Communications Market Report: Wales

Research Document

Publication date: 18 July 2012

Introduction

This is Ofcom's seventh annual review of the communications market in Wales. The report offers a detailed overview of communications services across the nation and monitors key trends in the availability and take-up of digital services across Wales.

In 2011, total spend by the BBC and ITV1 on first-run originated TV programming specifically for viewers in Wales was up 3% to £27m, the only year-on-year increase among the four nations. This has been driven by an increase of 7% spent on non-news programming. Expenditure per head of the population in Wales increased by 2% to £8.79 in 2011 and the number of first-run originated hours specifically for viewers in Wales also increased by 1%. S4C spent a total of £73m on first-run Welsh language programming in 2011, an 8% decrease on 2010 in nominal terms, but the total number of hours broadcast by S4C increased by 3%.

Over the past year, broadband take-up has remained stable but there remain significant variations by demographic group. Broadband take-up is lowest among over-55s and DE households. This year's report has also analysed fixed broadband take-up in the South Wales Valleys, confirming that take-up is relatively low in comparison to Cardiff and Newport.

Mobile phone ownership increased by five percentage points to 92% in Wales in the year to Q1 2012. Take-up of smartphones increased significantly throughout the UK over the same period, with Wales experiencing a 14 percentage point increase in ownership to 39% over the period, in line with the UK average.

This year's report explores the impact of the recession on attitudes towards spending on communications services. For the first time since Ofcom took over regulation of the UK's postal services from Postcomm, we also examine Welsh consumers' use of postal services.

This is just a snapshot of this year's report, highlighting the key stories of take-up and use of communications services in Wales. We are publishing the full data set and charts in a searchable resource, which can be found at www.ofcom.org.uk/cmrwales. Companion reports for the UK and each of the nations are once again being launched alongside this report; these can be found at www.ofcom.org.uk/cmr.

We publish this report to support Ofcom's regulatory goal to research markets constantly and to remain at the forefront of technological understanding. It also fulfils the requirements on Ofcom under Section 358 of the Communications Act 2003 (the Act) to publish an annual factual and statistical report, and addresses the requirement to undertake and make public our consumer research (as set out in Sections 14 and 15 of the Act).

The information set out in this report does not represent any proposal or conclusion by Ofcom in respect of the current or future definition of markets. Nor does it represent any proposal or conclusion about the assessment of significant market power for the purpose of the Communications Act 2003, the Competition Act 1998 or any other relevant legislation.

Contents

Setting the scene

Key facts about Wales

Figure	Wales	UK
Population	3.006m (mid-2010 estimate)	62.262m (mid-2010 estimate)
Age profile	Population aged <16: 18.2% Population aged 65+: 18.6%	Population aged <16: 18.6% Population aged 65+: 16.6%
Population Density	145 people per sq km	257 people per sq km
Language	Welsh spoken by 24.8% of population	n/a
Unemployment	9.3% of the working age population	8.3% of the working age population
Income and expenditure	Weekly household income: £604 Weekly household expenditure: £394	Weekly household income: £699 Weekly household expenditure: £466

Source: Office for National Statistics: Region and Country Profiles, Key Statistics - February 2012; Office for National Statistics: Family Spending 2011 edition. Welsh Government,

A note on our survey research

We conducted a face-to-face survey of 3,772 respondents aged 16+ in the UK, with 513 interviews conducted in Wales. Quotas were set and weighting applied to ensure that the sample was representative of the population of Wales in terms of age, gender, socio-economic group and geographic location.

Fieldwork took place in January and February 2012.

Respondents were defined as urban if they lived in a settlement with a population of 2000 or more, and rural if they lived in areas with smaller populations.

The survey sample in Wales has error margins of approximately +/- 3-4% at the 95% confidence level. In urban and rural areas, survey error margins are approximately +/- 4-6%.

In addition to the survey data, this report refers to information from a range of other sources, including data provided to Ofcom by stakeholders.

Tables summarising the data collected in our survey are published on Ofcom’s website.

1 Wales' communications market

1.1 Introduction and key findings for Wales

Introduction

This section sets out a selection of the key facts and figures relating to communications markets in Wales in 2012, comparing and contrasting between nations and highlighting changes that have taken place over the past few years.

Key findings for Wales

Communications services during the economic downturn

- **Two in three (66%) adults in Wales say they would spend less on a communications service**, if they were forced to make cuts in spending, compared to around half of UK adults (52%).

- **More people in Wales would cut back on pay TV.** When forced to choose which communications service they would cut back on, people in Wales are more likely to select pay-TV services (28%) compared to 16% of UK adults overall.

- **Four in ten (41%) people in Wales say they will shop around for communications services in the next 12 months,** which is higher than the UK average of 36%. They are most likely to shop around for broadband services (25%), which is in line with the UK average (23%).

TV and audio-visual content

- **Use of satellite television remains higher in Wales** than in England and Scotland and is comparable with Northern Ireland. The rise in the proportion of homes in Wales using satellite for their main TV set, noted last year, has been sustained; and stands at 53% (vs 41% in the UK).

- **Adults in Wales are more likely to state TV as their 'main source' of local news**. In 2011, 71% of adults in Wales stated TV as their main source of local news, higher than the UK average of 53% and the highest of all the nations.

- **Spend by the BBC and ITV1 on first-run originated programming for viewers in Wales was up 3% on 2010**, the only year-on-year increase among the four nations. However, the five-year trend shows a decline of 24%.

- **Compared to the other nations, Wales showed the greatest decrease in first-run originated hours for viewers in Wales by the BBC and ITV 1 since 2006;** down 22% to 1,016 hours. However, there was a year-on-year increase of 1%.

- **S4C had a year-on-year reduction in spend but an increase in the number of first-run hours.** All genre categories saw year-on-year decreases in spending on first-run S4C programming (an 8% fall in nominal terms on 2010).

Radio and audio content

- **Adults in Wales listened to the most radio per week in 2011.** Average weekly radio listening among adults in Wales in 2011 stood at 23.2 hours, the highest across all of the UK nations.

- **Adults in Wales are less likely to listen to commercial radio.** Local and national commercial stations accounted for 38% of listening share, the lowest of all the UK nations and 5pp lower than the UK average.

Internet and web-based content

- **The increase in household take-up of fixed broadband services in Wales between 2010 and 2011 was sustained in Q1 2012, but take-up is still lower than the UK average.** The proportion of households with a fixed broadband connection was 63% in Wales in Q1 2012, nine percentage points lower than the UK average of 72%.

- **Eight per cent of households in Wales own a tablet computer,** an increase of six percentage points since Q1 2011. Take-up is higher in urban (9%) than in rural areas (4%).

- **Wales has the highest adoption of e-readers in the UK.** Just over one in ten (13%) adults in Wales had an e-reader in Q1 2012, greater than the UK average of 10%**.**

Broadband take-up in the South Wales Valleys

Over the last year, overall broadband take-up (fixed and mobile) in Wales has remained stable at 68%[1], but there remain significant differences by area and demographic group.

- **Around six in ten (63%) adults in the South Wales Valleys have fixed broadband, which is lower than in Cardiff (78%), Newport (68%) and the Great Britain (GB) average (76%)[2].**

- **The demographic profile of the South Wales Valleys explains in part the lower fixed broadband take-up.** However, a comparison of broadband take-up by age and socio-economic group against the GB average shows that demographic differences do not fully explain the lower take-up in the South Wales Valleys.

Telecoms and networks

- **Wales had the lowest household availability of superfast broadband services across the UK nations in March 2012, at 34%.** This was because household cable broadband availability (23%) was the lowest among the UK nations and fibre-to-the-cabinet availability (17%) the second lowest after Scotland.

- **Thirty-nine per cent of adults in Wales said that they accessed the internet using a mobile handset in Q1 2012.** This was 14 percentage points higher than the proportion a year previously, and was in line with the UK average. Smartphone take-up increased by 13 percentage points to 42% of mobile users over the period.

[1] Ofcom technology tracker, Q1, 2012.
[2] As reported by the British Population Survey January to September 2011.

- **Homes in Wales were more likely than average to rely solely on mobile telephony in Q1 2012**. Twenty per cent of homes in Wales were mobile-only during the period, five percentage points higher than the UK average of 15%. Take-up of fixed-line services in Wales (80%) was slightly lower than the UK average of 84%.

- **Satisfaction with mobile reception was lower in rural areas of Wales than in urban areas in Q1 2012**. Eighty-three per cent of mobile users in rural areas of Wales were satisfied with their mobile reception during the period, seven percentage points lower than the 90% figure in rural areas and five percentage points lower than the corresponding figure for Q1 2010.

Post

- **More consumers in Wales claim to send post regularly compared to all other UK nations.** Sixty nine per cent of consumers claim to send items of post regularly; this is significantly higher than the UK average of 58%.

- **Adults in Wales receive fewer parcels than the UK average.** Our research shows that adults in Wales receive an average of 0.7 parcels per month, lower than the UK average of 1.2 parcels per month (although this is within the survey error margins).

- **Almost half of consumers in Wales say they use First Class all the time.** This is despite the fact that only a minority say their mail has to arrive the next day, with 14% saying that all of their mail needs to arrive next day and 19% saying that most of it does.

- **Compared to the UK average, fewer adults in Wales prefer to send emails rather than letters.** A quarter (27%) of adults in Wales agree that they prefer to send emails rather than letters whenever possible, which is a lower proportion than agree with this across the UK (38%).

Media Literacy

A full report covering adults' media literacy in Wales is included as an annex to this document.

Figure 1.1 Fast facts for Wales

	UK	England	Scotland	Wales	Northern Ireland	UK urban	UK Rural	Wales urban	Wales rural
Digital TV take-up among TV homes	98 ↑+2	97	99	99	91^{-}	97 ↑+2	98 ↑+4	100^{+}	98
Broadband take-up	76	78	68^{-} ↑+7	68^{-}	69^{-}	76	77	67	73 ↑+6
Mobile broadband	13	13	12	16	7^{-}	13	10	18^{+}	8^{-}
Mobile phone take-up	92	93	85^{-}	92 ↑+5	93	92	92	93 ↑+5	88^{-}
Use mobile to access internet	39 ↑+7	40 ↑+6	31^{-} ↑+10	39 ↑+14	35 ↑+6	39 ↑+5	35 ↑+12	41 ↑+15	30^{-} ↑+8
Smartphone take-up	39 ↑+12	40 ↑+11	32^{-} ↑+14	39 ↑+14	34 ↑+13	39 ↑+12	37 ↑+10	41 ↑+15	33 ↑+11
Fixed landline take-up	84	85	82	80	84	83	91^{+}	78^{-}	87
Households taking bundles	57 ↑+4	58 ↑+4	47^{-}	47^{-}	51^{-} ↑+5	57 ↑+3	56 ↑+11	47^{-}	46^{-} ↑+9
DAB ownership amongst radio listeners	38	40	29^{-}	29^{-}	22^{-}	38	41	27^{-}	37 ↑+7
Smart TV ownership among TV homes	5	5	4	3	4	5	4	3	3
Tablet computer take-up	11 ↑+9	11 ↑+9	11 ↑+10	8 ↑+6	9 ↑+7	11 ↑+9	11 ↑+9	9 ↑+8	4^{-}
E-reader take-up (personal use)	10 ↑+7	10 ↑+7	8 ↑+6	13 ↑+10	8 ↑+5	11 ↑+8	15^{+} ↑+12	13 ↑+11	15^{+} ↑+11
Fixed telephony availability	100	100	100	100	100				
Fixed broadband availability[1]	99.98	100.00	99.87	100.00	100.00				
LLU availability[2]	92	93	84	88	79				
Cable broadband availability[3]	44	47	35	23	29				
FTTC broadband availability[4]	31	33	10	17	87				
Superfast availability[5]	60	62	42	34	94				
2G mobile availability[6]	99.7	99.8	99.2	99.2	98.7				
3G mobile availability[7]	99.1	99.7	97.0	97.6	88.3				
DTT availability[8]	97	98	99	98	66				
TV consumption (hours per day)[9]	4.0	3.6-4.5	4.5	4.4	4.2				
Radio consumption (hours per day)	3.2	3.2	3.1	3.3	3.2				

Key: $^{+}$Figure is significantly higher than UK average; $^{-}$Figure is significantly lower than UK average;
↑+xx *Figures has risen significantly by xx percentage points since 2011*

Source: Ofcom Research Q1 2012, BARB, RAJAR, Industry data.
Base: All adults aged 16+ (+ (n = 3772 UK, 513 Wales, 2251 England, 500 Scotland, 508 Northern Ireland, 2731 UK urban, 1041 UK rural, 1963 England urban, 288 England rural, 264 Scotland urban, 236 Scotland rural, 249 Wales urban, 264 Wales rural, 255 Northern Ireland urban, 253 Northern

Ireland rural)
Notes: BARB data based on all individuals (aged 4+). PSBs = BBC One, BBC Two, ITV1, C4, Five. RAJAR data based on all adults (aged 16+). PSBs = all BBC radio. National data based on TSA's of BBC Radio stations of respective nations.
1. Proportion of premises able to receive ADSL broadband services based on data reported by BT
2. Proportion of households connected to an LLU-enabled exchange
3. Proportion of households passed by Virgin Media's broadband-enabled network; excludes homes where Virgin Media is not also able to provide fixed voice and pay-TV cable services.
4. Ofcom estimate of the proportion of households able to receive FTTC services
5. Ofcom estimate of the proportion of households able to receive superfast broadband services
6. Proportion of premises that have outdoor 2G mobile coverage from at least one operator
7. Proportion of premises that have outdoor 3G mobile coverage from at least one operator
8. Availability of 17 services. Ofcom estimates.
9. These figures are based on the share of viewing to the main five PSB channels only. It is not possible to provide a single figure for 'England' so instead a range is displayed reflecting the regions with the highest and lowest figures respectively.

1.2 Wales' communications market and the economy

Introduction

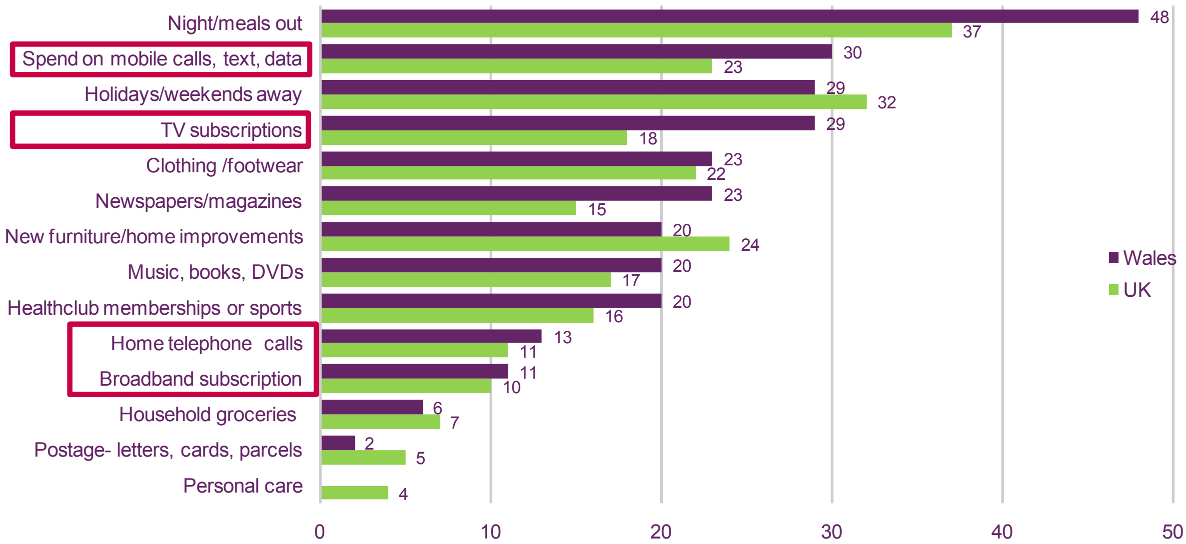
Since the last CMR was published in August 2011, the UK economy has officially fallen back into recession. This section explores the impact on attitudes towards spending on communications services in the context of the economic downturn. It summarises the findings of an omnibus survey commissioned in February/March 2012[3].

Consumers in Wales are less willing to cut back spending on communication services than on other expenses

Figure 1.2 shows that if forced to reduce spending, consumers in Wales are most likely to cut back on nights out (48%). However, three in ten (30%) would cut down spending on mobile phone calls, texts and data.

[3] The research was carried out among 2124 UK adults aged 16+ in a face-to-face survey.

Figure 1.2 Items and services where consumers would be most likely to cut spending



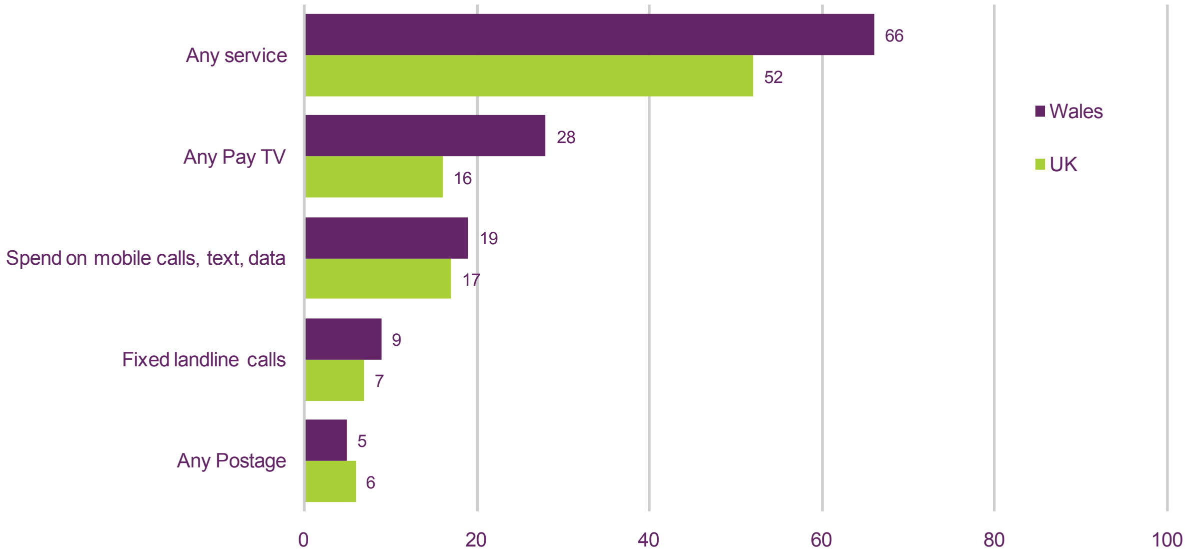
Source: Ofcom Attitudes toward spending research, 2012
Base: All adults aged 16+ (n=2124 UK, 1726 England, 182 Scotland, 99 Wales, and 117 Northern Ireland)
Q: If you were forced to cut back spending, which of the following items/services would you be likely to spend less on? (Multichoice)

Two in three people in Wales say they would spend less on communications services if they were forced to cut down on spending

When asked whether they would make cuts on any communication services, 66% of people in Wales said they would. This is higher than the UK average of 52%.

If savings needed to be made, people in Wales are more likely to cut spending on pay TV than other communication services. Almost three in ten (28%) would cut spend on this in Wales, higher than the UK average of 16%.

Figure 1.3 Single most likely communication service to cut spending on



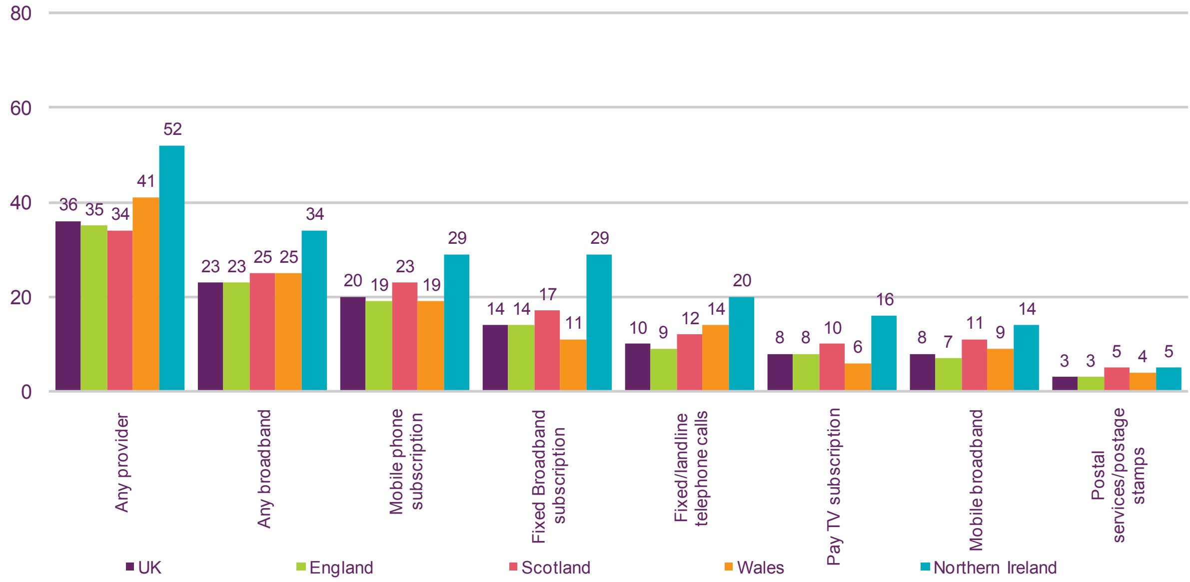
Source: Ofcom Attitudes toward spending research, 2012
Base: All adults who have a named service (n=2059 UK, 1662 England, 181 Scotland, 99 Wales, and 117 Northern Ireland)
Q: And which ONE of the following services would you be MOST LIKELY to cut back spending on? (Single choice)

The likelihood to shop around for some services is slightly higher than the UK average

Four in ten (41%) people in Wales say they are more likely to shop around for communication services compared to a year ago. This is higher than the UK average (36%).

They are more likely to shop around for a fixed land-line telephone subscription (14%) than the UK average (10%). A similar proportion of consumers in Wales say that they shop around for broadband subscriptions (25%) compared to the UK average (23%).

Figure 1.4 Services consumers are more likely to shop around for than a year ago



Q: And which of the following are you MORE LIKELY to shop around for than you were 12 months ago? (Multi choice)
Source: Ofcom Attitudes toward spending research, 2012
Base: All UK adults aged 16+ (n=2059 UK, 1662 England, 181 Scotland, 99 Wales, and 117 Northern Ireland)

People in Wales are more likely to think about taking communications services as a bundle to save money than the UK overall

Half of all consumers in Wales agree that they would consider taking bundled communications services from a single supplier in order to save some money. This is higher than in the UK overall (41%).

Figure 1.5 Consumers' agreement/disagreement that they are more likely to take communication services as a bundle

Source: Ofcom Attitudes to spending omnibus research, 2012
Base: total sample (n=2124) England (n= 1726), Scotland (n=182), Wales (n=99), Northern Ireland, (n=117)
Q: Please tell me the extent you agree or disagree with....' I'm more likely to consider purchasing TV, broadband, and phone services in a package from the same supplier as it offers better value for money'

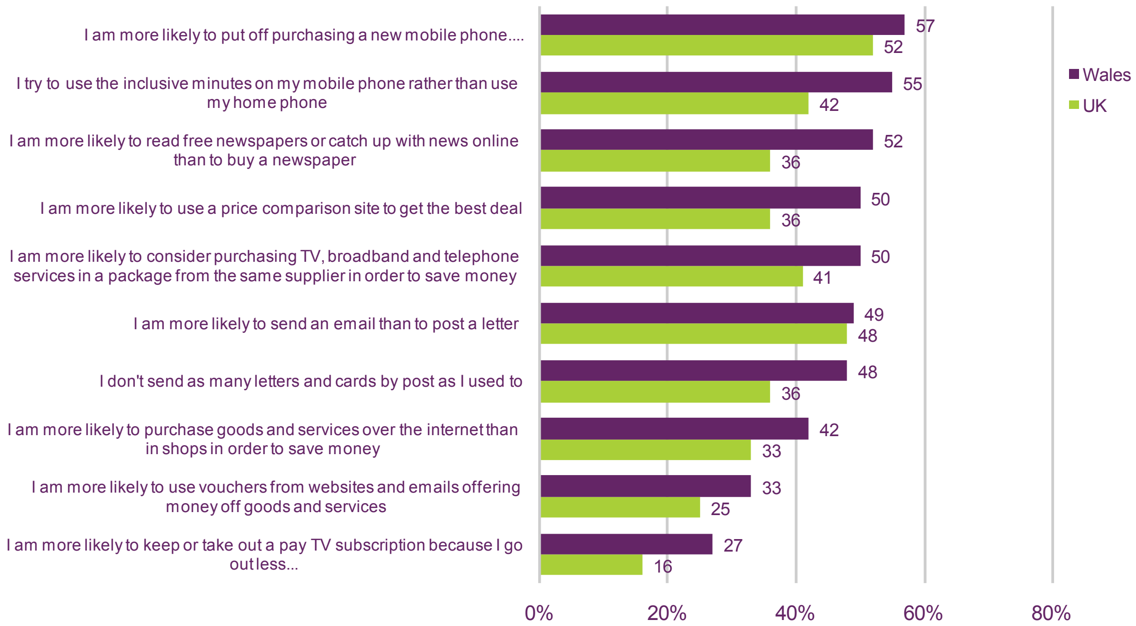
People in Wales are more likely to put off buying a new mobile handset to save money

Consumers were read a series of statements about how their attitudes to spending on communication services may have changed during the economic downturn.

Our research showed that consumers in Wales are more likely to do a range of activities to save money. Just over half (57%) of people in Wales say they are likely to put off buying a new mobile phone and will continue to use their old handset. This is broadly similar to the UK average of 52%.

Just over half (55%) of consumers in Wales say they try to use the inclusive minutes on their mobile phone package rather than use their landline to make calls. This is significantly different to the UK average of 42%.

Figure 1.6 Attitudes to spending on communication services in the economic downturn



Q: Here are some things other people have said about how the economic downturn has changed their spending on TV, broadband, mobile and land telephone services. Please tell me to what extent you agree or disagree with the following statements
Source: Ofcom Attitudes toward spending research, 2012
Base: Adults in Wales aged 16+ n = 99

1.3 A study into fixed broadband take-up in the South Wales Valleys

Introduction

The South Wales Valleys comprise a number of industrialised valleys in South Wales. Since 2009, they have been identified as an area of low broadband take-up[4]. As a result, the Ofcom Advisory Committee for Wales suggested that Ofcom explore this in more detail. Therefore, Ofcom has undertaken analysis of the *British Population Survey* (BPS)[5] to assess take-up of fixed broadband in the South Wales Valleys. For purposes of this analysis, the

[4] http://www.bevanfoundation.org/wp-content/uploads/2011/10/Digital-Wales-Divided-Wales.pdf
[5] The British Population Survey http://www.thebps.co.uk/index.php

South Wales Valleys are considered to be the Welsh local authority regions of Blaenau Gwent, Rhondda Cynon Taff, Neath Port Talbot, Merthyr Tydfil, Torfaen and Caerphilly. This matches the definition used by the Welsh Local Government Association.

Methodology

The *British Population Survey* asks consumers about internet and fixed broadband take-up and comprises around 2,000 face-to-face, in-home interviews with adults (aged 15+) every week, allowing detailed regional and sub-demographic analysis. Note: The survey covers Great Britain, whereas Ofcom's technology tracker cited in the rest of the report is based on the UK.

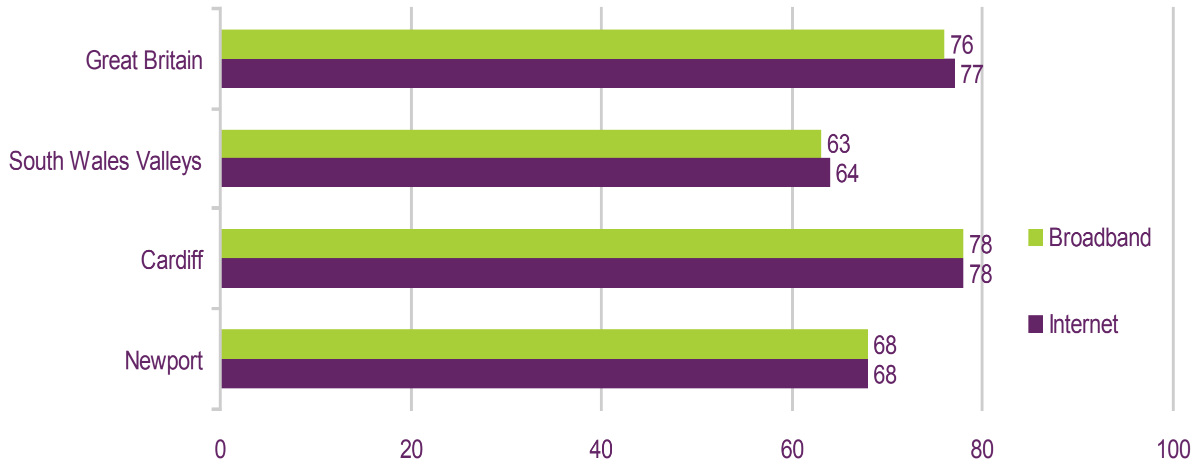
Using data from the *British Population Survey* (BPS), January to September 2011, analysis was undertaken on the Valleys, Cardiff and Newport (data not available for Swansea). The total GB sample was 62,669 and the sample size in the South Wales Valleys was 981. Sample sizes for Cardiff and Newport were smaller, at 224 and 187 respectively.

Findings

<u>The analysis confirms that the South Wales Valleys have low broadband take-up compared to the GB average, Cardiff and Newport</u>

Broadband take-up is relatively low in the South Wales Valleys. Figure 1.7 shows that 63% of adults in the South Wales Valleys have fixed broadband, compared to the GB average (as reported by the BPS for this period) of 76%.

Figure 1.7 Internet and fixed broadband take-up, by area



Source: British Population Survey, January-September 2011. Base: GB adults aged 15+, (n = 62,669 GB, 981 South Wales Valleys)

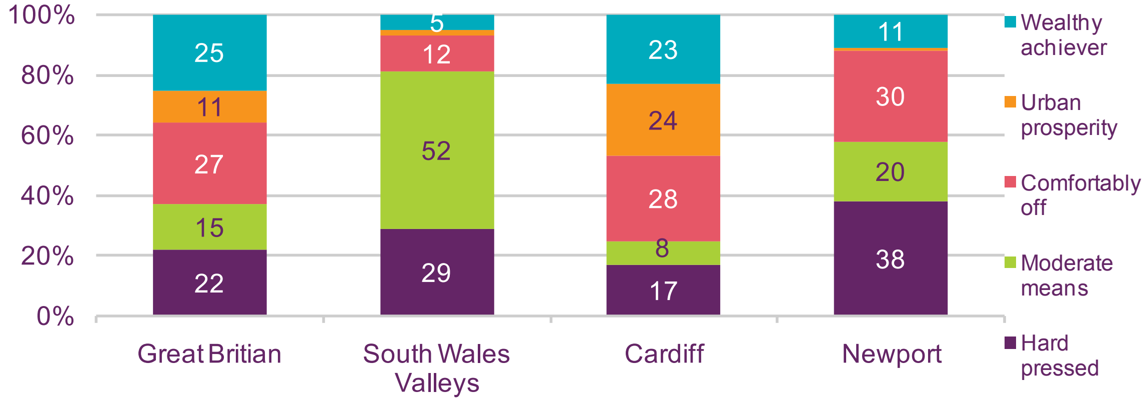
<u>Demographic differences go some way to explaining the low fixed broadband take-up in the South Wales Valleys and Newport</u>

We have applied CACI classifications[6] to the BPS data (Figure 1.8) to show that the population in these areas differs from the rest of Great Britain. One in two (52%) adults in the South Wales Valleys sample are classified as of 'moderate means' by CACI.

[6] http://www.caci.co.uk/639.aspx. CACI combines life-geographic and demographic information to categorise areas according to the attitudes and life-styles of the people living there.

This partly explains the lower level of broadband take-up, as we know from previous research[7] that those on low incomes are less likely to have broadband connections at home.

Figure 1.8 Demographic profile comparisons



Source: Ofcom analysis based on British Population Survey and CACI classifications, January-September 2011. Base: GB adults aged 15+, (n = 62,669 GB, 981 South Welsh Valleys)

<u>But demographic differences alone are not sufficient to explain South Wales Valleys fixed broadband take-up.</u>

Broadband take-up in the South Wales Valleys is lower than expected among those aged over 45, as shown in Figure 1.9.

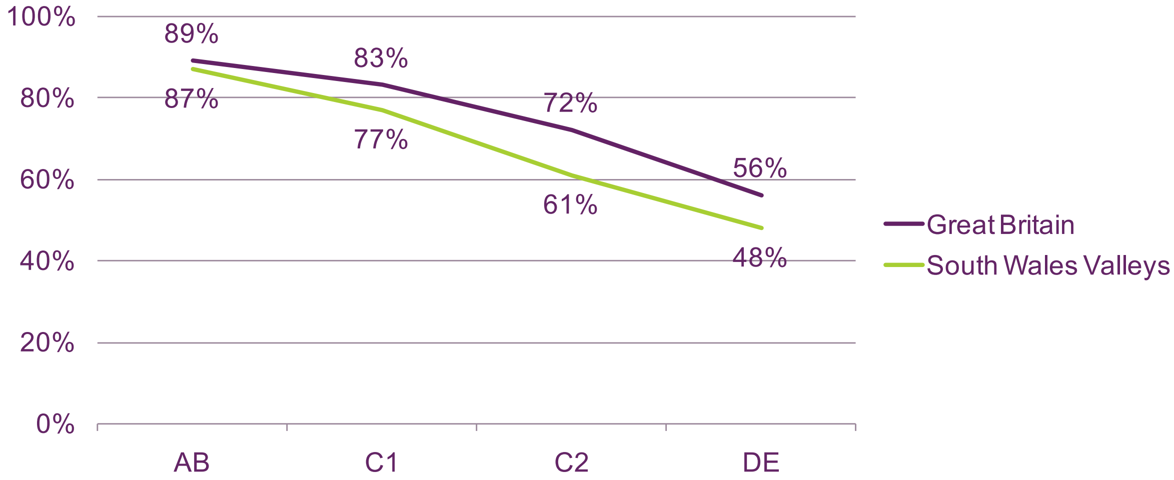
Figure 1.9 Fixed broadband take-up, by age group

Source: British Population Survey, January-September 2011. Base: GB adults aged 15+, (n = 62,669 GB, 981 South Wales Valleys)

Figure 1.10 shows that broadband take-up is also lower than average among all socio-economic groups, excluding AB, in the South Wales Valleys. The difference is more noticeable among C2 social groups, where the average take-up of fixed broadband is 61% compared to the GB average of 72%.

[7] http://stakeholders.ofcom.org.uk/market-data-research/market-data/communications-market-reports/cmr11/scotland/4.2

Figure 1.10 Fixed broadband take-up, by socio-economic group



Source: British Population Survey, January-September 2011. Base: GB adults aged 15+, (n = 62,669 GB, 981 South Wales Valleys)

This analysis confirms that the South Wales Valleys have lower take-up of fixed broadband than the national average. Demographic differences go some way to explain lower take-up. But there is also a concern that people aged over 45 and in socio-economic groups C2DE are less likely to have fixed broadband at home than their counterparts elsewhere. Other factors such as societal or attitudinal differences may be contributing to these differences in take-up.

2 Television and audio-visual content

2.1 Recent developments in Wales

BBC Cymru Wales

In July 2011, Rhodri Talfan Davies was appointed Director of BBC Cymru Wales, taking up the post in September 2011. He was previously Head of Strategy and Communications at BBC Wales.

In October 2011, the BBC published its 'Delivering Quality First' strategy – proposals for how the BBC can "best deliver the highest quality programmes and content to audiences" until the end of the BBC Charter in 2017.

According to the BBC, BBC Wales faces an overall budget reduction of 16% over the next five years and will aim to reduce non-content costs by approximately 25% over the period. Budget reductions across programming and content areas are estimated to be around 10%. The proposals are expected to result in between 110 – 125 post closures and a saving of £10.7m over the next five years.

The BBC will reduce the number of off-peak programmes broadcast on BBC Radio Wales and BBC Radio Cymru; focus sports rights investment on events which provide the greatest value and impact for audiences; and reduce the number of programmes shown on BBC Two Wales. The BBC will also launch BBC One Wales in HD in 2012 while maintaining BBC Two Wales in SD, and will appoint specialist correspondents to cover economics, culture and politics.

The First Minister, Carwyn Jones AM, officially opened the BBC Wales Drama Village in Cardiff Bay, the home of flagship drama productions including *Casualty*, *Doctor Who* and *Pobol y Cwm*. Work has started on the next phase of the Porth Teigr development which includes a Centre for Creative Industries.

S4C

In October 2011, the S4C Authority appointed Ian Jones as S4C's new Chief Executive. Since his appointment, he has announced a new-look schedule and a new commissioning structure, comprising a Director of Content and four Content Commissioners, responsible for commissioning content and multi-platform digital services.

S4C governance

The BBC Trust, the S4C Authority and the Department for Culture, Media and Sport have agreed new governance arrangements for S4C's future funding and accountability, to run until 2017. In 2013-14, the BBC will provide £76.3m in direct financial support. S4C's allocation will fall to £76m in 2014/15, £75.25m in 2015/16, and £74.5m in 2016/17 as part of the new relationship between the two broadcasters.

S4C will continue to be overseen by the S4C Authority, chaired by Huw Jones, and with an independent management board consisting solely of S4C executives. It will continue to commission programming from the independent sector, and will work with BBC Wales to deliver efficiencies in administrative and back-office functions.

Local television

In December 2011, the Secretary of State for Culture, Media and Sport, Jeremy Hunt, announced that Cardiff and Swansea would be among the first locations across the UK to have their own local TV stations. These locations were identified as having significant levels of interest from potential operators and audiences. Bangor and Mold are included in a further 24 areas identified for a future round of licensing. In May 2012, Ofcom invited applications for 21 local TV channels across the UK, including Cardiff and Swansea.

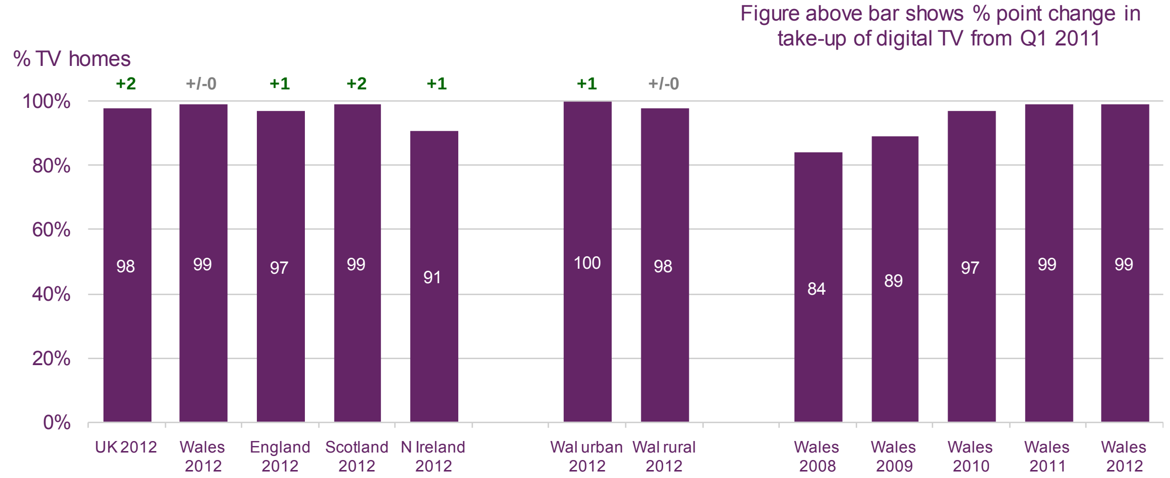
3VTV, an internet TV channel aimed at residents of Blaenau Gwent, was launched in January 2012, broadcasting features and promoting local businesses. Films are being produced by a team at the University of Wales, Newport, working with local people and firms. Based at The Works regeneration site in Ebbw Vale, 3VTV is supported by a £450,000 grant from the Welsh Government.

2.2 Digital television take-up in Wales

Virtually all TV homes in Wales receive digital television

Digital switchover in Wales is now complete: virtually all homes with a TV in Wales (99%) report that they have access to a digital television service. While 2% of households in rural Wales claim that they receive analogue terrestrial TV, they may have misunderstood the question, as analogue signals across the border in England have been switched off.

Figure 2.1 Digital television take-up in Wales



Source: Ofcom research, Quarter 1 2012
Base: All adults aged 16+ with a TV in household (n = 3713 UK, 508 Wales, 2214 England, 489 Scotland, 502 Northern Ireland, 246 Wales urban, 262 Wales rural, 797 Wales 2008, 970 Wales 2009, 1060 Wales 2010, 483 Wales 2011, 508 Wales 2012)

Rise in satellite ownership sustained, and increasingly popular in rural Wales

The rise in the proportion of homes in Wales using satellite for their main TV set continues, and now stands at 53%. Use of satellite remains higher in Wales than in England and Scotland, and is comparable with Northern Ireland.

At an overall level there has been very little change in the mix of platforms being used to view digital television in Wales, but in rural areas, satellite is becoming increasingly popular. Satellite ownership in these areas (free or paid for), rose 10 percentage points to 61% over the past twelve months, largely at the expense of Freeview.

Similarly, the rising take-up of paid-for digital TV services, noted last year, has been sustained, at 60% of adults with a TV at home in Wales. Only modest differences were noted across the nations; from 57% in England to 63% in Northern Ireland.

Figure 2.2 Main set TV share in Wales, by platform

Source: Ofcom research, Quarter 1 2012
Base: All adults aged 16+ (n = 3772 UK, 513 Wales, 2251 England, 500 Scotland, 508 Northern Ireland, 249 Wales urban, 264 Wales rural, 811 Wales 2008, 987 Wales 2009, 1075 Wales 2010, 493 Wales 2011, 513 Wales 2012)

2.3 Smart TV and HDTV ownership

Just over three in ten people in Wales have HDTV channels

Six in ten (61%) homes in Wales have an HD-ready TV set. Just over one third (36%) claim to have access to HDTV channels (via cable, satellite or DTT)[8]. The proportion claiming to have access to HD channels in Wales has risen from 30% last year and may have been driven by the rise in satellite ownership. HD channels are available on Freesat and Freeview HD without subscription.

Figure 2.3 Proportion of homes in Wales with HD-ready TV sets and HDTV

Source: Ofcom research, Quarter 1 2012
Base: All adults aged 16+ (n = 3772 UK, 513 Wales, 2251 England, 500 Scotland, 508 Northern Ireland, 249 Wales urban, 264 Wales rural, 811 Wales 2008, 987 Wales 2009, 1075 Wales 2010, 493 Wales 2011, 513 Wales 2012

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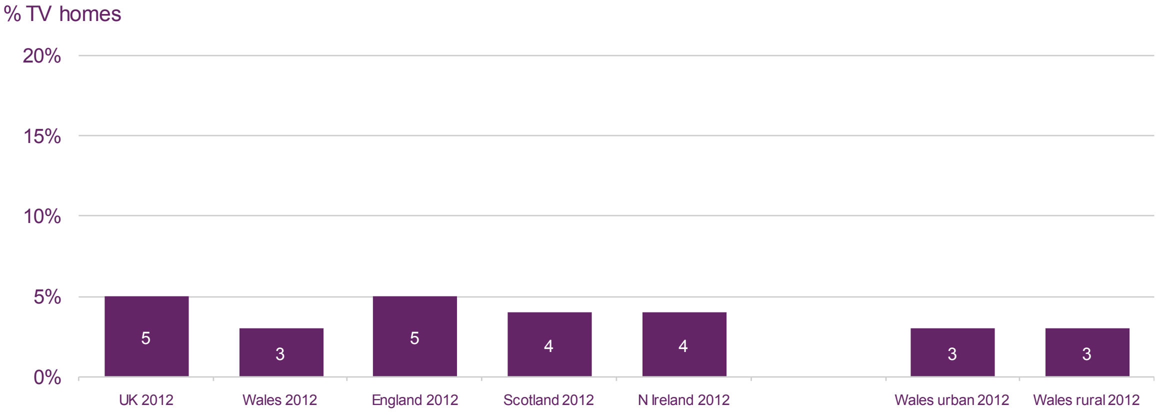
[8] Note that these figures may be subject to an overclaim as some viewers may believe that having an HD-Ready TV set means that they are receiving HDTV channels.

Three per cent of adults in Wales have a smart TV

A small proportion (3%) of homes in Wales claim to have purchased a smart TV with an integrated internet connection. Smart TV ownership in Wales is at a similar level to the UK average (5%).

Figure 2.4 Smart TV take-up in Wales



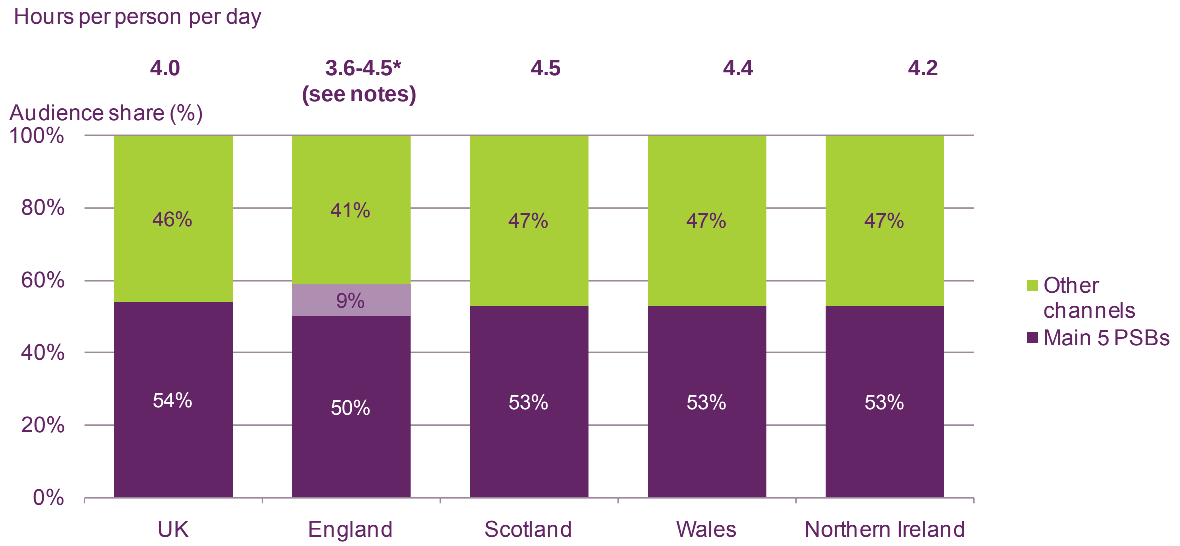
Source: Ofcom research, Q1 2012
Base: All adults aged 16+ with a TV in household (n = 3713 UK, 508 Wales, 2214 England, 489 Scotland, 502 Northern Ireland)
Question. Are any of your TV sets "Smart TVs"? These are new types of TV that are connected to the internet and can stream video directly onto your television screen, without the need for a computer, set-top box or games console.

2.4 Broadcast television viewing

People in Wales spend on average 4.4 hours per day watching TV

In 2011, people in Wales spent 4.4 hours per day watching TV. This was slightly higher than the UK average of 4.0 hours (Figure 2.5).

Figure 2.5 Average hours of daily TV viewing, by nation: 2011

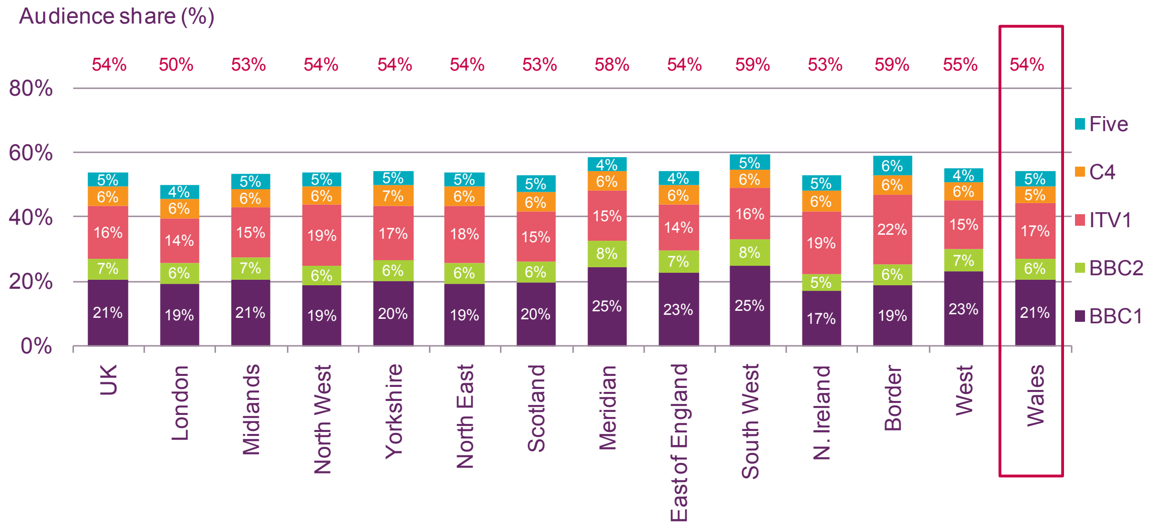


*Source: TV = BARB. Based on all individuals (aged 4+). PSBs = BBC One, BBC Two, ITV1, C4, Five. *Note: It is not possible to provide a single figure for 'England' so instead the PSB share is described as a range, reflecting the regions with the highest (North East – 59%) and lowest (West – 50%) figures respectively.*

Over half (54%) of all viewing is to the five main PSB channels

In 2011, the five main PSB channels accounted for a combined 54% share of total TV viewing in Wales, comparable to that in the other nations and the same as the average share across the UK (54%).

Figure 2.6 Share of the five main PSB channels, all homes: 2011

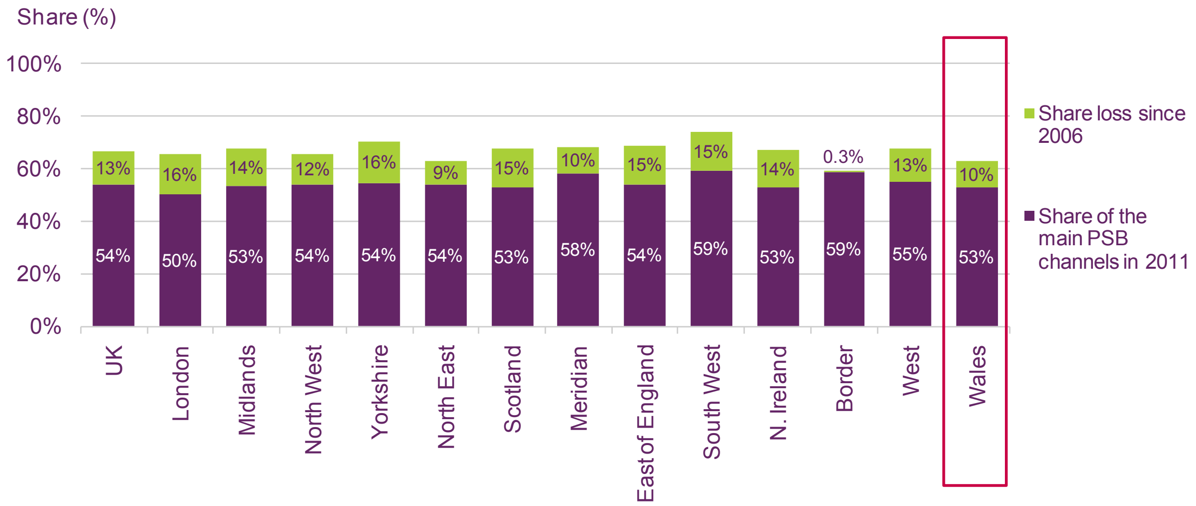


Source: BARB, all individuals (4+)

The reduction in the combined share of the five main PSB channels between 2006 and 2011 was lower in Wales than in any of the other nations

From 2006 to 2011, viewing of the five main PSB channels fell by 10% (falling to 53% in 2011) in Wales. This reduction was smaller than the average fall across the UK (13pp) and less than that experienced in the other UK nations (Scotland 15pp and Northern Ireland 14pp).

Figure 2.7 Reduction in combined share of the five main PSB channels, all homes: 2006 and 2011

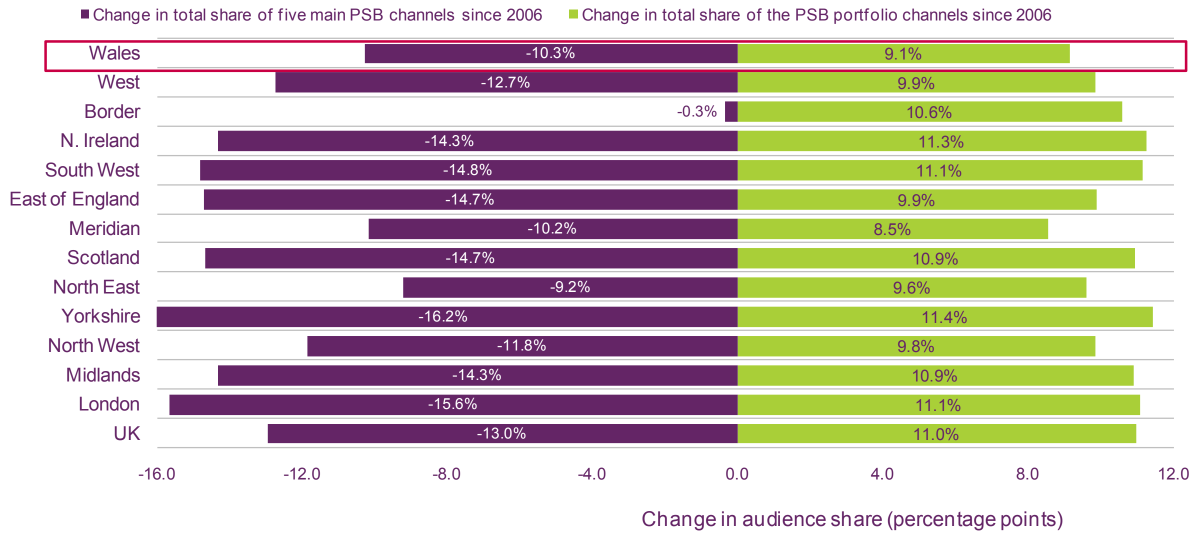


Source: BARB, all individuals (4+)
Note: In 2010 a new BARB panel was introduced, including the re-defining of boundaries. Therefore, pre- and post-panel change data should be compared with caution.

The PSB channels' total combined share (including digital channels) decreased by 1.2pp between 2006 and 2011, less than the UK average net loss of 2.0pp

From 2006 to 2011, the main five PSB channels experienced a 10.3pp decrease in their combined share of total TV viewing (compared to the UK average decrease of 13.0pp). But this reduction was largely offset by a 9.1pp increase (UK average 11.0pp) in the combined viewing share of their portfolio channels; resulting in a net loss overall of 1.2pp in the total combined channel share - less than the UK average net loss of 2.0pp and less than that experienced in any of the other nations.

Figure 2.8 Net change in the audience share of the five main PSBs and the PSB portfolio channels, all homes: 2006 - 2011

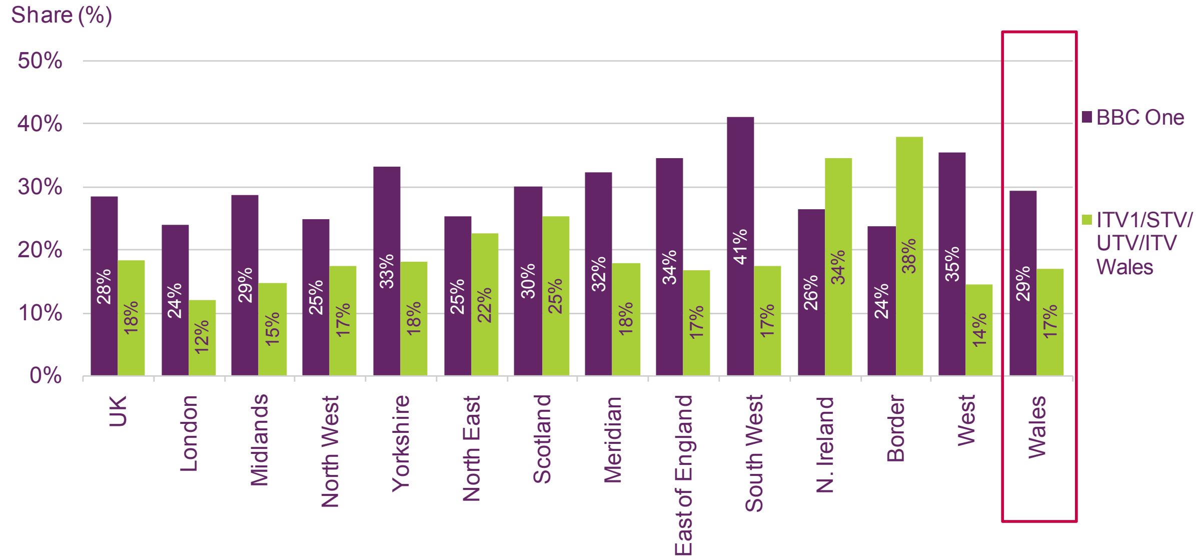


Source: BARB, all individuals (4+)
Notes: i) 'PSB portfolio channels' includes all the main PSB's multichannel channels (except for the five terrestrial channels).
ii) In 2010 a new BARB panel was introduced, including the re-defining of boundaries. Therefore, pre- and post-panel change data should be compared with caution.

The BBC One and ITV1's early evening nations news bulletins in Wales performed similarly to the same slot at the UK network level

In 2011, BBC One's early evening nations' news bulletin attracted an average 29% share of TV viewing in Wales – marginally more than the UK average (28%). ITV1's counterpart bulletin attracted a lower average share (17%); marginally less than the UK average (18%).

Figure 2.9 BBC One and ITV1/STV/UTV/ITV Wales early evening news bulletin shares, all homes: 2011



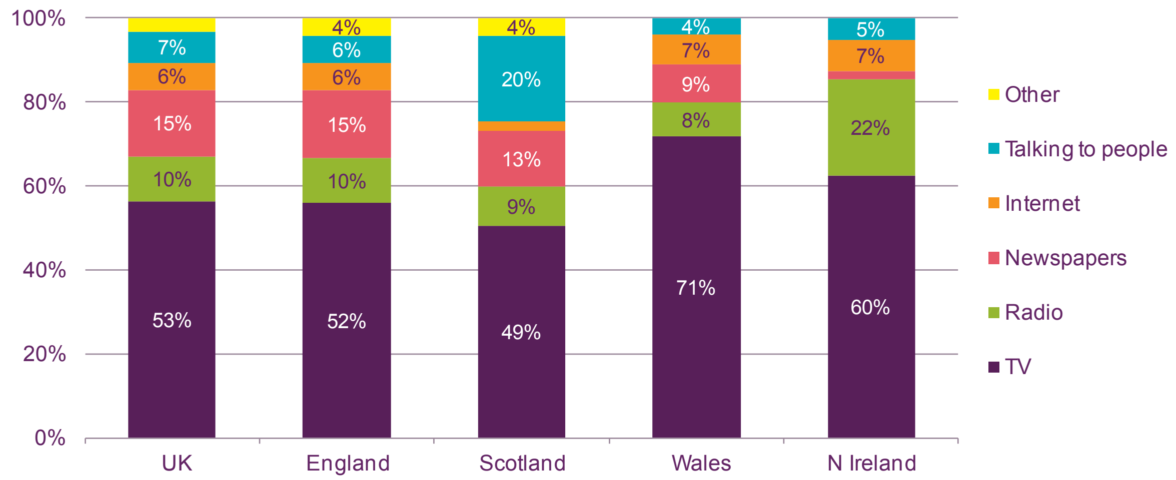
Source: BARB, all individuals (4+)
Note: Based on regional news programmes, start time 17:55-18:35, 10mins+ duration, BBC One and ITV1, weekdays

Seven in ten adults in Wales name TV as their main source of local news

In 2011, 71% of adults in Wales stated TV as their main source of local news, higher than the UK average of 53% and the highest among the UK's nations. Newspapers were second with 9%, though this was significantly lower than the UK average of 15%.

Figure 2.10 Main sources of local news for each nation

'Can you tell me what, if anything, is your main source of news about what is going on in your own local area'

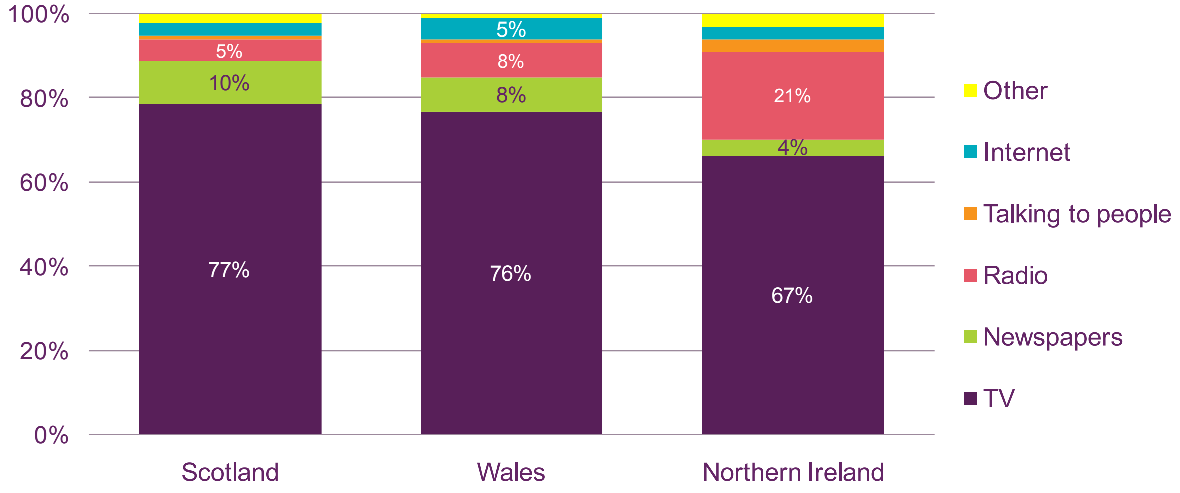


Source: Ofcom media tracker 2011.
Base: All adults; England (1,369); Scotland (172); Wales (107); Northern Ireland (106).
Only responses ≥ 4% labelled

In 2011, 76% of adults in Wales stated television as their main source of news about their nation – similar to the 77% in Scotland but significantly higher than the 67% in Northern Ireland. The internet was chosen by 5% of respondents in Wales, higher than in Scotland and Northern Ireland (both 3%).

Figure 2.11 Main sources of nation's news, for each nation

'Can you tell me what, if anything, is your *main* source of news about what is going on in [Scotland, Wales, Northern Ireland]?'



Source: Ofcom media tracker 2011.
Base: All adults in Scotland (172); Wales (107); Northern Ireland (106).
Only responses ≥ 4% labelled

2.5 TV programming for viewers in Wales

The following section outlines spend and hours of programming for viewers in Wales, Scotland, Northern Ireland, and the English regions provided by the BBC and ITV/UTV/STV. The figures exclude Gaelic and Welsh language programming but includes some spend on Irish language programming by the BBC. See section 2.7 for details on S4C.

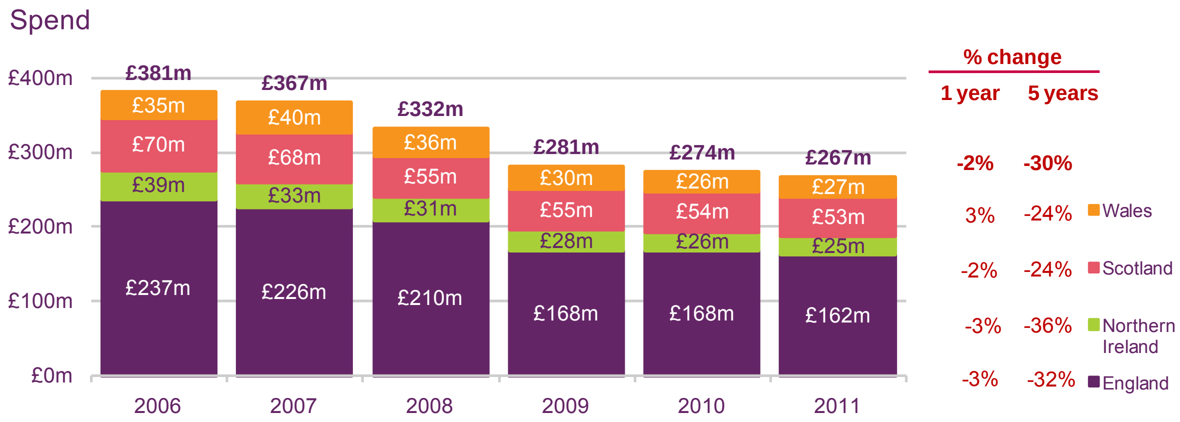
Spend on first-run originated content for viewers in Wales increased by 3% year on year

£267m was spent by the BBC and ITV/STV/UTV on producing first-run originated programmes specifically for viewers in Wales, Scotland, Northern Ireland and the English regions in 2011, down by £7m (or 2%) from 2010 and down by 30% since 2006.

Spend in Wales decreased by 24% from 2006 to 2011. This figure is below the UK average, making Wales, along with Scotland, one of the least-affected nations over that period.

At £27m, spend by the BBC and ITV on first-run originated TV content specifically for viewers in Wales was up 3% since 2010, the only year-on-year increase among the four nations.

Figure 2.12 Spend on first-run originated nations' and regions' output by the BBC/ITV/STV/UTV



Source: Broadcasters. All figures expressed in 2011 prices.
Note: Spend data for first-run originations only. Spend excludes Gaelic and Welsh language programming but includes some spend on Irish language programming by the BBC. This does not account for total spend on BBC ALBA or BBC spend on S4C output. For information on Welsh language programming on S4C, please see Figure 2.19.

Total spend on non-news programming for people in Wales increased by 7% year on year

Turning to total spend, Wales increased its spend in 2011 on non-news/non-current affairs by 7% from 2010 - the highest proportional increase for this genre across the four nations. Conversely, year-on-year spending on current affairs in Wales was down by 13%.

Figure 2.13 Change in total spend on nations' and regions' output, by genre and nation: 2006 - 2011

	UK		England		N. Ireland		Scotland		Wales	
	1yr (%)	5yr (%)	1yr (%)	5yr (%)	1yr (%)	5yr (%)	1yr (%)	5yr (%)	1yr (%)	5yr (%)
Current Affairs	-13%	-26%	-13%	-31%	-23%	-36%	-8%	5%	-13%	-26%
News	-3%	-22%	-4%	-23%	-4%	-25%	-3%	-20%	2%	-3%
Non-news/non-current affairs	2%	-43%	-16%	-88%	2%	-42%	2%	-27%	7%	-35%
Total Spend in 2011	£272m		£165m		£25m		£55m		£27m	

	UK		England		N. Ireland		Scotland		Wales	
	1yr	5yr	1yr	5yr	1yr	5yr	1yr	5yr	1yr	5yr
Change in Spend	-3%	-29%	-5%	-30%	-3%	-36%	-1%	-23%	3%	-24%

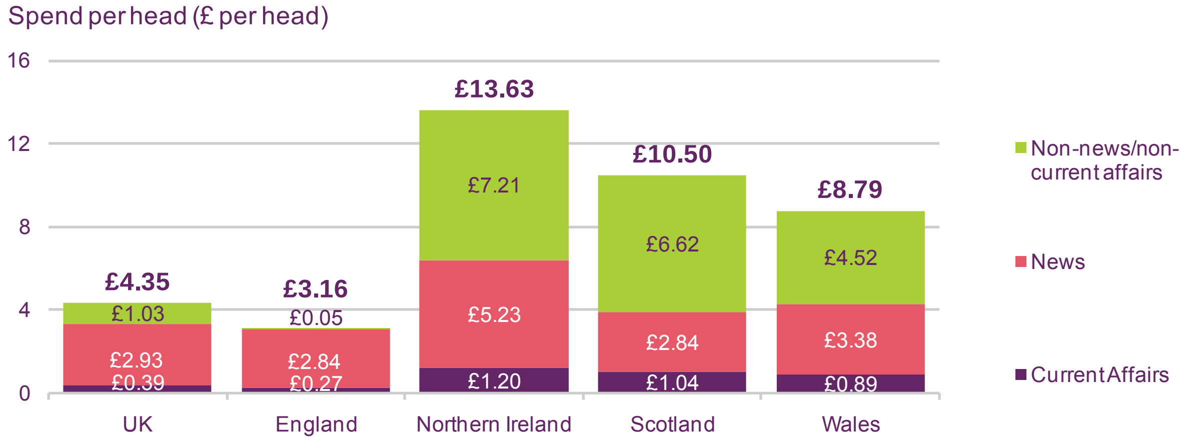
Source: Broadcasters. All figures expressed in 2011 prices.
Note: Spend excludes Gaelic and Welsh language programming but includes some spend on Irish language programming by the BBC. This does not account for total spend on BBC ALBA or BBC spend on S4C output.

Expenditure per head of population in Wales increased by 2% on 2010

Expenditure per head of population on content for people in Wales increased by 2% to £8.79 in 2011.

Spend per head on non-news/non-current affairs accounted for around half of total spend (51%); news accounted for a further 38%, with current affairs making up the final 10%.

Figure 2.14 Total spend per head by the BBC/ITV1/STV/UTV on nations'/regions' output



Source: PSB returns. Spend excludes Gaelic and Welsh language programming but includes some spend on Irish language programming by the BBC. All figures expressed in 2011 prices. This does not account for total spend on BBC ALBA or BBC spend on S4C output.

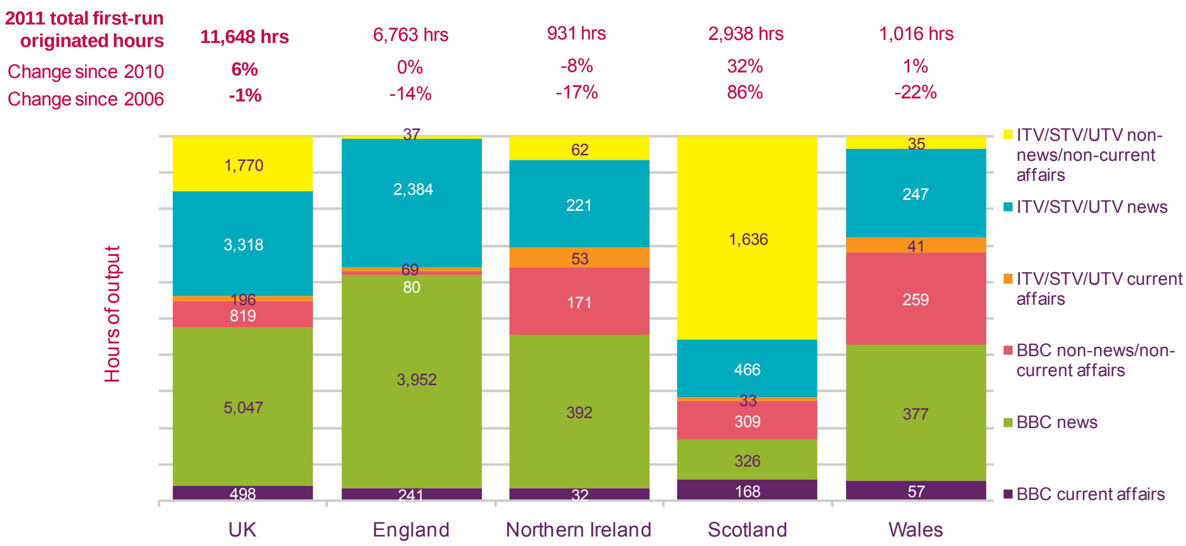
Total number of first-run originated hours in Wales increased by 1% year on year

The BBC and ITV1/STV/UTV produced a total of 11,648 hours of first-run originated content for the English regions, Scotland, Wales and Northern Ireland in 2011, up 6% (or 651 hours) from 2010, and showing minimal change since 2006 (down 1%).

Wales had the largest relative reduction in first-run originated nations' output over the five-year period; down 22% since 2006 to 1,016 hours in 2011.

Over a one-year period, however, the number of first-run originated hours increased by 1% in Wales compared to the UK-wide average increase of 6%.

Figure 2.15 Hours of first-run originated nations/regions output, by genre and broadcaster: 2011



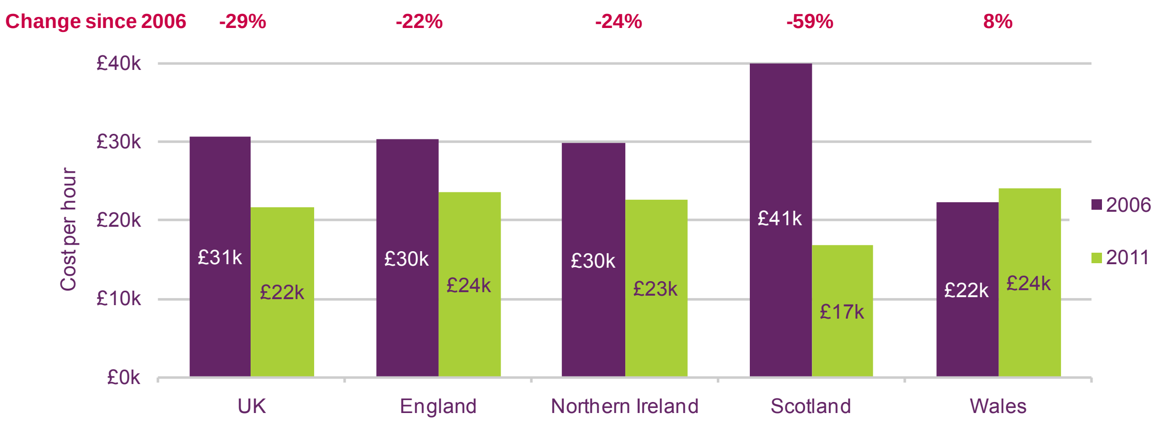
Source: PSB returns
Note: Hours data for first-run originations only. Hours excludes Gaelic and Welsh language programming but includes some spend on Irish language programming by the BBC. This does not include total hours for BBC ALBA or BBC hours on S4C output.

Cost per hour for nations programming increases 2% year on year for Wales

Analysing the cost of making programmes for the nations, cost-per-hour calculations show that England, Scotland and Northern Ireland produced programmes more cost-effectively in 2011 than in 2006.

Over the five-year period, cost per hour increased by 8% in Wales, compared to the UK average reduction of 29%.

Figure 2.16 Cost per hour for total nations' and regions' output, by nation: 2006 – 2011



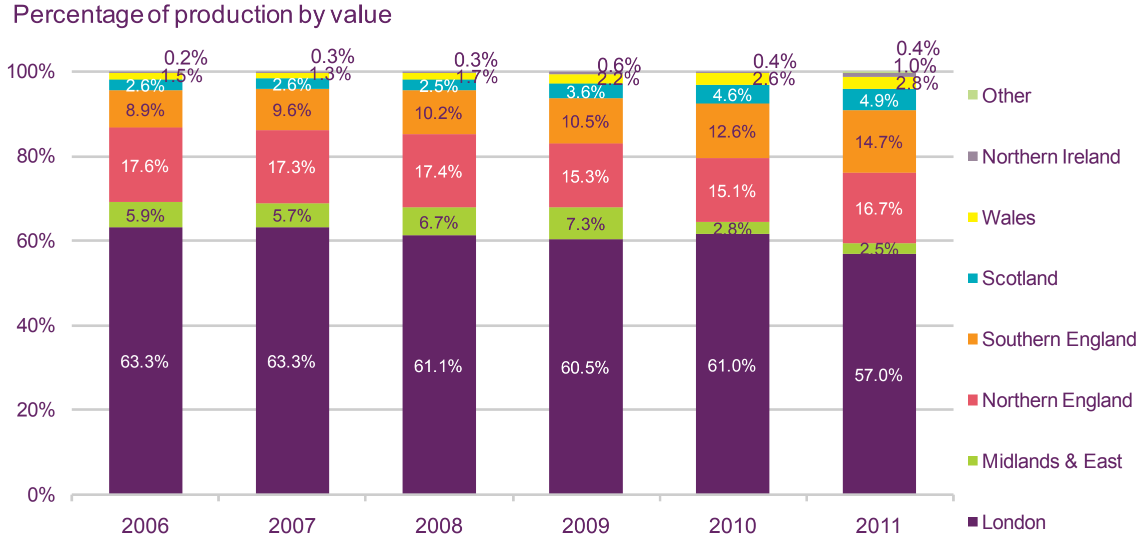
Source: Broadcasters. All figures expressed in 2011 prices.
Note: Spend excludes Gaelic and Welsh language programming but includes some spend on Irish language programming by the BBC. This does not account for total spend on BBC ALBA or BBC spend on S4C output.

2.6 PSB television quota compliance

Figure 2.17 illustrates the distribution of spend on qualifying first-run commissioned network programming in 2011 by the five main PSB channels. Fifty-seven per cent of qualifying expenditure was devoted to productions made within the M25 - down from 61% in 2010. A further 16.7% of first-run spending was captured by producers based in the North of England and 14.7% in Southern England.

In Scotland, first-run productions accounted for 4.9% of expenditure of network programming, up from 4.6% in 2010. In Wales, the figure rose from 2.6% to 2.8% in 2011. In Northern Ireland, the figure increased from 0.4% of total spending on first-runs to 1%.

Figure 2.17 Expenditure on originated network productions: 2006-2011

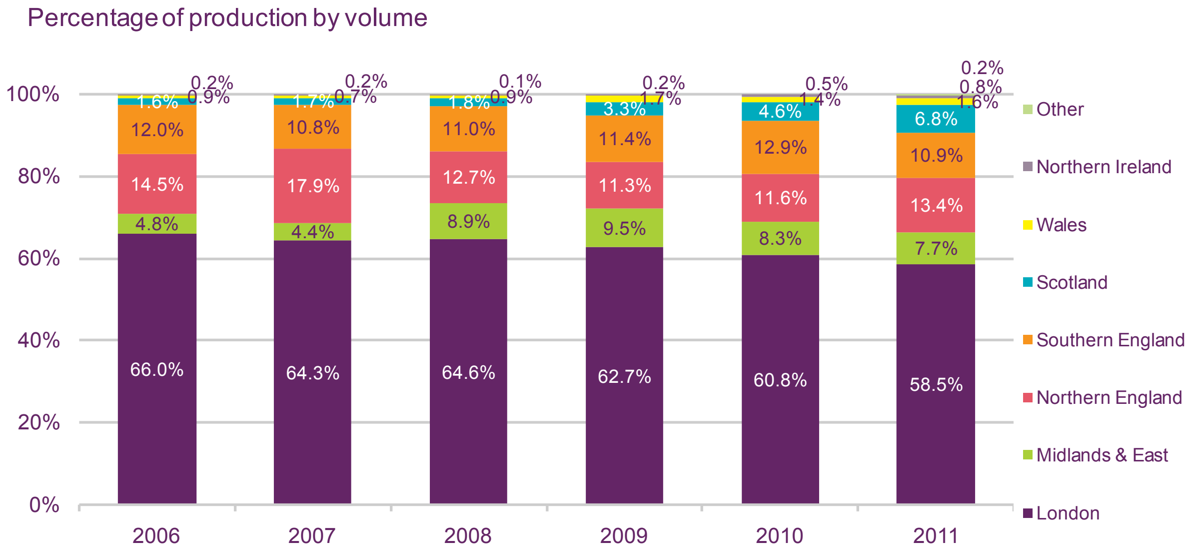


Source: Ofcom/broadcasters.
Note: A new category 'Other' has been created for regional productions from London producers which do not meet both 70% of spend and 50% of talent in any one particular macro region. See http://stakeholders.ofcom.org.uk/broadcasting/guidance/programme-guidance/reg_prod/ on Ofcom website for further details.

In terms of volume, 58.5% of first-run network programmes in 2011 were produced within the M25, down from 60.8% in 2010. A further 13.4% was produced in Northern England, 10.9% in Southern England and 7.7% in the Midlands and East.

Producers in Scotland delivered 6.8% of all first-run hours in 2011, up from 4.6% in 2010, while the comparable figure for Wales was 1.6% (up from 1.4% in 2010). First-run hours produced in Northern Ireland increased to 0.8% in 2011 (Figure 2.18).

Figure 2.18 Volume of originated network productions: 2006-2011



Source: Ofcom/broadcasters.
Note: A new category 'Other' has been created for regional productions from London producers which do not meet both 70% of spend and 50% of talent in any one particular macro region. See http://stakeholders.ofcom.org.uk/broadcasting/guidance/programme-guidance/reg_prod/on Ofcom website for further details.

2.7 Welsh language programming

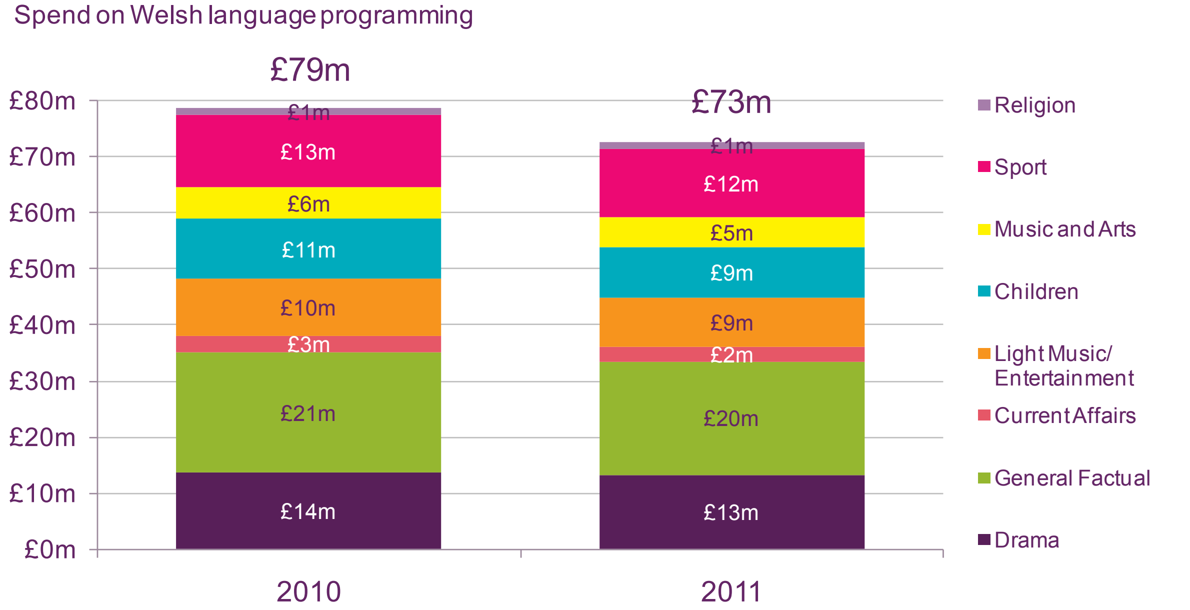
Spend on, and hours of, Welsh-language output

The BBC has a statutory obligation to provide S4C output, which is funded out of the BBC's licence revenue.[9] The 2011 obligation was to provide S4C with ten hours of output per week (520 hours per year) which the BBC exceeded by 120 hours in 2011, totalling 640 hours.

S4C spent £73m on first-run commissioned programming in 2011[10]; an 8% fall in nominal terms on 2010.

[9] Strategic Partnership Deed of Agreement between the BBC and S4C, renewed in 2011.
[10] £73m excludes the BBC's 2011 statutory contribution.

Figure 2.19 Spend by S4C on first-run Welsh-language programming

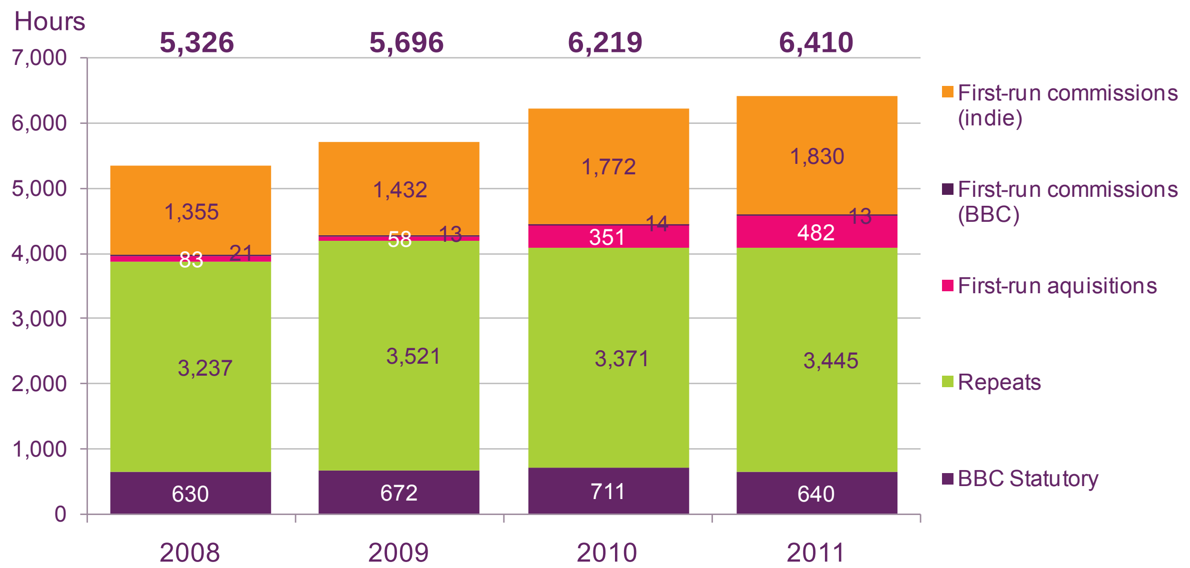


Source: S4C Annual Report and Accounts 2011 (http://www.s4c.co.uk/abouts4c/authority/e_annualreports.shtml). All figures expressed in nominal terms. Note: excludes the BBC's contribution to S4C.

The total number of hours broadcast by S4C in 2011 rose to 6,410 hours. Repeats made up the majority of the channel's output in 2011. Repeated hours were up by 2%; from 3,371 hours in 2010 to 3,445 hours in 2011. The number of first-run acquisitions saw a 37% increase (from a small base) bringing the 2011 total to 482 hours (351 hours in 2010), the biggest relative increase across the categories. First-run independent commissions also increased from 1,772 in 2010 to 1,830 hours.

In terms of overall first-run commissions, with the exception of current affairs, light music and entertainment, and religion, all genres saw annual increases in the number of first-run hours broadcast, with total first-runs rising by 3% from 1,786 hours in 2010 to 1,843 hours in 2011.

Figure 2.20 Type of Welsh-language output on S4C, by hours



Source: S4C Annual Report 2011 (http://www.s4c.co.uk/abouts4c/authority/e_annualreports.shtml)

3 Radio and audio content

3.1 Recent developments in Wales

Radio Ceredigion

In May 2012, Ofcom awarded the re-advertised local commercial radio licence for Ceredigion to the incumbent licensee, Radio Ceredigion Ltd. The licence for Ceredigion was re-advertised in October 2011, attracting two applicants. The successful applicant, Radio Ceredigion Ltd., proposes to provide a local news, music and information service which includes regular and identifiable Welsh language programming.

MuxCo announces plans for a new DAB digital radio multiplex

MuxCo has announced launch plans for a new digital radio multiplex serving Liverpool, Cheshire and North Wales from November 2012. Using transmitters at Moel-y-Parc, Wrexham Rhos and St John's Beacon, the multiplex will serve around 1.8 million adults, enabling a range of existing and new services to broadcast on DAB digital radio.

3.2 Community radio broadcasting

Community radio

In April 2012, Ofcom announced the award of four new community radio licences in Wales.

- Glan Clwyd AM, Bodelwyddan, Denbighshire
- Môn FM, Isle of Anglesey
- Harlech FM, Harlech, Gwynedd
- Radio Beca, Ceredigion, Carmarthenshire & north Pembrokeshire

Community radio services are provided on a not-for-profit basis, focusing on the delivery of specific social benefits to a particular geographical community or a community of interest.

Glan Clwyd AM will target its broadcasts at those aged 45+ in Bodelwyddan and surrounding areas; Môn FM will broadcast to communities across Anglesey; Harlech FM will be located at Coleg Harlech, and serve the bilingual community in and around Harlech; and Radio Beca will serve the communities of Carmarthenshire, Ceredigion and north Pembrokeshire, providing most of its content in Welsh.

3.3 Radio service availability

Across Wales, digital radio listeners in the Severn Estuary and South Wales area have the greatest DAB choice, with 39 stations. This includes the networked and national BBC services, the 14 services available on the national Digital One multiplex and 12 commercial stations. Station choice is lowest in Swansea, with four local commercial stations available on DAB. (Figure 3.1)

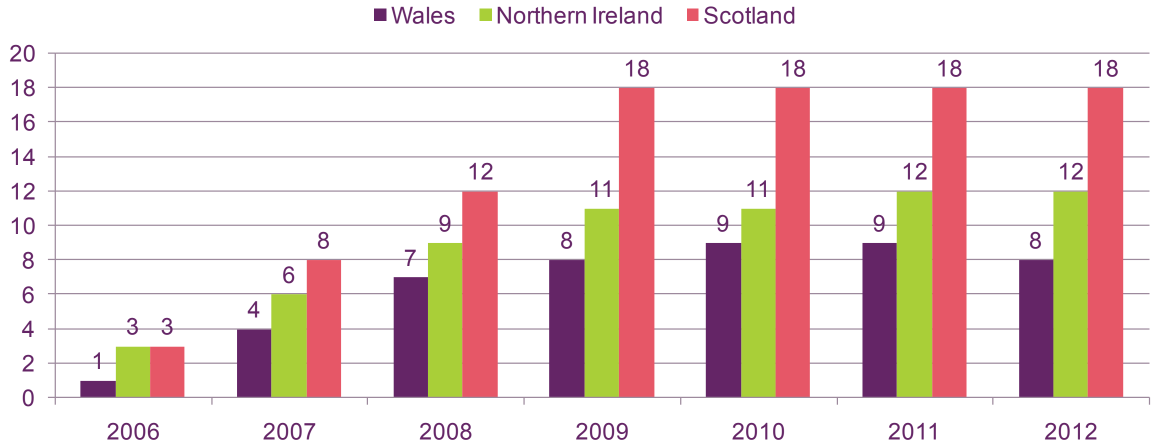
Figure 3.1 Availability of DAB stations in Wales, by area

Source: Ofcom, April 2012
Note: This chart shows the maximum number of stations available in each area; local variations along with reception issues mean that listeners may not be able to access all of these

In addition to the digital services available, there are 18 analogue stations and eight community radio stations currently broadcasting in Wales. (Figure 3.2)

Figure 3.2 Number of community radio stations on air, 2006- 2012

	2006	2007	2008	2009	2010	2011	2012
England	29	72	95	126	146	160	159
UK	36	90	123	163	184	199	197



Source: Ofcom, April 2012

3.4 Digital radio set ownership

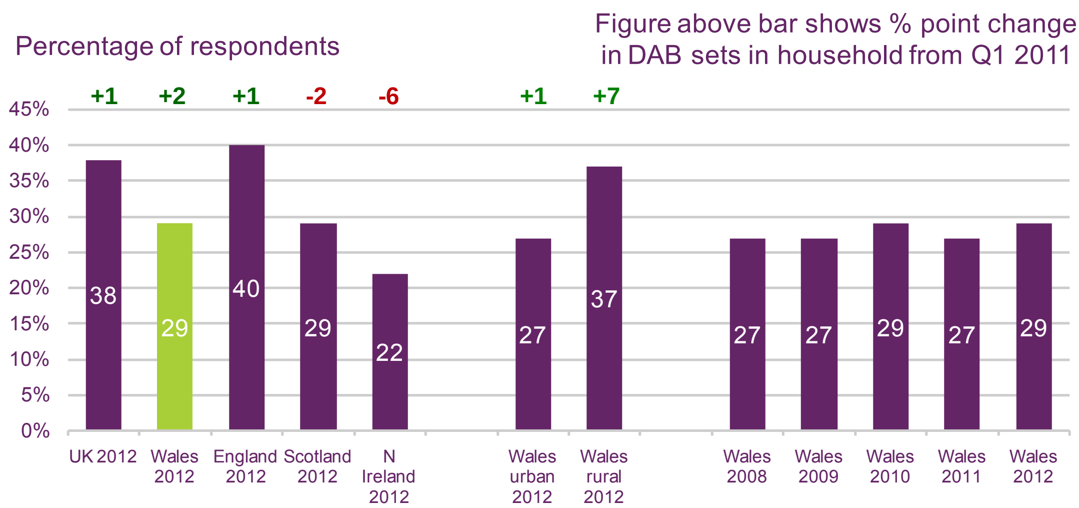
Nearly three in ten (29%) adults in Wales who listen to the radio say that they have at least one DAB radio set at home[11]. The proportion of DAB set owners in Wales remains lower than the UK average, but broadly comparable with Scotland and higher than Northern

[11] Caution should be applied to these data since some respondents in our survey may have confused the description of a DAB radio set with an analogue set that has a digital display.

Ireland. Take-up in Wales may be limited by the reduced availability of DAB in Wales compared with the rest of the UK.

Among radio listeners in Wales who do not have a DAB radio set, around one in ten (9%) say they are either ‘certain’ or ‘very likely’ to purchase a DAB set in the next year.

Figure 3.3 Ownership of DAB digital radios



Source: Ofcom research, Quarter 1 2012
Base: Adults aged 16+ who listen to radio (n = 2963 UK, 405 Wales, 1790 England, 364 Scotland, 404 Northern Ireland, 191 Wales urban, 214 Wales rural, 638 Wales 2008, 848 Wales 2009, 854 Wales 2010, 397 Wales 2011, 405 Wales 2012)
Note: Remaining percentages are Don’t know responses.
NB. Data in 2011 based on those who listen to radio and have any radio sets in the household that someone listens to in most weeks.
Q4. You said earlier that you have (NUMBER) radio sets in your home that someone in the household listens to in most weeks. How many of these radio sets are digital radios?

3.5 Patterns of listening to audio content

Adults in Wales listen to the most radio per week

Among adults in Wales, average weekly radio listening in 2011 stood at 23.2 hours, the highest across all of the UK nations. Radio services reached 93.2% of the adult population, again the highest of all of the UK nations and 2.1 percentage points higher than the UK average of 91.1%. (Figure 3.4)

Figure 3.4 Average weekly reach and listening hours: year to Q4 2011

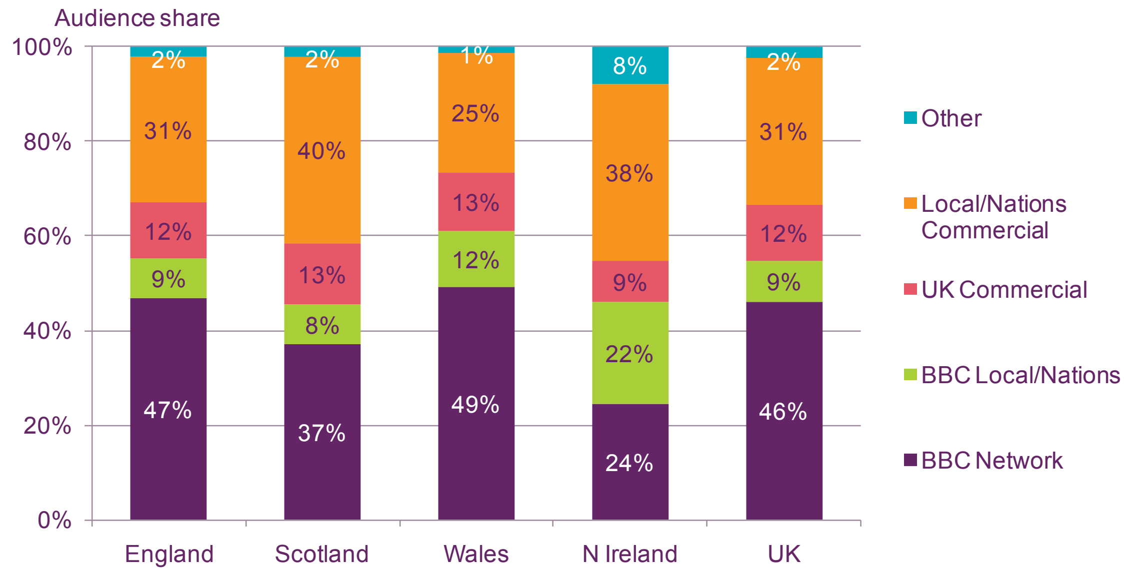
	England	Scotland	Wales	Northern Ireland	UK TOTAL
Average weekly listening	22.5 hours	21.4 hours	23.2 hours	22.0 hours	22.5 hours
Reach	91.1%	87.3%	93.2%	90.1%	91%

Source: RAJAR, All adults (15+), year ended Q4 2011. Reach is defined as a percentage of the respective adult population who listen to a station for at least five consecutive minutes in the course of an average week

BBC radio stations are more popular in Wales than in other nations

In 2011, BBC stations accounted for 61% of total radio listening hours in Wales, a higher share for this sector than in any other UK nation (the UK average was 55%). National commercial stations attracted a 13% market share, similar to the UK average of 12%. In comparison to the other nations, the market share of local commercial stations is the lowest, at 25%. The UK average is 31%. (Figure 3.5)

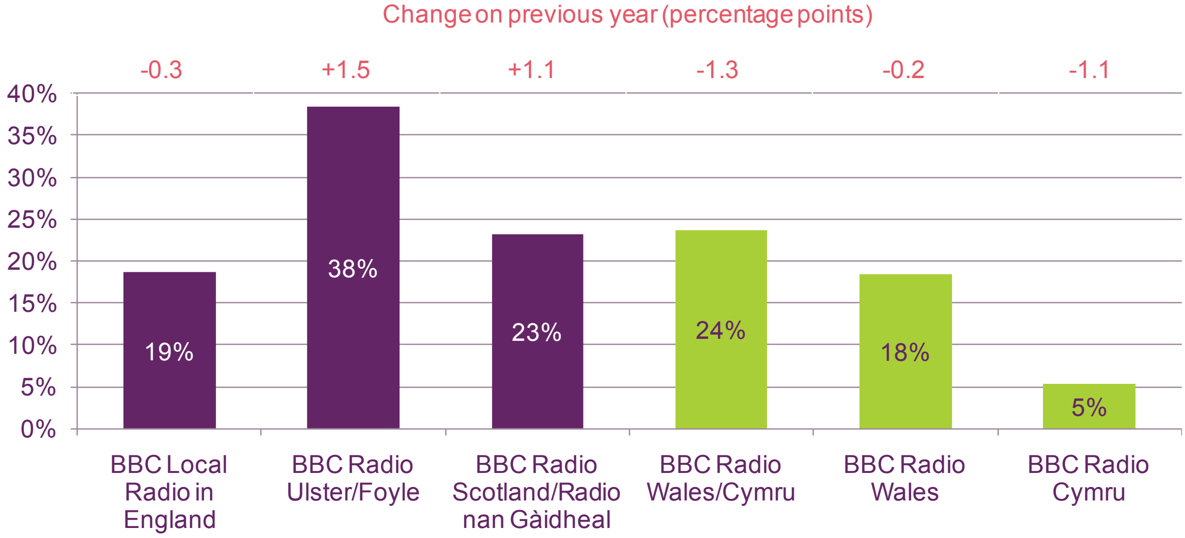
Figure 3.5 Share of listening hours, by nation: year to Q4 2011



Source: RAJAR, All adults (15+), year ended Q4 2011
Note: BBC Local/Nations includes both BBC Scotland and Radio Nan Gaidheal

Just over one fifth (24%) of adults listened to BBC Radio Wales/Radio Cymru in an average week in 2011, a fall of 1.3 percentage points on the previous year. BBC Radio Cymru reached 5% of adults in an average week, a fall of 1.1 percentage points in comparison to the previous year. Listening to BBC Radio Wales in 2011 was on par with 2010, reaching 18% of adults in an average week. Listening to nations-based services in Wales was slightly higher to that in Scotland, with BBC Radio Scotland reaching 23% of adults per week. (Figure 3.6)

Figure 3.6 Weekly reach for national/local BBC services



Source: RAJAR, All adults (15+), year ended Q4 2011. Reach is defined as the total proportion of the adult population within each respective TSA who listed to at least five consecutive minutes in the average week.

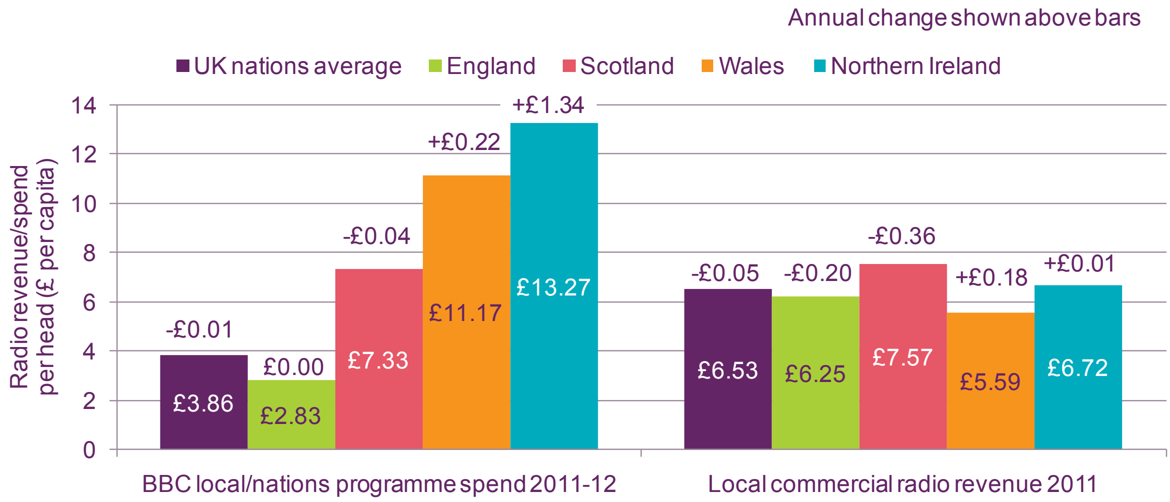
3.6 The radio industry

Commercial radio revenue and BBC Radio funding in Wales

The commercial revenues generated by local radio stations in Wales reached £16.9m in 2011. Adjusting for population size, Wales has the lowest revenue per head of the UK nations at £5.59, despite a £0.18 (3%) increase on 2010. (Figure 3.7)

BBC radio spend on BBC Wales and BBC Radio Cymru totalled £33.6m in 2011/12. Expenditure per head was the second highest of the UK nations at £11.17, a 2% increase on the previous year. This is due to the smaller population in Wales and the added expenditure of running two services. It compares to the UK average spend per head of £3.86.

Figure 3.7 Local/nations radio spend and revenue per head of population 2011/12



Source: Broadcasters
Note: The UK total shows the average for local commercial radio across the four nations and therefore excludes revenues for the UK-wide commercial stations: Classic FM, talkSPORT and Absolute

4 Internet and web-based content

4.1 Broadband take-up

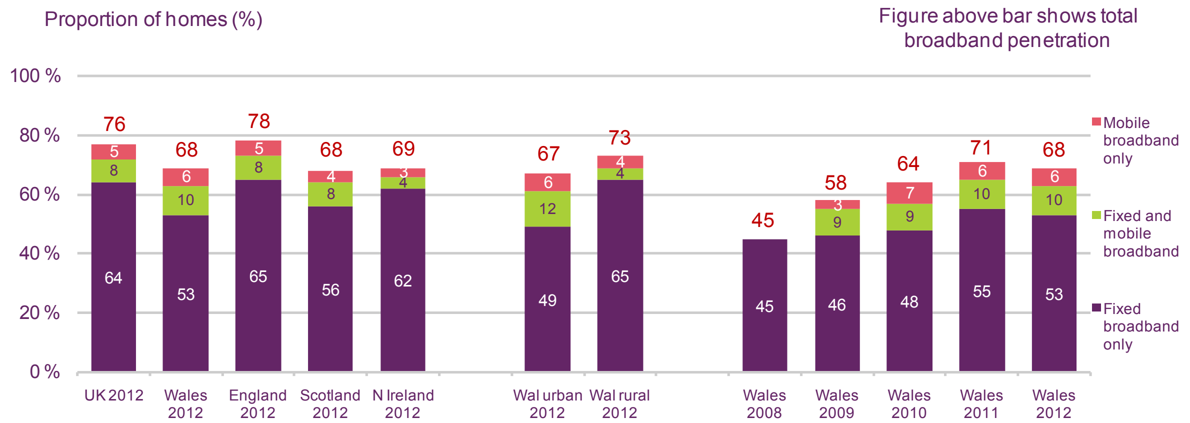
Rise in broadband take-up in Wales sustained

Last year's rise in broadband take-up in Wales has been sustained. Take-up currently stands at 68%[12].

There has also been little change in the type of broadband connection consumers are choosing to use across Wales. One in ten homes in Wales has both a mobile broadband connection *and* a fixed broadband connection. Use of mobile broadband in Wales is comparable with the UK average, whereas use of fixed broadband services is significantly lower (63% vs. 72%).

There are indications of differences when comparing use of alternative connection methods across rural and urban parts of Wales. Although the apparent differing levels of broadband penetration are not statistically significant, there are indications that fixed broadband may be driving some take-up in rural areas and mobile dongle-based broadband driving some take-up in urban areas.

Figure 4.1 Broadband take-up at home



Source: Ofcom research, Quarter 1 2012
Base: All adults aged 16+ (n = 3772 UK, 513 Wales, 2251 England, 500 Scotland, 508 Northern Ireland, 249 Wales urban, 264 Wales rural, 811 Wales 2008, 987 Wales 2009, 1075 Wales 2010, 493 Wales 2011, 513 Wales 2012)
QE9. Which of these methods does your household use to connect to the internet at home? (NB 2008 survey did not cover mobile broadband. 2008 measure shows any broadband)

Broadband take-up is lowest among over-55s and DE households

As in the rest of the UK, broadband take-up in Wales varies significantly by demographic group and is lower among similar groups i.e. older, lower income, households without children.

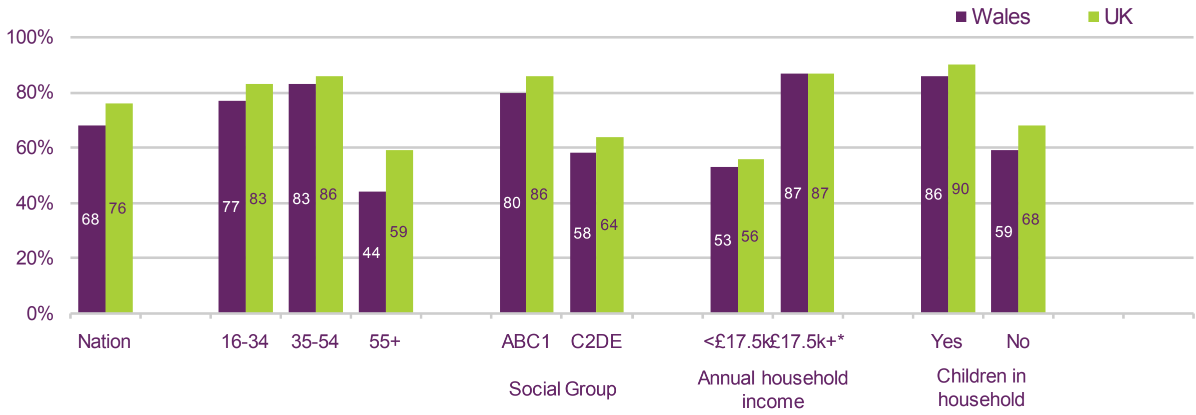
However, take-up in Wales is even lower than average among some of these groups; in particular, those aged 55+ (44%) and C2DEs (58%). Other demographic groups

[12] Total broadband take up consists of those households with fixed and/or mobile broadband.

demonstrating lower than average take-up of broadband in Wales are those aged 16-34 (77% vs. 83%) and ABC1s (80% vs. 86%).

In contrast, households in Wales with children report levels of broadband take-up comparable with the UK average (86% vs. 90%). Adults aged 35-54 and households with an annual income in excess of £17.5K also report levels of broadband take-up consistent with the UK average.

Figure 4.2 Broadband take-up in Wales, by demographic



Source: Ofcom research, Quarter 1 2012
*Base: All adults aged 16+ (n =513 Wales, 161 16-34s, 156 35-54s, 195 55+, 264 ABC1, 249 C2DE, 198 <£17.5k income, 92 £17.5k+, 174 children in home, 339 no children in home) * Caution low base*
QE9. Which of these methods does your household use to connect to the internet at home?

4.2 Internet -enabled devices

8% of adults in Wales have purchased a tablet computer in the past year

Tablet computer ownership has increased rapidly across the UK in the past year. In Q1 2012, 8% of adults in Wales claimed to have a tablet PC, an annual increase of 6 percentage points. Those most likely to have purchased a tablet PC are male, living in rural areas, aged 34-54 and in households with income above £17.5K.

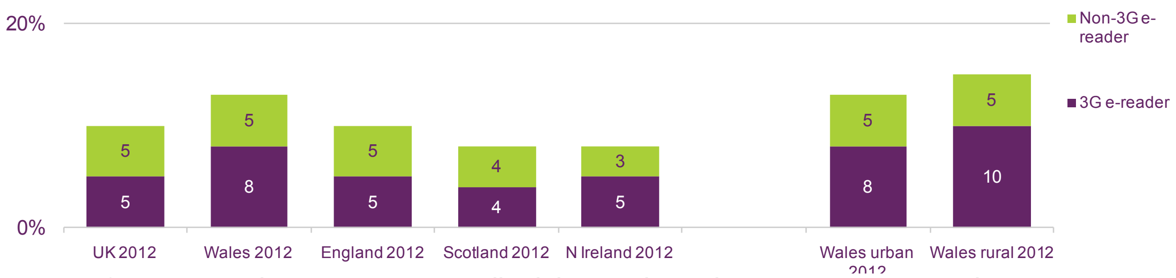
Figure 4.3 Tablet computer take-up in Wales

Source: Ofcom research, Q1 2012
Base: All adults aged 16+ (n = 3772 UK, 513 Wales, 2251 England, 500 Scotland, 508 Northern Ireland). Question. Does your household have a PC, laptop, netbook or tablet computer?

13% of adults in Wales have an e-reader

Just over one in ten (13%) adults in Wales have an e-reader that they can use to read books, magazines and other text downloaded from the internet. More than half of those with an e-reader have a built-in 3G connection, which allows them to download books using a mobile network. Those aged between 35 and 54 and in ABC1 social groups are the most likely to own an e-reader.

Figure 4.4 Ownership of e-readers in Wales



Source: Ofcom research, Q1 2012 Base: All adults aged 16+ (n = 3772 UK, 513 Wales, 2251 England, 500 Scotland, 508 Northern Ireland) Question: Which of the following do you, or does anyone in your household, have in your home at the moment?/ QB2. And do you personally use.../ QB6. Does your household's e-reader have built-in 3G access to a mobile network?

4.3 Internet use

Over half of adults in Wales use social networking sites

Despite relatively stable ownership of broadband over the past 12 months, use of social networks has continued to rise. More than half (53%) of adults in Wales use one of these. The majority of those who used social networking sites had done so in the past week.

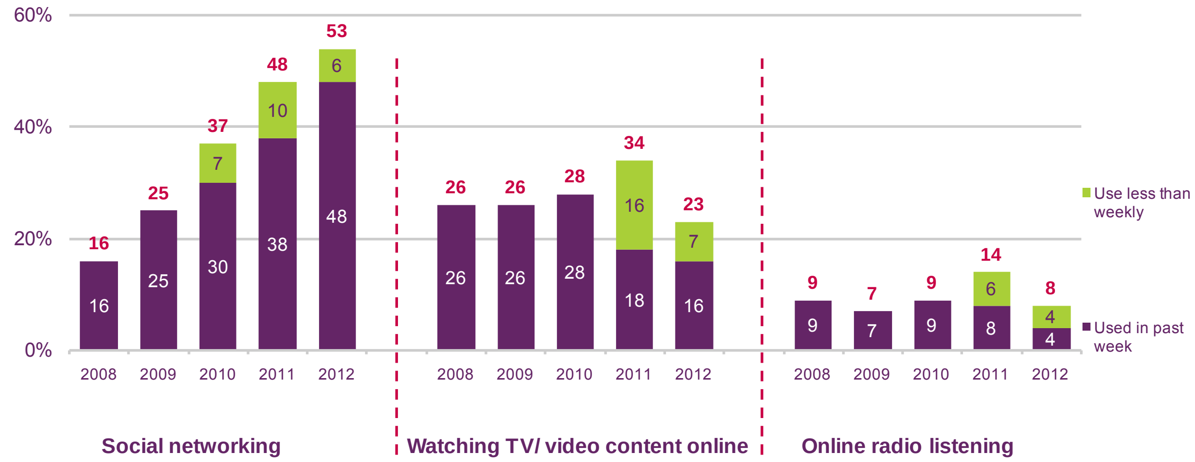
Following a high last year, when around a third of adults in Wales said they used the internet to watch TV or video content, use has returned to previous levels of around a quarter. Use of the internet to watch TV or video content in Wales remains lower than the UK average (25%

vs. 47%). The proportion of weekly viewers in Wales (16%) stands at just over half the UK average (28%).

Online TV viewing in Wales is driven by watching video clips/webcasts. All adults citing this activity said they watch this type of content. The recent decline in onlineTV/video viewing in Wales appears to have been driven by the decline in use of the internet to watch catch-up TV; again, use in Wales is around half the UK average (17% vs. 30%)[13].

Around one in ten (8%) adults say they listen to online radio, lower than the levels reported last year, but comparable with 2010.

Figure 4.5 Use of internet applications in Wales



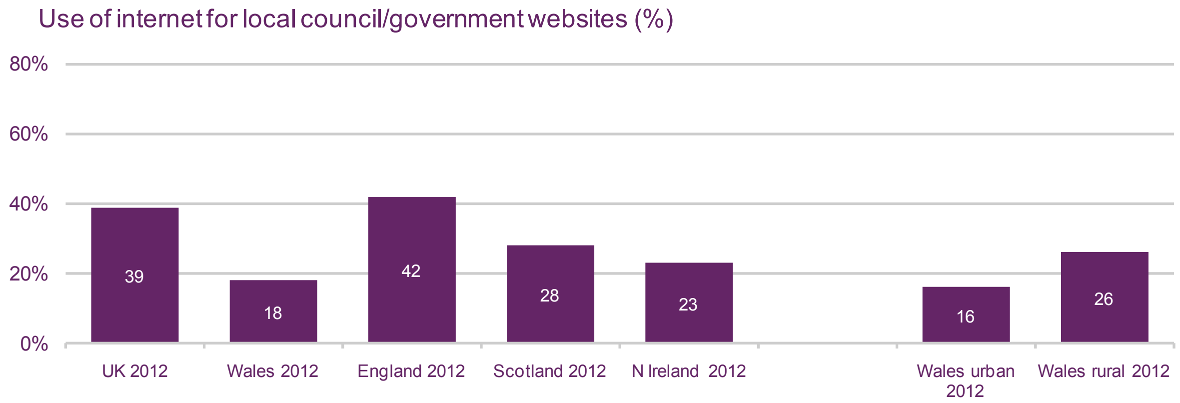
Source: Ofcom research, Quarter 1 2012
Base: All adults aged 16+ (n = 3772 UK, 2251 England, 500 Scotland, 513 Wales, 508 Northern Ireland)
Questions. Which, if any, of these do you or members of your household use the internet for whilst at home?/ Which, if any, of the following activities, other than making and receiving calls, do you use your mobile for?/ Includes download free applications, download paid for applications, send/ receive emails, accessing the internet, connecting to the internet using Wi-Fi, using VoIP service, download a new video clip, video streaming, TV streaming, accessing/ receiving, sports/ team news/ scores, accessing/ receiving news, use IM/ Instant messaging

Adults in Wales least likely to access government websites

Less than a fifth (18%) of adults in Wales claim to use the internet to access local council or government websites (Figure 4.6). This is lower than in England (42%), where broadband take-up is higher, but also lower than in Scotland (28%) and Northern Ireland (23%) where broadband take-up is at a comparable level. However, local government websites appear to be used more in rural areas than in urban areas.

[13] Use of catch-up TV may be seasonal/affected by particular programmes, so annual trend data should be viewed with this in mind

Figure 4.6 Use of internet to access local council/ government websites



QE5A-B. Which, if any, of these do you or members of your household use the internet for whilst at home?
Source: Ofcom research, Quarter 1 2012
Base: Adults aged 16+ with access to the internet at home (n = 2823 UK, 1734 England, 363 Wales, 361 Scotland, 365 Northern Ireland, 176 Wales urban, 187 Wales rural)

5 Telecoms and networks

5.1 Recent developments in Wales

Broadband Support Scheme

In July 2011, the Welsh Government announced the extension of its £2m Broadband Support Scheme to include those who live in broadband 'slow-spots' (i.e. those who receive speeds of less than 2Mbit/s) in addition to those who live in 'not-spots'. Since July 2010, the scheme has offered up to £1,000 for eligible consumers to approach service providers directly. In February 2012, the Welsh Government announced a further extension of the Broadband Support Scheme so that it operates in parallel with the Next Generation Broadband for Wales project.

Next Generation Broadband for Wales

The Welsh Government conducted a competitive procurement process to secure a provider to deliver its Next Generation Broadband for Wales Project. The UK Government has also allocated £56.9m towards the roll-out of next-generation broadband across Wales, which will be used to help fulfil the Welsh Government's policy commitment to deliver superfast broadband (i.e. that with an 'up to' headline speed of at least 30Mbit/s) to all households in Wales by 2015.

Urban Broadband Fund

In November 2011, the Chancellor of the Exchequer announced that Cardiff will be one of ten 'super-connected' cities with funding from the Urban Broadband Fund. In May 2012, Swansea and Newport were named as cities which are eligible to bid for the second round of funding.

BT

BT has continued to roll-out its superfast broadband offering, with thousands of homes and businesses across Wales being set to benefit from fibre-to-the-cabinet (FTTC) and fibre-to-the-premises (FTTP) broadband. BT estimates that 72% of homes and businesses in Wales will be connected to an upgraded ADSL2+ exchange by spring 2013.

Arqiva Alcatel-Lucent LTE Trial

A high speed wireless broadband system using LTE (4G) technology (which can deliver speeds of over 50Mbit/s) was tested by Arqiva and Alcatel-Lucent in the Preseli mountains. This was the first live trial of LTE in the UK to use the 800MHz spectrum.

Mobile: Ger-y-Gors Community Forum

The people of Ger-y-Gors near Tregaron in West Wales have set up a not-for-profit company to operate a mobile communications mast. They secured a £164,542 grant to fund a mast at Ystrad Meurig, which will provide coverage for people living in the Pontrhydfendigaid area. The mast is planned to be fully operational by the end of 2012 and will be leased to mobile network operators.

Mobile: 3UK

As part of its collaboration with The Countryside Alliance and Go ON UK, 3UK is bringing 3G mobile services to Ceredigion. Twenty families and businesses will be provided with MiFi mobile broadband devices, and a community hotspot will be created in Aberaeron.

5.2 Availability of broadband services

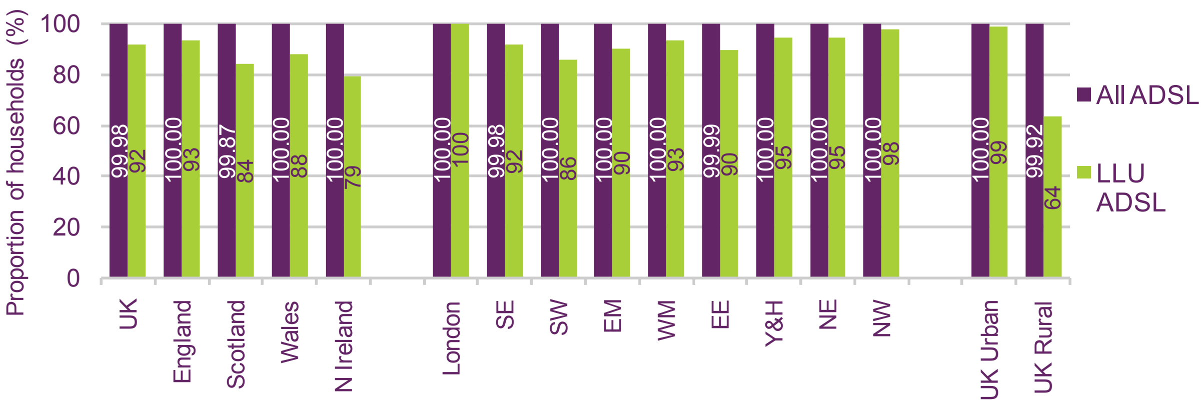
All homes in Wales are connected to an ADSL-enabled local exchange

By the end of 2011 almost all UK homes were connected to an ADSL-enabled BT local exchange, although some people may not be able to receive ADSL broadband services, or may only be able to do so at very slow speeds, as a result of the long length or poor quality of the copper telephone line from their premises to the local exchange. In Wales (as in Northern Ireland) all of BT's exchanges had been upgraded by the end of 2011 to offer ADSL broadband, and of BT's 5,589 local exchanges, only 26 (20 in Scotland and six in England) had not been upgraded to offer ADSL broadband services. As a result, the proportion of homes connected to an ADSL-enabled BT exchange was marginally lower in Scotland than in the rest of the UK (Figure 5.1).

Local loop unbundling (LLU) involves an alternative operator placing its own equipment in the incumbent's local exchange. This is then connected to the LLU provider's own backhaul network, and ADSL broadband services are provided over the twisted copper pair, which is leased from the incumbent operator. LLU operators are able to benefit from economies of scale which are not available to them when purchasing wholesale services on a per-unit basis, and have greater opportunity to differentiate the services that they offer from their competitors'. As a result, consumers living in LLU-enabled exchange areas are likely to have a greater choice of ADSL broadband services and, typically, access to lower-cost (particularly bundled) services.

At the end of 2011 92% of UK homes were connected to an LLU-enabled BT exchange, a three percentage point increase on the previous year. LLU roll-out has historically been concentrated in exchange areas serving a large number of premises (which tend to be in urban areas) and as a result of this, the proportion of homes connected to an LLU-enabled local exchange is much higher in urban areas (99%) than in rural ones (64%). Wales had the second highest proportion of households which were connected to an LLU-enabled exchange at the end of 2011, at 88%, while across the other UK nations this proportion ranged from 79% in Northern Ireland to 93% in England.

Figure 5.1 Proportion of homes connected to ADSL-enabled and unbundled exchanges, December 2011



Sources: Ofcom/BT, December 2011 data

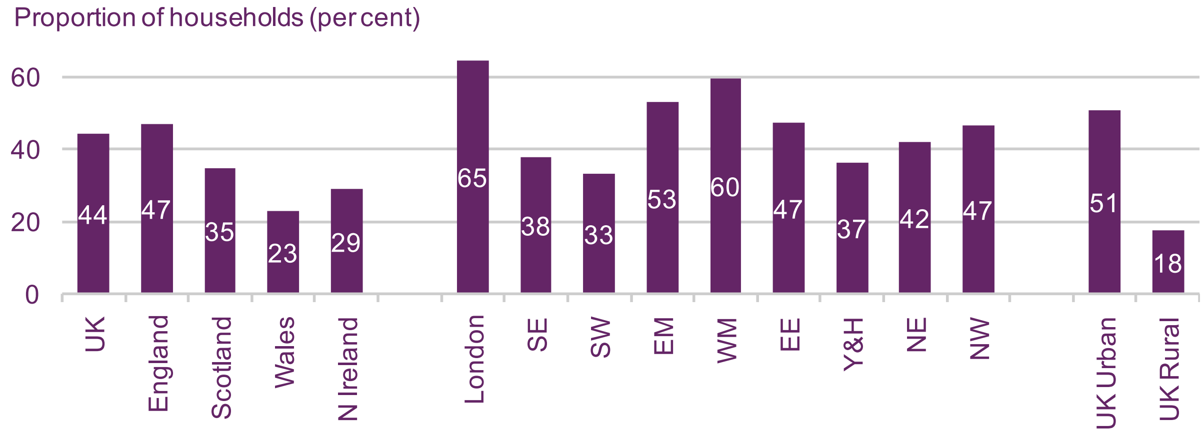
Wales had the lowest household availability of cable broadband services among the UK nations in May 2012, at 23%

Ofcom estimates, based on data provided by Virgin Media, show that 44% of UK homes were passed by Virgin Media's cable broadband network in May 2012. However, this figure will be under-stated as it excludes homes where Virgin Media is not also able to provide fixed voice and pay-TV services (Figure 5.2).[14]

As with the roll-out of LLU broadband services, the original cable franchisees concentrated network deployment in urban areas in order to maximise the number of premises covered by their networks (and therefore their potential customer bases). This is reflected below, with household coverage in urban areas being 51%, compared to 18% in rural areas. Wales had the lowest proportion of homes passed by Virgin Media's cable broadband network at the end of 2012 (23%), less than half the figure in England, where it was 47%.

All of Virgin Media's cable network is able to provide broadband speeds of 'up to' 100Mbit/s and in January 2012 Virgin announced that it was doubling the speeds of most of its broadband connections in the 18 months from February 2012, thereby increasing the speed of its fastest package to 'up to' 120Mbit/s[15].

Figure 5.2 Proportion of households passed by Virgin Media broadband



Sources: Ofcom/Virgin Media, May 2012 data

Wales had the second lowest availability of fibre-to-the-cabinet broadband in March 2012

Fibre-to-the-cabinet (FTTC) involves running fibre optic cable from the local exchange to the street cabinet, from which VDSL (a fast form of DSL) is used to transmit data over the twisted copper pair to the customer's premises. Figure 5.3 shows Ofcom estimates of the proportion of UK homes which were able to receive BT FTTC services in March 2012 (there are other FTTC deployments, the most notable of which is South Yorkshire Digital Region which covers around 440,000 premises in the South Yorkshire area).[16]

BT is currently in the process of rolling out FTTC services, and this is reflected by the fact that in the year to March 2012 our estimate of the proportion of homes available to receive

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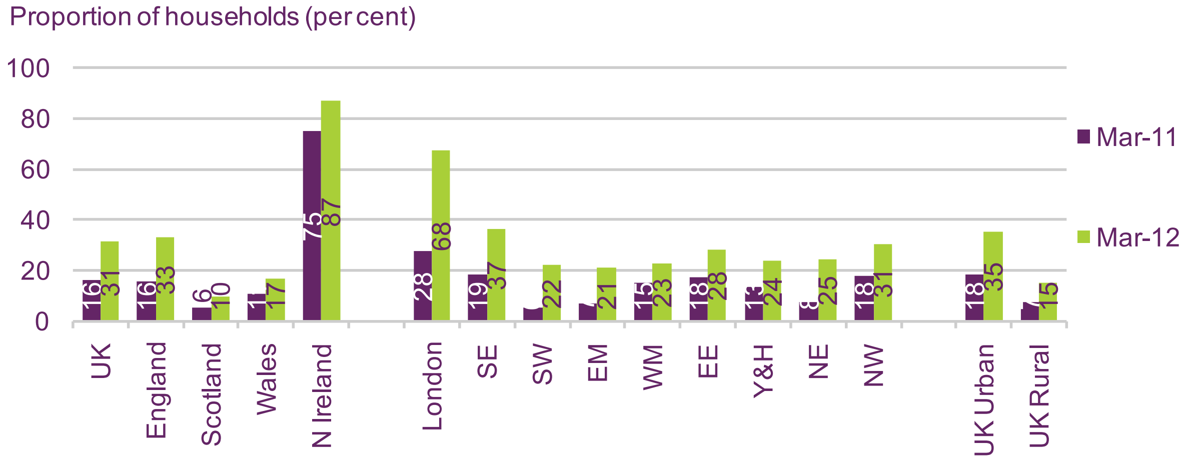
[14] While the most recent data available to Ofcom show that 44% of UK homes were able to receive triple-play cable services from Virgin Media in May 2012, data from 2010 show that in total 48% of UK homes were able to receive Virgin Media cable broadband in June of that year.
[15] http://mediacentre.virginmedia.com/Stories/Virgin-Media-boosts-Britain-s-broadband-speeds-2322.aspx
[16] http://www.digitalregion.co.uk/digital-region-wholesale/the-networkrollout

BT FTTC services (or services using BT's FTTC network) increased by 15 percentage points to 31% (these estimates have been adjusted to take into account the fact that not all street cabinets connected to an exchange that has been upgraded to offer FTTC have fibre run to them). BT's FTTC service had a headline speed of 'up to' 40Mbit/s at launch, but in April 2012 it upgraded its FTTC network to offer 'up to' 80Mbit/s.[17]

In urban areas of the UK 35% of UK homes were able to receive BT FTTC services by March 2012, more than twice the proportion that could do so in rural areas (15%). Wales had the second-lowest estimated proportion of homes able to receive FTTC services from BT, at 17%, while among the other UK nations the proportion ranged from 10% in Scotland to 87% in Northern Ireland. The availability of BT's FTTC services was higher in Northern Ireland than in the other UK nations as a result of a Department of Enterprise, Trade and Investment (DETI) initiative to increase the availability of fibre-based broadband services.

BT is also deploying fibre-to-the-premises (FTTP) services, and by the end of 2011 its FTTP network, which offers speeds of 'up to' 110Mbit/s, covered around 50,000 UK homes.[18] BT intends to make its superfast broadband services available to two-thirds of UK premises using a mixture of FTTC and FTTP, and in October 2011 it announced that this goal would be attained by the end of 2014, a year sooner than originally planned.[19]

Figure 5.3 Estimated proportion of households able to receive BT FTTC services



Sources: Ofcom/BT

Wales had the lowest availability of superfast broadband services across the UK nations in March 2012

Superfast broadband is defined as those connections with a headline 'up to' speed of 30Mbit/s or more, and by overlaying Virgin Media cable broadband availability data onto that of BT's FTTC network we are able to estimate the overall availability of superfast services. Again it should be noted that the figures below will be slightly understated, as they exclude BT's FTTP network, homes where Virgin Media is not able to provide fixed voice and pay-TV cable services, and other smaller-scale fibre deployments.

We estimate that by March 2012 60% of UK homes were able to receive superfast broadband services, up from 53% in March 2011, largely as a result of BT's ongoing FTTC roll-out (Figure 5.4). Household availability of superfast broadband in rural areas (28%) was

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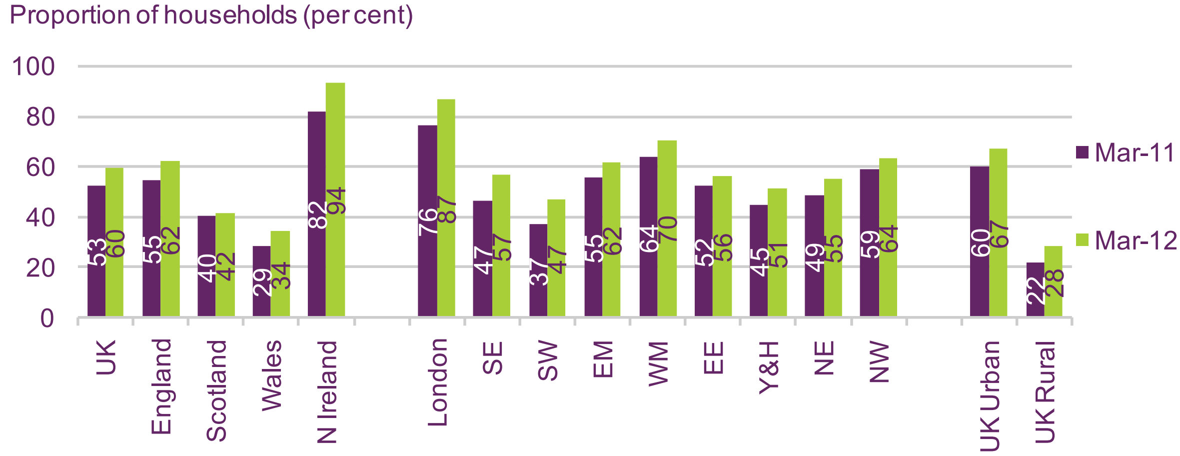
[17] http://www.btplc.com/News/ResultsPDF/q411release.pdf
[18] http://www.btplc.com/Sharesandperformance/Quarterlyresults/PDFdownloads/q312_transcript.pdf
[19] http://www.btplc.com/news/articles/showarticle.cfm?articleid=%7Bd228f2b4-25fc-4095-8ec4-bd17b903cc3b%7D

less than half that in urban areas (67%) by March 2012, and Wales had the lowest estimated proportion of homes able to receive superfast services, among the UK nations, at 34%. Conversely, the availability of FTTC and/or cable superfast broadband was highest in Northern Ireland, where an estimated 94% of homes were able to receive such services.

Figure 5.4 Estimated proportion of households able to receive superfast broadband services



Sources: Ofcom/BT/Virgin Media

5.3 Mobile coverage

Wales has the lowest proportion of premises covered by all mobile operators

Although 92% of UK adults have a mobile phone, according to Ofcom's market research, there remain areas of the country where a lack of network coverage means that making mobile phone calls, sending text messages or accessing the internet from a mobile device is not possible. These areas, sometimes known as 'mobile not-spots', are often characterised by low population density and/or undulating terrain, presenting physical and economic obstacles that may deter mobile network operators from installing mobile phone masts in those areas.

In other areas of the UK, some operators have installed masts and provide a mobile service where other operators do not have a presence, leading to the creation of partial not-spots.

Figure 5.5 and Figure 5.6 detail levels of mobile coverage based on premises (homes and offices) for 2G and 3G services respectively. 3G is often considered as the minimum necessary to provide a satisfactory experience of mobile internet, but 2G is satisfactory for telephone calls and text messaging.

How we measure the availability of mobile telephony in this report

The coverage information presented in Ofcom's *Communications Market Report*, *Nations and Regions* reports and *Infrastructure Report* is collected by Ofcom from the four mobile network operators. Information on coverage is provided by each operator for each 200x200 metre pixel of landmass across the UK. This information is correlated with maps of premises to give the premises coverage figures. This new methodology is more precise than that used in previous *Communications Market Reports* and uses a higher signal strength of -86dBm. Therefore figures should not be compared with previous years.

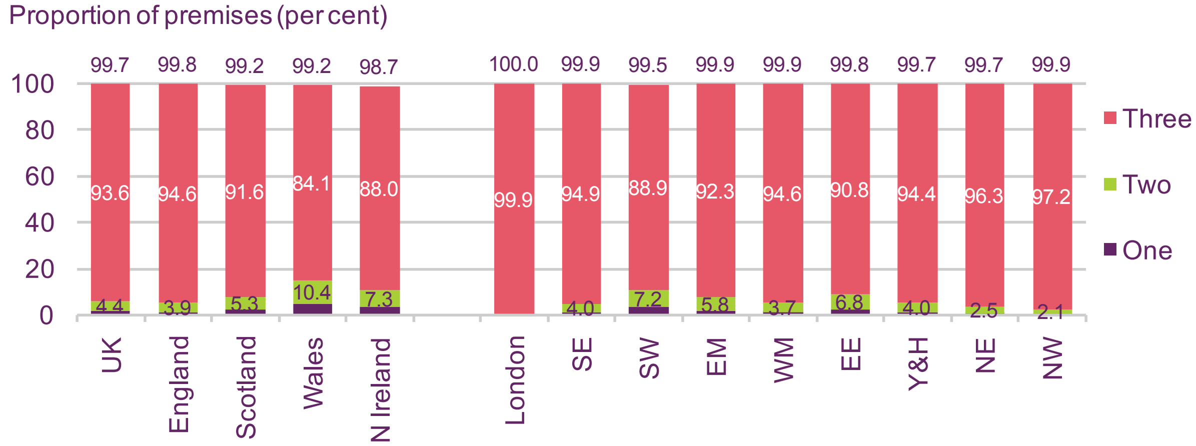
Figure 5.5 shows that, across the UK, 93.6% of premises have coverage outside the building from all three 2G network operators (Everything Everywhere, O2 and Vodafone). A small proportion of premises in the UK – 0.3% - do not have 2G coverage from any operator.

These figures all refer to outdoor coverage. Coverage figures for indoor reception are likely to be lower because radio signals are attenuated as they pass through the fabric of buildings. Indoor reception is highly dependent on the building in which reception is desired and where the user is located in the building. This makes it difficult to calculate indoor coverage figures.

Fewer of Wales' premises (84.1%) have mobile coverage from all three 2G operators than those in each of the other three UK nations. Wales also has the lowest level of coverage of the nations from all 3G operators, at little over half (52.4%).

Lower network coverage in Wales, compared to England, is a reflection of the country's hilly terrain, which restricts reception of mobile signals.

Figure 5.5 2G premises mobile coverage, by number of operators

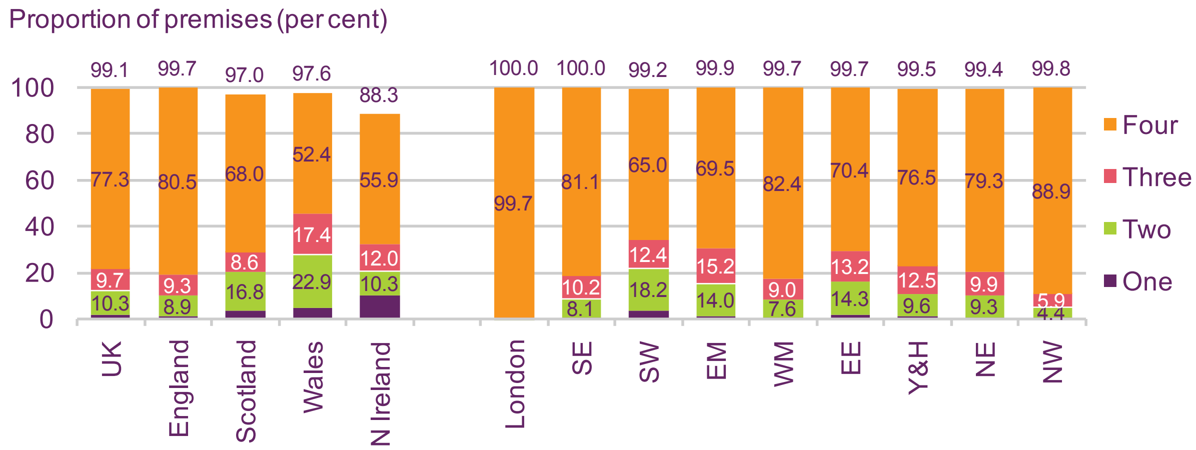


Source: Ofcom, based on operator data. Coverage is based on 200m square pixels covering the UK using an enhanced methodology. Therefore data are not comparable to those published in the 2011 Communications Market Report.

As shown in Figure 5.6, UK 3G coverage is less prevalent, with 77.3% of UK premises having coverage from all operators (including Three) outside the building. Just under 1% of UK premises have no 3G coverage from any operator.

2.4% of premises in Wales have no 3G coverage from any operator - this is higher than in England, but lower than in Scotland and Northern Ireland.

Figure 5.6 3G premises mobile coverage, by number of operators



Source: Ofcom, based on operator data. Coverage is based on 200m square pixels covering the UK using an enhanced methodology. Therefore data are not comparable to those published in the 2011 Communications Market Report*.*

Expressed in terms of geographical area, coverage figures are much lower because mobile masts are more commonly installed near centres of population. 12.8% per cent of the UK area is not covered by any 2G signal, and 24.2% of the UK area is not covered by a 3G signal.

One-seventh (14.3%) of the area of Wales has no 2G mobile coverage from any operator, marginally worse than the UK average (12.8%).

5.4 Service take-up

Fixed broadband take-up was lower in Wales in Q1 2012 compared to the UK average

Take-up of communications services in Wales was broadly in line with other UK nations in Q1 2012 (Figure 5.7). The most notable exception was the proportion of households with a fixed broadband connection, which was 63% in Wales, nine percentage points lower that the UK average of 72%. Households in Wales, particularly those in urban areas, continued to be more likely than average to rely solely on a mobile phone in Q1 2012, with 20% of homes in Wales being mobile-only compared to the 15% average across the UK. There has been very little change in these levels over the past few years.

Overall mobile phone ownership increased by five percentage points to 92% in Wales in the year to Q1 2012. Take-up of smartphones increased significantly throughout the UK over the same period, with Wales experiencing a 14 percentage point increase in ownership to 39% over the period, in line with the UK average.

Figure 5.7 Take-up of communications services, 2012

		UK	Wales	England	Scotland	N Ireland	Wales urban	Wales rural
Individual								
Voice telephony	Fixed Line	**84%**	80%	85%	82%	80%	78%	87%
	Mobile	**92%**	92%	93%	85%	93%	94%	91%
Internet	PC	**79%**	71%	80%	70%	73%	71%	73%
	Total Internet	**80%**	74%	81%	71%	73%	74%	75%
	Broadband (fixed and mobile)	**76%**	68%	78%	68%	69%	67%	73%
	Fixed Broadband	**72%**	63%	73%	64%	66%	61%	69%
	Mobile Broadband	**13%**	16%	13%	12%	7%	18%	8%

Source: Ofcom research, Quarter 1 2012
Base: All adults aged 16+ (n = 3772 UK, 513 Wales, 2251 England, 500 Scotland, 508 Northern Ireland, 249 Wales urban, 264 Wales rural)
QC1. Is there a landline phone in your home that can be used to make and receive calls?/ QD2. Do you personally use a mobile phone?/ QE1. Does your household have a PC or laptop computer?/ QE2. Do you or does anyone in your household have access to the internet/ world wide web at home?/ QE9. Which of these methods does your household use to connect to the Internet at home?

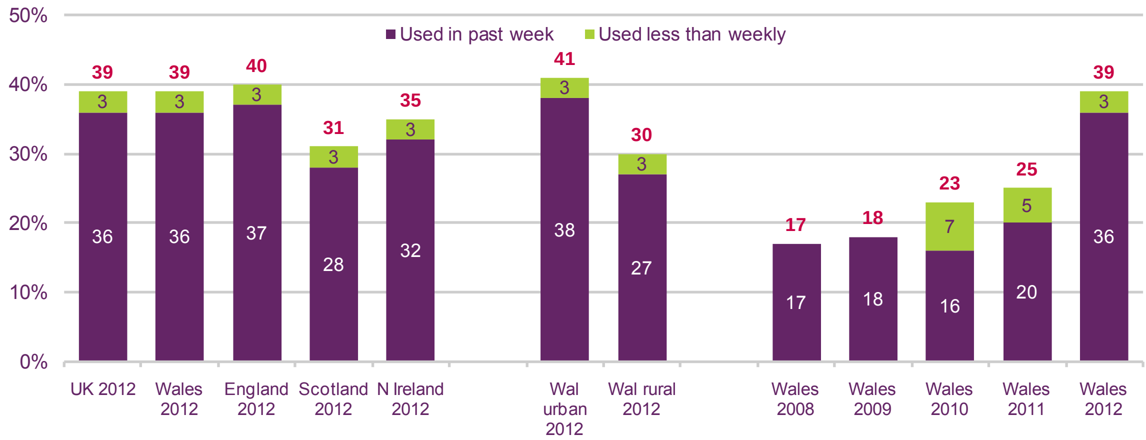
Rapid increase in use of mobile to access the internet in the year to Q1 2012

In the year to Q1 2012 the proportion of adults who said that they used their mobile to access the internet increased by 14 percentage points to 39%, in line with the UK average (Figure 5.8). Use of mobiles for internet access in Wales is now comparable to the UK average. Growth in the proportion of people in Wales using a mobile handset to access the web has largely been driven by consumers in urban areas, among whom the proportion doing this increased from 26% to 41% in the year to Q1 2012. Use in rural areas also increased over this period, up from 22% of adults to 30%.

The vast majority (over 90%) of people in Wales who used their mobile to access the internet said that they had done so in the past week.

The rise in the proportion of consumers in Wales using their mobile to access the internet in the year to Q1 2012 was consistent with the 13 percentage point rise in smartphone ownership over the period (42% of mobile customers in Wales said that they used a smartphone in Q1 2012). Four per cent of households in Wales used smartphones as their sole internet connection in Q1 2012, unchanged from a year previously.

Figure 5.8 Use of mobile phone to access the internet

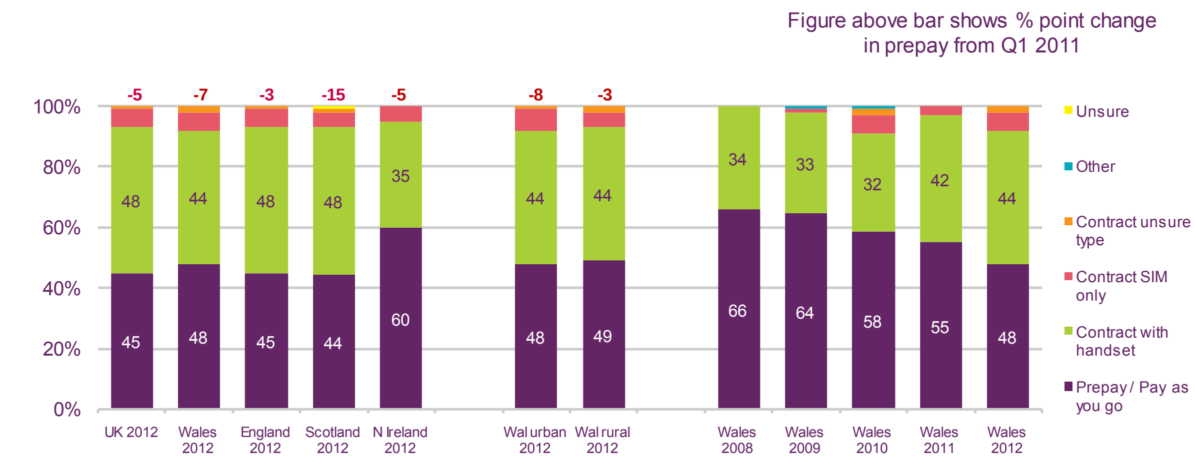


Source: Ofcom research, Quarter 1 2012
Base: All adults aged 16+ (n = 3772 UK, 513 Wales, 2251 England, 500 Scotland, 508 Northern Ireland, 249 Wales urban, 264 Wales rural, 811 Wales 2008, 987 Wales 2009, 1075 Wales 2010, 493 Wales 2011, 513 Wales 2012)
QD28A-B. Which, if any, of the following activities, other than making and receiving calls, do you use your mobile for?/ And which of these activities have you used your mobile for in the last week? (NB 2008 and 2009 surveys did not cover use in past week – 2008 and 2009 measures show any use)

Monthly mobile contracts were more common than pay-as-you-go in Wales in Q1 2012

In common with the overall UK trend, many pre-pay mobile phone users in Wales have migrated onto monthly contracts over the last couple of years. As a result, the proportion of mobile users in Wales who used pre-pay services fell by seven percentage points to 48% in the year to Q1 2012, meaning that over half of mobile customers in Wales used pay-monthly services during the period (Figure 5.9). The shift is likely to be related to the increased take-up of smartphone handsets, with consumers choosing to spread the cost of the handset across the length of a pay-monthly contract.

Figure 5.9 Type of mobile subscription



Source: Ofcom research, Q1 2012 Base: Adults aged 16+ who personally use a mobile phone (n = 3392 UK, 456 Wales, 2043 England,, 430 Scotland 463 Northern Ireland) Question: Which of these best describes the mobile package you personally use most often?

5.5 Satisfaction

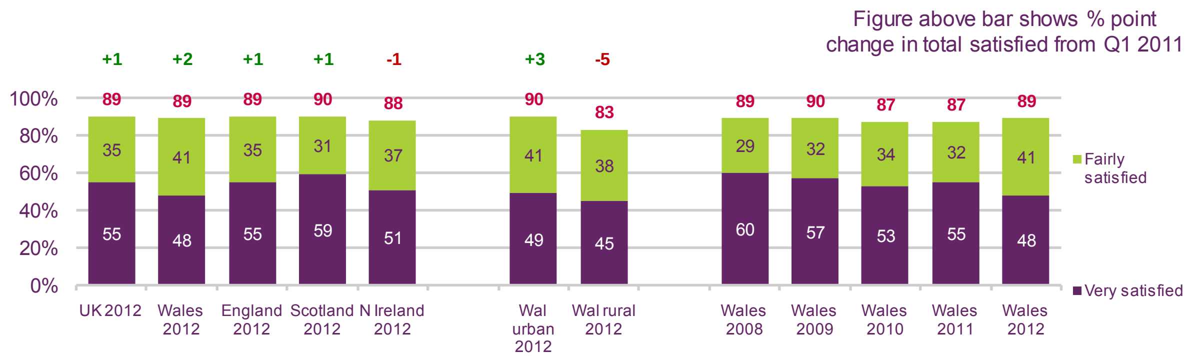
Satisfaction with telecoms services remained high in Wales in Q1 2012

Satisfaction levels with communications services in Wales were comparable to the UK averages in Q1 2012. There was no change in overall levels of satisfaction with fixed-line services in Wales (93%) in the year to Q1 2012, although the proportion of fixed-line customers who were 'very' rather than 'fairly' satisfied with their service fell by 11 percentage points to 52% over the period.

Similarly, in the mobile market there has was little change in satisfaction levels over the period, with 97% of mobile customers in Wales being satisfied with their overall mobile service and 89% being satisfied with their mobile reception (Figure 5.10). Satisfaction with reception remains lower in rural parts of Wales (83%) than in urban areas (90%) and fell by five percentage points in the year to Q1 2012. However, this does not appear to have affected overall satisfaction in this market, which increased by two percentage points overall and three percentage points in rural areas.

Satisfaction levels may have been influenced by the rise in mobile ownership generally in Wales, and of smartphones, where data connectivity may be considered by some as 'reception'.

Figure 5.10 Satisfaction with mobile phone service reception

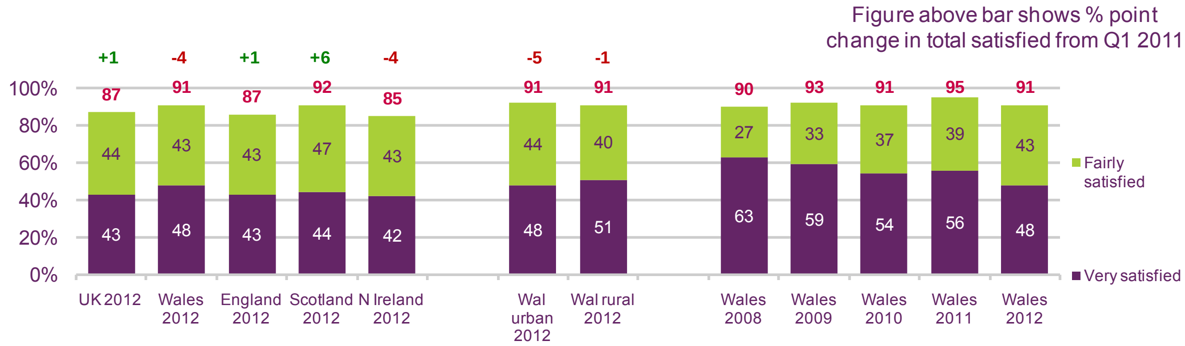


Source: Ofcom research, Quarter 1 2012
Base: Adults aged 16+ who personally use a mobile phone (n = 3392 UK, 456 Wales, 2043 England, 430 Scotland, 463 Northern Ireland, 229 Wales urban, 227 Wales rural, 645 Wales 2008, 836 Wales 2009, 923 Wales 2010, 416 Wales 2011, 456 Wales 2012)
Note: Figures above chart columns indicate the proportion of people who were 'very' or 'fairly' satisfied with their overall mobile service
QD21a. Thinking about your mobile phone service only, how satisfied are you with (main supplier) for the overall service provided by (main supplier)?

Over 90% of fixed broadband users in Wales were happy with their service in Q1 2012

Overall satisfaction with fixed broadband services in Wales continued to fluctuate in the year to Q1 2012, during which the proportion of users who were satisfied with their service fell by four percentage points to 91% (Figure 5.11), comparable to levels in previous years. This decline in overall satisfaction levels in Wales was driven by a five percentage point fall in satisfaction levels among users in urban areas, but despite this fall, overall satisfaction levels were higher than the UK average of 87%.

Figure 5.11 Overall satisfaction with fixed broadband service

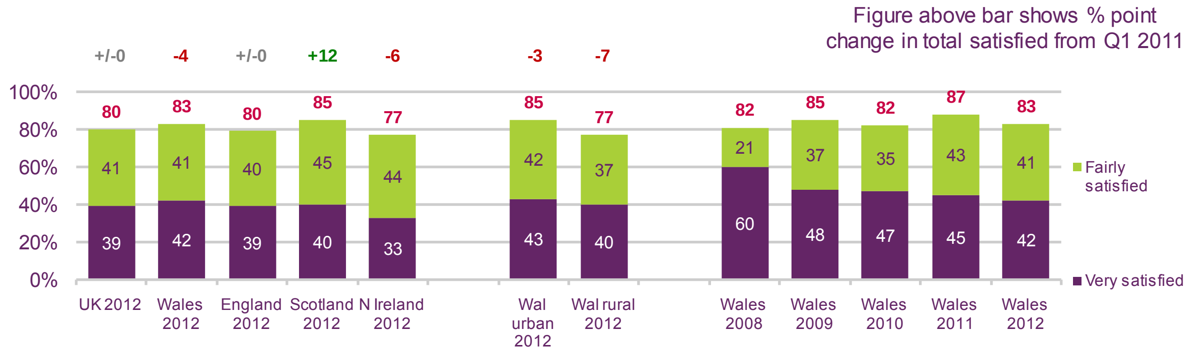


Source: Ofcom research, Quarter 1 2011 Base: Adults aged 16+ with a fixed broadband connection at home (n = 2556 UK, 318 Wales, 1577 England, 330 Scotland, 331 Northern Ireland, 146 Wales urban, 172 Wales rural, 386 Wales 2008, 527 Wales 2009, 604 Wales 2010, 303 Wales 2011, 318 Wales 2012)
Note: Figures above chart columns indicate the proportion of people who were 'very' or 'fairly' satisfied with their speed of service while online
QE8b. Thinking about your fixed broadband internet service, how satisfied are you with (main supplier) for the speed of your service while online (not just the connection)?

Satisfaction with fixed broadband speeds was higher than average in Wales in Q1 2012

Eighty-three per cent of fixed broadband users in Wales were 'very' or 'fairly' satisfied with the speed of their service in Q1 2012, higher than the UK average of 80%. Higher than average satisfaction with fixed broadband speeds in Wales came despite a four percentage point decline in satisfaction levels in the year to Q1 2012, with the fall in satisfaction being greatest in rural areas of Wales, where it fell by seven percentage points to 77% (Figure 5.12).

Figure 5.12 Satisfaction with speed of fixed broadband connection



Source: Ofcom research, Quarter 1 2011 Base: Adults aged 16+ with a fixed broadband connection at home (n = 2556 UK, 318 Wales, 1577 England, 330 Scotland, 331 Northern Ireland, 146 Wales urban, 172 Wales rural, 386 Wales 2008, 527 Wales 2009, 604 Wales 2010, 303 Wales 2011, 318 Wales 2012)
Note: Figures above chart columns indicate the proportion of people who were 'very' or 'fairly' satisfied with their speed of service while online
QE8b. Thinking about your fixed broadband internet service, how satisfied are you with (main supplier) for the speed of your service while online (not just the connection)?

6 Post

6.1 Introduction

On 1 October 2011, Ofcom took over regulation of the UK's postal services from the previous regulator Postcomm. Ofcom is responsible for safeguarding the UK's Universal Service Obligation on postal services[20].

This section of the report summarises the results of a face-to-face survey of UK residential consumers, conducted in December 2011. In total 3615 UK adults with responsibility for their household's post were interviewed, including 173 in Wales.

Ofcom is currently conducting further research among users of the postal service in Wales, which will allow us to report on the experiences of business users, and users in remote rural locations.

6.2 Sending and receiving post in Wales

More consumers in Wales claim to send post regularly than in all other UK nations

In Wales 69% of consumers claim to send items of post regularly; significantly higher than the UK average of 58%. Sixty-one per cent of adults regularly buy stamps for letters and cards, significantly higher than the 53% UK average. Twenty-seven per cent of adults in Wales regularly send parcels and packets by post, compared to 31% in the UK. (Figure 6.1).

Figure 6.1 Regular use of postage stamps and postage services, by nation

Source: Ofcom Attitudes toward spending research, 2012
Base: All adults aged 16+ (n=2124 UK, 1726 England, 182 Scotland, 99 Wales, 117 Northern Ireland)
Q: Do you or anyone in your household regularly do any of the following...

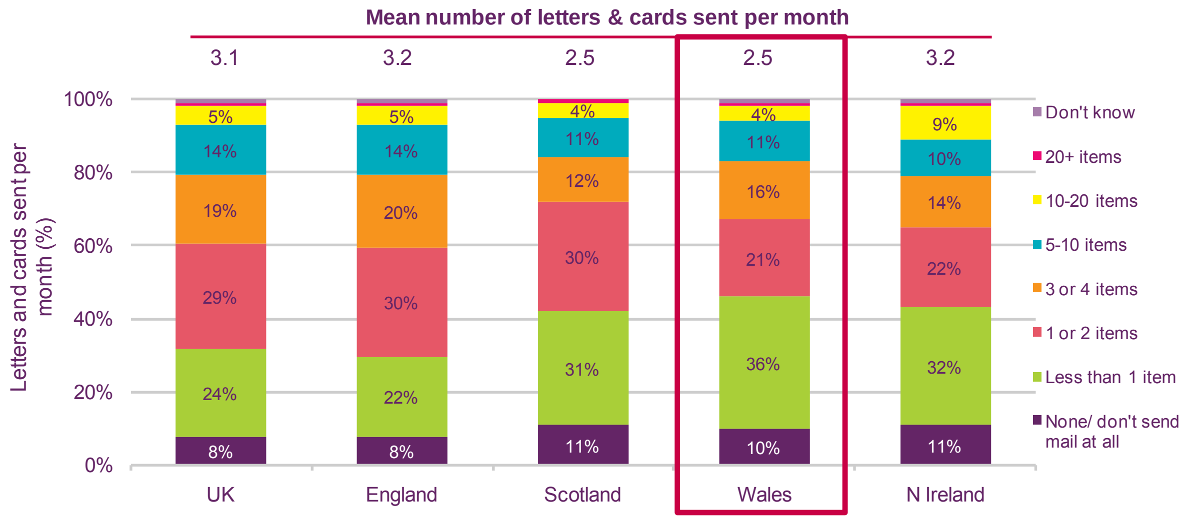
People in Wales receive more post than they send

Adults claim to send an average of 2.5 letters or cards in an average month (Figure 6.2), compared to an average of approximately 8.2 letters and cards received per *week* (Figure

[20] More information about Ofcom's regulation of postal services in the UK can be found here: http://stakeholders.ofcom.org.uk/post/

6.3). This difference is explained by the fact that the majority of UK mail is sent by businesses to households.

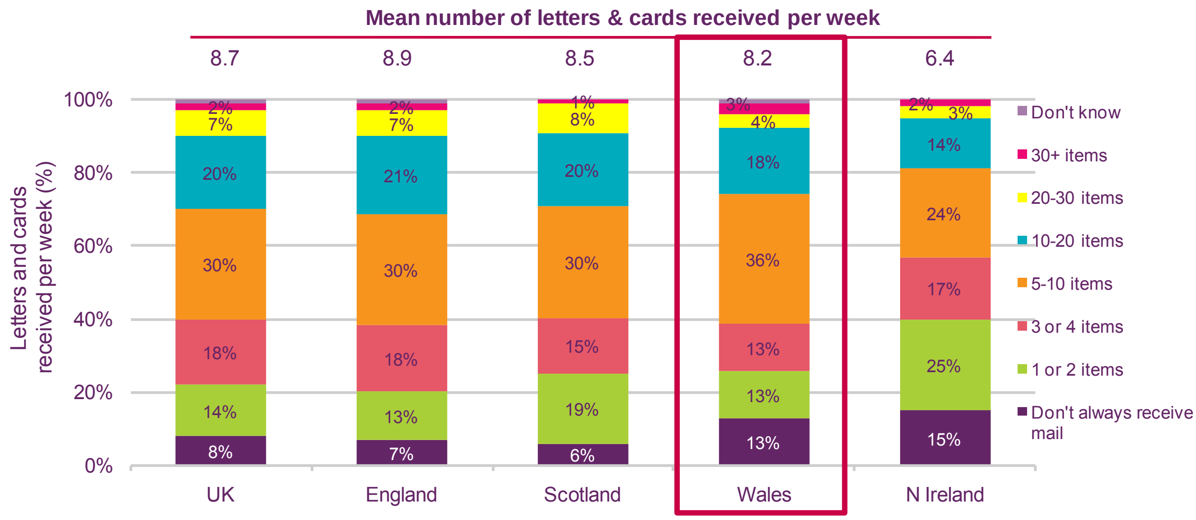
Figure 6.2 Approximate number of letters and cards sent per month – personal mail



Source: Ofcom omnibus research, December 2011
Base: All adults aged 16+ with responsibility for post (n = 3615 UK, 3115 England, 232 Scotland, 173 Wales, 95 Northern Ireland)
Q. Approximately how many letters and cards do you personally send in an average month? This should exclude any items you send from home in connection with running a business, if you do this from home. We will ask about parcels separately.

The volume of letters and cards sent and received by households in Wales is slightly less than the UK average of 3.1 items sent per month and 8.7 received per week.

Figure 6.3 Approximate number of letters and cards received per week

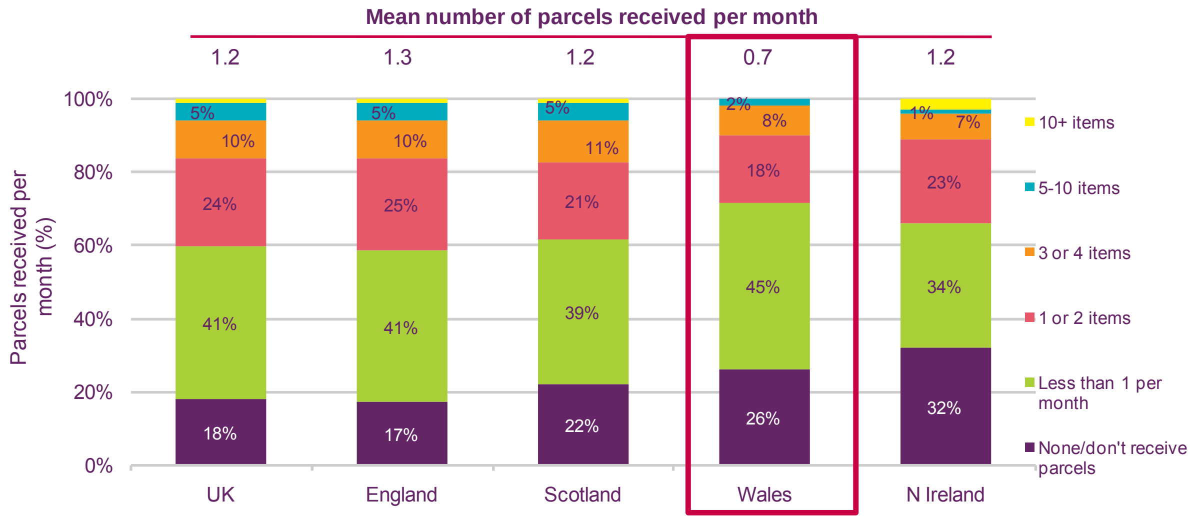


Source: Ofcom omnibus research, December 2011
Base: All adults aged 16+ with responsibility for post (n = 3615 UK, 3115 England, 232 Scotland, 173 Wales, 95 Northern Ireland)
Q. Approximately how many letters or cards do you receive in an average week? Please don't include parcels, we will ask you about these separately.

Adults in Wales claim to receive fewer parcels than the UK average

Across the UK, in recent years, the volume of parcels delivered to households has been increasing as consumers have ordered more items online for delivery to their homes. In Wales, adults claim to receive on average 0.7 parcels per month, although the number of packages received varies considerably, with a substantial minority (10%) receiving three or more parcels per month (Figure 6.4). The data suggest that adults in Wales receive fewer parcels than the UK average, with 45% saying that they do not receive a parcel each month and 26% saying they receive no parcels in an average month – however, this apparent difference is within the survey's error margins so should not necessarily be considered a real difference.

Figure 6.4 Approximate number of parcels received per month – personal mail



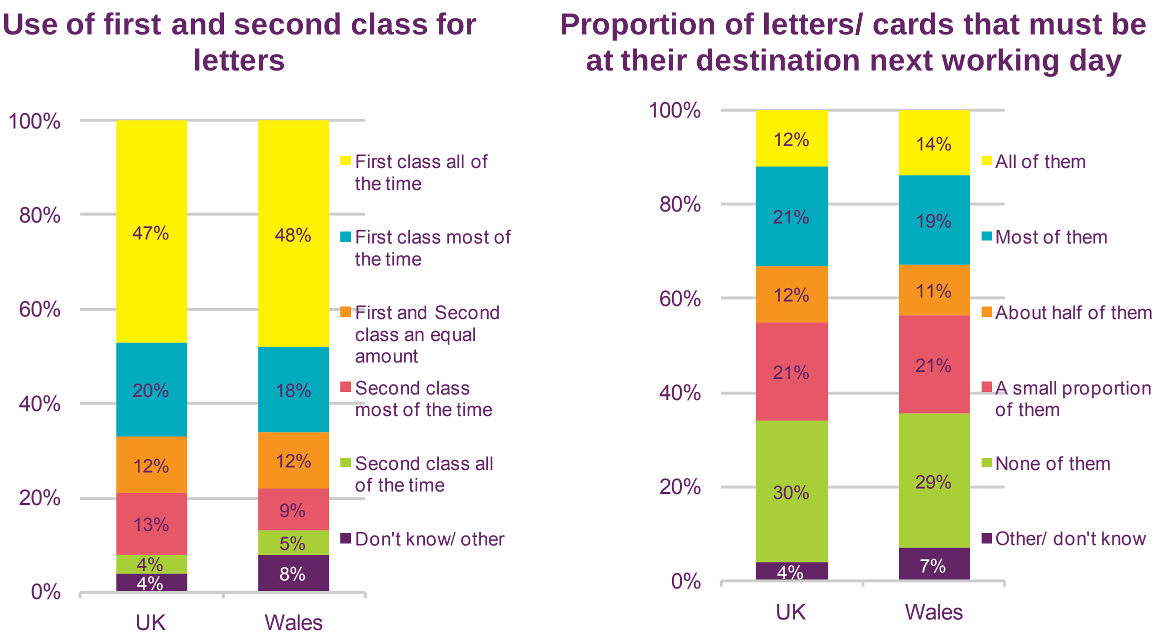
Source: Ofcom omnibus research, December 2011
Base: All adults aged 16+ with responsibility for post (n = 3615 UK, 3115 England, 232 Scotland, 173 Wales, 95 Northern Ireland)
Q. Approximately how many parcels do you receive in an average month?

6.3 Use of stamps in Wales

Almost half of consumers in Wales say they use First Class all the time

Ofcom's research conducted in December 2011 showed that two-thirds (66%) of post users in Wales said that they use First Class stamps more than Second Class stamps and almost half (48%) said that they use First Class all the time. This is despite the fact that only a minority say their mail has to arrive next day, with 14% saying that all of their mail needs to arrive next day, and 19% saying that most of it does. Use of First and Second Class post and the urgency of delivery was similar in Wales to the UK overall.

Figure 6.5 Use of First and Second class post



Source: Ofcom omnibus research, December 2011
Base: All adults aged 16+ with responsibility for post (n = 1615 UK, 173 Wales)
Q. When sending letters/ cards which do you use? And what proportion of these letters/ cards have to be at their destination the next working day?

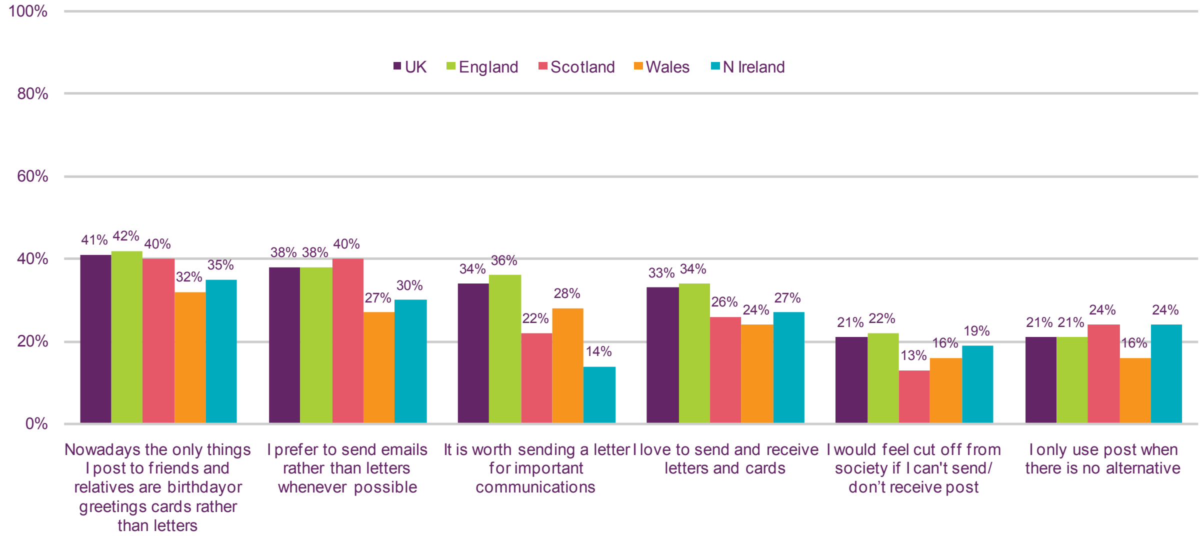
6.4 Attitudes towards the postal service in Wales

Compared to the UK average, fewer adults in Wales prefer to send emails rather than letters

A quarter (27%) of adults in Wales agree that they prefer to send emails rather than letters whenever possible, which is a lower proportion than agree with this across the UK (38%). Sixteen per cent of adults in Wales say that they use post only when there is no alternative, compared to the UK average of 21% (Figure 6.6) – this is the lowest level of agreement with this statement across the UK, perhaps suggesting that people in Wales have a greater preference for use of the postal service than in other UK nations. Adults in Wales are also less likely to agree that they send only greetings cards rather than letters to friends and relatives.

Adults in Wales are less likely to agree that they love to send and receive letters and cards (24% compared to the UK average of 33%) and that they would feel cut off from society if they could not send or receive post (16% compared to UK average of 21%).

Figure 6.6 Agreement with statements about post



Source: Ofcom omnibus research, December 2011
Base: All adults aged 16+ with responsibility for post (n = 3615 UK, 3115 England, 232 Scotland, 173 Wales, 95 Northern Ireland)
Q. Which of these statements applies to you?