Importantly, internet sector growth, jobs and businesses are not simply concentrated in London and the South East, contrary to popular assumptions. The evidence shows that internet-enabled growth can come from all parts of the UK, supporting the government's levelling-up agenda.

IA's recent research report, "Internet At Home: The Economic Contributions Of The Internet In UK Constituencies," estimated how important the internet economy is to every region and constituency in the UK and the data show a thriving internet sector in all parts of the UK. The median number of internet sector jobs per constituency is 330 (average 590), the median number of internet sector businesses per constituency is 80 (average 120), and the median value-added generated from the internet sector per constituency is £50 million (average £69 million).¹⁹

The figures highlight the value of the internet sector to communities across all corners of the UK. **Given this, IA believes that there is no better place for the government to start than encouraging the internet sector in trying to meet the ambition to "level-up" the UK economy. We should particularly focus efforts on those constituencies that have a below-average number of internet businesses, to ensure we have an internet-led levelling-up right across the UK.**

3.2 Supporting SMEs And Microbusinesses

The internet sector also has a particularly important role to play in supporting the growth of small- and medium-sized enterprises (SMEs), and microbusinesses, across the UK. Entrepreneurs and small businesses represent the backbone of the economy – with their digital skills becoming ever more important to their success. Fifty-three percent of UK SMEs are currently selling online, and for every £1 a sole trader makes, an average of £0.69 comes via digital sales. And nearly half of all the UK's e-commerce-ready sole traders do over 90 percent of their business online.²⁰

¹⁸ IA Polling - June 2020

¹⁹ <https://uk.internetassociation.org/publications/the-economic-contributions-of-the-internet-in-uk-constituencies/>

²⁰ <https://www.elavon.co.uk/content/dam/elavon/en-gb/documents/perspectives/UK-SME-Pulse-Final-060919.pdf>



IA believes that industry and government should work together to ensure that UK SMEs are equipped to make the most of digital technology in the future through training and educational resources to unleash the next generation of globally-connected small businesses. IA also believes that future conversations around digital policy and regulation (see ‘Balanced Regulation’ below) should be viewed with SME growth in mind.

3.3 Growth-Driving Digital Policies

To deliver these benefits, IA calls on policymakers to enhance the internet sector’s positive contribution in the UK through the following actions.

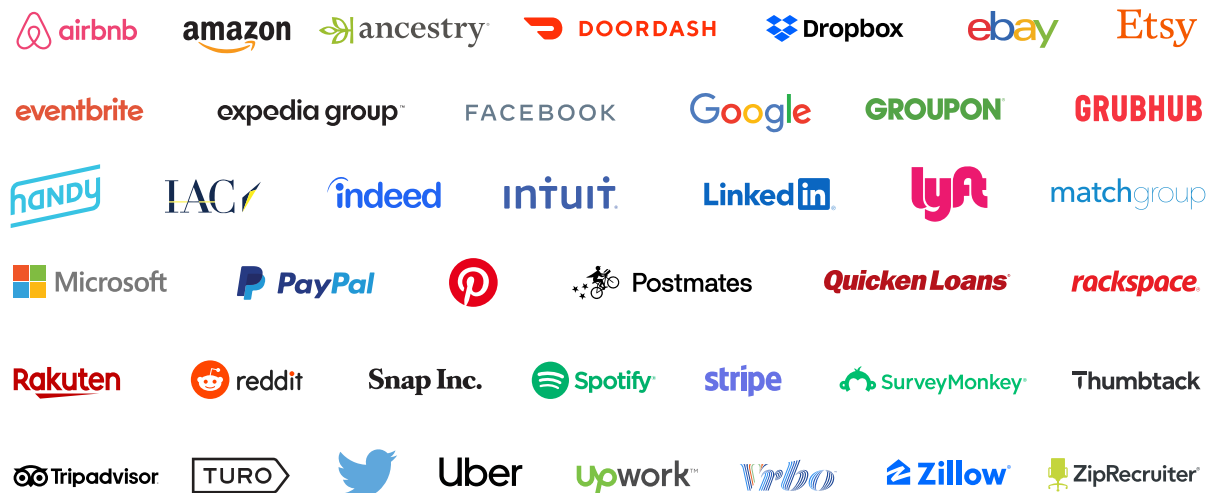
- **“Lock in” the benefits of faster adoption of digital technology.** The UK has seen a decade’s worth of digital transformation occur in just a few months during the coronavirus pandemic, and the government should encourage further adoption of digital technology across the entire economy to boost productivity and innovation in businesses large and small.
- **Provide universal access to digital skills training and prevent a “digital divide”.** The benefits of the internet will only be maximised if British people have the skills to take full advantage. The government should ensure – through its new and revitalised skills programme – that all parts of society are able to participate and thrive in the digital economy, and prevent a “digital divide” emerging between those who can and cannot take advantage of all the internet has to offer. This should include investing in digital skills training and education and supporting the faster rollout of superfast broadband across the UK.
- **Enhance digital citizenship.** As the internet becomes a greater part of people’s lives, the expectations for behaviour online should be the same as for behaviour offline. Internet companies have launched a number of digital citizenship initiatives, and the government should promote a wide-ranging approach to education on digital citizenship (including literacy and civility) – working in partnership with industry. The government should launch its new media literacy strategy as soon as possible, including advice for industry on how digital literacy programmes can have the highest impact.
- **Champion digital trade, and include “best-in-class” digital provisions in future trade deals.** The internet enables British businesses to export. Cross-border data flows will be especially important in the future as an input into research and production processes. Any future trade agreements should have strong digital provisions that enable cross-border data flows, encourage vibrant e-commerce markets, and facilitate digital exports.
- **Encourage inflows of tech talent and investment.** The UK is already a significant hub for foreign tech investment, and the government should seek to attract even more investment from abroad, as well as encourage companies to base significant parts of their operations in the UK. The UK should also ensure the immigration system – such as the Global Talent visa – encourages foreign tech talent to come to the UK and work alongside world-leading British talent.



3.4 Balanced Regulation

In addition to taking the positive actions above, this is equally a moment for government and regulators to think carefully about planned future regulation, how that might affect the internet sector's ability to drive economic growth, and consider any unintended consequences or trade-offs that result from those plans. While there is a major opportunity for the internet industry to drive the UK's recovery, there is also a major risk that disproportionate or poorly-targeted regulation significantly limits that potential. IA is keen to work with the government and regulators to avoid this outcome, and we therefore call on the government to:

- **Conduct an audit of ongoing tech policy and regulation.** The internet industry is focused on delivering the products and services that benefit the economy, communities and society. However this contribution will be held back if the government and regulators do not take into account the cumulative impact of regulation in the sector, or equally do not carefully manage the interplay between different, new regulations affecting the sector across a number of departments and regulators. We are open to new regulation, but there needs to be more coherence and an explicit acceptance that there are trade-offs between different policy objectives to ensure we don't harm the internet's ability to deliver benefits to the UK.



We are the unified voice of the internet economy

www.internetassociation.org

Internet Association is the only trade association that exclusively represents leading global internet companies on matters of public policy. Our mission is to foster innovation, promote economic growth, and empower people through the free and open internet. We believe the internet creates unprecedented benefits for society, and as the voice of the world's leading internet companies, Internet Association works to ensure legislators, consumers, and other stakeholders understand these benefits.