

# INTERNET ECONOMIES: GOING LOCAL | THE ECONOMIST

THE internet is flattening the world. Or so they say. Yet new statistics from the OECD, a rich-country think-tank, and Boston Consulting Group (BCG) show that the global “network of networks” is shaped by local forces.

The OECD’s statistics on broadband internet access in its member countries have long been closely watched (in particular the mediocre ranking of America, which still lags behind most of Europe in high-speed links).

The organisation has now broken out numbers on wireless broadband subscriptions. And the national differences turn out to be even bigger (see chart).

BCG, for its part, in a new study of 46 countries, looks at how businesses, consumers and governments use the net. The data show that different countries have distinct internet economies.

Britain’s internet infrastructure rates poorly, mainly because of its slow broadband speeds, but it has the highest per-person online spending and its government agencies are very active. Hong Kong, by contrast, tops the world in connectivity, but its consumers prefer to spend their money offline.

The differences spring from a country’s political and economic heritage.

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South Korea, for instance, has more political ambition than Britain to lead in broadband.

If the British like to shop online it is not least because they also like to use credit cards, the easiest means to pay online. In Hong Kong, with its dense retail infrastructure, there is not much need for consumers to shop virtually.

To compare countries, BCG has come up with an “e-intensity index”. South Korea, Denmark and Sweden come out on top, whereas India, Egypt and Indonesia wind up at the bottom.

Some countries, including Britain and Japan, do much better than would be expected given their GDP per person; others—Saudi Arabia and Italy—do worse.

Some of these differences will certainly go away, says Paul Zwillenberg of BCG. But overall, he predicts, the internet will continue to become more and more local: cultures are different, so the more people go online, the more the internet will resemble them. “There will be hundreds of internet flavours,” he says.

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