

Key Points: Convergence

- The US leads the world in the sale of audio-visual content, which is reflected in the revenues generated by its online TV and video industry. These stood at £1 per capita in 2006, two and a half times as high as the next biggest market, the UK.
- The internet is taking an increasing share of advertising spend across the key comparator countries in this report. The online share is largest in the UK, at 14.4%.
- Multi-service communications offerings, which include a combination of television, internet, fixed voice and mobile, are now available in many countries. 'Quad-play' bundles, involving all four services, are generally offered by the incumbent telco, but also in some cases by the cable operators.
- User-generated content (UGC) is proliferating, although professional producers appear to provide the most popular content on websites hosting UGC. As of the beginning of November 2007 the three most viewed channels ever on YouTube.com were all contributed by professional American TV and music producers.
- France is the clear market leader in IPTV with 1.5m subscribers at the end of 2006. IPTV has been a key driver of triple-play offers in France, which have also promoted VoIP take-up to the highest levels in Europe.
- Device convergence in the mobile handset is becoming widespread. For example, between 37% and 82% of internet users across the key comparator countries surveyed in this report use their mobile phone to take photos.
- Over 75% of mobile phone users in the UK, France, Germany and Italy send SMS text messages. This compares with only 17% of mobile users in Japan, who prefer to send email from their mobile phone instead.
- The internet user base in more mature markets tends to include a greater share of younger and older users. The US is the key example of this, where 9% of internet users are over 65 and 20% are 17 or under. The US is the only market among our comparator countries where more women than men use the internet.
- A greater proportion of UK internet users (39%) visit social networking sites than in any other key European country surveyed. They also visit these sites more frequently and spend more time on them.
- Search and navigation, and portals, comprise the most-visited types of website in most countries. Google's lead is greater in Europe than in the US and Japan, where other search engines provide more competition.

Key points: Television

- Global television industry revenues exceeded £165bn in 2006, up 7.2% on 2005. US advertiser and subscriber revenues coupled with public funding were the highest at £70.1bn, followed by Japan (£18.5bn) and the UK (£10.0bn).
- Revenue from subscription services accounts for an increasing proportion of the total. Subscription income has grown by three percentage points since 2002, to account for 40% (£66.1bn) of all revenue in 2006.
- Apart from the BRIC countries, Ireland, Spain and Italy have experienced the fastest growing television revenues over the last five years, up by an average of 11.2%, 9.9% and 9.8% per annum. respectively to £516m, £1.9bn and £6.0bn.
- On a per-capita basis, the US generated the most revenue in 2006, at £236, followed by the UK (£166) and Japan (£146). Since 2005, the US industry also achieved the largest gains per head of population, up by £15.39, followed by Spain (£11.56) and Ireland (£8.54).
- By 2006 high-definition (HD)-ready sets were available in a quarter of US homes and one-fifth of Japanese homes. A smaller proportion of these homes also had the necessary set-top box with which to view HD content – 9.9% and 6.4% respectively.
- Half of all programmes broadcast by Public Service Broadcasters in Europe in 2006 were first-run originations (50%) with a further 18% of first-run acquisitions and 32% of repeats. The proportion of original productions has fallen modestly since 2001 – by three percentage points, on average.
- Analogue terrestrial television has now been switched off in the Netherlands, Sweden, parts of Germany, parts of Sardinia and in Whitehaven in the UK. Digital Terrestrial Television (DTT) take-up in countries approaching switchover (for example, France and Italy) is beginning to accelerate.
- Viewers in Japan and the US watched more television than Europeans, averaging 4.5 hours a day, compared with the heaviest consumers in Europe - in Italy and Poland - who watched for 4 hours a day in 2006. The lightest viewers were in Sweden, at just over 2.5 hours a day.
- Multichannel viewing in the UK increased from 20% in 2001 to 33% in 2006, rising faster than its European neighbours. Multichannel share in Germany stood at 30% in 2006, while in France, Italy and Spain it ranged from 10% to 14%.

Key points: Radio

- Global radio revenue totalled £25bn in 2006, up by £1bn or 4% on 2005. Revenues have grown at an average rate of 4% over the past five years. Over three-quarters of this (£20bn) was accounted for by commercial revenue – advertising or subscriptions. The remainder was derived from public funding sources; through a licence fee or government grants.
- The US is still by far the largest market for radio, with annual revenues of almost £12bn in 2006 (47% of the global total), equivalent to revenues of £39 per head of population. The seven radio markets analysed in this report together account for around 80% of world revenues. The German radio market is the second largest, with revenue of £2.3bn, (equivalent to £27 per head), followed by Japan with £1.9bn, (£14 per head), and the UK with £1.2bn, (£21 per head).
- The proportion of total advertising expenditure which is allocated to radio varies substantially by country. In 2006 Canada and the US attracted 12.4% and 11.0% respectively of all display advertising expenditure. This is partly due to the strength of media markets in North America generally, but also the popularity of radio and the high number of radio stations. By comparison, UK radio advertising takes a 3.4% share, similar to Japan, which had a 4.0% share of listening.
- Radio markets which have a higher level of public funding generally have a lower share of the advertising market. For example, in Germany, 80% of radio funding came from public sources while the radio sector had a 4% share of all advertising. In the US, public funding amounted to less than 1% of the total for radio, while the radio market had an 11% share of all advertising revenues.
- Average weekly radio listening in 2006 was slightly higher in the UK at 21.2 hours per head, followed by France at 20.7 hours, Germany 20.0 hours, the US 19.5, Canada 18.6, Italy 14.6, and Japan 14.2.
- Digital radio services have already launched in some form in all of the countries in this report, with DAB services in the UK and Germany available to 80% of the population. Hybrid Digital (HD) radio and satellite radio are becoming increasingly popular in the US and Canada, with both coverage and take-up rising. The UK still leads in the take-up of digital radio devices, with around one in five households owning a DAB digital radio set.
- The increasing popularity of broadband has driven the growth of internet-based radio listening; in the seven nations surveyed, an average of a third of the total population claimed to listen to radio online.

Key points: Telecoms

- Telecoms service revenues increased by 20% from £288 bn in 2001 to £345 bn in 2006 across the 12 comparator countries (20%). Mobile is driving most of the growth, and now accounts for over 50% of total telecoms revenues in all countries except Sweden and Canada. However, as mobile markets are becoming saturated, growth rates have slowed in Europe and Japan.
- Broadband is the fastest growing sector, accounting for 9% of total telecoms revenue across our 12 comparator countries in 2006 (up from less than 2% in 2001).
- Other than the US (which is characterised by regional operators), in terms of market share of the leading operators the UK has the most diversified mobile and broadband markets of the countries analysed. It also has the second most diversified fixed-line market (after Germany) as measured by the market share of the incumbent.
- The decline of fixed-line voice is a characteristic of all the countries covered within the report. However, there is large variation in measures of fixed to mobile substitution. Approximately 38% of Italian households are mobile only, compared to just 10% in Germany. In terms of call volumes, 49% are made over mobile networks in Spain compared to under 20% in Germany.
- Total broadband connections across our 12 comparator countries increased by 600% between 2001 and 2006. This growth has been driven primarily by DSL broadband which increased its share of connections in every country and is now the largest broadband platform in all countries analysed except the US.
- Consumer research commissioned for this report found there to be a large variation between the perception of headline broadband speeds and actual speeds experienced across seven key comparator nations. Japan had the highest proportion of consumers who believed they had high-speed connections, while the US and Canada had the highest proportion who thought they had low-speed connections.
- Perhaps because of the uneven distribution of high-speed fibre networks, a lower proportion of Japanese consumers (39%) were satisfied with the speed of their broadband connection than in any other country surveyed. The highest levels of satisfaction with broadband speed were in the US (85%), despite the high proportion of low-speed lines.
- Levels of next-generation access deployments vary significantly according to different market conditions. Japan is the clear leader among the countries analysed with around 30% of broadband connections being delivered via fibre-to-the-home.
- Mobile networks capable of delivering high-speed data services are beginning to take off. The number of 3G connections more than doubled in most of our comparator countries between 2005 and 2006, and HSDPA services have also launched in most countries.