

# Key points: The International Communications Market

- Worldwide communications revenue totalled approximately £840bn in 2005 (equating to around £129 for each person on the planet), having grown at an average annual nominal rate of 5.9% since 2001.
- The UK spends more than any of the developed western economies considered in this report on consuming communications services – in 2005 communications spend accounted for 4.1% of GDP.
- Convergence is becoming a global phenomenon, but it is being manifested at different paces and in many different ways. The UK is at the vanguard of bundled services, with over one third of households taking two or more communications services from one provider. However, converged platform services like VoIP and IPTV are taking off in countries like France, Italy and Japan at a much faster rate than in the UK.
- There is evidence that increasing convergence of communications services is beginning to have an impact on traditional media consumption. In all of the countries studied in the primary research commissioned for this report, around a third of consumers with broadband at home reported watching less TV and over one in four said that they spent less time reading newspapers.
- Across the world, 18-24 year olds are leading the transition to convergence, and this is especially the case in the UK, where more broadband users downloaded television programmes and clips over the internet than users in any other country in our survey.
- With broadband becoming more widespread, the internet has become an increasingly important source of advertising expenditure; in the UK, nearly 10% of all advertising spend is on the internet, the highest of any of the countries we studied.
- In the price benchmarking exercise conducted for this report, UK prices are at the low end of the countries analysed across a range of household consumption patterns.
- Despite current relatively low levels of take-up among many services, China is fast emerging as a major participant in the global communications market; our data also suggest that Chinese consumers are above-average users of advanced converged services such as IPTV and broadband video/audio.

## Key points: Telecoms

- In 2005 total global telecoms revenues were £649bn (equating to £100 of revenue per person on the planet), representing average annual growth of 5.7% in nominal terms since 2001.
- Growth in telecoms is being driven by mobile service revenues rather than fixed; however new telecoms services like voice over IP (VoIP) are increasingly making inroads in countries like France and Japan.
- After Italy, the UK has the highest number of mobile subscribers per 100 population of the countries studied in this report.
- Mobile virtual network operators (MVNOs) have widely varying market strength – in the UK, where MVNOs partnered with network operators as early as 1999, they accounted for 13% of subscribers in 2005; in other countries such as Italy there were no MVNOs.
- By the end of 2005, around 7% of the UK's mobile subscriptions were 3G-enabled, contrasting with only just over 1% in the US, but over 30% in Japan.
- Broadband is widely available in all countries participating in the study – but in the UK availability was among the highest at over 95%.
- The UK has also seen one of the fastest growths in broadband connections – increasing from one per hundred households in 2001 to 39 in 2005. The UK currently has higher take-up than France, Germany and Japan, but still lags Spain, the Netherlands and Sweden.
- DSL is becoming the most prevalent broadband connection method across most of the countries in our analysis: this reflects services offered by an increasing number of providers benefiting from a combination of wholesale provision from network incumbents and local loop unbundling.
- The UK and the Republic of Ireland lead in WiFi communications among the countries considered, with around 18 hot-spots per 100 people.
- Broadband-enabled consumers are increasingly using the internet to download films, audio tracks, news and other TV programmes in large quantities across all the countries in our research, with China showing particularly high use.

## Key points: Television

- Global television revenues reached £164bn in 2005 (equating to £25 per person), having grown at 7.2% per annum in nominal terms for four years, making it the fastest-growing sector within the communications industry.
- In 2005, the US had by far the largest television industry in revenue terms, attracting £75bn. Japan, came second in the same year with £19.5bn followed by the UK with £10bn. However the UK is second to the US on a per capita basis, at £164 against £253 for the US.
- The UK leads the world for penetration of digital television at over 70% of households, against 54% in the US.
- Chinese viewers benefit from the largest number of analogue terrestrial free-to-view channels (16), while the UK has the fewest with five.
- The UK is one of the most successful countries for exporting programmes and formats – in 2004 64 formats and nearly 3800 hours of programmes were sold internationally.
- Public service broadcasters are coming under increasing funding pressure around the world; however support for PSBs is still high, especially in the UK.
- Young people are having an increasingly disruptive effect on TV viewing across the globe. In the countries surveyed, around one third of those with broadband access claimed they were watching less TV. Declining TV reach among younger people is an international phenomenon.
- All countries in the survey have made commitments to digital switchover. Sweden and Germany have already begun a geographically phased process which they aim to complete by 2007 and 2009 respectively. The remaining countries have set completion dates between 2009 and 2012.

## Key points: Radio

- Global radio revenues (including public funding) totalled £25bn in 2005 (or around £4 per person), of which £18bn came from advertising. Growth has been generally lower than for telecoms or television – at around 3.8% per year in nominal terms since 2001.
- The US is by far the largest market for radio, with annual revenues of £11bn in 2005; Japan is second with revenues of £1.9m. Together the US and Japan account for over 50% of the radio revenues of the twelve countries studied in this report. The UK is the fourth largest market with revenues of £1.2bn in 2005.
- The proportion of total advertising spent on radio varies substantially by country. In the US, 11.5% of all display advertising expenditure goes on radio; in the UK it is less than 4%.
- Radio listening is more popular in the UK than in any other country in this study – with weekly listening per capita averaging nearly 23 hours. The share of listening to PSB stations is also higher in the UK than anywhere else – at around 55% of total listening.
- Digital radio is increasing in popularity. The UK leads in the roll-out of DAB, with 85% coverage and over 200 stations available.
- The internet is having a positive impact on radio listening with around one third of adult broadband users among the countries we surveyed listening to online radio every week. Less than one in five adults claims to be listening to less radio offline as a result of being connected to broadband.