



The Communications Market 2010

1 The market in context

Contents

1.1 Introduction and structure	13
1.2 Key market trends	15
1.2.1 Introduction, structure and findings	15
1.2.2 Availability: DTT signal extended to over 80% of households	15
1.2.3 Mobile broadband drives increase in broadband take-up	16
1.2.4 Total communications industry revenue fell for the first time	17
1.2.5 Time spent on internet and mobile telephony continues to grow	18
1.2.6 Growing importance of television among younger and older users	20
1.2.7 Household spend on communications services continues to fall	21
1.3 The consumer's digital day	23
1.3.1 Introduction, structure and findings	23
1.3.2 Methodology	26
1.3.3 Consumer take-up of digital communications devices	28
1.3.4 Consumer behaviour across the day	29
1.3.5 Overall media and communications consumption	31
1.3.6 Patterns of media and communications consumption, by device	33
1.3.7 Patterns of media and communication service consumption, by activity	37
1.3.8 The role of multi-tasking in media and communications consumption	41
1.3.9 Attention and importance paid to media	47
1.4 Bundling of communications services	55
1.4.1 Introduction, structure and key findings	55
1.4.2 Context	56
1.4.3 The market for bundled communications services	56
1.4.4 The reasons for buying a bundle	60
1.4.5 The consumer experience of bundling	63
1.4.6 Bundling and switching	65
1.5 Communications markets and the economy	69
1.5.1 Introduction, structure and key findings	69
1.5.2 Economic trends and consumer attitudes towards the economy	70
1.5.3 Consumers' response to the economic downturn	73
1.6 The nations' communications markets	83
1.6.1 Introduction, structure and findings	83
1.6.2 UK communications market fast facts	84
1.6.3 Availability of communications platforms and services	85
1.6.4 Take-up of communications platforms and services across the UK	88
1.6.5 Consumer take-up of bundled services in the UK	90
1.6.6 Spending by public service broadcasters on television and radio content across the UK's nations	91
1.6.7 Consumption of television and radio services by people in England	92
1.6.8 Use of converged platforms and devices by people across the UK	93

1.1 Introduction and structure

This introductory section of the Communications Market Report 2009 is divided into five sections:

- **Key market trends (Section 1.2, page 15)**

The section summarises developments in the UK's communication sectors during 2009/10. It focuses service availability and take-up, industry revenues and consumers' use and spending on communications services. It also examines the media that people claim they would miss most were they to lose it.

- **The consumers' digital day (Section 1.3, page 24)**

The growing availability of converged technologies and services offers consumers a growing number of ways in which consumers can access media and communications services. This section provides a snapshot of people's media and communications behaviour over a seven-day period. It explores patterns of use through the day, where it happens, which media and devices are used concurrently and what attention people pay to the media they use.

- **Bundling of communications services (Section 1.4, page 55)**

For many years people have bought voice calls and text messages together as part of a mobile phone service bundle. Increasingly, different communications services are being bundled together as a single package from one supplier. This section examines the context of bundling in the communications sector, how take-up has grown in the last five years and how it varies across different consumer groups.

- **Communications markets and the economy (Section 1.5, page 69)**

Since the last Communications Market Report was published in August 2009, the UK's GDP has begun once again to grow. Last year, this report explored the impact of the recession on consumer attitudes towards communications services. We repeated this research in June 2010 to understand how spending and attitudes have changed in the past year.

- **The nations' communications markets (Section 1.6, page 83)**

This section sets out a selection of headline findings for communications markets across the UK's nations, putting them into context. It draws on the detailed reports that Ofcom publishes on communications services in each of the UK's nations (which can be found at www.ofcom.org.uk/cm10).

1.2 Key market trends

1.2.1 Introduction, structure and findings

Introduction and structure

The following section provides an overview of the key trends in the UK communications markets during 2009. It begins by considering the availability of communications services in the UK before turning to the take-up of the communication devices and services available to consumers. It then examines the latest trends in industry revenue and consumer spending before concluding with satisfaction levels among key communication services, along with consumers' views on which media activity they would miss the most.

Key findings

- The **availability** of most broadcast and telephony services remained largely unchanged during the year. There were two exceptions: the digital terrestrial TV signal is now estimated to be available to 81% of households, up by eight percentage points year on year, while availability of local loop unbundling rose slightly (+1 percentage point) to 85% (page 16).
- **Communications industry revenue** declined in 2009 by 2.3% to £52.8bn. It fell across all industry sectors; telecoms revenues contracted by 2.7%, television income declined by 0.4% and radio revenue was down by 4% (Page 18).
- **UK consumers spent** more time in 2009 watching TV, using their mobile to make calls and text, and surfing the internet than in 2008, but less time listening to the radio (page 19).
- **Satisfaction levels** for most communications services remained unchanged during the year. Mobile telephony and broadband satisfaction remained flat, while multichannel TV satisfaction rose by six percentage points (page 20).
- Half of adult consumers claim that watching TV would be their **most-missed media activity**; consumers' attachment to television rises with age (page 21).
- Despite people using communication services more, **real household monthly spend on communication services** fell 1.7% to £91.24, driven largely by falling spend on mobile and fixed voice services. Communications spend accounted for a lower proportion of total household expenditure in 2009: 4.4% compared to 4.6% in 2008 (Page 22).

1.2.2 Availability: DTT signal extended to over 80% of households

The availability of most key communication services remained largely unchanged during 2009, reflecting near-universal levels of coverage of most services. The largest rise in availability came from the digital terrestrial television signal (DTT) which rose to 81% as the country's switchover to digital gathered pace. Nearly a quarter (24%) of homes no longer receive an analogue signal and over the next 12 months a further 4.5 million homes will complete the switch, bringing the programme to 40% completion.

Local loop unbundling (LLU) availability rose during 2009, albeit at a lower rate than in the previous year, rising by one percentage point to 84% (compared to a four percentage point increase in 2008). Cable coverage declined slightly, reflecting a rise in the number of households (rather than a decline in homes passed); Virgin Media is currently exploring

different ways of extending its cable coverage including aerial deployment of broadband cable over telegraph and electricity poles¹.

The strategic focus of telecoms service providers is shifting towards driving up the availability of higher-speed networks; mobile operators are continuing to expand their 3G coverage footprint and to offer higher data speeds. Moves to increase the coverage of super-fast broadband began to accelerate during 2009 and into 2010:

- Following the launch of Virgin Media's 'up to 50Mbit/s' at the end of 2009, the cable operator announced plans to roll-out 'up to 100Mbit/s' broadband services before the end of 2010.
- By July 2010 BT's 'up to 40Mbit/s' Infinity network covered 1.5 million households and was passing 100,000 additional premises each week. By 2012 BT plans to provide fibre-based broadband coverage to 40% of the UK population, and to 66% by 2015.
- A number of local fibre deployments were completed during 2009, and there are further plans to provide coverage in more local areas during 2010 and beyond.

Figure 1.1 Digital communications service availability, 2008 and 2009

Platform	UK 2009	UK 2008	UK change	England	Scotland	Wales	N Ireland
Fixed line	100%	100%	0%	100%	100%	100%	100%
2G mobile ¹	97%	n/a	n/a	99%	87%	89%	89%
3G mobile ²	87%	n/a	n/a	91%	66%	69%	40%
DSL ³	99.6%	99.6%	0.0%	-	-	-	n/a
Cable broadband ⁴	48%	49%	-1%	51%	37%	23%	30%
LLU ⁵	85%	84%	1%	87%	71%	77%	69%
Digital satellite TV	98%	98%	0%	-	-	-	-
Digital terrestrial TV ⁶	73%	73%	0%	82%	82%	98%	66%

Sources: Ofcom and:

1. Based on Q2 2010. Proportion of population living in postal districts where at least one operator reports at least 90% 2G area coverage. Sourced from GSM Association / Europa Technologies
2. Based on Q2 2010. Proportion of population living in postal districts where at least one operator reports at least 90% 3G area coverage. Sourced from GSM Association / Europa Technologies. Data is not comparable with previous report due to changes made by the mobile operators in the methodology used to calculate coverage
3. Proportion of premises able to receive DSL services based on data reported by BT
4. Proportion of households passed by Virgin Media's broadband-enabled network. Decline is due to overall increase in number of households.
5. Proportion of households connected to an LLU-enabled exchange
6. Calculations based on the estimated proportion of homes that can now receive at least 17 channels, versus the coverage of the DTT signal prior to digital switch-over.

1.2.3 Mobile broadband drives increase in broadband take-up

Take-up of digital television grew by three percentage points during 2009 to reach 92% of all TV homes. The digital switch-over programme, which gathered pace during 2009 across the

¹ <http://pressoffice.virginmedia.com/phoenix.zhtml?c=205406&p=irol-newsArticle&ID=1395257&highlight=100m>

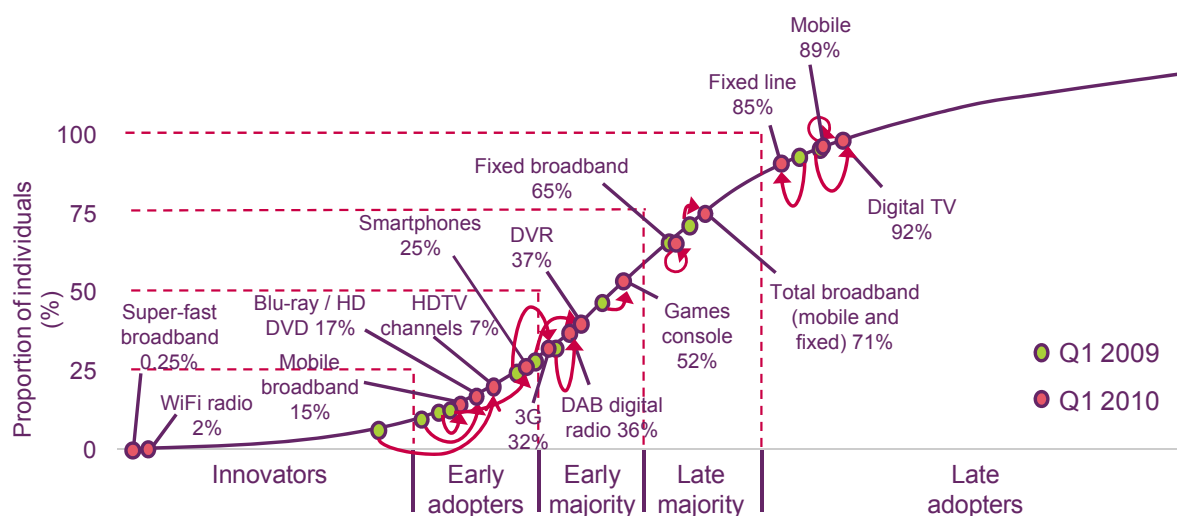
UK, may well have been the trigger for some homes switching to digital. Ofcom research shows that DTV take-up is high, at 99% or above, in many parts of Wales and in the North West of England, where switch-over has already occurred; it is lowest in London and Northern Ireland, at 87%, which will be among the last regions to switch in 2012.

While fixed-broadband take-up remained flat during 2009, the proportion of people claiming access to mobile broadband increased by three percentage points to 15%. This resulted in overall broadband penetration (fixed or mobile) rising by three percentage points to 71%. Much of the growth in mobile broadband (dongles/PC datacards) is being driven by households which have it as their only broadband connection.

There was also a significant rise in the take-up of 3G mobile connections and increasingly sophisticated smartphones that offer broadband-like connectivity in a handset. Nearly one-third of consumers are now using the 3G network's higher-bandwidth capabilities and with one in four claiming to own a smartphone in Q1 2010. This compares to one in five and one in seven respectively in Q1 2009. In contrast, the proportion of homes using fixed-line telephony fell during 2009, down two percentage points to 85%, reflecting an increase in the number of mobile-only households.

The number of homes with digital video recorders (DVRs) continued to increase sharply during 2009, rising from 27% to 37%, while the proportion of homes with Blu-ray/high-definition DVD players increased by six percentage points to 17%.

Figure 1.2 Digital technology adoption, Q1 2009 and Q1 2010



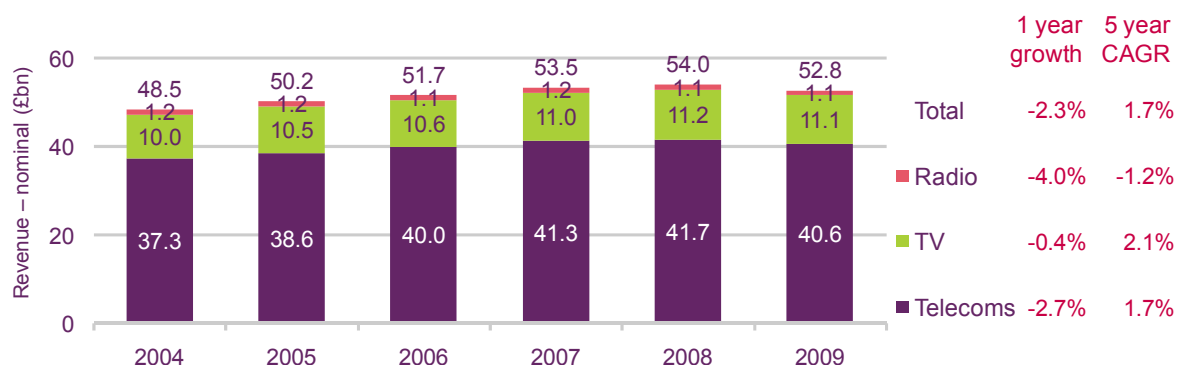
Source: Ofcom research and operator data

Notes: All figures relate to Q1 2010; all figures are measured as a proportion of individuals except for 3G, which represents the proportion of mobile subscribers and DTV, which represents the proportion of TV homes with a digital television reception device on the main set.

1.2.4 Total communications industry revenue fell for the first time

Overall communications revenues fell by 2% year on year to £52.8 billion as income in each of the three communications industries contracted during 2009. Telecoms revenue fell by 2.7% to £40.6bn, the first year-on-year fall in recent history; the reduction was driven largely by the first-ever reduction in retail revenues from mobile services (-3.5%). Despite growing revenue from subscription television services, TV revenues declined by 0.4% to £11.1bn, reflecting a 9.6% contraction in net advertising revenue to £3.1bn. Radio industry income also fell over the year, by 4%, to £1.09bn, driven largely by commercial radio revenues falling by 11.5% to £432m.

Figure 1.3 Communications industry revenue



Source: Ofcom/operators

Note: Includes licence fee allocations for radio and TV

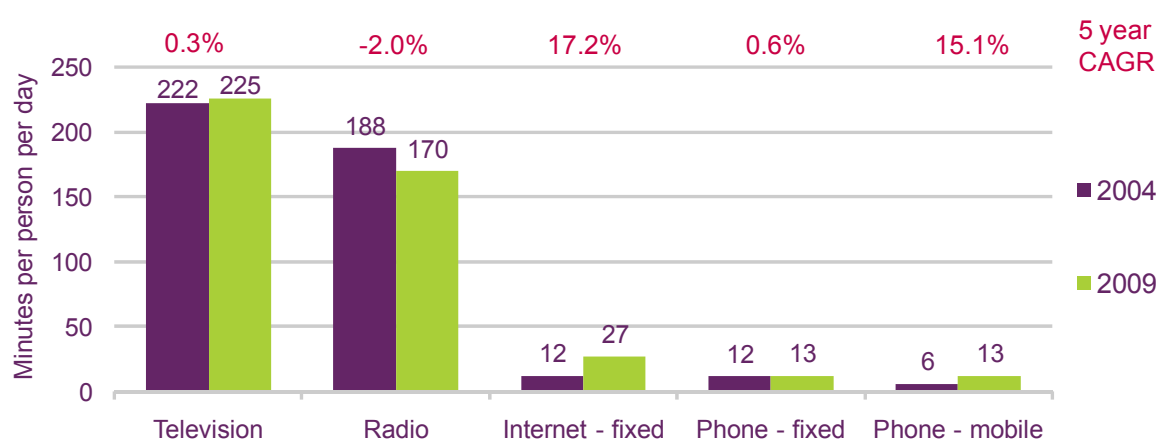
1.2.5 Time spent on internet and mobile telephony continues to grow

Figure 1.4 examines how people consume different forms of media content and communications services.

Consumption of television and radio services continued to play a large role in the total time consumers spend on communication services each day during 2009. Figure 1.4 shows that adults in the UK spent 225 minutes daily watching television on a TV set, up by three minutes since 2004, while radio accounted for 170 minutes per day, down by 18 minutes over the same period. Fixed line calls accounted for 27 minutes per person per day, while an equal amount of time (13 minutes) were spent on mobile phone calls and texting on a mobile. Internet activities undertaken on a fixed internet connection (using web and applications) experienced the largest increase in average daily use, rising from 12 minutes in 2004 to 27 minutes in 2009.

Note that this analysis does not take account of concurrent use of media content and communications services; that is the subject of Section 1.3.

Figure 1.4 Average time per day spent using communications services



Source: Ofcom / BARB / RAJAR / Nielsen Netratings (home use only)

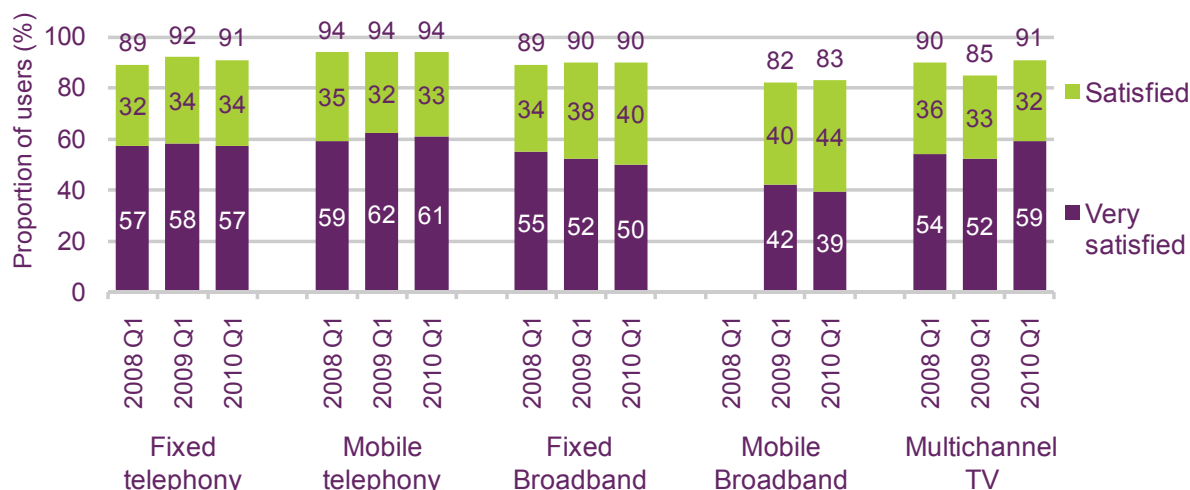
Note: Includes estimates where Ofcom does not receive data from operators; fixed voice call figures include NTS voice calls; mobile messaging figures assume an average of 35 seconds per message; Ofcom estimate of fixed internet use per person is based on Nielsen's data on the average monthly time spent online at home including the use of applications across the online population only; Nielsen's methodology changed in October 2006 so comparisons before this period should be treated with caution; fixed internet use figures are for May of the following year.

Overall satisfaction with communication services remained largely unchanged for most services. Fixed and mobile telephony, and broadband satisfaction remained at 90% or above, although there were slight declines in the proportion 'very satisfied' with their service, as opposed to just 'satisfied'.

Consumers of multichannel TV reported the largest increases in satisfaction during the year, rising by six percentage points to 91%, with 59% of viewers very satisfied with their service, compared to 52% in Q1 2009. Among the different viewing platforms the greatest increase in satisfaction was among Freeview viewers, up by eight percentage points to 89%, followed by cable; rising from 87% to 92%; the comparable figure for satellite TV increased by three percentage points to 93%.

Consumers' satisfaction with mobile broadband increased slightly; by one percentage point to 83%, perhaps reflecting improvements in customer expectations as well as service quality, with those satisfied with the speed of their mobile broadband service rising from 70% to 73% during 2009.

Figure 1.5 Overall satisfaction with communication services



Source: Ofcom research

Note: Shows the proportion of users with each service, includes only those who expressed an opinion. Base: those with multichannel TV 2010 n=8121; 2009 n=5318

1.2.6 Growing importance of television among younger and older users

Watching television is the media activity most adults claim they would miss the most were they to be deprived of it, with half of the population citing it as their most-missed medium. Among younger adults (16-24 year olds) the figure drops to 36%, although this is up on 2007 and 2005. The upward trend is also mirrored among adults aged 55-64, with nearly three in five adults (57%) in this age group citing television as their most-missed activity, compared to two in five in 2005 (47%).

Overall, access to the internet continued to consolidate its position as the second most-missed activity among adults (supplanting mobiles for the first time in 2009), up three percentage points to 15%. This is largely driven by older age groups (up four percentage points among 55-64 year olds to 12%). Among 16-24 year-olds the mobile phone remained the second most-missed medium, with one-third citing it compared to one in ten adults overall. In contrast, listening to the radio is the second most-missed activity among older users (16% of 55-64 year olds), far higher than younger adults and the adult population overall; by contrast only 4% of 55-64 year olds would miss using their mobile phone.

The number of people citing media activities other than television, internet and mobile phone has declined since 2005. The fall is most pronounced among 16-24 year olds, from 39% in 2005 to 14% in 2009. Listening to music on a hi-fi/CD or tape player has fallen substantially in this age group, and has not been replaced by portable music device/MP3 player use. Watching television appears to be the main substitute (up eight percentage points), although the growing functionality of mobile handsets, which include MP3 players and support streamed music services, may be substituting both traditional and separate digital audio devices among younger users.

Figure 1.6 Which media activity consumers would miss the most



A2 – Which one of these would you miss doing the most?

Base: All adults aged 16+ (3244 in 2005, 2905 in 2007, 1824 in 2009), adults aged 16-24 (530 in 2005, 413 in 2007, 253 in 2009), adults aged 25-34 (604 in 2005, 473 in 2007, 274 in 2009). Circles show statistically significant change between 2008 and 2009.

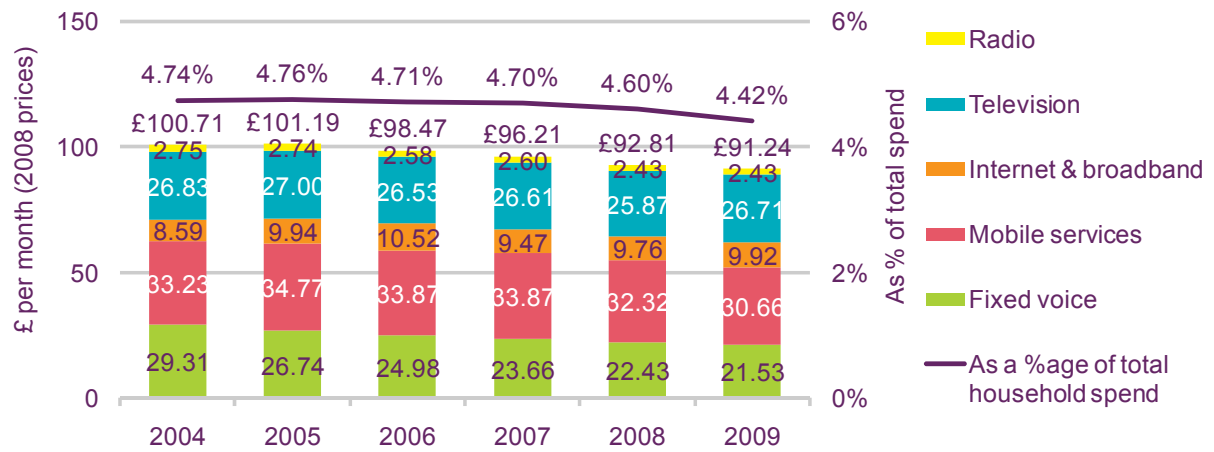
Source: Ofcom research, fieldwork carried out by Saville Rossiter-Base in April to May 2009 and September to October 2009

1.2.7 Household spend on communications services continues to fall

In the context of increasing use of most communications services, and their widening availability, real monthly household spend on communications services fell again in 2009. It was down by 1.7% on 2008 to £91.24 and down 9.4% since 2004. Increased spending came about as a result of rising television subscriber spend (+3.2%), and higher spend on internet and broadband (1.6%); these were offset by the largest decline in mobile voice and text spend since 2004, down 5.3% year on year to £30.66. Spend on radio (licence fee funding) remained flat at £2.43 per month.

Spend on communications services accounted for 4.4% of total household expenditure in 2009, compared to 4.7% in 2004.

Figure 1.7 Average monthly household spend on communications services



Source: Ofcom/operators

Note: Television spending includes subscription payments and BBC income allocated to television services. Radio spending is comprised of BBC income allocated to radio services.

1.3 The consumer's digital day

1.3.1 Introduction, structure and findings

Introduction

People have more flexibility and more choice than ever before when it comes to what, how and when they access media content and use communications services (for example, making voice calls). This comes thanks to the expansion in the range of devices that are now capable of supporting a wide variety of media content and service types. It has also been influenced by the speed of take-up of different technologies, together with the increased convergence between media.

Ofcom subscribes to a wide range of industry research such as BARB (television), RAJAR (radio), and Nielsen NetRatings (internet). This allows us to understand how people consume broadcast media and how they use web sites. However, there is little in the way of insight into how people use media and communications devices together and the relationship between them.

Ofcom commissioned an in-depth quantitative study on UK adults' total media and communications activities to provide an overview of the role of electronic media in people's lives. The study is part of Ofcom's media literacy programme of work that is undertaken as part of Ofcom's duty under section 11 of the Communications Act 2003 to promote media literacy.

The research presented in this chapter provides a snapshot of people's media and communications behaviour over a seven-day period. It has been designed to explore how people use media and communications devices throughout the day, which media and devices are used concurrently, where, and what attention people pay to the media they use.

Note that in this analysis 'media consumption' refers not only to viewing and listening but also to text and voice communications, alongside the use of other communications services, as described in the methodology (page 5).

Structure

Section 1.3.2 (page 26) sets out the methodology used in this study, and the specific meanings of the terms used. This is followed by an examination of Consumer take-up of digital communications devices (Section 1.3.3, page 28). Section 1.3.4 (page 29) turns to Consumer behaviour across the day and provides an outline of their use of media and their other lifestyle activities.

Section 1.3.5 (page 31) goes on to consider patterns of Overall media and communications consumption and Section 1.3.6 (page 33) takes this further by segmenting these patterns by device. Section 1.3.7 (page 37) compliments this analysis with an analysis of Patterns of media and communication service consumption, by activity before considering what proportion of media consumption is *concurrent*, and how this varies by age, activity category, and time of day (Section 1.3.8 page 41). Section 1.3.9 (page 47) concludes by examining the Attention and importance paid to media and considers how this relates to the perceived importance they give to each one.

Key Findings

- **Nearly half of people's waking hours are spent engaging in media and communications activities.** The average person spends 15 hours 45 minutes awake per day, and seven hours and 5 minutes of this time is spent engaging in media and communications activities, amounting to 45% of waking hours (page 30).
- **People spend about seven hours a day consuming different media, but they squeeze more into this time by media multi-tasking.** A fifth of the seven hours and five minutes of media activity is spent using more than one form of media at the same time. This allows people to squeeze in more media and communications activity into the time – on average 8 hours 48 minutes. The amount of time that 16-24s spend consuming media is lower than older age groups (6 hours 35 minutes). But 29% of their time with media is concurrent; the result is that they use more media and communications than any other age group, fitting 9 hours 32 minutes' worth of activity into this time (page 31).
- **Older consumers spend most of their media and communications time using TV and radio sets, while younger people spend half of their time with computers, mobile phones and handheld devices.** Device use varies by age. Two-thirds (67%) of media and communications activity conducted by people over 55 is carried out through a TV set or radio set. By contrast, among 16-24s, well over half (58%) their media and communications time is undertaken on a computer, mobile phone, or other handheld device (page 35).
- **Compared to people over 55, 16-24s are more likely to use the TV set or mobile phone for a wider range of activities.** Scheduled television accounts for less than three-quarters (71%) of media consumed on a TV set by 16-24s, compared with nearly 90% for over 55s. This difference is driven by younger adults' greater tendency to use their TV sets to watch DVDs and play video games. Phone calls represent 58% of all mobile phone use by over-55s, compared with 22% for those in the 16-24 age group. Text messaging and social networking together make up 64% of all mobile phone use among 16-24s (pages 35 and 37).
- **Two-fifths of the time consumers spend on a computer is on communicating with other people.** Computer use varies by age. People aged 55+ spend just under 40% of their time using a computer to communicate with others, and they are more likely to use email (28% of their computer time is spent on emails, 8% on social networking, and 1% on instant messaging). For 16-24s, over half their time on computers is spent communicating with other people, and they are more likely to use social networking (22% on social networking, 14% instant messaging and 14% emailing) (page 36).
- **UK adults are most likely to watch scheduled TV on its own, whereas mobile and computer activities attract the most simultaneous media use.** Eighty three per cent of television viewed on a TV set occurs without any other concurrent media consumption. Other activities that tend to be undertaken on their own include listening to the radio on a radio set (81%), and reading newspapers, magazines or books (71%). By contrast, activities on a mobile phone and a computer are most likely to be undertaken at the same time as other media activities (55% of mobile phone use takes place concurrently with other media activity, as does 62% of computer use) (page 42).
- **While media multi-tasking is popular across the day, scheduled television emerges as a 'solus' activity for many people in the evening.** The proportion of people consuming more than one form of media simultaneously is broadly constant for most of the day (averaging at 24% of all consumers between 09:00 and 18:00). However, in the evenings, the proportion of people using media increases rapidly as

more people focus on ‘solus’ media consumption – using just one form of media at a time – and this is primarily watching scheduled television (pages 45 and 46).

- **The attention given to different activities varies, with more paid to those that require active involvement, such as playing games on a games console or phone calls.** Activities such as games, computer-based activities, text and voice communications (landline and mobile phone), and on-demand television attract higher attention scores from consumers than live TV or live radio. Playing games through a TV set using a games console attracts the most attention, with an average score of 4.2 out of 5, while listening to the radio on a radio set and watching scheduled TV attract some of the lowest attention scores, with an average score of 2.9 and 3.0 respectively (page 48).
- **There is some relationship between the attention people pay to activities and the importance they attach to them;** but traditional TV, radio and print are still highly valued despite commanding less attention from consumers. Communications activities such as emailing, texting and social networking all command high attention and high importance scores from consumers. However, traditional forms of media consumption, such as watching scheduled television on a TV set, listening to live radio on a radio set, and reading print media attract high importance scores from people, along with lower average attention scores (page 51 and 53).

Figure 1.8 Key data among all adults and a selection of audience segments

	All 16+	16-24s	25-44s	45-54s	55+	Men	Women	Working	Not Working
Time Awake (minutes per day)	945	913	945	961	951	951	939	953	935
Time spent with media and communications (minutes per day)	425	395	438	442	416	453	398	437	410
Proportion of media and communications time that is solus	80%	71%	77%	81%	88%	80%	81%	78%	84%
Proportion of media and communications time that is simultaneous	20%	29%	23%	19%	12%	20%	19%	22%	16%
Amount of media and communications activity (minutes per day)	528	572	564	537	467	576	482	553	495
Watching video (% of all activity)	40%	32%	36%	37%	52%	38%	42%	35%	48%
Listening to audio (% of all activity)	17%	14%	17%	22%	17%	18%	17%	18%	16%
Voice communication (% of all activity)	5%	6%	5%	6%	5%	5%	6%	6%	5%
Text communication (% of all activity)	15%	30%	18%	11%	6%	16%	15%	16%	14%
Print Media (% of all activity)	6%	3%	4%	5%	10%	5%	7%	5%	8%
Games (% of all activity)	3%	5%	3%	2%	1%	3%	2%	3%	3%
Other internet (% of all activity)	7%	5%	8%	9%	4%	8%	5%	8%	4%
Other media (% of all activity)	7%	5%	9%	9%	4%	8%	5%	10%	3%

XX Percentage figure is significantly higher than the population average
 XX Percentage figure is significantly lower than the population average

Source: Ofcom research, base = All respondent days: 16+ = 7966; 16-24s = 1106; 25-44s = 3003; 45-54s = 1484; 55+ = 2373; men = 3815; women = 4151; working = 4417; not working = 3549

1.3.2 Methodology

Ofcom commissioned a quantitative research study into consumers' media and communications activities. A nationally-representative sample of 1,138 adults aged 16+ participated in the survey in April and May 2010.

This was a mixed-mode online and telephone survey. Respondents recorded all their media behaviour in a diary for seven days, and these data were captured on a daily basis online or by telephone. People recorded when they were watching or listening to video or audio or playing games on any device, reading a newspaper, magazine or book, making phone calls (on any device) or using a computer or mobile phone for any reason. The survey included personal and business use, in-home and out-of-home use. The dataset analysed in this report is based includes only those participants who completed all seven days.

The study collected information on volume, concurrent media use and levels of attention to media. A questionnaire on the last survey day captured further information on the perceived importance of different activities.

Comparisons with industry data from for television (BARB), radio (RAJAR) and the internet (Nielsen NetRatings) show comparable weekly reach levels with this study. However, this study recorded lower volumes than industry data, particularly for radio. A range of factors may have contributed to this difference. These include:

- The broad nature of the survey; it covers a wide range of media, rather than focusing on one specific medium.
- The sample covers all adults aged 16+, rather than consumers of a specific medium.
- The use of a diary method relies on consumer recall rather than tracking actual behaviour. This could introduce a recall bias, which is common in diary studies. For example, respondents may remember less actual behaviour because they do not record activity often enough. For this study, information was recorded daily. Respondents were encouraged to update their diary at least four times a day and to carry it with them to record behaviour both in and outside the home.
- Activities that receive lower consumer attention or are undertaken passively may be less likely to be recalled.

These factors may have influenced the results and need to be considered when assessing the findings. For example, it is likely that this research under-estimates radio listening volume relative to RAJAR results. However, the study still provides an overview of radio listening within the context of people's other media activities.

The survey measured people's use of 43 different media and communications activities using a range of devices, on a half hour basis, across seven days. In this report, we have aggregated 43 activities into the categories and subcategories which are shown in Figure 1.9; in other places, we have reported on them individually. The categories are designed to reflect the broad purposes of media and communications activities across a range of devices.

For more in-depth analysis of television, radio and internet consumption using industry data, please see the relevant section (TV and audio-visual, radio and audio, internet and web-based content).

Figure 1.9 defines the aggregated media categories used throughout the report. In addition to the main activity categories (e.g. video, audio, voice communications), some categories have also been divided into subcategories (e.g. video is comprised of television on a TV set, television on another device and other video).

Figure 1.9 Media consumption activities

Activity category	Activity subcategories	Activities
Video	Television – TV	Television set: TV live; Television set: recorded TV on PVR; Television set: recorded TV on DVD/VHS; Television set: TV on-demand
	Television - other	TV or films on-demand or live on a computer; TV or films on-demand on a mobile phone
	Other video	DVDs or videos (rented or bought); Video clips on a computer; Downloaded TV, films or video clips on a computer; Downloaded TV, films or video on a mobile phone; Downloaded TV, films or video on hand-held device.
Audio	Radio – radio set	Live radio on a fixed or portable set
	Radio – other device	Radio on a TV set; Radio live or on-demand on a computer, mobile phone or hand-held device
	Other audio	Streamed music, streamed podcasts, downloaded music or other audio, music or other audio on a stereo or music centre or portable devices.
Voice communications		Making or receiving phone calls on a landline; Making or receiving phone calls on a mobile phone; Making or receiving phone calls or video calls on a computer.
Text communications		E-mailing, social networking or instant messaging on a computer or mobile phone and texting or video messaging on a mobile phone; newspapers, magazines or books.
Games		Playing games on a TV set, computer or portable device (e.g. hand-held games console or MP3 player).
Other	Other internet	Internet activity on a computer or mobile phone that is not covered by the previous categories.
	Other media	All other media and communications activity on a hand-held device, and all other non-internet activity on a computer or mobile phone.

The analysis examines a range of media behaviours. These include when people undertake media activities at the same time ('simultaneous' media consumption) and when they do them separately ('solus' media consumption). In presenting the findings it uses the terms laid out in Figure 1.10.

Figure 1.10 Terminology used in this section

Definition	Description
Simultaneous media consumption	Media consumed while doing another media activity at the same time, e.g. texting and watching television.
Solus media consumption	Media consumed while doing no other media activity.
Weekly reach	The proportion of individuals consuming each media within the week.
Daily reach	The proportion of individuals consuming media on a typical day.
Volume	Average minutes consumed per day.
Attention	The average score or the claimed attention by activity for all activities recorded in the diary (on a scale of 1 to 5).
Importance	The average score of claimed importance overall for each activity (on a scale of 1 to 10).

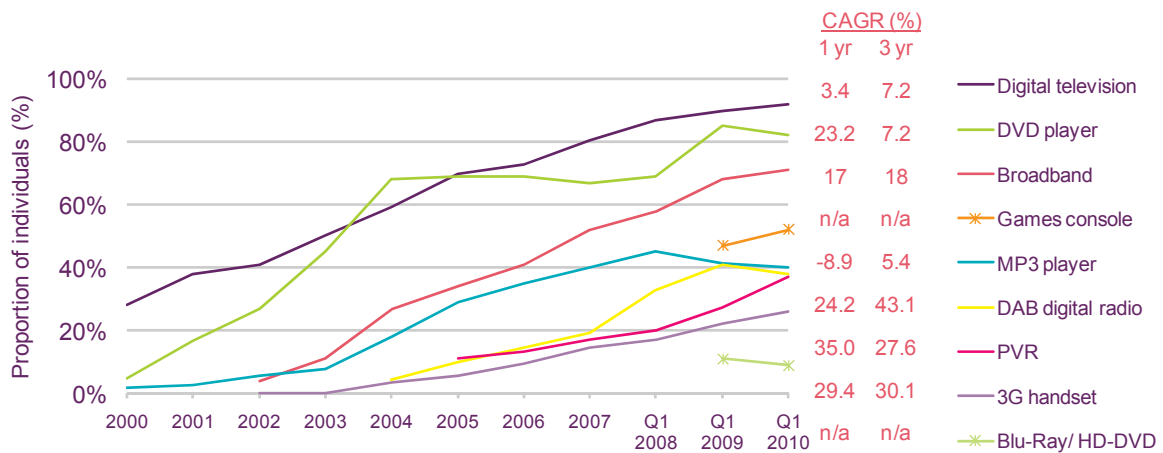
1.3.3 Consumer take-up of digital communications devices

Consumer take-up of digital technology is growing

People face a great deal of flexibility and choice when deciding how, when and where to access content and communications services. This has been driven by the introduction of a range of converged devices and by their widespread adoption. Some of the more popular digital technologies and services now embraced by many consumers are (see Figure 1.11):

- digital television decoders, which are connected to over nine in ten (92%) main television sets in the home;
- broadband connections, which are now available to seven in ten (71%) people; and
- games consoles, which are installed in five in ten homes.

Figure 1.11 Take-up of a range of communications devices and services

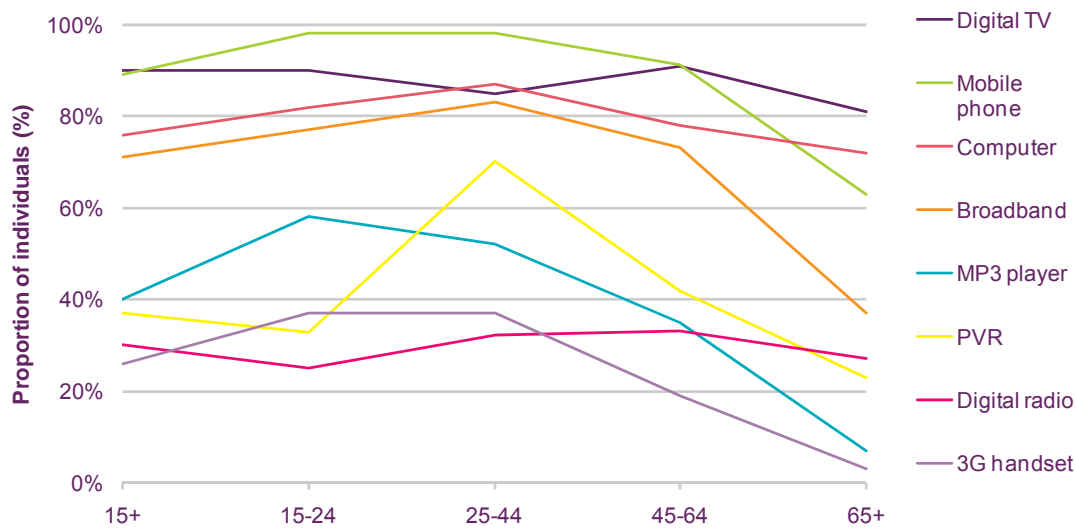


Source: Ofcom research Q1 2010, based on claimed ownership of devices

Younger people are more likely to adopt new technology

These technologies have not been uniformly adopted up across all audience groups. Younger people have a greater tendency to exhibit ‘early adopter’ characteristics, which means that they are more likely to have access to a wide range of new communication technologies (Figure 1.12).

Figure 1.12 Adoption of new technologies, by age



Source: Ofcom research Q1 2010, based on claimed ownership of devices

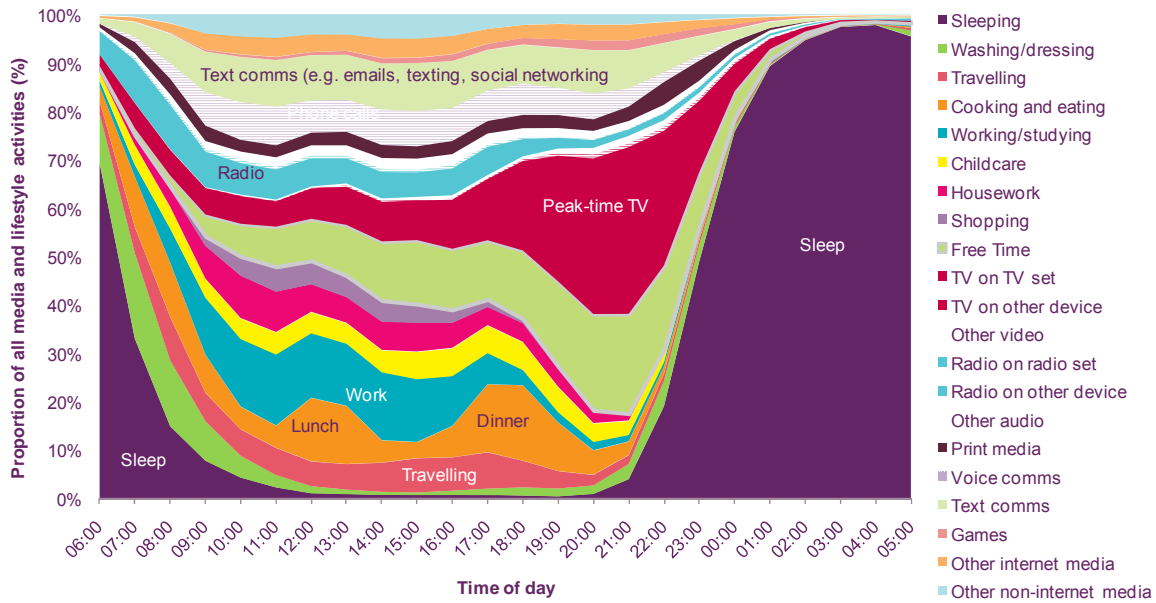
1.3.4 Consumer behaviour across the day

Consumers spend almost half of their waking hours engaging in media and communications activities

The research explored how people’s lifestyle activities (such as sleeping, eating, working and shopping) interact with their use of media. The study showed that the average adult spent 15 hours 45 minutes awake every day, with most people up by 09:00 and asleep by 00:00. As the study also found that the average adult spent just over seven hours a day with media, it follows that the average adult spends 45% of their waking hours undertaking some form of media or communications activity.

Figure 1.13 shows people’s daily activities and media consumption throughout an average day. Overall people’s media use was highest in the evening, peaking at 21:00 and driven by television viewing. Later on, the proportion of people sleeping increased rapidly, reaching almost 80% by 23:00. Prior to the TV peak, non-media activity was mainly made up of eating, working, childcare and housework, all of which had declined substantially by 21:00. This suggests that that TV in the evening peak time is predominately an activity undertaken exclusive of not only other media and communications consumption but also exclusive of other lifestyle activities.

Figure 1.13 Proportion of all lifestyle and media activity throughout the day

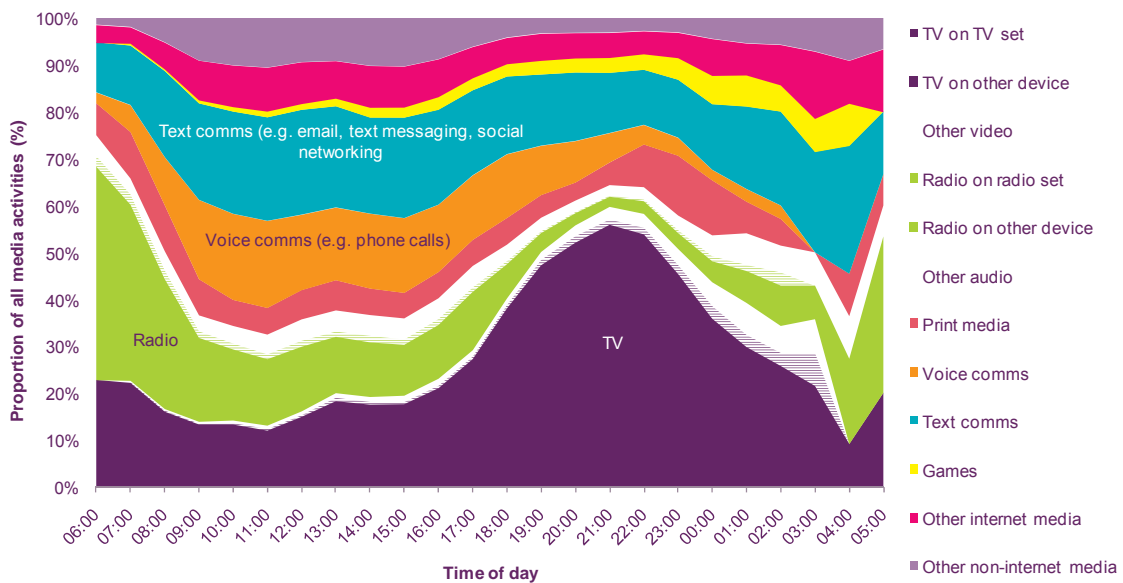


Source: Ofcom research, base = all respondent days: 7966

Television is the dominant form of media consumption in the evening

Figure 1.14 focuses on the proportion of media and communications activity undertaken each hour of the day. The data illustrates the popularity of television in the evening, when over half (52%) of all media activities undertaken involved watching television on a TV set. In the morning, radio was more popular, but declined by the evening when TV was at its peak. Text communications and voice communications both made up a fair proportion of media activity during the daytime, but both were less popular in the evenings. However, after the end of television peak time, text communications accounted for a similar proportion of media activity as in daytime. Print media made up an average of 6% of all media activity between 10:00 and 22:00, before peaking at 12% of all media activity at 23:00.

Figure 1.14 Proportion of all media activity throughout the day



Source: Ofcom research, base = all respondent days: 7966

1.3.5 Overall media and communications consumption

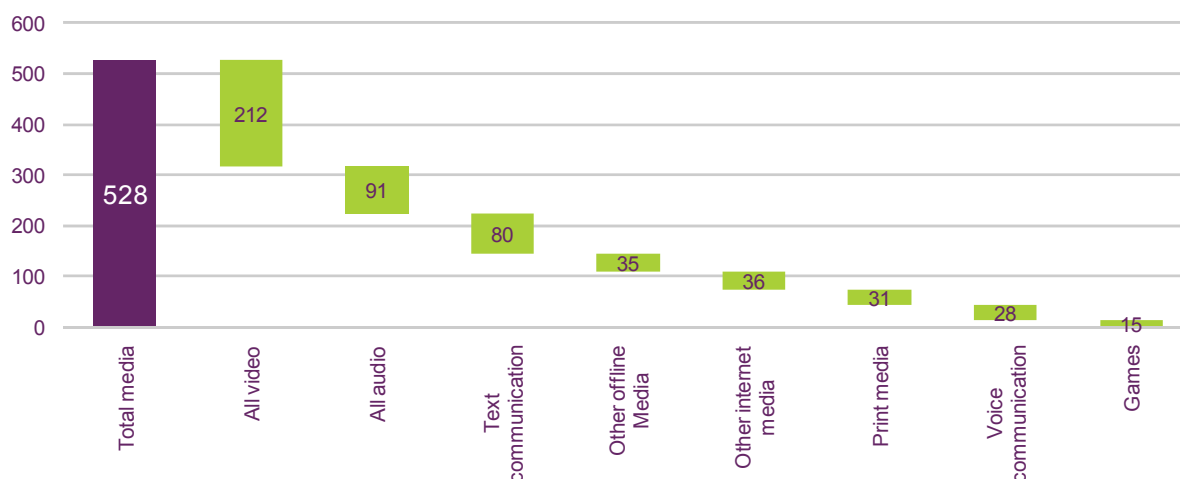
People spend more time watching video and listening to audio than any other media or communications activity

Our research found that the time spent by people using media content and communications services would take 8 hours and 48 minutes in total if it were all consumed on its own, although simultaneous media consumption allows them to fit this into seven hours and 5 minutes a day.

Video, and in particular television viewing, dominated people's total media consumption time. This was followed by audio and then text communications. On average, an adult watched 212 minutes of video content a day across all devices (e.g. watching TV on a TV set, on-demand, online or other video clips) – this amounted to 40% of all media and communications. A further 91 minutes were spent listening to any audio² (such as radio on a radio set, or music online). Eighty minutes per day were spent on text communications (which included text messaging, social networking, instant messaging and emailing).

Figure 1.15 Average amount of media used per day^{3,4}

Minutes of media consumption per day



Source: Ofcom research, base = All respondent days: 7966

Younger people undertake more media and communications activities in total...

Figure 1.16 shows that average daily media use differs substantially by age group, perhaps reflecting the varying levels of technology access set out in Figure 1.11. People aged 16-24 used media and communications most heavily, at just over nine and a half hours a day in total; this was one fifth (22%) more than adults aged 55 and over, who consumed the lowest volume of communications activity every day - just 7 hours 47 minutes.

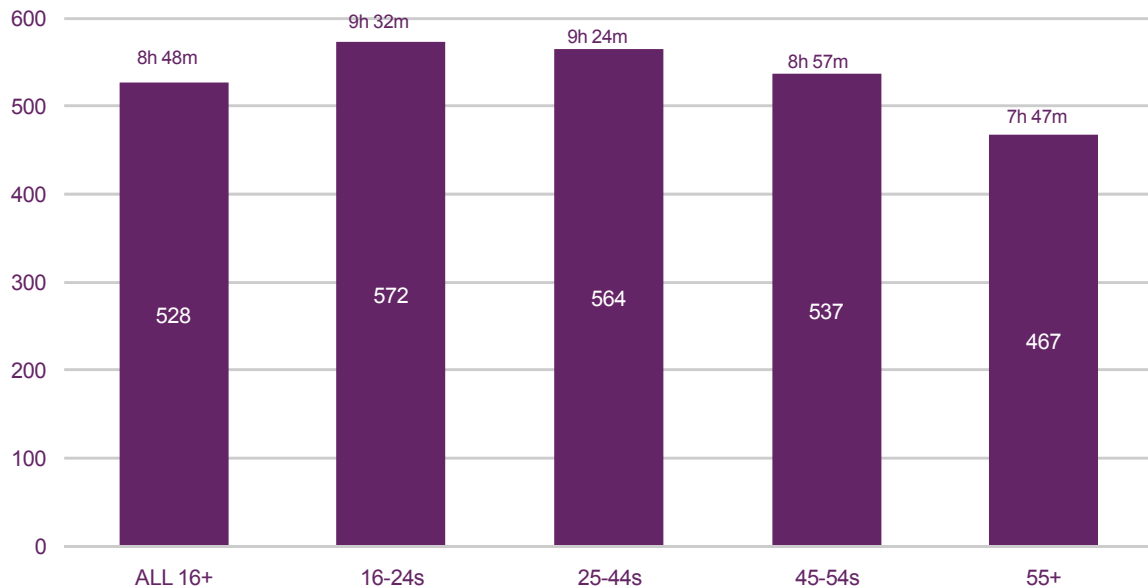
² The research study underestimates the amount of time spent listening to radio on a radio set in comparison to RAJAR. See methodology for further details.

³ This volume is gross: i.e. it includes all minutes of simultaneous media use.

⁴ Other offline media includes activities on a computer, such as using word processing, spreadsheet software, etc.

Figure 1.16 Average amount of media used per day, by age

Minutes of media consumption per day



Source: Ofcom research, base = All respondent days: 16+ = 7966; 16-24s = 1106; 25-44s = 3003; 45-54s = 1484; 55+ = 2373

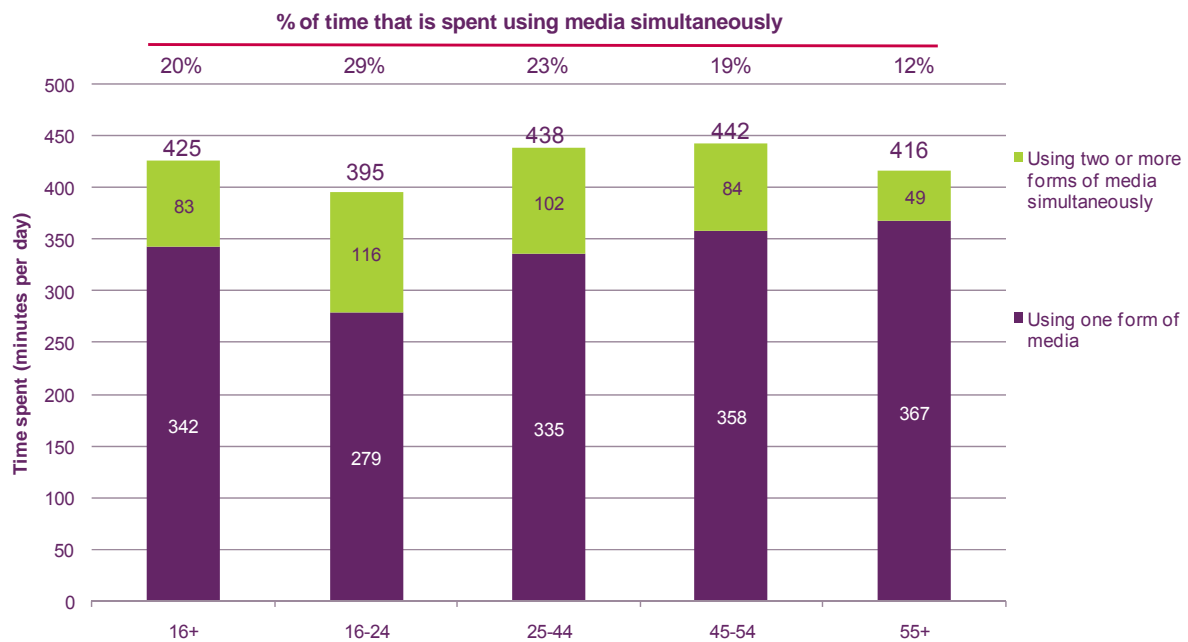
... but spend less time doing so

The research found that the total amount of media consumed - 8 hours and 48 minutes per day - was compressed into just over 7 hours of *actual time* (see Figure 1.17). Five hours and 42 minutes (342 minutes) was spent using media or communications services on their own ('solus' activity). The remaining 3 hours 6 minutes comprised media that were being used simultaneously, and was squeezed into just 1 hour 23 minutes (83 minutes) of actual time.

16-24 year olds managed to fit just over nine and a half hours' worth of media into a little over six and a half hours of *actual time*. To achieve this, they consumed around five hours of simultaneous media per day (over half of their total daily media activity) in less than two hours of actual time (29% of the time they spend with media).

In terms of *actual time* spent consuming media, 45-54 year olds spent the most time on an average day (at 7 hours 22 minutes), and 16-24 year olds the least time (6 hours 35 minutes).

Figure 1.17 Actual time spent using media, split by solus and simultaneous use



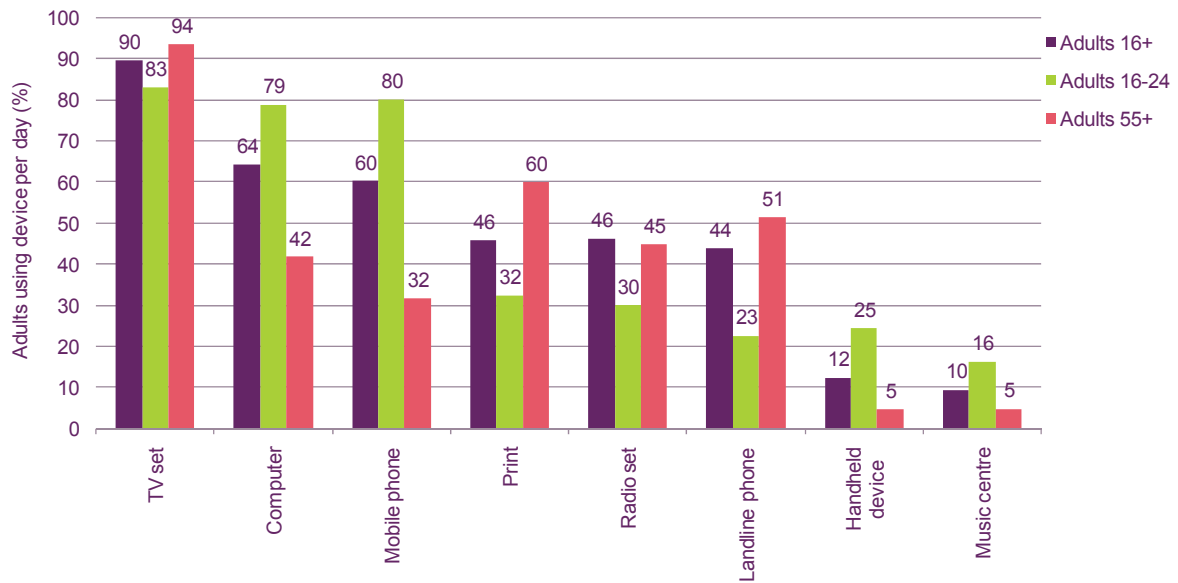
Source: Ofcom research, base = All respondent days: 16+ = 7966; 16-24s = 1106; 25-44s = 3003; 45-54s = 1484; 55+ = 2373

1.3.6 Patterns of media and communications consumption, by device

TV is popular with all age groups, but other traditional forms of media are less frequently used by younger people

As for the type of device that people use to consume media, the television set was the most-used device, with 90% of consumers saying they use it each day. Computers and mobile phones were both used by more than half of all adults every day, but daily use rose to over three-quarters among adults 16-24. Print media, radio sets, and landline telephones were all used by over 40% of adults every day, but were less likely to be used by 16-24s – 60% of adults over 55 read print media every day, but half as many 16-24 year olds did (32%). There was an even greater disparity between daily reach of landline telephones, with 51% of adults over 55 using a landline, but less than half as many 16-24 year olds (23%). By contrast, computers and mobile phones were more likely to be used on a daily basis by younger people (see Figure 1.18).

Figure 1.18 Daily reach of devices – adults 16+, 16-24, and 55+



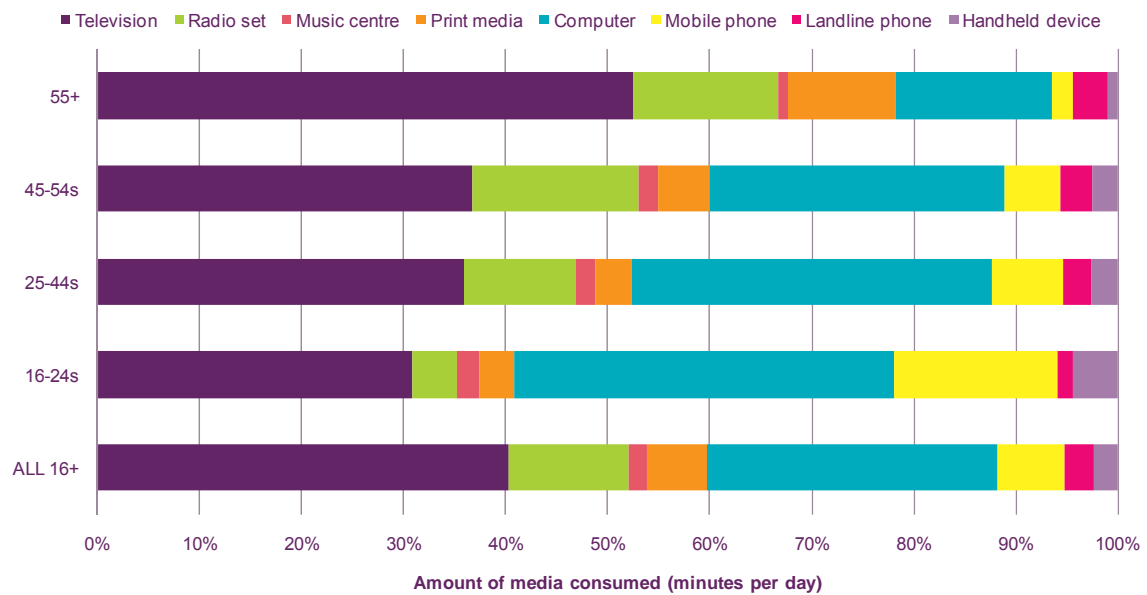
Source: Ofcom research, base=all respondent days: 16+=7966, 16-24s=1106, 55+=2373

Over half the time people spend on media and communications activity makes use of a TV or radio set

Among all adults aged 16+, media consumption through a TV set or radio set represented over half of people’s media and communications activity in a typical day. The pattern varied, however, by age. Section 1.3.3 illustrated the disproportionately high access that younger people have to a range of digital communications devices and technologies. Our research confirms that use is influenced by access and has a bearing on the way that younger groups use a wide range of communications services.

For example, computer, mobile phone and hand-held devices all had higher levels of use among younger age groups. Almost three-fifths (58%) of all 16-24 year old media engagement was through one of these devices, compared to 18% for people aged over 55. By contrast, use of the more established devices and media, such as TV sets, radio sets, and print, generally increased with age.

Figure 1.19 Proportion of all media use through each device, by age group



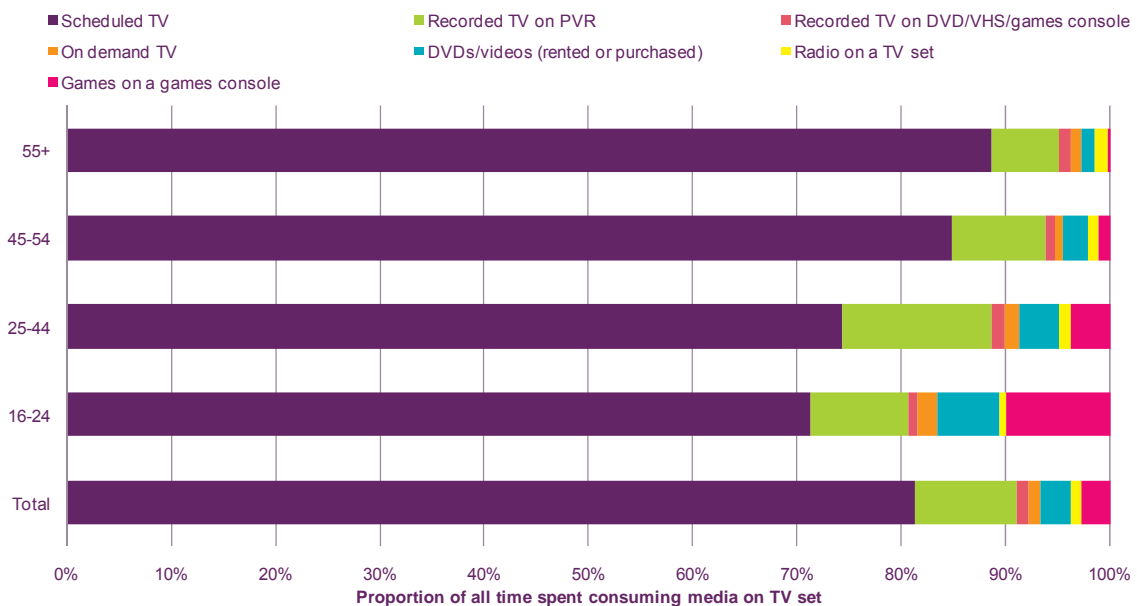
Source: Ofcom research, base = All respondent days: 16+ = 7966; 16-24s = 1106; 25-44s = 3003; 45-54s = 1484; 55+ = 2373

Younger people are most likely to use the TV set for gaming or watching DVDs

As new functionalities have been introduced into digital communications devices, so the range of purposes the devices can be used for has diversified. The study found there was variation by age in terms of what people were doing on different devices, as outlined below.

The TV set was predominantly used for watching scheduled television or recorded television, especially among older age groups. 16-24 year olds were most likely to use the TV set for playing video games and watching DVDs (see Figure 1.20).

Figure 1.20 Proportion of TV set use by activity, by age group

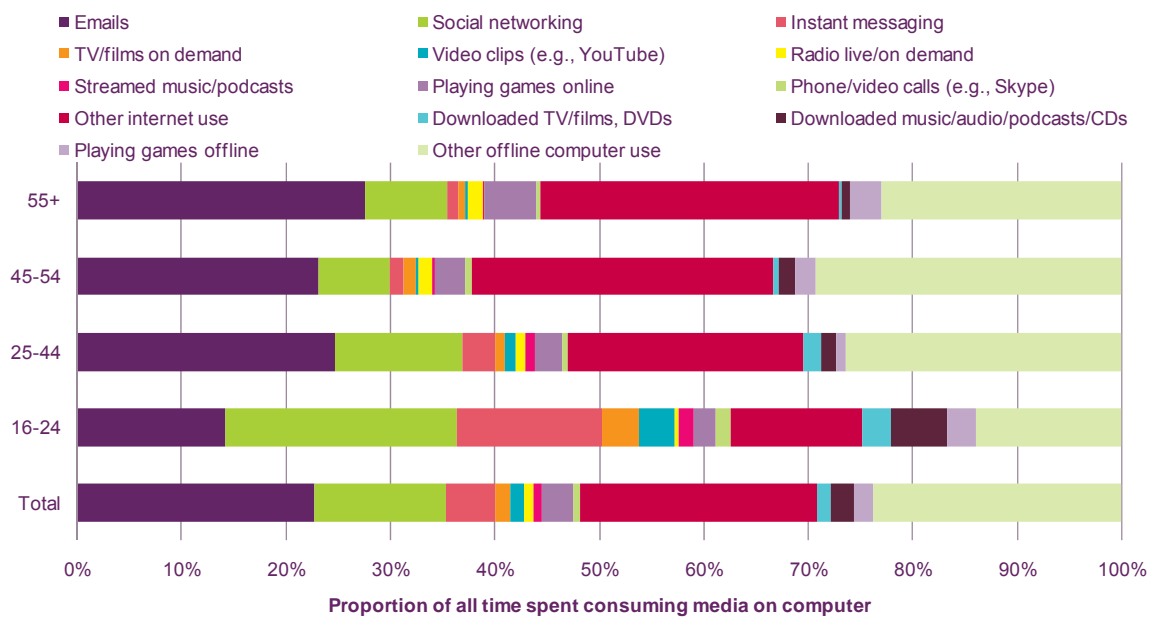


Source: Ofcom research, base = All respondent days: 16+ = 7966; 16-24s = 1106; 25-44s = 3003; 45-54s = 1484; 55+ = 2373

Two-fifths of people's time on a computer is spent communicating with other people

The study found that the computer is used for a wide variety of activities, but the pattern of use differs by age. For all age groups, communication makes up a large proportion of activity done on a computer. Thirty-seven per cent of activity done on a computer by over-55s is communication-based. Most of this is emailing, which makes up 28% of all computer activity among this age group. An additional 8% of their computer activity is social networking, and 1% is instant messaging. For 16-24s, over half their computer time is spent communicating with other people. They are more likely to use social networking (23% of all computer activity) and instant messaging (14%). Emailing is a smaller activity among this age group, making up 14% of their computer activity. Audio and video activities on the computer is also highest among this group. See Figure 1.21.

Figure 1.21 Proportion of computer use, by activity

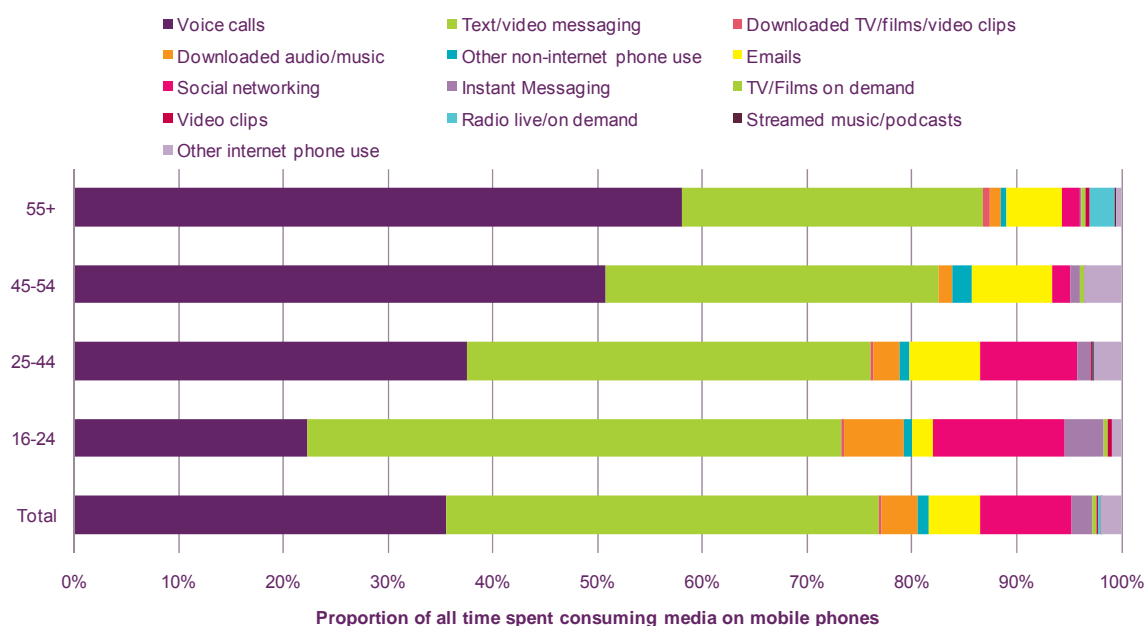


Source: Ofcom research, base = All respondent days: 16+ = 7966; 16-24s = 1106; 25-44s = 3003; 45-54s = 1484; 55+ = 2373

For many people, voice calls account for a minority of mobile phone use

People use their mobile phone predominantly for communicating by voice or text. Other uses such as listening to downloaded audio or accessing the internet or other features are minimal, accounting for 7% of total phone time. Patterns differ by age group; only 22% of the total time that 16-24 year olds spend on the phone is on voice calls, compared with 58% for people aged 55. Text messaging accounts for half of 16-24 year olds' mobile phone use, and social networking for a further 13%. Emailing by mobile phone is more common among those aged 25-54 than it is among 16-24s, suggesting that it is likely to be associated with work. See Figure 1.22.

Figure 1.22 Proportion of mobile phone use, by activity



Source: Ofcom research, base = All respondent days: 16+ = 7966; 16-24s = 1106; 25-44s = 3003; 45-54s = 1484; 55+ = 2373

1.3.7 Patterns of media and communication service consumption, by activity

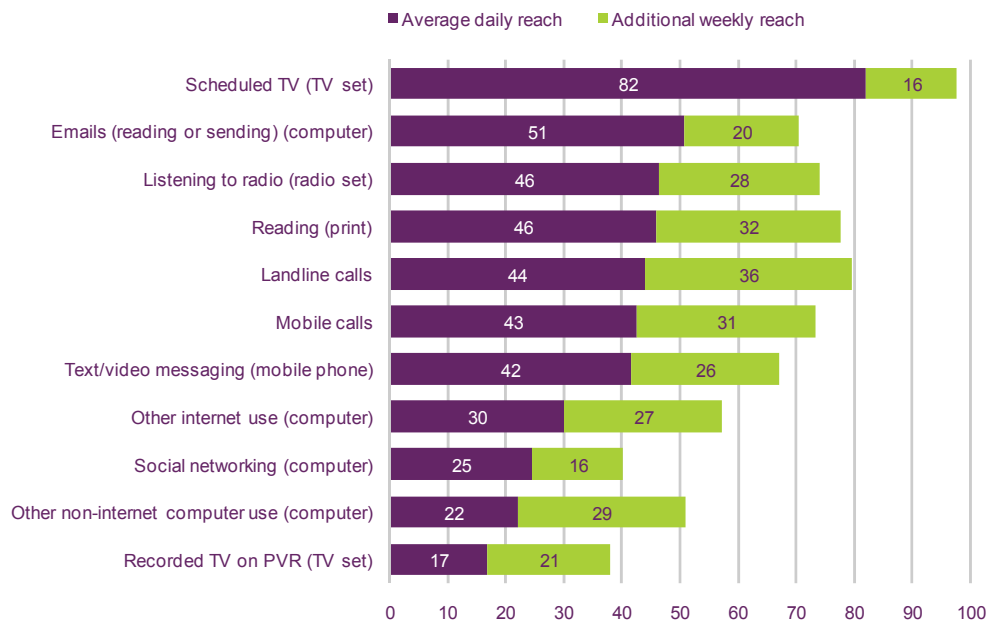
Watching scheduled TV is the most popular daily activity

Analysis of activities within these broad categories showed that scheduled TV was the most popular daily activity, with 82% of people watching on an average day. Emails, reading print media, making landline or mobile phone calls, listening to the radio and texting on a mobile phone were undertaken by 40% or more of adults on a daily basis. Social networking on a computer was carried out by one quarter (24%) of adults daily (see Figure 1.23). Other activities were undertaken less frequently, but were still embraced weekly by a sizeable proportion of people. Examples included watching TV or films on demand or live on a computer, where 2% undertook these activities on a daily basis, rising to 10% weekly; among 16-24s the figure was 25% weekly. Watching video clips online rose from 4% a day to 13% a week for all adults, and to 37% on a weekly basis among 16-24s.

16-24s undertook a wider range of activities on a daily basis than older people: there were 18 recorded activities with greater than 10% daily reach among this age group, compared to just 10 for adults over 55.

Figure 1.23 Media activities with the highest daily reach

Daily and weekly reach (% of total population)



Source: Ofcom research, base = All respondent days: 7966, activities with >10% daily reach

Watching television is most popular among people over 55, text communications is most popular among 16-24s

Video viewing was the most popular communications activity among consumers. It accounted for 212 minutes, or 40%, of all media and communications use in the day, with television viewed on a TV set (whether live, recorded or on-demand) representing 38 percentage points of that total (94% of all video viewing). Listening to audio (radio, podcasts, etc) accounted for a further 17%, of which 12 percentage points (or 71% of all audio listening) was listening to radio through a radio set. Text communications (texting, email, social networking, etc) accounted for 15% of the total and voice communications (e.g. mobile, landline calls, VoIP) for a further 5%.

People aged 16-24 had a different media consumption profile. Only 26% of 16-24s' media time was spent watching television on a TV set, compared to the average of 38%. While watching video on devices other than TV sets remains a niche activity overall, it was more widespread among 16-24 year olds. Nineteen per cent of their video viewing (or 6% of their total media time) was through a device other than a TV set, compared with 7% among adults as a whole. Moreover, text communications accounted for 30% of all activity among 16-24s; this was double the level for all adults.

Other significant differences by age included over-45s spending more time on radio, and over-55s spending the most amount of time on print media.

Figure 1.24 Proportion of media used, by age



Source: Ofcom research, base = All respondent days: 16+ = 7966; 16-24s = 1106; 25-44s = 3003; 45-54s = 1484; 55+ = 2373

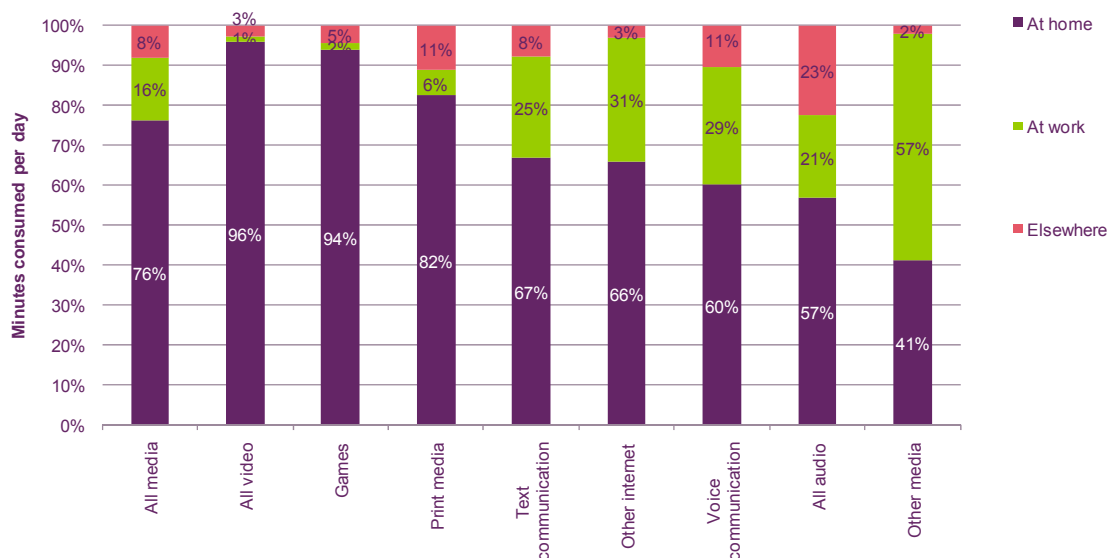
Watching video content occurs mostly in the home, while listening to audio is often done elsewhere

Figure 1.25 shows that location has a bearing on the types of activities that UK adults undertake. Overall, 76% of all media consumption occurred at home; a further 16% was at work and a final 8% somewhere else (such as travelling, or at someone else’s house). The location of consumption varied substantially between video and audio content. Only 4% of video content was watched out of the home; by contrast, 43% of audio content was listened to outside the home, whether at work (21%) or elsewhere (23%) - this includes car-radio listening as well as listening on portable devices.

Two-thirds (67%) of text communications was undertaken at home. The ‘other media’ category contains all other computer use (beyond emailing, listening to audio and watching video) which explains the high volume consumed at work.

Eighty-two per cent of print media was consumed at home, and 94% of games. By contrast, only 60% of voice communications was at home, with 29% at work and 11% elsewhere.

Figure 1.25 Proportion of media use, by location



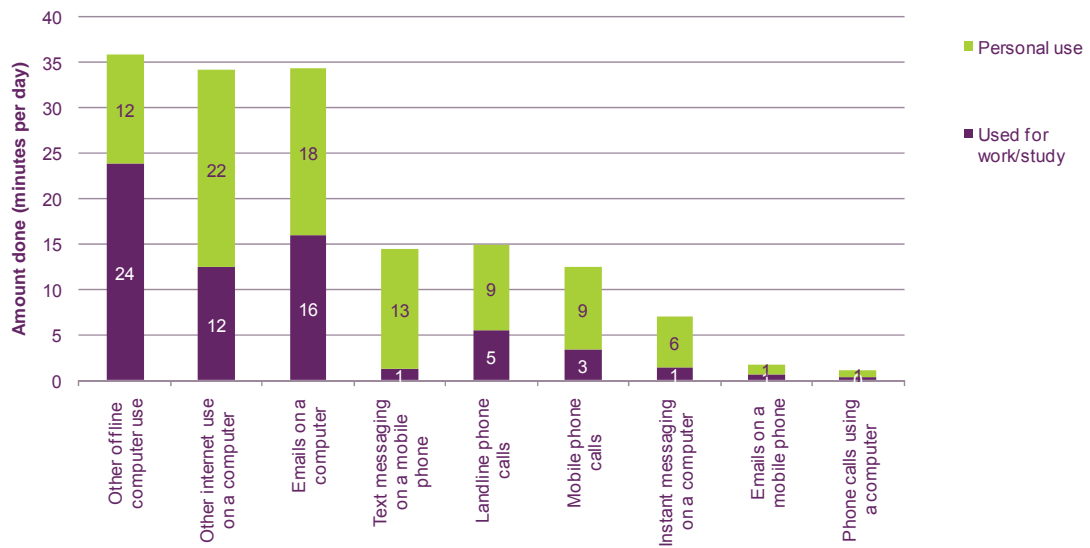
Source: Ofcom research, base = all respondent days: 7966

Landline phone calls are more likely to be used for work than mobile phones, particularly among younger people

Respondents were asked to indicate whether some activities had been undertaken for personal or work and study use. Emailing was used for both purposes, with work/study purposes accounting for 47% of emailing on a computer and 39% with a mobile phone. By contrast, other forms of text communication, such as text messaging and instant messaging, were used almost exclusively for personal reasons.

Landline telephone calls were more likely than mobile telephone calls to be used for work purposes, though they were used for similar amounts of personal call time. Thirty-six per cent of landline call use was for work purposes, but among 16-24 year olds, this figure rose to 49%. By contrast, 27% of mobile phone calls were for work purposes, but this declined to 18% for 16-24 year olds. There were also differences between men and women. Forty-four per cent of emailing by women was for work purposes, compared to 49% for men, while 29% of landline phone calls and 15% of mobile phone calls by women were for work reasons, compared with 46% and 37% for men.

Figure 1.26 Personal and work use



Source: Ofcom research, base = All respondent days: 7966

1.3.8 The role of multi-tasking in media and communications consumption

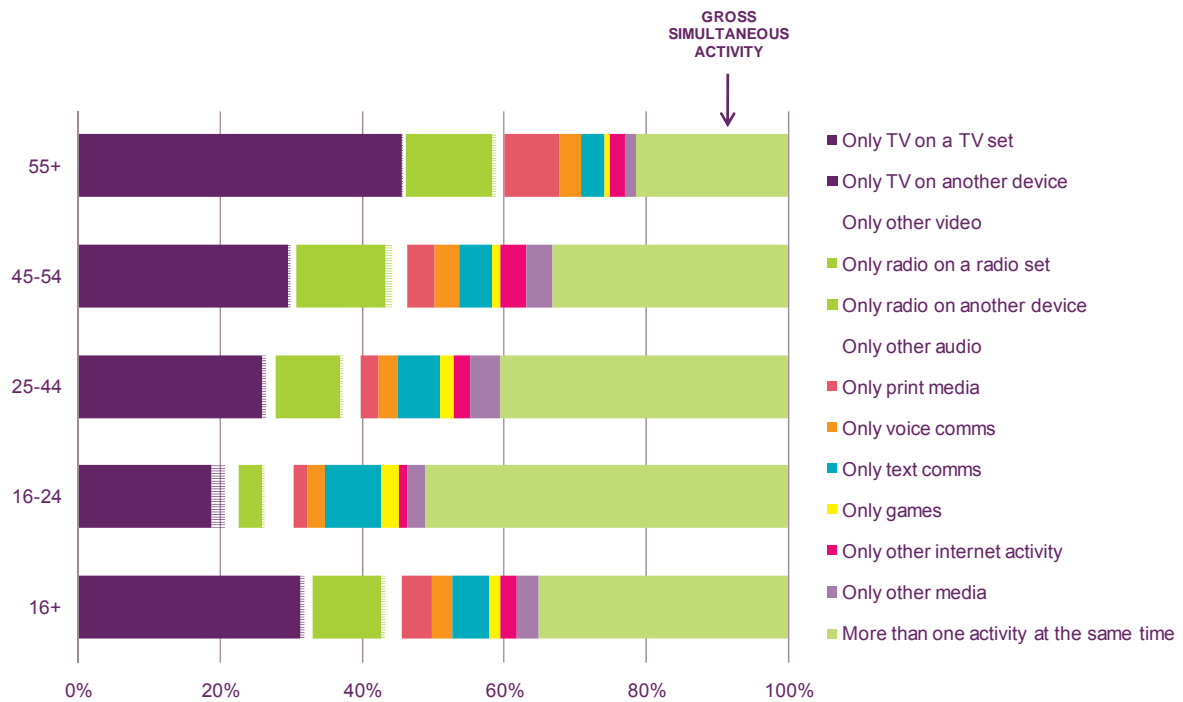
Over half of all media activity undertaken by 16-24s is simultaneous

This section considers what proportion of media consumption is concurrent, and how this varies by age, activity category, and time of day.

Figure 1.27 shows the proportion of media use split by different types of activity, depending on whether they were carried out on their own or concurrently with other media activities. 16-24s were far more likely to use media simultaneously than older people. Over half (52%) of all media activity undertaken by 16-24 year olds was simultaneous, compared to 22% for those in the over-55 age group.

Over-55s were more likely to watch video content on its own, particularly television on a TV set. Watching television through a TV set on its own made up 45% of all media activity among over-55s. This compared to 19% for 16-24s.

Figure 1.27 Proportion of all media used, split by individual solus activities and all simultaneous activity



Source: Ofcom research, base = All respondent days: 16+ = 7966; 16-24s = 1106; 25-44s = 3003; 45-54s = 1484; 55+ = 2373

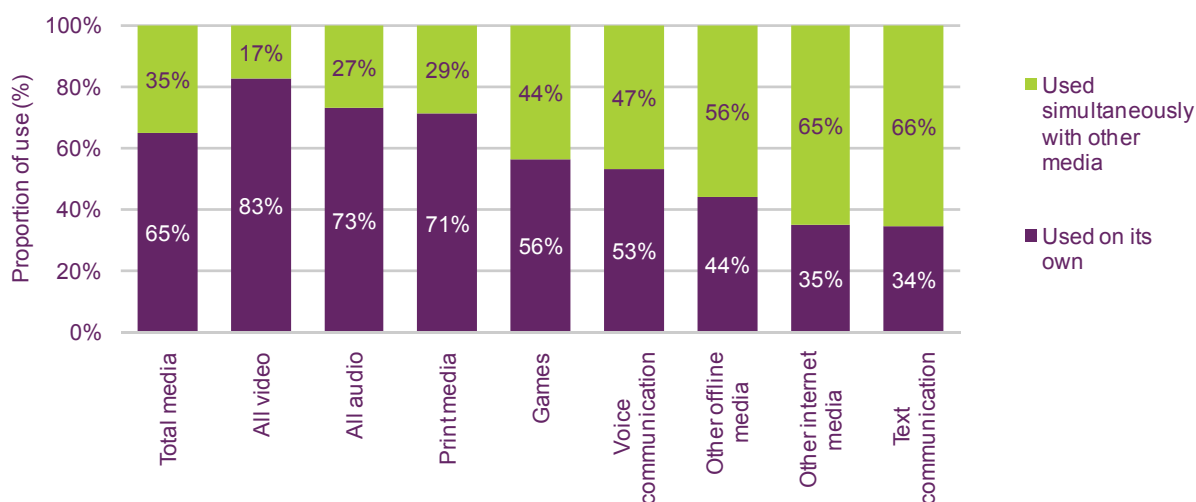
People are more likely to consume video, audio, and print media on their own, while text-based communications tend to be undertaken concurrently

The research study showed that UK adults aged 16+ tended to watch video content, listen to audio and read newspapers/magazines or books on their own. Text-based communications tend to be undertaken at the same time as other media activities measured in the study.

Video content was most likely to be consumed on its own, with only 17% of video viewing occurring alongside another consumption activity. Audio and print media were also more likely to be used on their own (73% and 71% respectively of the total time people spend listening and reading). By contrast, text-based communication was most likely to be undertaken concurrently for two-thirds of the time that people are doing it (see Figure 1.28).

Analysis of the total volume consumed by category (see Figure 1.15) shows that text communications attracted the highest average volume of daily concurrent use (53 minutes). Video came second, with 37 minutes a day.

Figure 1.28 Proportion of media used per category, split by solus and simultaneous use

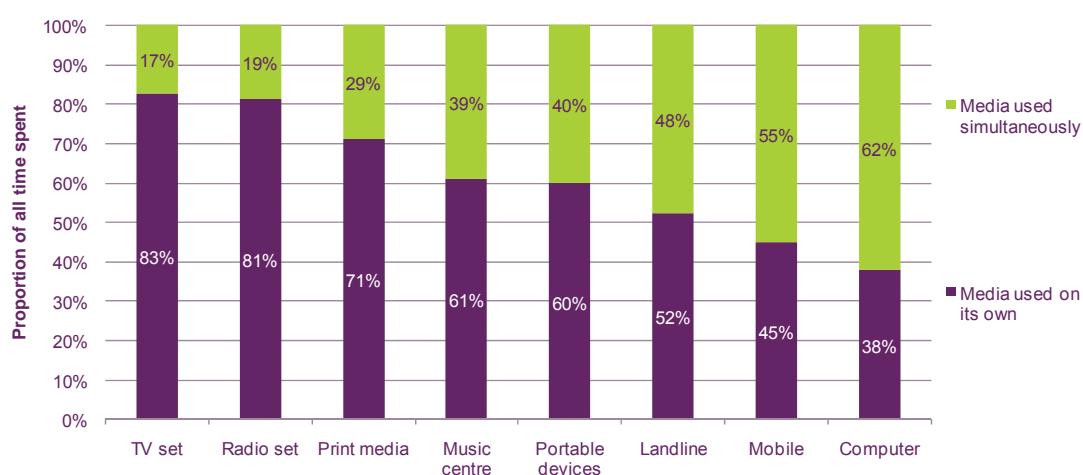


Source: Ofcom research, base = All respondent days: 7966

The majority of activity on mobile phones and computers occurs concurrently with other media consumption

The TV set, radio set, print, music centres and portable devices (other than mobile phones) tended to be used for activities undertaken on their own. By contrast, computers and mobile phones, the two devices which are most likely to be used for a variety of different communication activities, were also the devices on which activity is most likely to be simultaneous (see Figure 1.29).

Figure 1.29 Proportion of solus and simultaneous media used, by device⁵



Source: Ofcom research, base = All respondent days: 7966

⁵ Media used by device includes all media and communications activity undertaken on the device (e.g. figure for TV set includes video games and radio on a TV set).

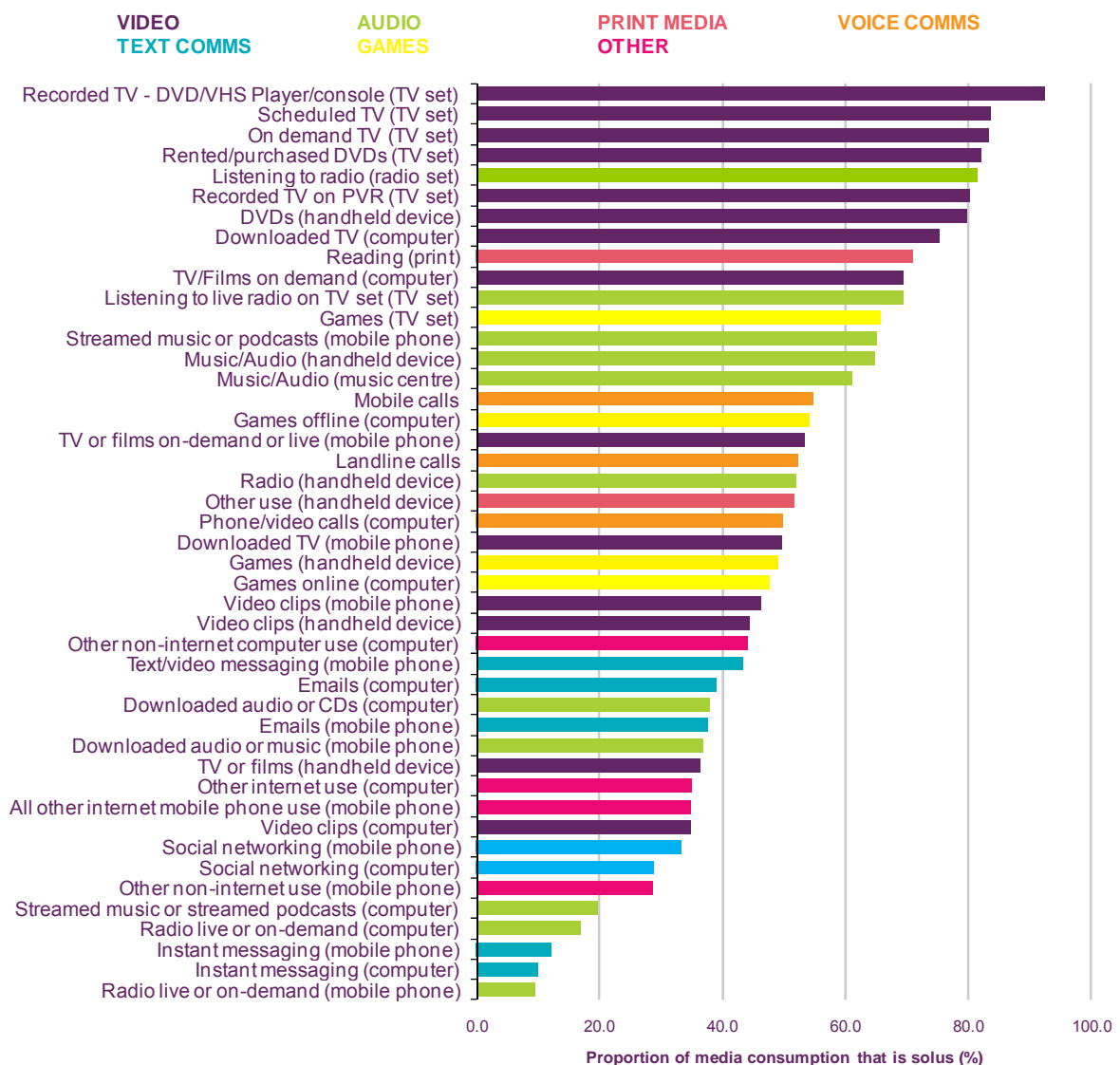
Watching video on a TV set and listening to the radio on a radio set are most likely to be undertaken without other media

Figure 1.30 shows the proportion of each individual type of media activity that was undertaken on its own. Most video activities were typically watched without other media. Eighty-four per cent of scheduled television is watched on its own, as is 83% of video on-demand on a TV set and 80% of recorded viewing through a PVR. The exceptions were viewing video clips on a computer, mobile phone or other handheld device, and TV or films viewed on handheld devices. This may reflect the functionalities of these devices, and the occasions when they are used. Only 35% of viewing to video clips on a computer is solus.

The proportion of people listening to the radio in tandem with other media varied by activity – listening through a radio set tended to be on its own (81%), but listening through a mobile phone or computer were more likely to be accompanied by other media consumption.

Text communications tended to be primarily concurrent activities. In particular, 90% of all time spent on instant messaging on a computer was concurrent with other media activities. Voice communication was more of a mixed picture; about half the time spent on each type of voice activity (such as making or receiving landline or mobile or VoIP calls) was concurrent.

Figure 1.30 Proportion of specific media activities that is solus



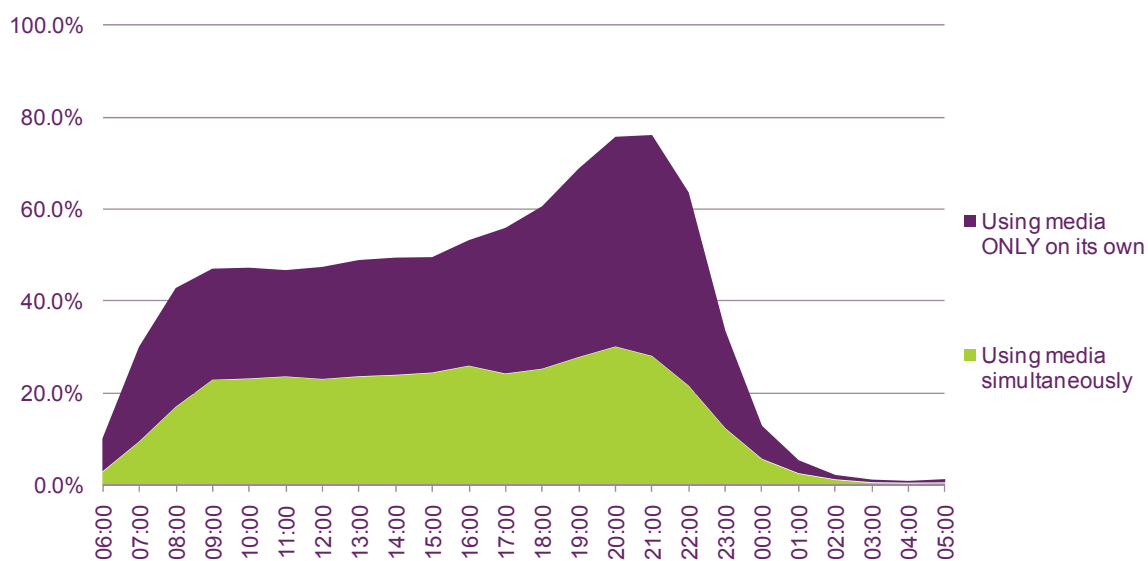
Source: Ofcom research, base = all respondent days: 7966

Media multi-tasking is common throughout the day

By time of day, patterns of solus and simultaneous media consumption varied substantially, although there were also points of consistency. Across most of the day, about one-fifth of respondents were consuming two or more forms of media simultaneously, rising in the early evening to just under one-third of the sample (30%).

By contrast, the proportion of people consuming only one type of media peaked in the evening, rising from around 25% of all people between 8:00 and 18:00 to almost 50% at 21:00. Most of this peak is explained by people watching scheduled television on their TV set, an activity predominantly undertaken on its own rather than alongside other media (see Figure 1.31).

Figure 1.31 Hourly reach of media use throughout the day, profiled by solus and simultaneous activity

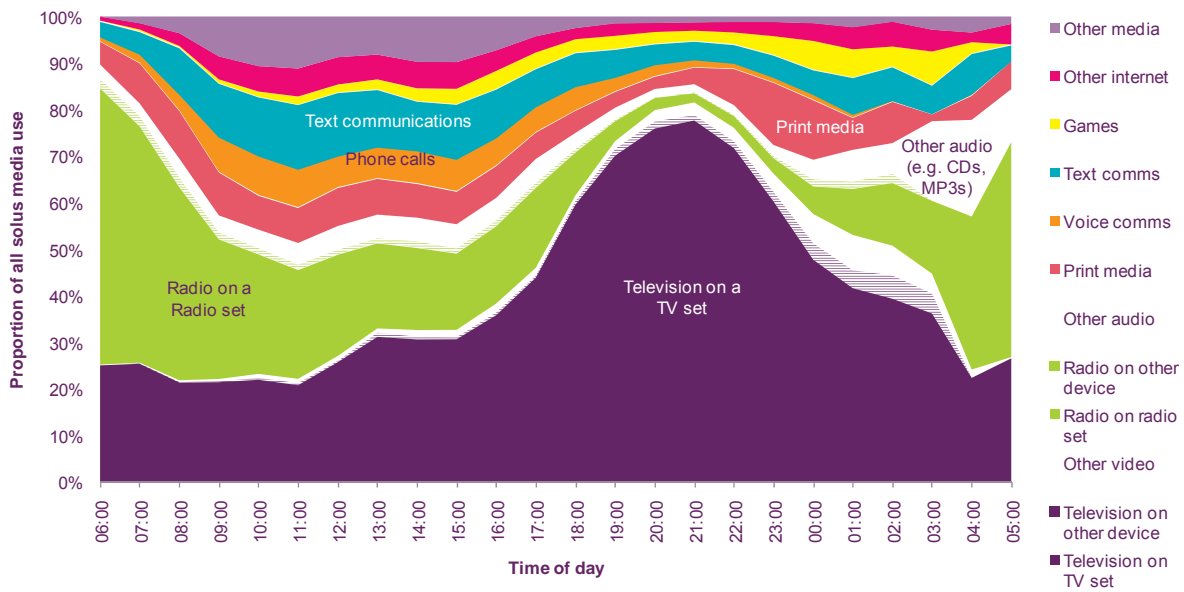


Source: Ofcom research, base = All respondent days: 7966

Watching scheduled TV on a TV set is most likely to be done on its own in the evening, without consuming other media

As to the types of activity that were undertaken on their own, Figure 1.32 shows that viewing television on a TV set on its own remains popular during the evening. Dissecting the 'solus' consumption patterns by time of day reveals that video and audio media use accounts for the majority of that consumption. In particular, the increase in solus media use that occurs at around 21:00 is driven by television viewing, which accounts for around 70% of all solus media use at this time. Listening to radio through a set accounted for a substantial proportion of all solus consumption early in the morning and later at night, while listening to other audio (eg. downloaded music or CDs) was also a popular late-night activity for some. The proportion of solus activity taken by text communications grows in popularity from early morning until around 15:00 in the afternoon, before tailing off in the late afternoon and evening.

Figure 1.32 Proportion of solus media use throughout the day

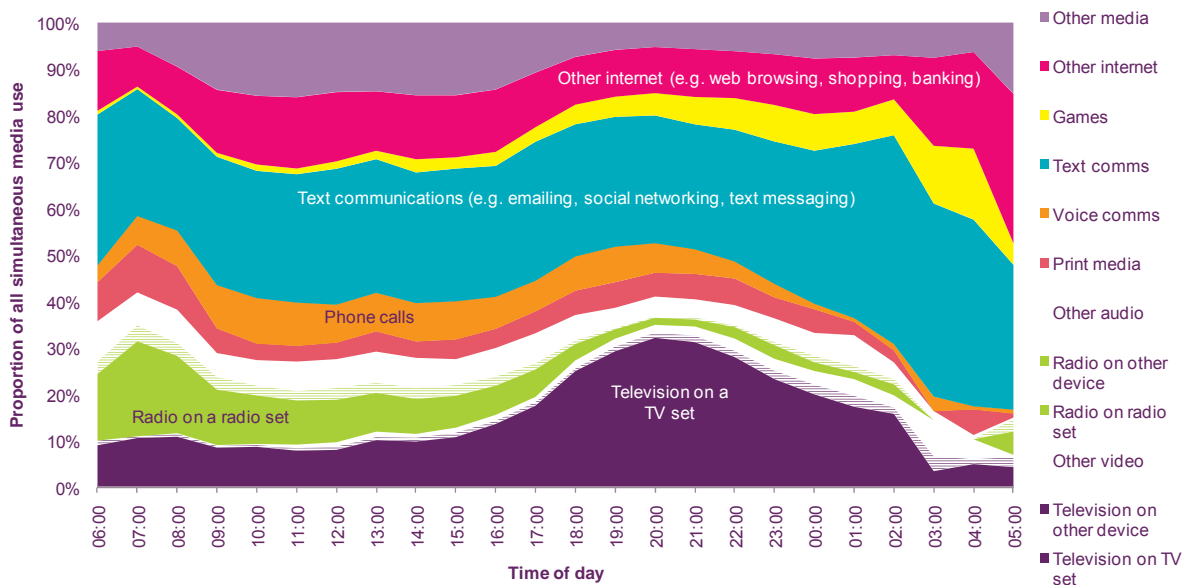


Source: Ofcom research, base = all respondent days: 7966

Text-based communications is the most popular concurrent media activity throughout the day

Patterns of simultaneous media use are quite different over the day. Video and audio were not big drivers, while communications activity (particularly text communications) made a more substantial contribution throughout most of the day. In the evening, as the television audience increased, video became a bigger factor in the overall amount of media being used simultaneously. Using the internet for purposes other than viewing video/listening to audio was also a consistent concurrent pursuit for around 10% of people throughout the day.

Figure 1.33 Proportion of simultaneous media use throughout the day



Source: Ofcom research, base = All respondent days: 7966

1.3.9 Attention and importance paid to media

Alongside analysing patterns of media consumption use, we have explored the levels of attention that people paid to each media activity, to understand what influence, if any, concurrent use might have. Each time someone in the study reported that they had undertaken an activity they were also asked, on a scale of 1 to 5, to rate the attention they paid to it.

At the end of the survey respondents were also asked to rate on a scale of 1 to 10 the importance of each of the activities. This section examines the relationship between attention and importance, by media consumption activity.

Video on-demand and gaming attract the highest levels of attention

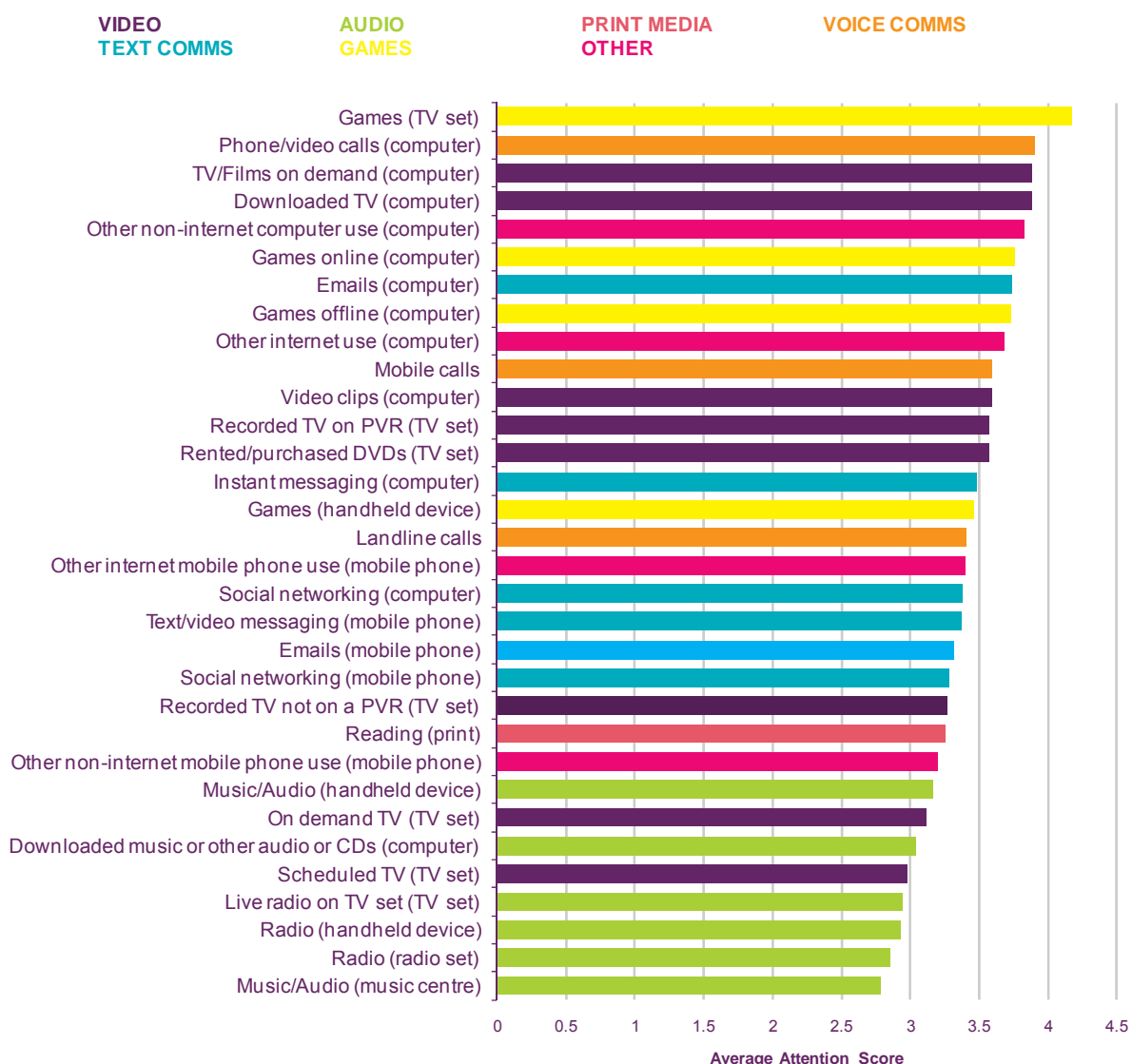
Three of the top ten activities ranked on attention were games (either offline or online on a computer, and through a TV set using a games console). Two of the top ten activities involve video – namely downloaded TV and TV on-demand delivered via a computer.

Audio activities generally featured lower down the list, with radio via a radio set, and music or other audio listened to via a music system, commanding the least attention of any activities. Of all audio activities recorded in the survey, music or other audio listened to on a handheld device (such as an MP3 player) attracted the most attention.

The attention paid to video activities varied according by activity. Watching scheduled television attracted a lower average attention score than most activities; TV recorded via a PVR was relatively high up the attention ranking. Even more attention was commanded by video on-demand and downloaded video content viewed on a computer.

Voice communications tended to attract a higher level of attention than text communication, although within text there was some variation – through a computer it tended to score higher on the attention scale than comparable activities through a mobile handset (see Figure 1.34).

Figure 1.34 Attention level by activity, based on mean scores⁶



Source: Ofcom research, activities with base > 50 respondent days

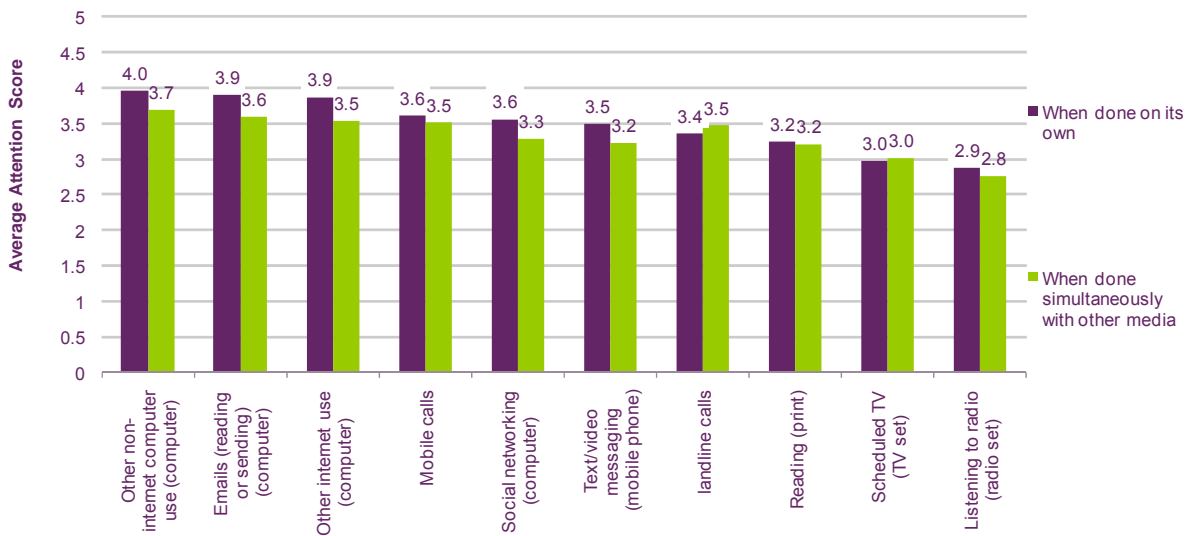
Traditional media holds people’s attention even when it is undertaken with other media

Figure 1.35 illustrates the ten activities that attracted the highest daily reach, and contrasts the attention scores respondents gave to each when they were conducted on their own and when combined with another activity. When activities are conducted simultaneously the attention people pay to either activity generally falls, though this does not hold true for more traditional forms of media, such as watching scheduled TV, listening to the radio on a radio set, reading print media, and making landline phone calls.

By contrast, emailing on a computer and social networking on a computer show a greater drop in attention when combined with other activities.

⁶ Attention is measured for each instance of an activity undertaken during the seven-day period. Respondents were asked to rank the attention they gave the activity on a scale of 1 to 5, where 1 was ‘none of my attention’ and 5 was ‘all of my attention’.

Figure 1.35 Simultaneous versus solus attention scores, by activity



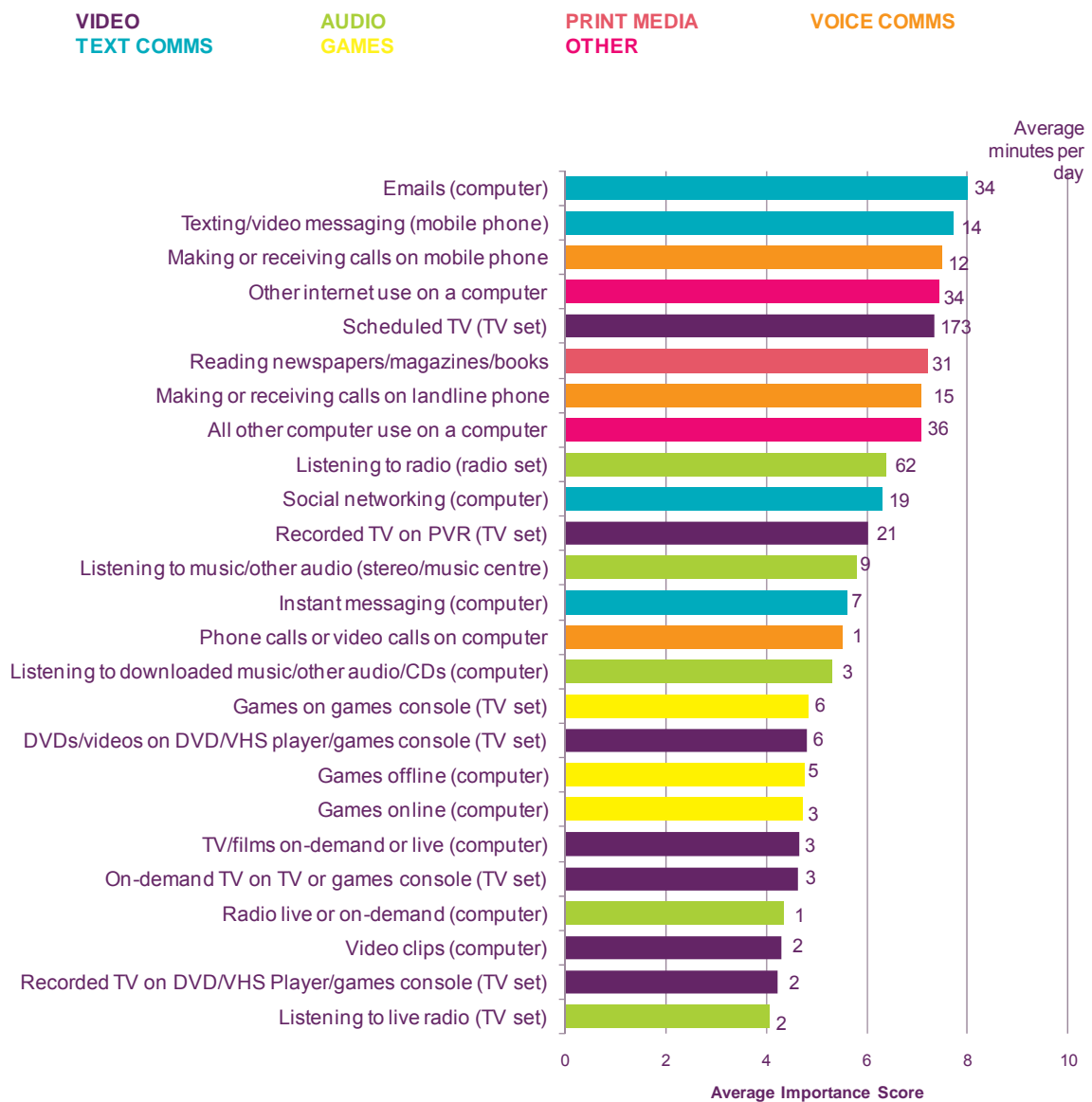
Source: Ofcom research, base = all respondent days: 7966

Communications activities are given the highest importance, particularly email and text messaging

Figure 1.36 shows the average importance score (based on a scale of 1 to 10) given by people to the different media activities. Text communication activities top the list, with email considered the most important activity, followed by text messaging. Phone calls on a mobile phone are considered more important than calls on a landline, but both appear near the top of the list. Video and audio activities such as watching television on a TV set or listening to the radio on a radio set are considered important, although newer alternatives such as on-demand video or radio are not considered as important.

Within text communication, there were differences between men and women. While men and women gave similar importance scores to e-mailing on a computer, women gave higher scores to text messaging and to social networking through a computer, despite not undertaking these activities any more than men.

Figure 1.36 Importance of activities, based on mean scores



Source: Ofcom attitudinal research, activities with base>50 respondents, base: all who ever do activity

Traditional media is seen as important, even when attention scores are lower

Figure 1.37 sets out the relationship between importance scores and the average levels of attention respondents gave to each activity during the week. Voice and text communication activities tended to show high levels of both attention and importance. By contrast, some audio activities, particularly listening to the radio on a TV set, were considered less important and garnered less attention.

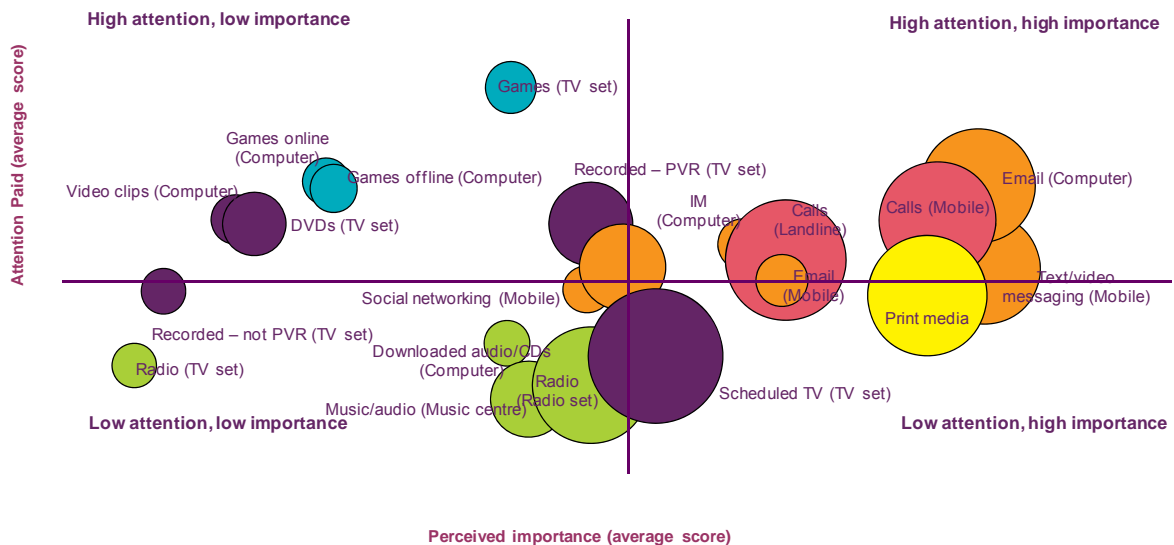
However, there were some activities that, while not receiving high attention, were still considered important by consumers. These were predominantly traditional media activities such as watching scheduled television through a TV set and reading print media. This relationship between lower attention yet higher importance may be explained by the main reasons people gave for watching TV through a TV set: ‘to relax’ (33%) - whereas for radio through a radio set it was ‘for background’ (30%).

By contrast, there some activities received higher than average attention but were not considered as important, such as playing computer games, or watching video content on a computer or through a DVD player.

The size of the bubbles in Figure 1.37 is proportional to the number of people undertaking each activity within the week. There is a correlation between the average importance of an activity and the number of people undertaking the activity in a week. Activities with a high weekly reach, such as emailing, text messaging, phone calls, print media and watching scheduled TV, tend to have high importance scores, while more niche activities tend to have lower importance scores.

Figure 1.37 Importance and attention of activities – based on mean scores

Area of bubble proportional to weekly reach of activity



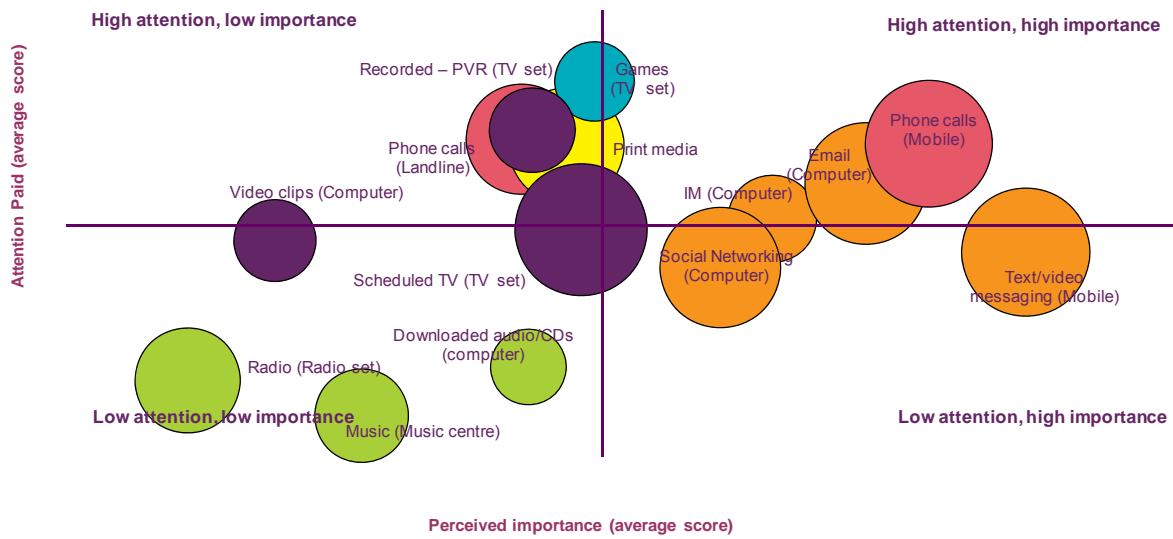
Source: Ofcom research, base = all respondent days: 7966, all activities with base>50 respondent days for attention and base>50 respondents for importance; base: all who ever do activity and have undertaken it in week of research, size of bubble proportional to weekly reach.

Younger people place greater value on texting than emailing

Figure 1.38 shows that some attention and importance scores varied substantially for younger people compared to UK adults overall. Print media were considered less important by 16-24s than by all adults, while games played through a TV set were considered more important. In terms of text communications, text messaging was the most important, while emailing, social networking and instant messaging each had above-average importance. This contrasts with the results for all adults aged 16+, for whom email was the most important method of text communication, followed by text messaging. Social networking and instant messaging were considered less important for all 16+.

Figure 1.38 Importance and attention of activities for adults 16-24, based on mean scores

Area of bubble proportional to weekly reach of activity



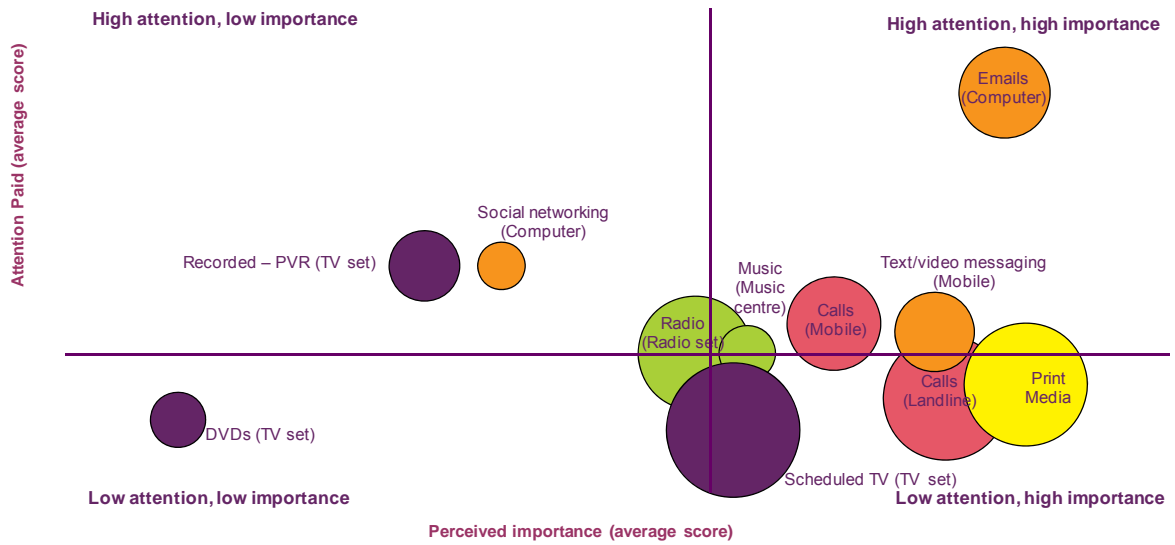
Source: Ofcom research, base = all 16-24 respondent days: 1106, all activities with base>50 respondent days for attention and base>50 respondents for importance; base: all who ever do activity, and have undertaken it in week of research, size of bubble proportional to weekly reach.

Email is the most important activity for older people, and commands the most attention

Figure 1.39 shows the relationship between attention and importance for media activities among over-55s. Email using a computer and reading print media were considered the most important activities; email was also the activity to which highest attention was paid. However, in general there was a tendency for older consumers to rate as important activities which did not command as much attention – print media, scheduled television, and landline phone calls. Activities attracting greater attention, such as social networking and watching recorded TV through a PVR, were considered less important. Radio and listening to music on a music centre were considered more important activities among over-55s than average.

Figure 1.39 Importance and attention of activities for over-55s, based on mean scores

Area of bubble proportional to weekly reach of activity



Source: Ofcom research, base = all 55+ respondent days: 2373, all activities with base>50 respondent days for attention and base>50 respondents for importance; base: all who ever do activity and have undertaken it in week of research, size of bubble proportional to weekly reach.

1.4 Bundling of communications services

1.4.1 Introduction, structure and key findings

Introduction

For many years people have bought voice calls and text messages together as part of a mobile phone service bundle. Increasingly, different communications services are being bundled together as a single package from one supplier. The most commonly purchased types of service bundles in communications are 'dual-play' fixed voice and fixed broadband bundles, and 'triple-play' fixed voice, fixed broadband and pay-TV bundles.

Structure

This section of the report examines the context of bundling in the communications sector, and then how take-up has grown in the last five years and how it varies by different consumer groups. We then examine the main reasons why people choose to buy communications services in bundles. Finally, this section looks at the consumer experience of bundling, including their levels of satisfaction with the services they receive and what impact bundling might have on switching behaviour.

Key findings

- **The popularity of bundling has grown significantly in the past five years.** Around half of all UK households now buy two or more communications services from a single supplier in a bundle, up from less than a third five years ago (page 57).
- **Triple-play voice, broadband and TV bundles account for a third of all bundles.** Seventeen per cent of households took triple-play services in Q1 2010, compared to just 3% five years ago (page 57).
- **But still many people buy services on a stand-alone basis.** Only half of all households (53%) that have a landline, fixed broadband service and pay-TV currently purchase these services as a triple-play bundle (page 58).
- **The main consumer benefits of bundling are value for money and convenience.** 70% of people with a communications service bundle said that the main reason for taking a bundle was because it was cheaper. Almost half (49%) of those with a bundle said that it was more convenient to deal with one supplier (page 60).
- **Bundling often provides a route for users to take-up a new service.** Forty five per cent of households with pay-TV in a bundle did not previously purchase pay-TV services and 40% of households with broadband in a bundle did not previously have broadband (page 63).
- **Those who buy bundles are on average more satisfied than those who buy single services.** In particular, bundlers have higher satisfaction with value for money and customer service (page 64).
- **There are some indications that consumers with bundles are less likely to switch provider than those with single services.** A relatively small proportion of consumers switched their whole bundle in the past year. This may be due to a combination of high levels of satisfaction, a large proportion still being within a contract lock-in period, and the hassle of navigating multiple switching processes simultaneously (page 65).

1.4.2 Context

Communications service providers are increasingly packaging their services and products in bundles, whereby two or more services are sold together as a combined offering.

Products of this type have been a feature of the communications market for some time. For example, for many years mobile phone operators have bundled voice calls and text messages, and pay TV operators have bundled together channels within a TV package. This is known as 'pure bundling' - when the individual components cannot be purchased separately.

Increasingly, communications service providers have begun to bundle different communications services together as part of a package. The first mainstream communications service bundle in the UK was launched in 1995 when NTL (now Virgin Media) began to sell its fixed-voice telephony service together with its cable TV service.

More recently, service bundling has become commonplace, with most operators offering services in combinations of two or more. The majority of residential broadband connections are now sold in a bundle that includes fixed voice telephony, while triple-play services, including fixed voice, broadband and pay-TV, are becoming increasingly popular.

Bundles: what are they?

In economic theory, there are three main types of bundles:

'Pure bundling' occurs when products or services are sold as a fixed package and cannot be bought separately (e.g. a car is an example of a pure bundle because it is unlikely that you would buy it in individual parts to build the car yourself).

'Mixed bundling' is when products are available as a part of a bundle or individually, but the package of items together is sold at a discounted price (e.g. Home contents and building insurance is often sold as a discounted package but each can be bought individually).

'Tied bundling' is when one product can only be purchased with another, but that other product is available to buy separately (e.g. shoes and shoelaces).

All three types can be found in the communications sector, although the most common are mixed bundles and tied bundles.

1.4.3 The market for bundled communications services

One in two households buy their communications services in a bundle – up from less than a third five years ago

In 2005, 29% of all homes bought their communications services in a bundle. By Q1 2010, this had risen to approximately half of all UK households.

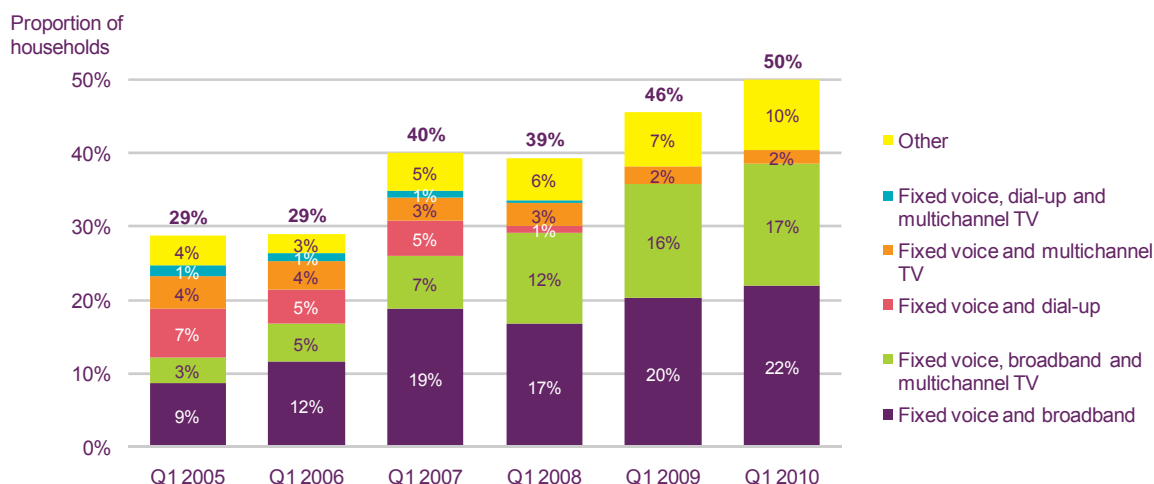
Methodology

Our bundling research was carried out from February to March 2010 on behalf of a number of regulatory projects, particularly the *Strategic Review of Consumer Switching*⁷. It was based on a combination of 2,008 in-home interviews, and 863 online survey responses.

We also commissioned qualitative research to gain an insight into consumer attitudes about bundling. This research was run using a mixed methodology which included four workshops in different locations across the UK, comprising both bundlers and non-bundlers, and a series of in-home depth interviews.

Most bundles include fixed-line broadband as one of the components, with the most popular bundled product being a 'dual-play' package of broadband and fixed voice (22% of households). However, the greatest growth has been in the take-up of triple-play services including fixed voice, broadband and pay-TV, particularly since Sky launched its triple-play service in the summer of 2006. In Q1 2010, 17% of all households took a triple-play bundle of fixed voice, fixed broadband and pay-TV, compared to just 3% five years ago (Figure 1.40).

Figure 1.40 Take-up of bundled services over time



QG1. Do you receive more than one of these services as part of an overall deal or package from the same supplier? Base: those aware of how many packages they have' n=416. Note that data in Figure 1.40 is not directly comparable with that in Figure 1.42, Figure 1.48 and Figure 1.49 due to the different time period and methodology of data collection

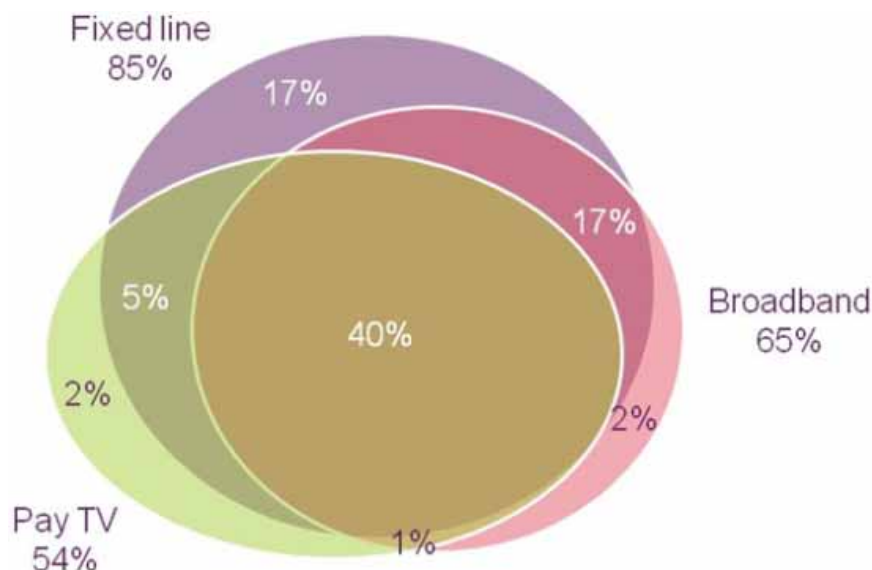
Source: Ofcom technology tracker research, Q1 2010.

But less than half of all households with a broadband, fixed voice and pay-TV service currently buy these together in a triple-play bundle

Over ten million UK homes (40% of all households) take all three of fixed-line, fixed broadband and pay-TV services, while 63% take two or more of these services. However, less than six million UK households purchase them within a triple-play bundle (21% of all UK households; 53% of those households that take all three services) (Figure 1.41).

⁷ Ensuring that consumers can switch communications provider, by removing unnecessary barriers, is one of Ofcom's nine priorities in its *Annual Plan* for 2010/11, <http://www.ofcom.org.uk/files/2010/06/annplan1011.pdf>, pp13-14

Figure 1.41 Proportion of all UK households taking communications services



Source: Ofcom industry analysis, Q1 2010.

Younger and older bill payers are less likely to take communications services in bundles – for different reasons

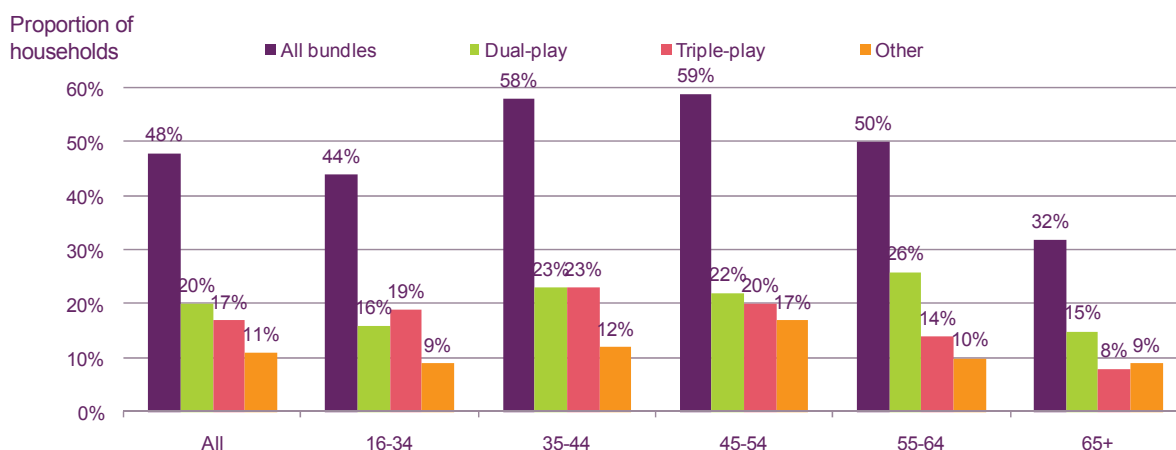
Households where the bill payer is under 34, or over 65, are less likely than the UK average to take a bundle of communications services. The figures stood at 44% for 16–34 year olds and less than a third (32%) of over-65s in Q1 2010, compared to the UK average of 48%.

Our qualitative research suggests that younger and older consumers may be less likely to take bundles for different reasons. On average, younger consumers are more likely than other age groups to actively choose not to buy a communications service bundle. This is because younger people tend to be more confident users and earlier adopters of new technologies. They claim to value services such as super-fast broadband or high-definition TV packages, which are not always available as part of a bundle.

On the other hand, some of the older consumers were more likely to say that they were puzzled by new technology and that they might not be aware of the bundled offers that are available. Older consumers were also more likely to consider their landline to be the most valued communications service; this suggests they may be less willing to change their landline supplier to build a bundle around a broadband or pay-TV service.

People aged 35 – 54 are the most likely to buy their communications services in a bundle. In particular, respondents with young families claimed that bundling was good value for money, convenient, and a way of helping to fulfil everyone's needs.

Figure 1.42 Take-up of bundled services, by age



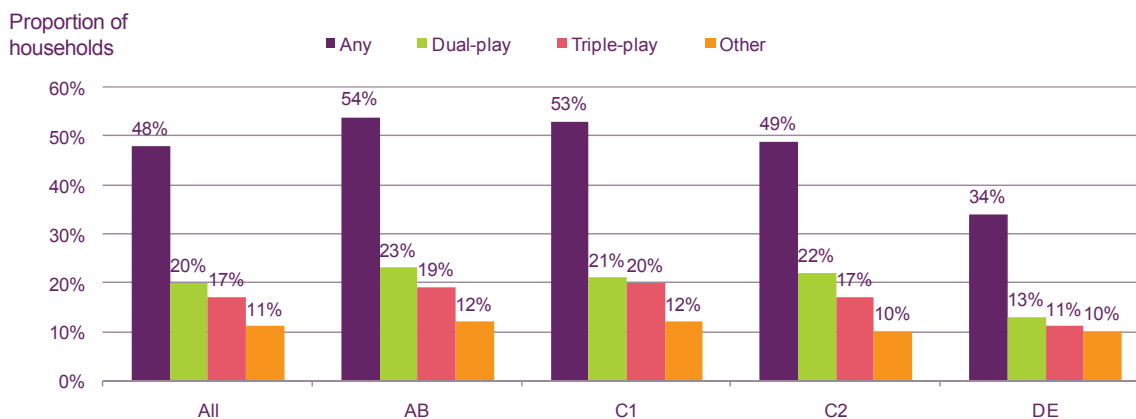
QA1/ QA6/ QA7/ QA7A/ QA8 – Which of these services are in your household?/ Which supplier do you use for [SERVICE]?/ Do you receive one bill or separate bills for your [SERVICES]?/ To confirm, which services do you receive covered by a single bill from that supplier?/ Do you get these services as a package or as separate services?

Base: All respondents (2871 aged 16+, 826 aged 16-34, 536 aged 35-44, 496 aged 45-54, 466 aged 55-64, 547 aged 65+).

Source: Ofcom research, fieldwork carried out by Saville Rossiter-Base in February to March 2010

Figure 1.43 indicates that people in higher socio-economic groups are generally the most likely to take bundles. This is consistent with other research that shows that ABC1 households are more likely to have a broadband connection, and DE households are more likely to do without a fixed telephony connection of any kind and rely solely on mobile services.⁸

Figure 1.43 Bundling take-up, by socio-economic group



QA1/ QA6/ QA7/ QA7A/ QA8 – Which of these services are in your household?/ Which supplier do you use for [SERVICE]?/ Do you receive one bill or separate bills for your [SERVICES]?/ To confirm, which services do you receive covered by a single bill from that supplier? /Do you get these services as a package or as separate services?

Base: All respondents (2871 aged 16+, 772 AB, 832 C1, 534 C2, 732 DE).

Source: Ofcom research, fieldwork carried out by Saville Rossiter-Base in February to March 2010

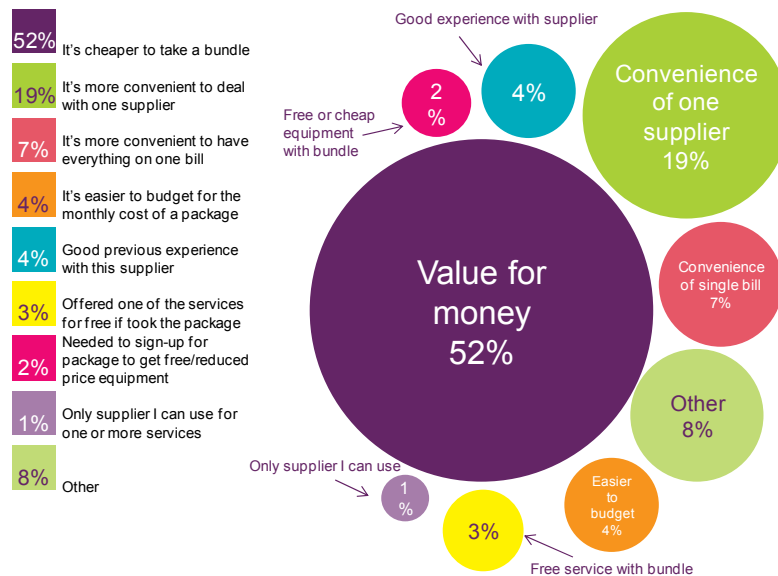
⁸ See the Telecoms User section of this report for details on the take-up of services by age and socio-economic group.

1.4.4 The reasons for buying a bundle

Cost savings are the main reason for taking a bundle; but customers also appreciate the convenience

Figure 1.44 shows that more than half of those who take a bundle (52%) stated that the main reason they took one was because they thought they offered good value for money. Convenience was the second most commonly-stated reason (19%), while 7% were primarily motivated by the convenience of receiving one bill.

Figure 1.44 Main reason for taking a communications service bundle



Source: Ofcom research, fieldwork carried out by Saville Rossiter-Base in February to March 2010
 Which one was most important in your decision to take a package of services?
 Base: Those who receive a package of services for which they receive one bill (1424 any bundle, 299 BT dual-play, 361 Other dual-play, 150 Sky triple-play, 308 Virgin triple-play)

Qualitative research we further explored the benefits that consumers gained from purchasing bundles, and found that convenience was valued by many consumers, and in particular younger age groups and families.

As shown in Figure 1.44, 19% of consumers who took a bundle did so because they valued the convenience of dealing with a single supplier. This opinion was highlighted in the qualitative research, where respondents' views included:

"I like having all my services together on one bill – it helps me to manage my money every month." (Family, England)

"There is one phone number to call if anything goes wrong and one bill so all the money comes out of the same place at the same time." (Older family, England)

The qualitative research also supported the finding that price is a major factor for many people in taking a bundle. For many, the price of having a bundle was perceived to be cheaper than taking the individual services separately, and some respondents thought that they received one service for free.

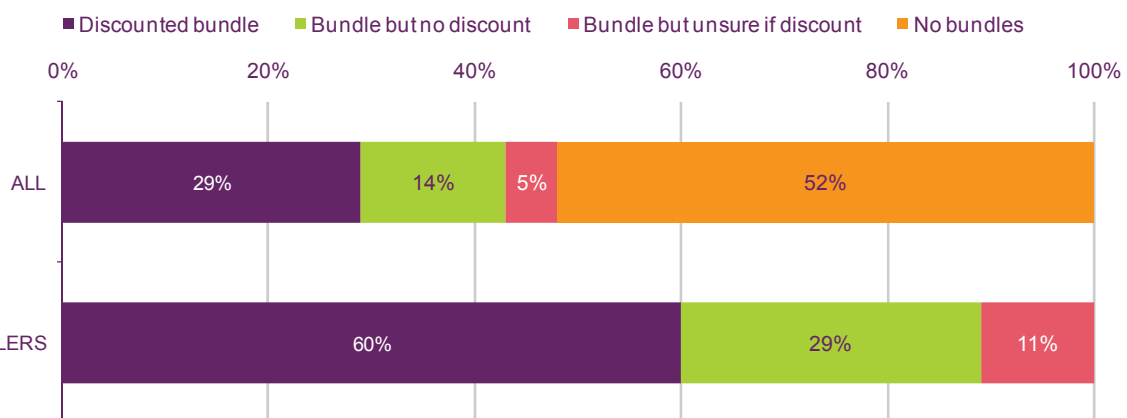
Three in five people who buy their communications services in a bundle claim that they receive a discount for buying these services together

Ofcom analysis of tariff data shows that UK households can typically save 10%-30% on communications spend by taking the lowest-price bundled deals rather than the lowest-price stand-alone services.⁹

However, our research finds that just 60% of those who take a bundle claim to receive a discount for purchasing two or more services together from the same supplier. Of the remainder, 29% say they do not receive a discount and over one in ten (11%) of all people who live in a household with a communications service bundle are unsure whether or not they receive a discount for doing so.

These findings point to a degree of consumer confusion about bundling. In our research, consumers stated that the vast array of different bundle combinations offered by different suppliers made it difficult to compare prices for individual services within a bundle. Others claimed that differences in monthly direct debit charges made it difficult to identify exactly how much a bundle costs.

Figure 1.45 Whether customers receive a discount for buying a bundle



QA1/ QA6/ QA7/ QA13/ QA14 – Which of these services are in your household? Which supplier do you use for [SERVICE]? Do you receive one bill or separate bills for your [SERVICES]? Do you receive a discount or special deal for having this package of services? Do you think you pay less of having these services from the same supplier than you would if you had shopped around and bought the services separately from different suppliers?

Base: All respondents (2871). Those who receive a package of services for which they receive one bill (1424)

Source: Ofcom research, fieldwork carried out by Saville Rossiter-Base in February to March 2010.

Consumers tend to build bundles around a particular communications product

To explore the ways in which bundles were purchased, and the relative importance of different components within a service bundle, we asked consumers if there was a service which most attracted them to their current supplier.

We found that most of those taking a bundle had what could be considered a core or ‘anchor’ product. The most important product in a dual-play bundle tends to be fixed broadband (for over 50% of all dual-play bundlers). In triple-play, the core product is more likely to be pay-TV, although fixed broadband is also seen as being important, particularly for Virgin Media customers (Figure 1.46).

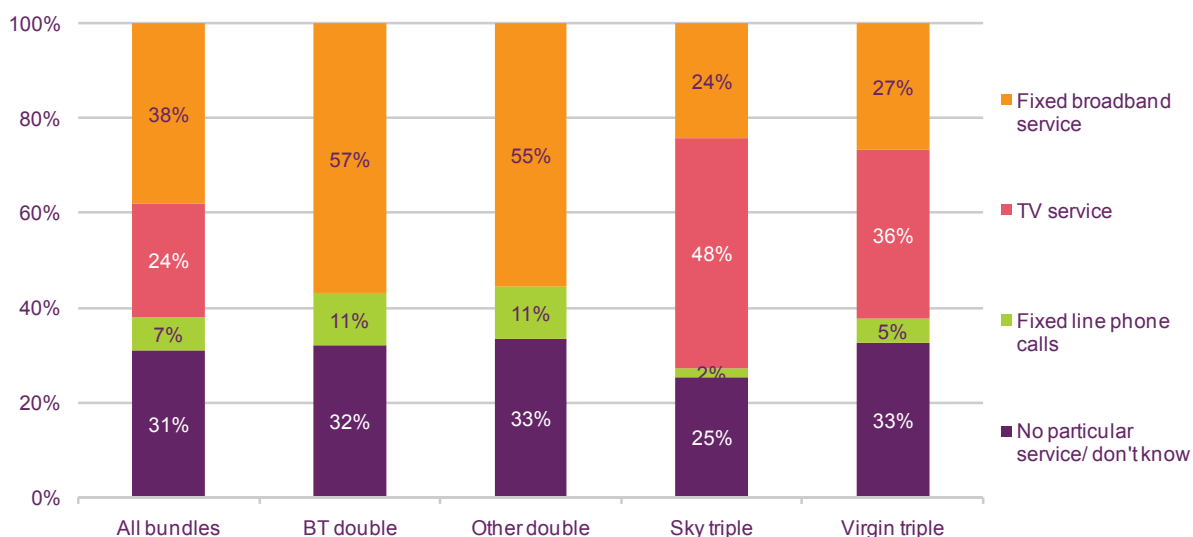
⁹ <http://www.ofcom.org.uk/research/cm/icmr09/cip09.pdf>

This finding was supported by qualitative research, which shows that bundling is driven by the service the consumer perceives to be most important to them and their household. The typical focus was either a pay-TV or broadband-oriented bundle.

Pay-TV-focused bundles tended to be taken by families, or young couples with no children who watch a lot of TV. Pay-TV was most commonly taken as part of a triple-play bundle along with fixed voice and broadband. Content – especially movies and sport – is the key factor that people consider when taking this type of bundle.

In contrast, the qualitative research shows that broadband-focused bundles tend to be favoured by more sophisticated internet users, particularly younger men. The main considerations that emerged from our research among people searching for a broadband bundle were speed and data capacity. Factors such as the inclusion of a WiFi router were also important.

Figure 1.46 Anchor products in dual- and triple-play bundles



QA18 – Is there one service in your package which you particularly wanted to use [SUPPLIER] for? Which service?

Base: Those who receive a package of services for which they receive one bill (1424 any bundle, 299 BT double play, 361 Other double-play, 150 Sky triple-play, 308 Virgin triple-play)

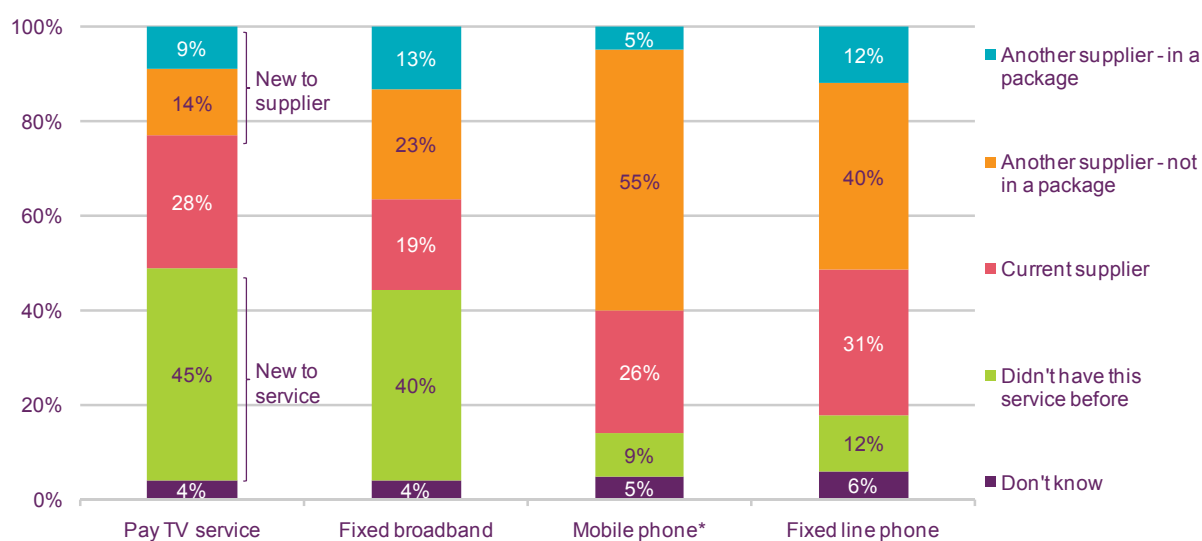
Source: Ofcom research, fieldwork carried out by Saville Rossiter-Base in February to March 2010.

Many consumers see buying a bundle as a good way of trying out a new service

Our research suggests that for many consumers, buying a bundle was a good route to trying out a new service for the first time. This indicates that bundling may well be a driver of take-up of broadband and pay-TV services,

Figure 1.47 shows that 45% of people with pay-TV did not have this service before subscribing to it within a bundle. Similarly, 40% of people with fixed broadband in a bundle did not have this service before.

Figure 1.47 Consumers who did not have a service before taking it in a bundle



QA17B/C/E – Who did you use for your [SERVICE] before you had your package of services with [SUPPLIER]?

Base: Those who receive a package of services for which they receive one bill (725 with pay-TV in package, 1338 with fixed broadband in package, 74 with mobile phone in package, 1295 with fixed-line phone in a bundle)

NB: *Low base for mobile phone in a package; treat as indicative only

Source: Ofcom research, fieldwork carried out by Saville Rossiter-Base in February to March 2010

1.4.5 The consumer experience of bundling

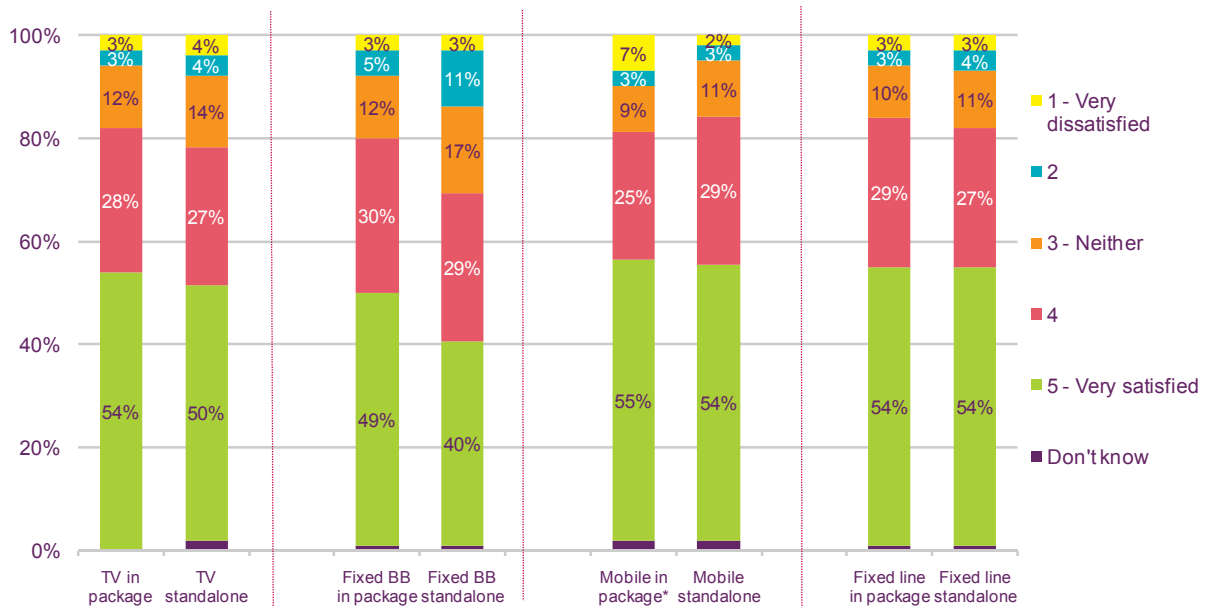
Consumers who buy bundles claim to be more satisfied with their communications services than those who do not

Over 80% of consumers who buy services in a bundle claim to be satisfied with the services they receive. This pattern applies to all combinations of bundles except those that include mobile services (which is the service least frequently purchased in a bundle, and arguably the least appropriate for purchasing in a bundle – a mobile contract is typically a personal purchase whereas broadband, pay-TV and fixed voice are typically household purchases).

In particular, customers who buy fixed broadband in a bundle are, at 79%, more likely to be very satisfied or satisfied with the service they receive than those who purchase it as a separate service (69%)¹⁰.

¹⁰ It should be noted that because of the way the question was framed in this one-off research, the data is not comparable with research into satisfaction which is published elsewhere in this report, and in other Ofcom publications, which is collected from our quarterly consumer tracker surveys.

Figure 1.48 Satisfaction with bundled and stand-alone communications services



Source: Ofcom research, fieldwork carried out by Saville Rossiter-Base in February to March 2010
 How satisfied are you with the overall service provided from your [SERVICE]?

Base: All respondents with each service (725 TV in a bundle, 996 TV stand-alone, 1338 fixed broadband in bundle, 714 fixed broadband stand-alone, 74 mobile in bundle, 2256 mobile stand alone, 1295 fixed line in bundle, 1214 fixed line stand-alone)

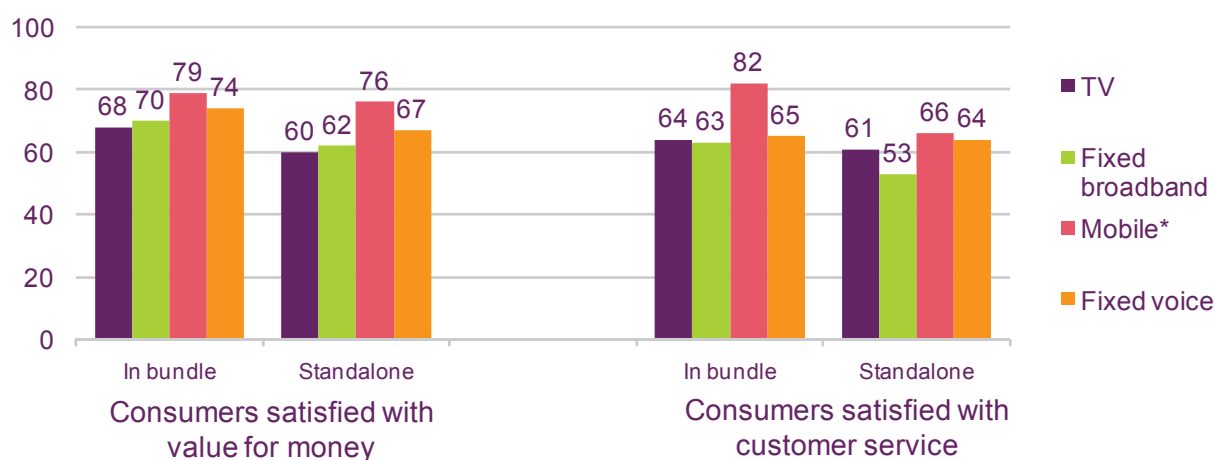
*Low base for mobile phone in a bundle; treat as indicative only

The two key drivers of satisfaction with bundled services appear to be the perceived value for money, and satisfaction with customer service, which is perhaps driven by the convenience of having one point of contact and a single bill for all services.

Figure 1.49 indicates that consumers taking services within a bundle are more likely to be satisfied with both value for money and customer service, for all services taken, than those who buy services on a stand-alone basis.

Figure 1.49 Satisfaction with bundled and stand-alone communications services

Proportion of all adults with service who claim to be 'very satisfied' or 'satisfied' (per cent)



Source: Ofcom research, fieldwork carried out by Saville Rossiter-Base in February to March 2010
 How satisfied are you with your experience of dealing with the customer services for your [SERVICE]? Indicates all those who are satisfied or very satisfied, includes 'don't knows'
 Base: All respondents with each service (725 TV in a bundle, 996 TV stand-alone, 1338 fixed broadband in bundle, 714 fixed broadband stand-alone, 74 mobile in bundle, 2256 mobile stand-alone, 1295 fixed line in bundle, 1214 fixed line stand-alone)
 *Low base for mobile phone in a bundle; treat as indicative only

1.4.6 Bundling and switching

15% of those with bundles have switched supplier for at least one service in the last year

Our research found that consumers with bundles were more likely to have switched provider for at least one of their services in the past 12 months, with 15% of bundlers having switched one or more of their communications services into a bundle in the last year. The majority of switching in this area was by consumers switching single services to form a bundle or a service within their bundle (13%). Only a small proportion of consumers switch their complete bundle of services (3%).

By comparison, 11% of adults who took broadband as a stand-alone service changed supplier in the last year; 6% who took a mobile phone as a stand-alone service changed supplier; 6% who took fixed-line voice as a stand-alone service changed supplier; and just 3% who took pay-TV as a stand-alone service changed supplier (Figure 1.50).

Over the past year 14% of people who currently have a bundle thought about switching one or more of their services, but decided not to.

Figure 1.50 Consumers who have switched or considered switching communications services in the last 12 months

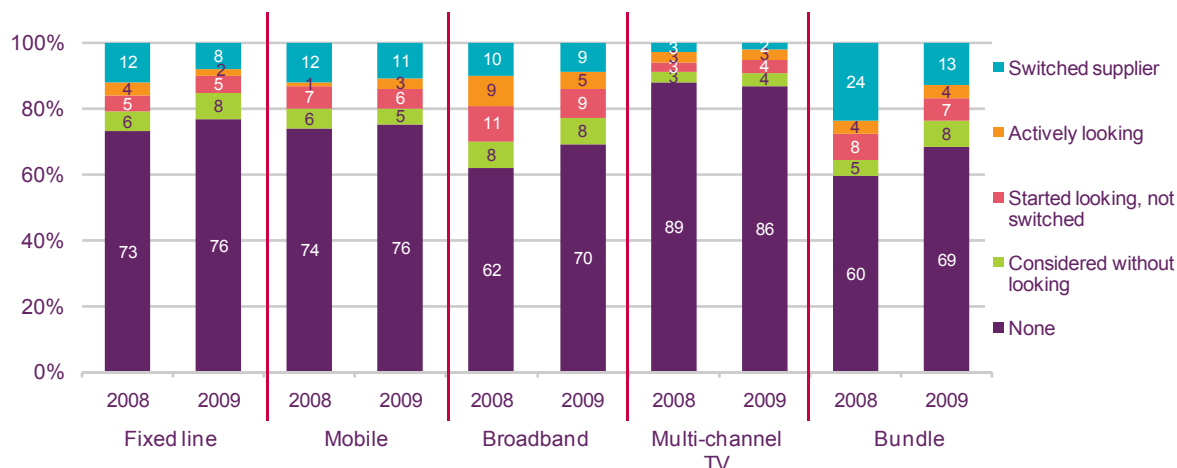


QA26/ QA29 – Which of the following applies to your household/ [SERVICE] in the last year?
 Base: Those with a package of services for which they receive one bill (1424), Those with each service as a stand-alone service (996 TV, 714 fixed broadband, 2556 mobile phone, 1214 fixed line)
 Source: Ofcom research, fieldwork carried out by Saville Rossiter-Base in February to March 2010.

Figure 1.51¹¹ shows that there was a significant drop in actual levels of switching between 2008 and 2009, despite the fact that the proportion of those actively looking or considering switching has stayed relatively steady. This may be explained by the fact that there were high levels of change in the market in 2008, when broadband take-up was growing quickly, and when LLU operators such as TalkTalk and Sky were building market share. 2009 was a more settled period, and a number of recent bundlers were still in their contract period.

¹¹ Note that data in Figure 1.51 is not directly comparable with that in Figure 1.48 and Figure 1.49 above due to the different time period and methodology of data collection, and that the data for fixed-line, mobile, broadband and multi-channel TV refers to all households who take the services, not just those who take stand-alone services.

Figure 1.51 Switching in communications market in the past 12 months



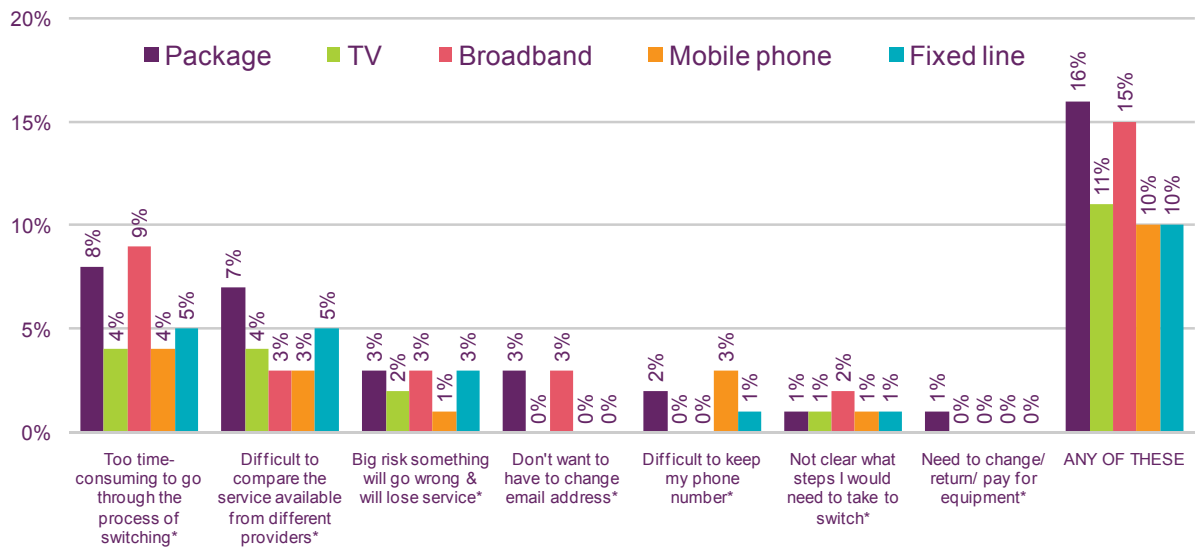
Source: Ofcom decision-making survey July 2007, July 2008 and July 2009

Base: All who are the decision-maker for each service; fixed line (2008, 941), (2009, 781), mobile (2008, 1270), (2009, 1231), broadband (2008, 460), (2009, 388), multichannel TV (2008, 896), (2009, 837), bundled services (2008, 534), (2009, 631)

Given the relatively small proportion of consumers who switch their whole bundle, it seems likely that the fall in those with a bundle of services who have switched supplier in the last 12 months is partly because consumers who take a bundle are less likely to switch than they were when they took stand-alone services.

This may be driven by the fact that consumers with bundles will still be within their contractual 'lock-in' period, and due to high levels of satisfaction among those who take bundles. A further factor may be the 'hassle' of handling multiple switching processes concurrently when switching a complete bundle. Figure 1.52 indicates that hassle is more likely to be a barrier to considering switching services for bundled services and for broadband, with those taking bundles more likely to think that it is difficult to compare providers.

Figure 1.52 Hassle-related barriers to considering switching communications provider



Source: Ofcom research, fieldwork carried out by Saville Rossiter-Base in February to March 2010
Which, if any, of these are reasons why you have not considered switching to another supplier for your (SERVICE) in the last year? (Prompted responses, multi-coded)

*Denotes hassle obstacles related to the switching process

Base: Decision makers who have not switched or considered switching in the last 12 months (667 package of services, 551 pay TV, 243 fixed broadband, 1519 mobile phone, 686 fixed line voice)

1.5 Communications markets and the economy

1.5.1 Introduction, structure and key findings

Introduction

Since the last *Communications Market Report* was published in August 2009, the UK's GDP has begun once again to grow, and the economy is now officially out of recession. Last year, this report explored the impact of the recession on consumer attitudes towards communications services. We repeated this specifically commissioned research in June 2010 to assess how consumer spending and attitudes have changed in the past year.

Structure

- Section 1.5.2 (page 70) sets out the UK's macro-economic trends during 2009-10, including quarterly GDP growth, Bank of England base rates and levels of unemployment. Against this backdrop it examines consumer attitudes towards the economic downturn.
- Section 1.5.3 (page 73) details the findings of the omnibus survey we have re-commissioned into how consumers' attitudes towards communications services have changed as the UK moves out of recession.

Key findings

- **Consumers remain concerned about the economic downturn.** There has been no change in overall UK consumer attitudes towards the downturn year on year, as 29% of people were still worried about its personal impact. But 40% of consumers in Northern Ireland still felt worried about the recession, a rise of ten percentage points from 2009. (page 71)
- **Overall spending on communications services still appears robust** compared to other competing claims on disposable income, such as holidays and nights out. When forced to choose between communications services, there was a decrease (of eight percentage points) in those selecting their mobile phone as the item they would cut back on. (page 73)
- **Consumers believe that communications providers have responded to the recession with better deals:** 87% of consumers believed *at least one* communications provider was offering better deals than 12 months ago. Only a minority (13%) of respondents thought *no* communications providers were offering improved deals, in comparison with a quarter of respondents in 2009. (page 75)
- **Bundled products remain popular, but this may not be driven solely by the economic climate.** The majority of respondents, even among those unconcerned about the recession, claimed to be more likely to purchase their communications services from the same provider. (page 76)
- **Consumers are more likely to use online shopping as an opportunity to save money.** Just over half of respondents (52%) with broadband access agreed that they were more likely to use the internet to shop than 12 months ago, while 61% agreed

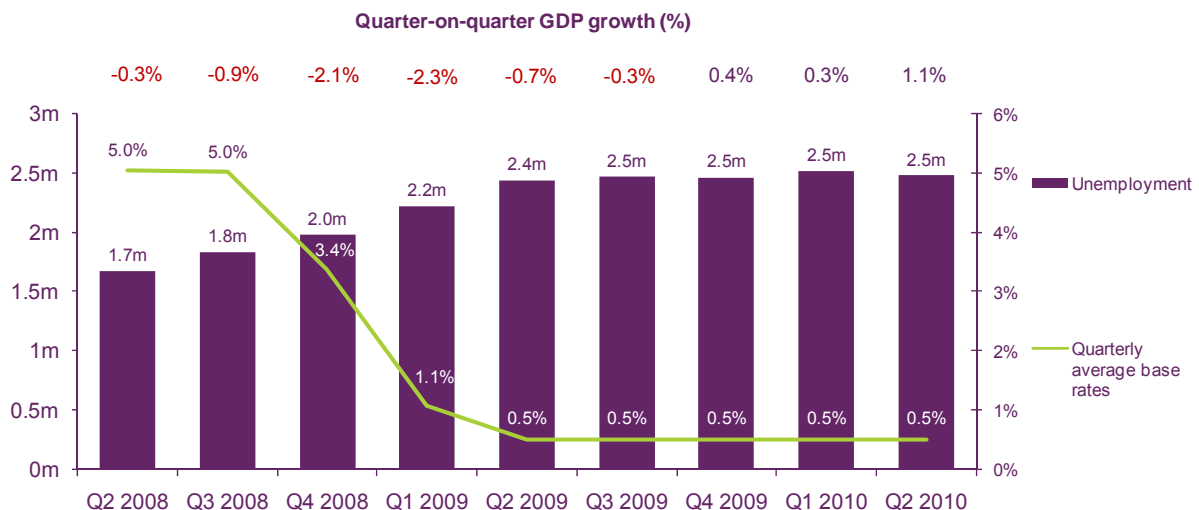
that they use price comparison websites more frequently than a year ago. Conversely, the majority of consumers with internet access still prefer to use their home telephone, instead of making calls over the internet. (page 78)

- **Consumers embrace HDTV in spite of the economic downturn.** Despite consumers appearing reluctant to purchase some communications devices, nearly a quarter of respondents (22%) claimed to have bought a HD-ready TV set in the last 12 months. (page 81)

1.5.2 Economic trends and consumer attitudes towards the economy

Towards the end of 2009 the UK officially moved out of its longest period of recession since the 1930s. The economy expanded by 0.4% in the final quarter of 2009, ending six consecutive quarters of contraction¹². Bank of England interest rates remain at an all-time low of 0.5%, while unemployment has remained flat over the past nine months at around 2.5 million, a rise of 14% from 2.2 million in Q1 2009.

Figure 1.53 UK GDP quarterly growth, Bank of England base rates and unemployment



Source: Office for National Statistics and the Bank of England

Despite the official end of recession in the UK, consumer attitudes towards the economic downturn appear to have remained unchanged from 12 months ago. Our 2010 research suggests that consumer attitudes towards the downturn are still uniformly distributed between those who have concerns about its impact, and those who have few personal worries.

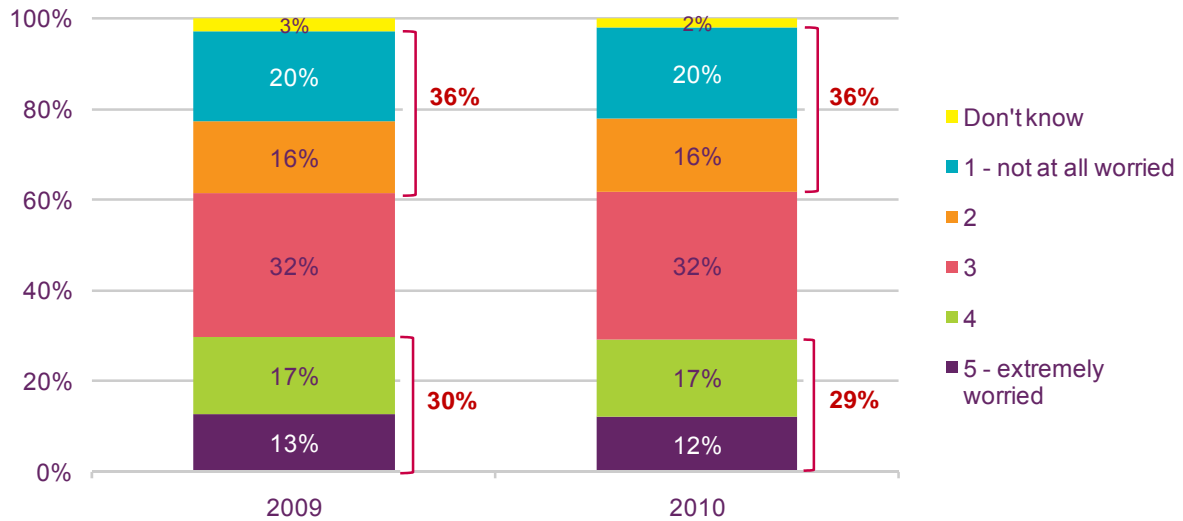
Nearly one-third of respondents (29%) continue to be worried about the current economic situation, with 12% claiming they were 'extremely worried' about its impact personally¹³. Conversely, Figure 1.54 also reveals that a slightly larger proportion of consumers (36%) were not worried by the downturn and a fifth of all consumers (20%) claimed they were 'not at all worried'.

¹² <http://news.bbc.co.uk/1/hi/business/8479639.stm>

¹³ 'Worried' is taken as the net of responses 4 and 5. 'Not worried' is taken as the net of responses 1 and 2.

Figure 1.54 Consumer attitudes towards the recession

Proportion of respondents (%)



Source: Ofcom-commissioned research

Base: Total sample (n=2444)

Question: On a scale of 1 to 5, where 5 is extremely worried and 1 is not at all worried, how worried are you about being personally affected by the recession?

In contrast to the year-on-year uniformity in UK-wide attitudes, there is variation among the UK's nations, as consumers in Scotland claimed to be relatively unconcerned about the recession, with 41% of respondents stating that they were not worried.

People in Northern Ireland expressed the highest levels of concern, as nearly half of respondents (40%) claimed to still be worried about the personal impact of the downturn, a rise of ten percentage points from 2009. This comes in the context of economic austerity in the neighbouring Republic of Ireland and the relatively high proportion of public sector workers within Northern Ireland itself.

Apart from England, the other nation with attitudes closest to the UK average was Wales, where 38% of respondents were not worried, only two percentage points above the proportion of consumers worried across the UK (36%).

Figure 1.55 Consumer attitudes towards the recession, by nation

Proportion of respondents (%)



Source: Ofcom-commissioned research

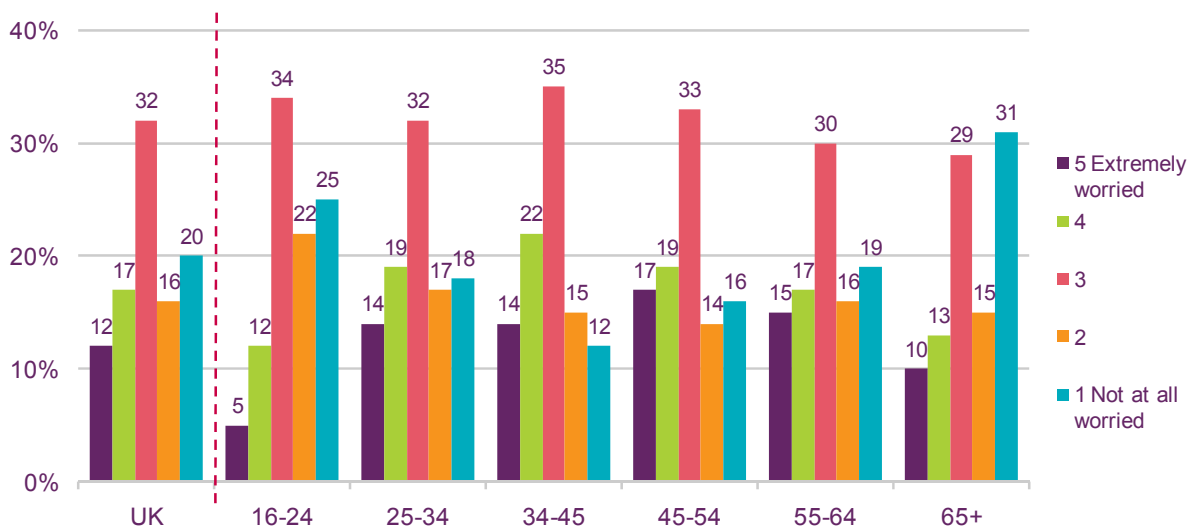
Base: Total sample (n=2444 for UK, 1727 for England, 285 for Scotland, 203 for Wales, 229 for Northern Ireland)

Question: On a scale of 1 to 5, where 5 is extremely worried and 1 is not at all worried, how worried are you about being personally affected by the recession?

Figure 1.56 shows how consumer attitudes towards the economy also varied by age, with nearly a third of respondents (31%) in the 65+ age group claiming to be “not at all worried”, compared to the UK-wide figure of 20%. Similarly, younger respondents (those in the 16-24 age group) also appear to be relatively unconcerned, as only 5% claimed they were “extremely worried”.

Figure 1.56 Consumer attitude towards the economic downturn, by age

Proportion of respondents (%)



Source: Ofcom-commissioned research

Base: (n=2444 for UK, 327 for 16-24, 375 for 25-34, 418 for 35-44, 382 for 45-54, 361 for 55-64, 581 for 65+)

Question: On a scale of 1 to 5, where 5 is extremely worried and 1 is not at all worried, how worried are you about being personally affected by the recession?

1.5.3 Consumers' response to the economic downturn

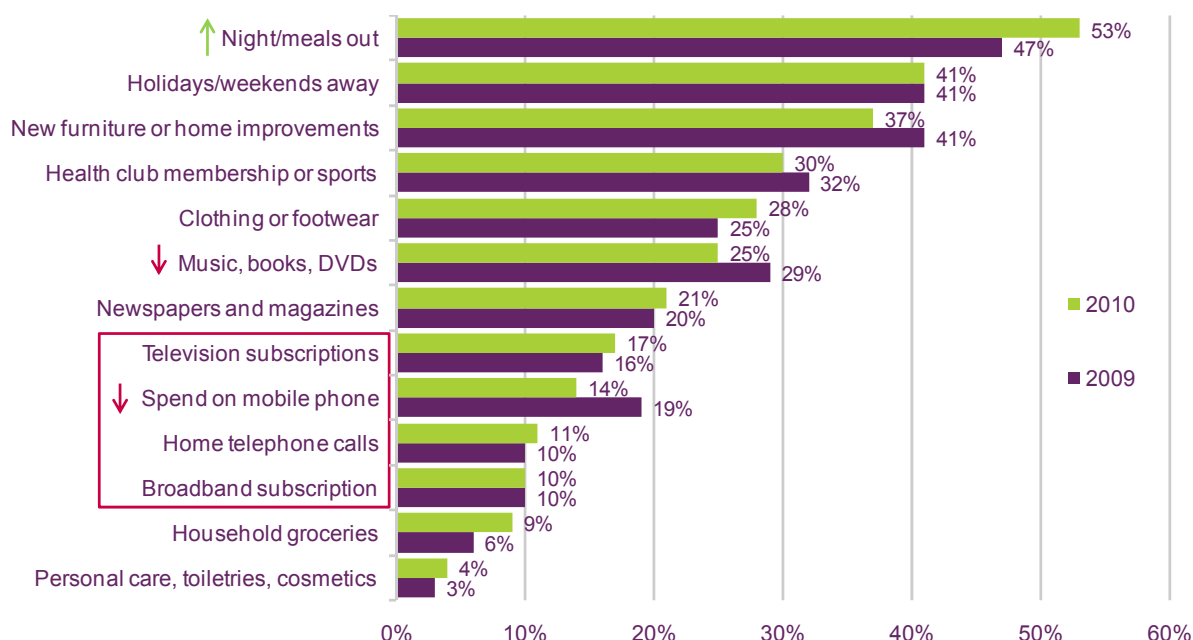
Consumers continued to value their communications services as the UK moved out of recession

Our updated research suggests that the value consumers place on communications services relative to other items has endured, as overall economic conditions have begun to improve. As Figure 1.57 below highlights, if forced to reduce spending, consumers continued to be more likely to cut back on items such as holidays/weekends away (41%) or nights/meals out (53%) than communication services.

Only 10% of respondents placed their broadband subscription in their top three items most likely to be cut, while less than a fifth of consumers selected their mobile phone or pay-TV subscription. As in 2009, the only items less likely to be cut than these four communications services were household groceries (9%) and toiletries/cosmetics (4%).

Figure 1.57 Items where consumers are most likely to cut back their spending

Items mentioned as first, second or third choice to be cut (%)



Source: Ofcom-commissioned research

Base: Those with all four services 2010 (n=823), 2009 (n=862)

Question: If you were forced to cut back on spending, which of the following items would you be most likely to spend less on?

Consumers are still most likely to cut spend on their mobile phone, although the proportion has decreased in comparison to 2009

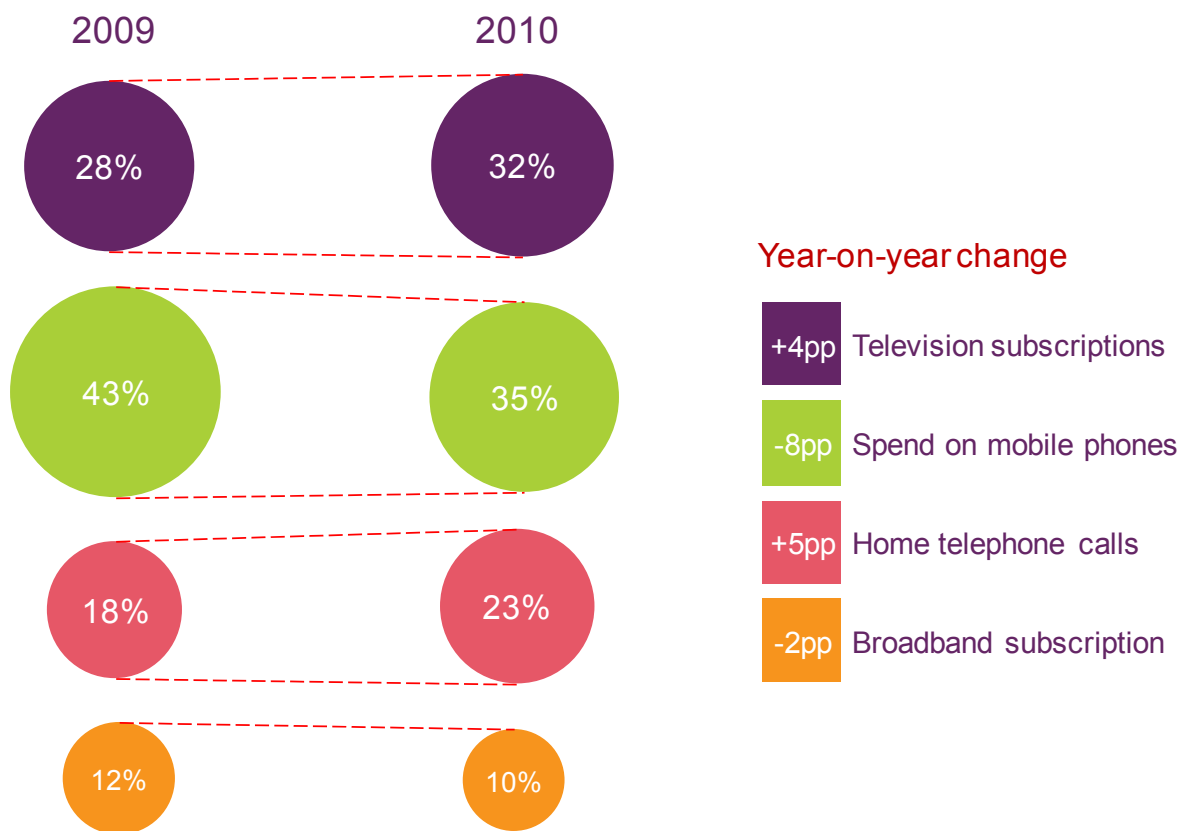
If forced to choose, consumers who had all four communication services were most likely to cut back spending on their mobile phone, although the proportion of respondents choosing mobile fell by eight percentage points compared to 2009. In contrast, the number of consumers choosing to cut their pay-TV subscription (32%) or home telephone calls (23%) rose slightly in comparison to last year's figures, by four and five percentage points respectively.

Similarly to 2009, only one in ten respondents (10%) selected their broadband subscription. This could be indicative of the significance of broadband access for consumers; that it is no

longer considered a luxury but an essential item, or that this service is perceived as having limited scope for spending reductions.

Figure 1.58 The communication services on which consumers would be most likely to cut spending

Proportion of respondents agreeing/disagreeing (%)



Source: Ofcom-commissioned research

Base: Those with all four communications services (n=823)

Question: Which ONE of the following would you be most likely to cut back spending on?

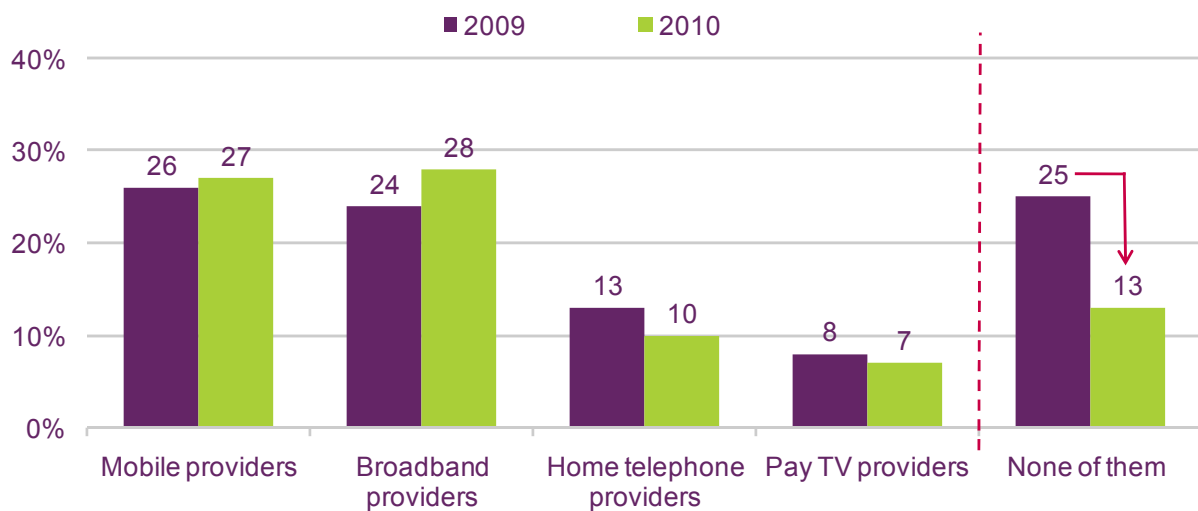
Consumers perceive that communications providers have responded to the recession with better deals

In comparison with 12 months ago, a greater proportion of consumers believe that communications providers are offering improved deals, with 87% believing that *at least one* provider was offering better value for their services (Figure 1.59). Last year a quarter of respondents believed that *no* communications providers were offering better deals, while in 2010 this figure dropped to just 13%. This decrease may suggest that consumers now have more confidence that providers have responded to the recession, by offering better value packages for communication services.

Our research indicated that some communications services are perceived to be offering better deals than others, as just over a quarter of respondents (27% and 28% respectively) agreed that mobile and broadband providers were offering better packages. Following a similar pattern to last year, only a minority of our sample agreed with this statement for home telephone providers (10%) and pay TV services (7%).

Figure 1.59 Proportion of consumers agreeing that communications providers offer better deals now than a year ago

Proportion of respondents agreeing (%)



Source: Ofcom-commissioned research

Base: Total sample (n=2444)

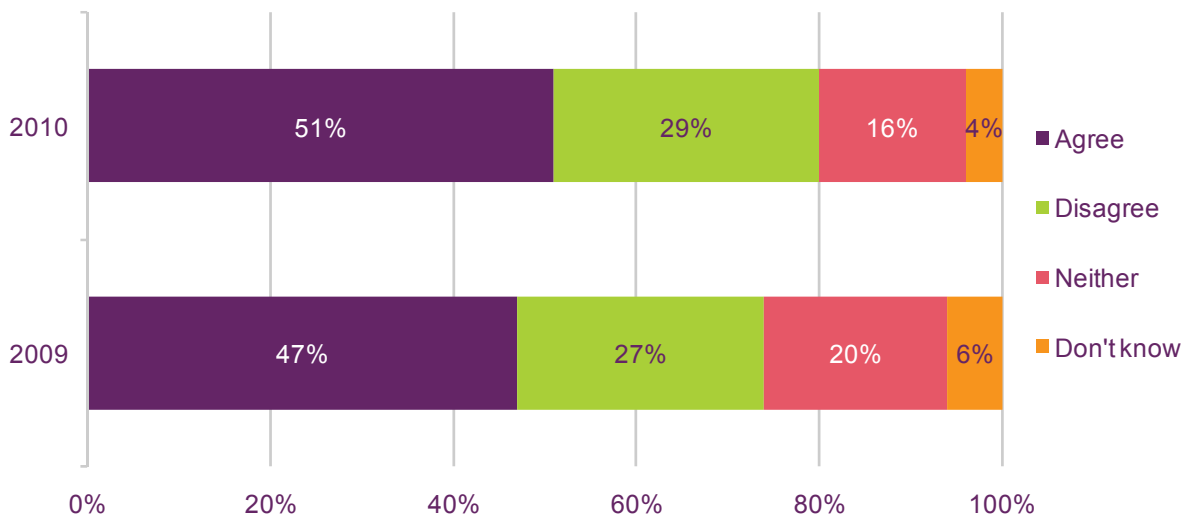
Question: Which of the following providers, if any, do you think are offering better deals than they were 12 months ago?

Consumers continue to see a wider value in buying communications services in bundles

Purchasing multiple communications services from the same provider continues to be popular among consumers. Just over half of all respondents (51%) agreed that they are more likely to take communications services in a bundle now, compared with 12 months ago (Figure 1.60). This finding is also supported by the latest Ofcom research, which shows that by Q1 2010, approximately half of households in the UK (50%) took a bundle of communications services (see Section 1.3 for a more detailed consideration of bundling).

Figure 1.60 Consumers' agreement/disagreement that they were more likely to take communications services in a bundle

Proportion of respondents (%)



Source: Ofcom-commissioned research

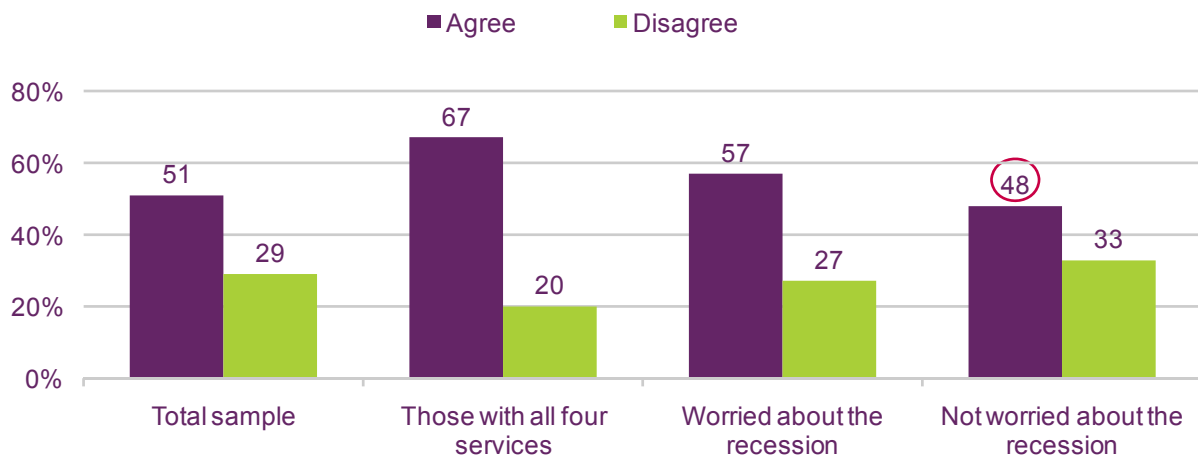
Base: Total sample 2009 (n= 2321) 2010 (n=2444)

Question: How much do you agree or disagree... 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

Despite the cost savings associated with bundling, the increased propensity for consumers to buy bundled communications services does not appear to be solely driven by concern about the economy. Figure 1.61 shows that while the proportion of respondents more likely to take communication services in a bundle rises slightly to 57% among those worried about the recession, nearly half of those (48% - circled below) unconcerned by the recession also agree with this statement. As highlighted in Section 1.-1134294757, page 60), this may imply that a broader set of values associated with bundling, such as convenience, are also driving its popularity among consumers.

Figure 1.61 Consumers' agreement/disagreement that they were more likely to take communications services in a bundle

Proportion of respondents agreeing/disagreeing (%)



Source: Ofcom-commissioned research

Base: Total sample (n=2444), those with all 4 services (823), worried about being personally affected by recession (722), not worried about being personally affected by recession (907)

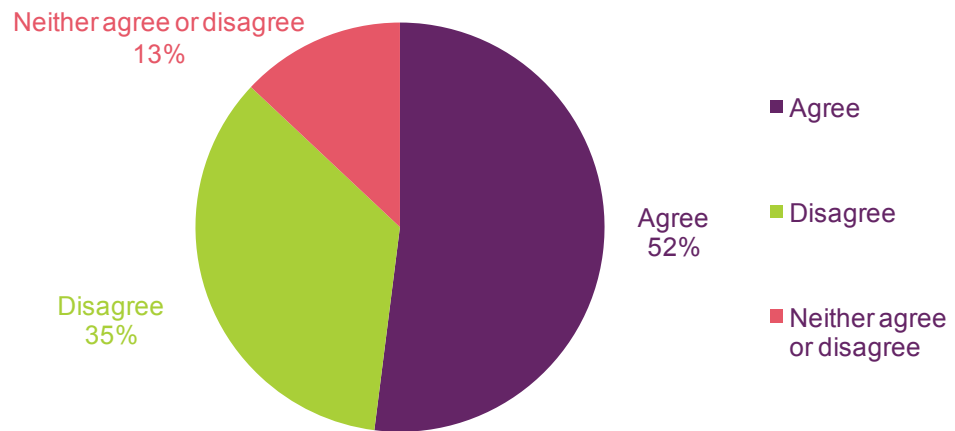
Question: How much do you agree or disagree... I'm more likely to consider purchasing TV, broadband and phone services in a package from the same supplier as it offers better value for money

Shopping online is viewed as an opportunity to save money, but consumers continue to prefer to make calls using their home telephone instead of over the internet

Our research highlights that bundles are not the only opportunity for consumers to reduce their communications spending. The majority of respondents agreed that they were now more likely to shop online in order to save money. Just over half (52%) of those with broadband access claimed that they were more likely to purchase goods over the internet to cut back on costs, while only 35% disagreed with this statement.

Figure 1.62 Consumers' agreement/disagreement that they were more likely to purchase goods over the internet in order to save money

Proportion of respondents agreeing/disagreeing (%)



Source: Ofcom-commissioned research

Base: All those with broadband access (n=1554)

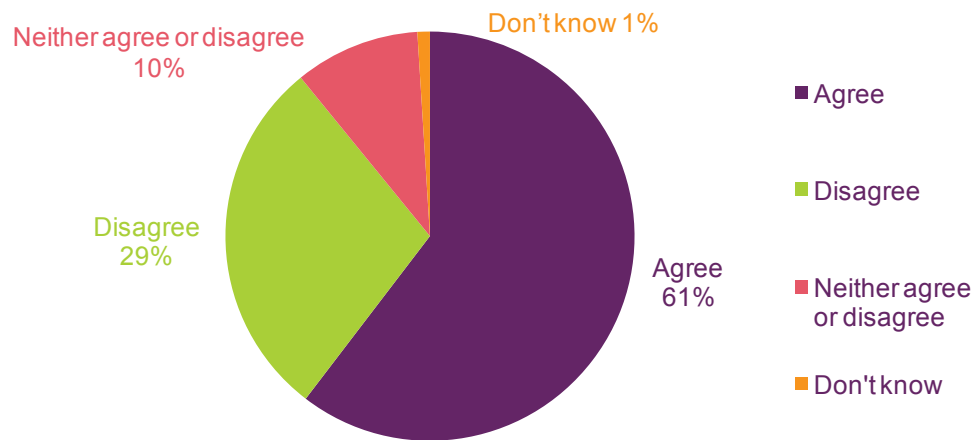
Question: How much do you agree... I am more likely to purchase goods and services over the internet than in shops in order to save money

When shopping over the internet, it appears that the majority of consumers are also more likely to use price comparison websites such as *uswitch.com* and *pricerunner.co.uk* to find the best deal. Figure 1.63 below reveals that around one in six respondents (61%) agreed that they were more likely to compare prices on the internet now than 12 months ago, with only 29% disagreeing with this statement¹⁴.

¹⁴ It is important to note this is 'claimed data', as Nielsen data on the actual usage of price comparison websites over the last year appear to show no significant increase in either their unique audience or average time spent.

Figure 1.63 Consumers' agreement/disagreement that they were more likely to use price comparison websites in order to find the best deal

Proportion of respondents agreeing/disagreeing (%)



Source: Ofcom-commissioned research

Note: Figures may not add up to 100% owing to rounding

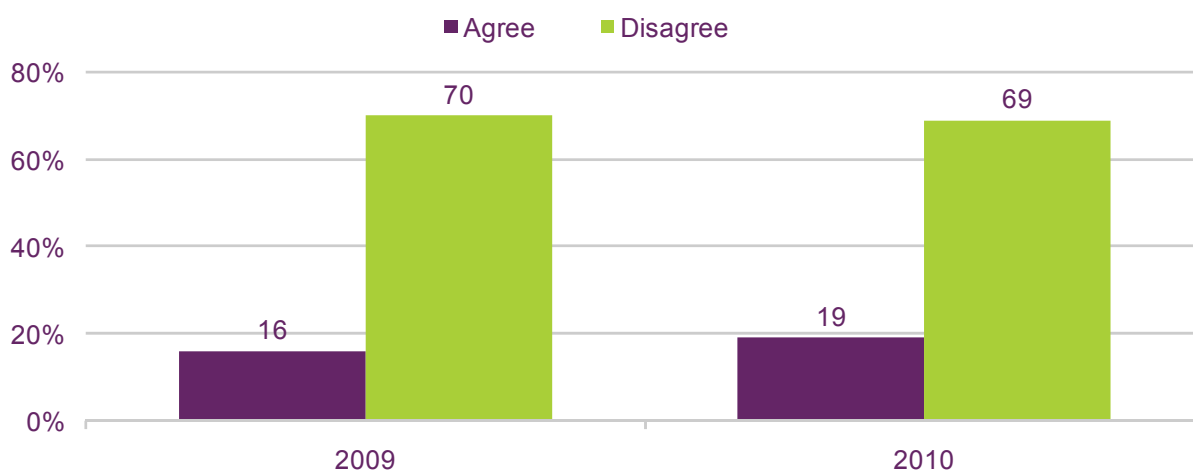
Base: All those with broadband access (n=1554)

Question: How much do you agree... I am more likely to use price comparison websites (such as uswitch.com or pricerunner.co.uk) in order to find the best deal

In contrast to the apparent appeal of shopping online, the majority of consumers still appear less inclined to use the internet to make phone calls. As in 2010, nearly seven in ten respondents (69%) disagreed that they make more calls over the internet using services such as Skype instead of their home phone in comparison to 12 months ago. Despite many VoIP (Voice over Internet Protocol) services offering discounted call rates in comparison to fixed telephony providers, the majority of consumers with internet access still prefer to use their home telephone to make calls.

Figure 1.64 Consumers' agreement/disagreement that they make more telephone calls over the internet rather than using a home landline

Proportion of respondents agreeing/disagreeing (%)



Source: Ofcom-commissioned research

Base: All those with broadband access (n=1554)

Question: How much do you agree... I make more telephone calls over the internet, using services like Skype, rather than using my home phone

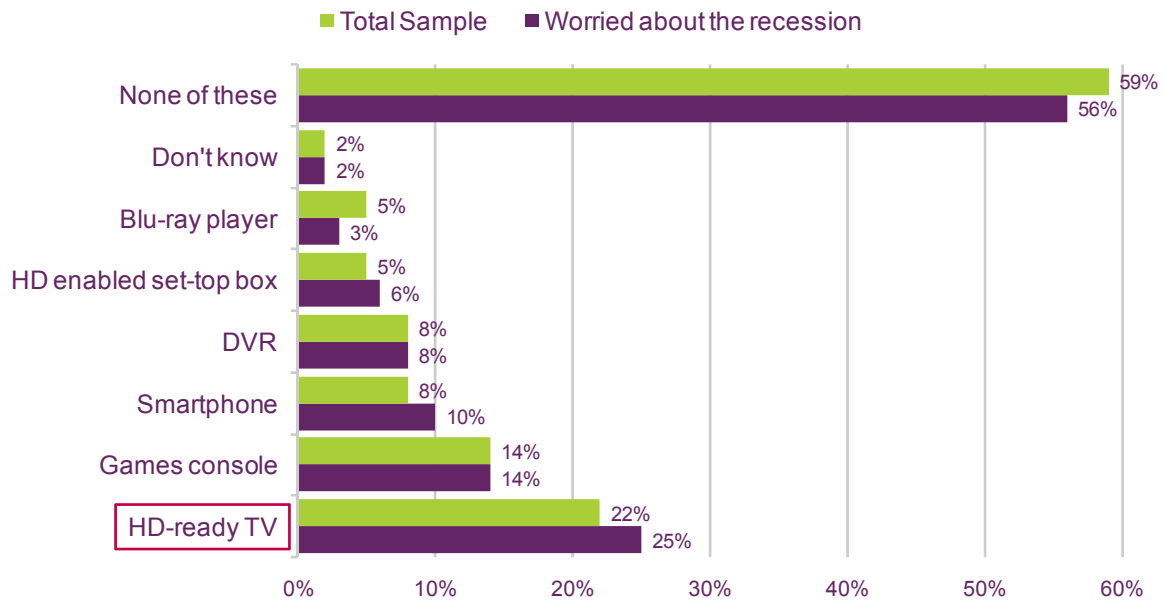
Consumers embrace HDTV in spite of the economic downturn

Although the majority of respondents (59%) claimed not to have purchased any of the selected communication devices listed in Figure 1.65, just over a fifth (22%) of our sample claimed to have bought a HD-ready TV during the last year. This was even reflected among those consumers worried about the personal impact of the recession, as 25% of these respondents also agreed with this statement.

This finding may reflect the growing impact of digital switchover. It may also point to the entrance of HDTV into the mainstream over the last 12 months, with nearly 10 million HD-ready TV sets sold during 2009 and over 24 million sold by March 2010 (see page 109). However, the relatively smaller proportion of consumers who have purchased a HD-enabled set-top box (5%) indicates a considerable gap between those with HD-ready TV sets and those actually viewing HD content.

Figure 1.65 Selected communications devices bought in the last 12 months

Proportion of respondents (%)



Source: Ofcom-commissioned research

Base: Total sample (n=2444), worried about being personally affected by recession (722)

Question: Which, if any, of these products or services have you or your household bought in the last 12 months?

1.6 The nations' communications markets

1.6.1 Introduction, structure and findings

Introduction

This section sets out a selection of headline findings for communications markets across the UK's nations, putting them into context. It draws on the detailed reports that Ofcom publishes on communications services in each of the UK's nations (which can be found at www.ofcom.org.uk/cmr10).

Structure

The section begins by highlighting a range of 'fast facts' for England, Scotland, Wales and Northern Ireland, which draw on Ofcom's quantitative research (Section 1.6.2, page 84). It then turns to communications service availability, before examining levels of service and device take-up by nation (Section 1.6.3 and 1.6.4, pages 85 and 88).

Bundling across the UK nations is the subject of Section 1.6.5 (page 90). Section 1.6.6 examines levels of spending on public service broadcasting content across the four nations, before setting out the market shares that the PSBs command in each (Section 1.6.7, page 92). Finally, we look at how people use converged services to access audio and video content (Section 1.6.8, page 93).

Findings

- **Communications service availability** – Fixed-line telephony is available to all premises in the UK (along with dial-up internet access). Fixed-line broadband is available to a large proportion of the UK population (although individuals' experience of broadband and the speed they receive will be heavily influenced by factors including the length of the line between the customer premises and the exchange). Cable broadband offering bandwidths of up to 50 Mbit/s is available to 48% of UK homes – with coverage highest (51%) in England and lowest (23%) in Wales. Freeview coverage is rising as digital switchover takes effect – 98% of homes in Wales can now receive the signal and nationwide coverage of the DTT signal has risen to 81% over the year (Section 1.6.3, page 85).
- **Service and device take-up** – digital television was the most widely-adopted digital communications technology in 2009 – with take-up ranging from 97% of TV homes in Q1 2010 in Wales (likely to be higher since switchover has now been completed) to 87% in Northern Ireland. Around nine in ten people claimed to have access to a mobile phone in England, Wales and Northern Ireland, falling to eight and a half in ten in Scotland. Landline take-up was lower than mobile ownership in every nation during 2009. Broadband was present in an average of 71% of homes in Q1 2010, ranging from 73% in England to 61% in Scotland (Section 1.6.4, page 88).
- **Bundling** – for the first time, one in two homes claimed to take a bundle of communications services (two or more services from the same provider) in Q1 2010. Take-up was highest in England at 52% and lowest in Wales at 43%, probably influenced by the availability of competing service providers. Take-up of bundled services was fastest in Wales (up by eight percentage points over the year), closing the gap with the UK average by four percentage points (Section 1.6.5, page 90).

- **Spending on content production** – spend per head on PSB content (TV and radio) stood at £38.74 in 2009. Expenditure on programme production for UK audiences was a big component of spend in England. It was also a substantial part of spending in Wales and in Scotland, although spending on programme production specifically for Scottish and Welsh audiences was also significant. In Wales, the largest component of expenditure was on Welsh-language productions (Section 1.6.6, page 91).
- **Consumption of audio/audio-visual content** – viewing share among the PSBs averaged 58% in 2009, ranging from 54% in parts of England to 59% in Northern Ireland. BBC radio services attracted a 55% listening share in 2009, ranging from 61% in Wales to 45% in Scotland (where commercial local radio is popular). Access to broadband is providing consumers with new ways to access audio and video content; nearly four in ten people claimed they had watched TV content over the internet in 2009 (up by four percentage points year on year). Fourteen per cent had done the same with radio content, while a fifth of the population had used their mobile handsets to access data (including surfing the internet) (Section 1.6.7, page 92 and Section 1.6.8, page 93).

1.6.2 UK communications market fast facts

Figure 1.66 illustrates how take-up and use of a variety of communications services across the UK has risen over the past year.

Figure 1.66 UK communication markets fast facts

	UK	England	Scotland	Wales	NI	UK urban	UK rural	England urban	England rural	Scotland urban	Scotland rural	Wales urban	Wales rural	N Ireland urban	N Ireland rural
Digital TV take-up among TV homes ¹	92 ↑+2	92 ↑+2	91	97* ↑+8	87	92 ↑+2	92	92 ↑+3	92	91	89	97* ↑+3	99* ↑+3	87	87
Broadband take-up ²	71 ↑+3	73 ↑+3	61	64 ↑+6	70 ↑+6	70	75	72	78 ↑+10	61	60	62	69	69	72
Mobile broadband ²	15 ↑+3	15 ↑+2	12 ↑+5	16 ↑+5	14 ↑+6	16	11	16 ↑+3	10	13	10	15	17	16	10
Mobile phone take-up ³	89	90	85	89 ↑+4	88	89	90	90	91	93 ↑+3	80	87	93	87	90
Use mobile to access data, inc. internet ⁴	23 ↑+3	24 ↑+3	15	23 ↑+5	21	26 ↑+6	19	24 ↑+3	20	15	15	24	19	21	23
3G handset take-up ⁵	26 ↑+4	26 ↑+3	26 ↑+6	28	18 ↑+4	26	25	26 ↑+3	26	27	17	26	10	18	17
Fixed landline take-up ⁶	85 ↓-2	86	79	79	81	84	91	85	93	77	88	79	81	79	87
Households taking bundles ⁷	51 ↑+5	52 ↑+4	44	44 ↑+9	44	51	48	52	50 ↑+13	46	37	45	39	45	41
Watching video online ⁸	38 ↑+4	40 ↑+4	28 ↑+7	28	38	38	41	39 ↑+3	44 ↑+11	29	30	28	30	39	36
Use of social networking ⁸	40 ↑+10	42 ↑+11	27 ↑+7	37 ↑+12	37 ↑+9	40	42	42 ↑+10	45 ↑+19	26	24	37	36	37	36
Current use of VoIP ⁹	15 ↑+3	16 ↑+3	10	15	15 ↑+6	15 ↑+3	18 ↑+5	15	20 ↑+7	10	12	16	12	15	15

XX Figure is higher than the UK average	XX ↑+xx	Figure has risen by xx percentage points since 2009
XX Figure is lower than the UK average	XX ↓-xx	Figure has fallen by xx percentage points since 2009

Ofcom research Q1 2010

Base: All adults aged 15+ (n = 9013 UK, 1468 Scotland, 5709 England, 1075 Wales, 761 Northern Ireland, 1172 Scotland urban, 296 Scotland rural). Questions:

¹ Which, if any, of these types of television does your household receive at the moment?

² Which of these methods does your household use to connect to the Internet at home?

³ Do you personally use a mobile phone?

⁴ Which if any, of the following activities, other than making and receiving voice calls, do you use your mobile for?

⁵ Do you personally use a 3G mobile handset?

⁶ Is there a landline phone in your home that can be used to make and receive calls?

⁷ Do you receive any of these services as part of an overall deal or package from the same supplier?

⁸ Which, if any, of these do you or members of your household use the Internet for whilst at home?

⁹ Have you or anyone in your household ever used one of these services to make voice calls using the Internet at home?

*Digital television take-up figures in Wales are now likely to be higher, since the research set out in this table was conducted while digital switchover was underway.

1.6.3 Availability of communications platforms and services

Availability of communications services varies across the UK's nations

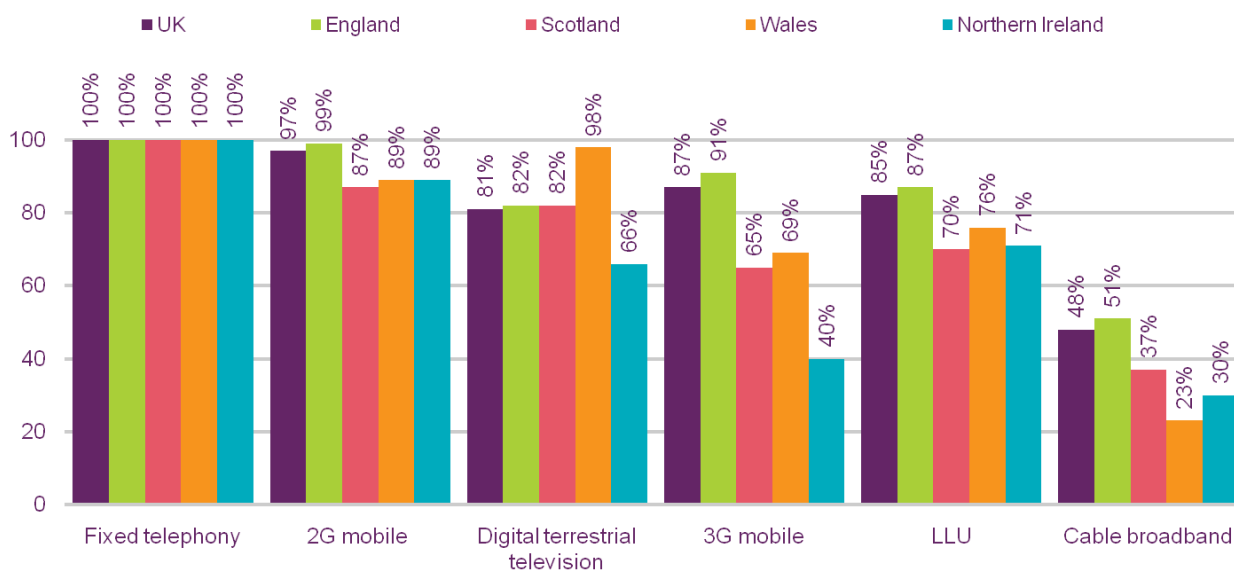
Figure 1.67 illustrates the availability of communications services across the UK and in each of the UK's nations. With many now well-established, the coverage of the more popular digital communications technologies changed little across the UK between 2009 and 2010;

DTT was an exception, having risen (substantially in Wales) as a result of the completion of digital switchover across Wales and in the South West, North West and West regions of England.

Population coverage for communications services across the UK varied from universality for some, to more limited availability for others:

- Fixed-line telephony services and dial-up internet access are available to 100% of homes in the UK, as a result of the statutory universal service obligation.
- Broadband delivered over a standard fixed telephony line is available to almost all UK homes and commercial properties (99.98%) across the UK's four nations – and coverage across the four nations varies from 99.86% to 100%. However, factors such as line length and contention influence the actual broadband speed at customer premises. The roll-out of super-fast broadband services is set out on page 286.
- Local loop unbundling, providing consumers with a choice between fixed-line telephony and fixed broadband providers, stood at 85% of UK homes in Q1 2010. The figure was up by one percentage point year on year. Homes in England were the most likely to be connected to an unbundled exchange (87% of the total). In Wales the figure stood at 76%, in Northern Ireland 71% and in Scotland 70%.
- Cable broadband, offering access to high-speed internet and pay-TV services, is available to 49% of homes in the UK. Coverage, which is typically concentrated in areas of high population density, ranged from 52% of homes in England to 24% in Wales. Broadband speeds of up to 50 Mbit/s are available over cable infrastructure. Virgin Media has indicated that an up to 100 Mbit/s product will start to be rolled out in the fourth quarter of 2010.
- 2G mobile telephony services covered 97% of the UK population in Q1 2010. Levels of coverage are influenced by population densities and by topography. As a result, 99% of the population of England was covered, in contrast to 89% in Wales, 87% in Scotland and 89% in Northern Ireland. The comparable figures for 3G coverage were lower – 87% of the UK population; 91% in England and 40% in Northern Ireland
- Digital terrestrial television availability, offering at least a 17-channel line-up, was available to 81% of the UK population (up from 73% a year ago). The increase is explained by the completion of switchover in Wales, and the South West, West and North West areas of England. Coverage was highest in Wales, at 98% of homes (probably higher now since our research was conducted during digital switchover); in Scotland and England the comparable figure was 82%; it was lowest in Northern Ireland at 66%.

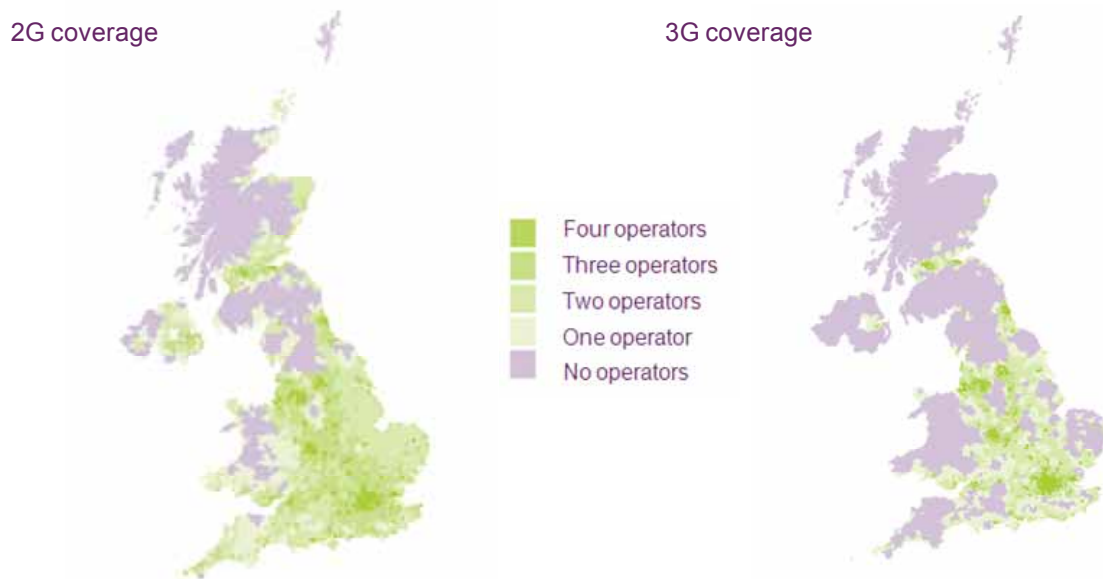
Figure 1.67 Communications infrastructure availability across the UK's nations, 2010



Sources: Ofcom and: 1. Proportion of population living in postal districts where at least one operator reports at least 90% 2G area coverage. Sourced from GSM Association / Europa Technologies (Q1 2010). 2. Proportion of population living in postal districts where at least one operator reports at least 90% 3G area coverage. Sourced from GSM Association / Europa Technologies (Q1 2008). Note we have raised this threshold from 75% in 2008; as a result we do not have time series data. Note that coverage data have been restated; this means that year-on-year comparisons are not possible. 3. Proportion of premises able to receive DSL services based on data reported by BT 4. Proportion of households passed by Virgin Media's broadband-enabled network 5. Proportion of households connected to an LLU-enabled exchange 6. Availability of 17 services. Ofcom estimates.

Figure 1.68 illustrates the geographic coverage of 2G and 3G mobile services. It highlights postcodes only where there is mobile coverage of at least 90%. Those parts of the country where choice between mobile phone operators is greatest tend to coincide with areas of high population density, or with a major road network. The result is that geographic mobile phone coverage in the UK tends to be lower than population coverage.

Figure 1.68 Coverage of 2G and 3G mobile services



Source: Ofcom / GSM Association / Europa Technologies; Q2 2010

Note: Map shows the number of 3G operators with at least 90% area coverage; not directly comparable to that published in the 2009 report.

1.6.4 Take-up of communications platforms and services across the UK

High digital TV and mobile take-up; lower for broadband (though still substantial) and lower still for DAB digital radio

Take-up of communications services across the UK rose progressively during 2009; but with many of the services now experiencing high levels of take-up, year-on-year increases in penetration are beginning to slow (Figure 1.69):

- Over eight in ten (85%) of people in UK claimed to have a fixed telephone line at home, down by two percentage points over the year. The slow but progressive reduction in landline take-up has been a consistent pattern across the UK's nations over the last few years, as a small but growing proportion of homes rely solely on their mobile phone. Take-up was highest in England (at 86%); it stood at 81% in Northern Ireland and 79% in Scotland and Wales; by locations within each nation, take-up was highest (92%) in the South East and East of England. It was lowest in Glasgow, Clyde and Lanarkshire (80%).
- Broadband take-up (whether fixed or mobile) across the UK stood at 71% in Q1 2010, up by three percentage points year on year. It was highest in England, at 73% of homes, followed by Northern Ireland at 70%, Wales at 64% and Scotland at 61%. Take-up was highest in the South East of England (80%) and lowest in rural Scotland (60%).
- Mobile phone take-up was comparatively consistent across the four nations. The UK-wide average stood at 89% of individuals in 2010. It was highest in England at 90%, closely followed by Wales (89%) and Northern Ireland (88%). Take-up was a little lower in Scotland, at 85%. Within nations, take-up was highest in urban Scotland (93%) and lowest in Glasgow, Clyde and Lanarkshire (84%).

Figure 1.69 Patterns of communications service adoption across the nations of the UK, 2010



Source: Ofcom research, Q1 2010

Fixed line base: All adults aged 15+ (n = 9013 UK, 5709 England, 1468 Scotland, 1075 Wales, 761 Northern Ireland)

Fixed line question: Is there a landline phone in your home that can be used to make and receive calls?

DTV base: Adults aged 15+ (n = 9013 UK, 5709 England, 1468 Scotland, 970 Wales, 640 Northern Ireland)

DTV question: Which, if any, of these types of television does your household use at the moment?

Broadband base: All adults aged 15+ (n = 9013 UK, 5709 England, 1468 Scotland, 970 Wales, 640 Northern Ireland)

Broadband question: Which of these methods does your household use to connect to the internet at home?

DAB base: Adults aged 15+ who listen to radio (n = 7017 UK, 4476 England, 1034 Scotland, 854 Wales, 653 Northern Ireland)

DAB question: How many DAB sets do you have in your household? Response represents those with one or more sets.

Note: Remaining percentages are 'Don't know' responses

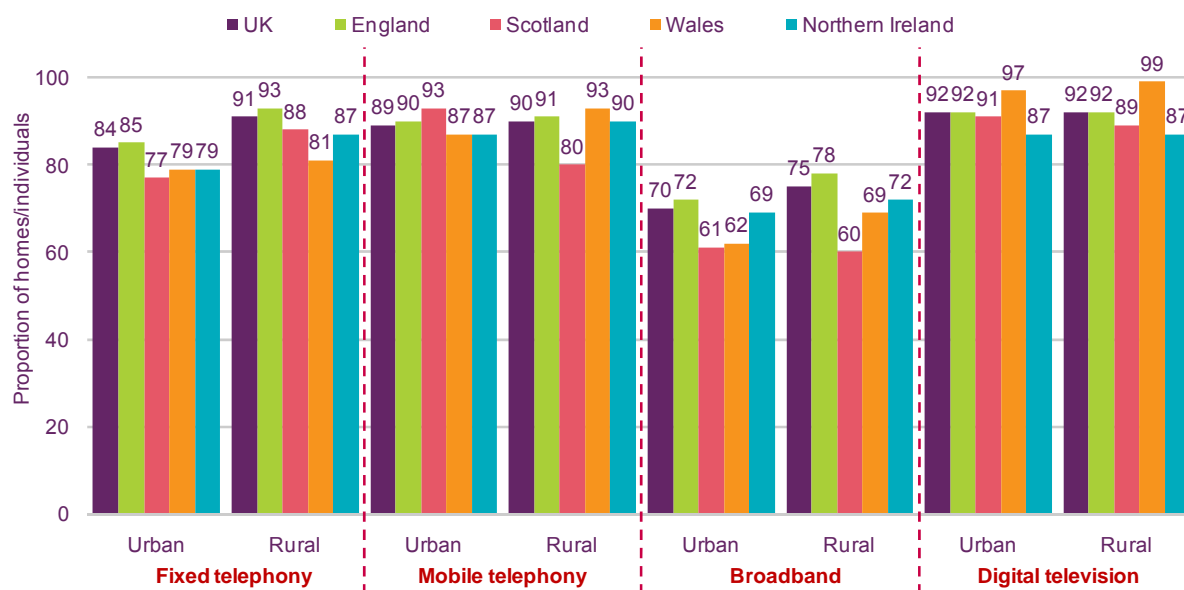
Mobile base: All adults aged 15+ (n = 9013 UK, 5709 England, 1468 Scotland, 970 Wales, 640 Northern Ireland)

Mobile question: Do you personally use a mobile phone?

Note: The DTV take-up figures in this chart will differ from those presented in the 'Fast facts' table. The difference is explained by the base of households over which the two figures are calculated. In this chart, it is all homes with television; in the fast facts, it is all homes (including those that do not have a television).

Figure 1.70 sets out patterns of communications technology / service adoption, by nation and by location (urban/rural). Broadly speaking, higher levels of take-up in rural locations tend to run alongside higher levels in urban areas. Fixed-line services are the only deviation from this pattern, where take-up is higher – sometimes substantially – in rural locations. That said, there are some variations in take-up by location – broadband take-up among homes in rural areas is a little higher than in urban areas in England and Wales.

Figure 1.70 Adoption of communications technology/service in urban and rural locations



Source: Ofcom research, Q1 2010. For questions see notes beneath.

The proportion of the population that relies solely on a mobile handset for voice telephony is illustrated in Figure 1.71. There is a greater proportion of mobile-only households in Wales and Scotland than anywhere else in the UK (19% of the total), closely followed by Northern Ireland (18%). The figure is lower in England, at 13% of the total.

Figure 1.71 Mobile-only households in the UK



Source: Ofcom research
Base: All adults aged 15+

1.6.5 Consumer take-up of bundled services in the UK

One in two homes across the UK took a bundle of communications services in Q1 2010, up by four percentage points year on year.

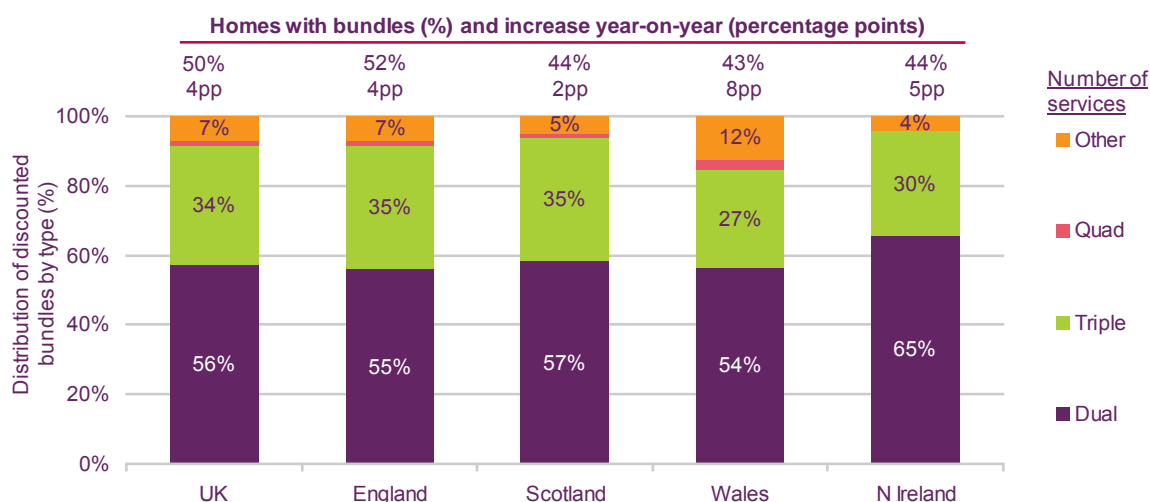
Across the UK, 50% of homes took a bundle of communications services in Q1 2010. This was up by four percentage points year on year. The most popular type of bundle – taken by more than half (56%) of those who chose a bundle – was a ‘dual’ package of services such as fixed-line telephony and broadband.

Take-up was highest in England, at 52% of homes, where the popularity of bundling grew by four percentage points over the year. Take-up across the other nations varied from 43% in Wales to 44% in Scotland and Northern Ireland. The annual growth in adoption of bundles was highest in Wales (where it grew by eight percentage points) and lowest in Scotland, where it rose by two percentage points.

The distribution of bundles in England and Scotland was broadly consistent with the UK-wide average – just under six in ten of those taking bundles chose dual-play packages, with around 35% choosing triple-play. By contrast, triple-play was less popular among consumers in Wales (which might be influenced by lower levels of cable coverage), while dual-play packages were more popular in Northern Ireland.

Within nations, take-up of bundles was highest in the East of England (at 59% of households) and lowest in those parts of Scotland outside Glasgow, Clyde and Lanarkshire, Lothian and Forth and Grampian, Tayside and Fife (30%).

Figure 1.72 Take-up of bundles, by nation



Source: Ofcom research, Q1 2010

Base: All adults aged 15+ with a package of services regardless of whether or not these include a discount (n = 4167 UK, 2793 England, 605 Scotland, 437 Wales, 332 Northern Ireland)

Notes: 1. Remaining percentages are 'Don't know' responses. 2. Bundling is also considered in the UK report; that analysis is based on bespoke research, with a headline bundling figure of 48% (not 50%). The difference arises from different definitions of bundles used in the two pieces of research. In this report a bundle is defined as one where all services are on a single bill, with or without discount. In the UK report research, the definition was of two or more services from one supplier on a single bill and receiving a discount.

1.6.6 Spending by public service broadcasters on television and radio content across the UK's nations

Figure 1.73 illustrates patterns of expenditure in England on broadcasting output. It adjusts for population size by expressing spend on a per-head basis. The chart sets out four types of expenditure:

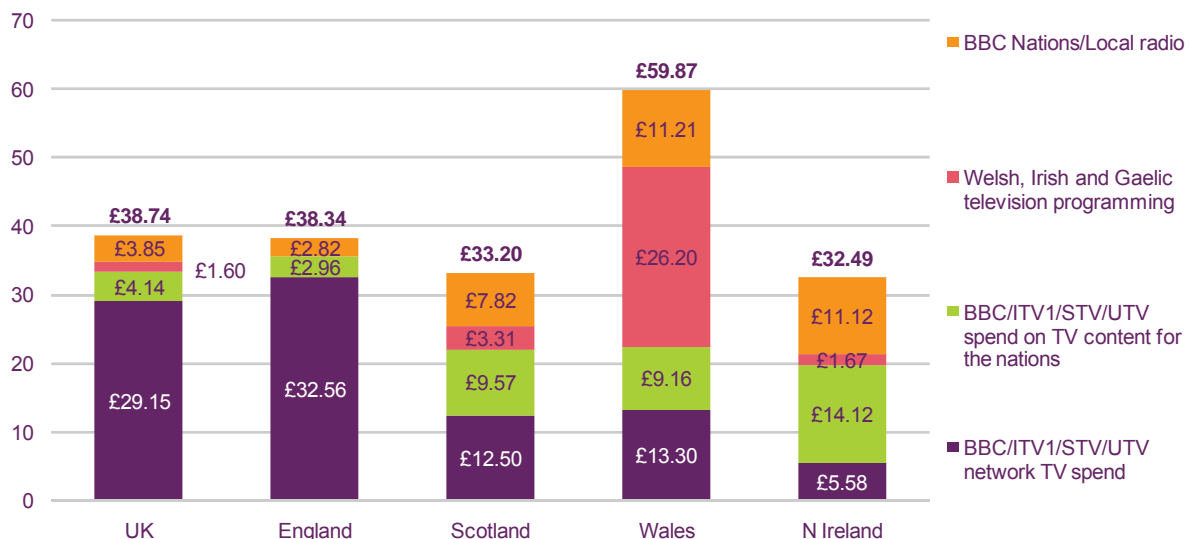
- the value of networked television spending in each nation – programmes that are produced in a nation and then broadcast to all UK viewers;
- BBC spending on radio services for listeners in a particular nation (e.g. BBC local radio, BBC Radio Scotland, BBC Radio Wales, BBC Radio Ulster);

- spend by the BBC and ITV1 on television programmes specifically for viewers in the nations; and
- spending on television output in Welsh, Gaelic and the Irish language.

Total spending per head on broadcast output across the UK stood at £38.74 in 2009. The most substantial component of this expenditure was on programme production for a UK-wide audience, which reached £29.15 in 2009, accounting for 25% of total spend per head.

Patterns of spending vary substantially between the nations. In England, the spend per head of £38.34 was driven principally by networked programme production spend (85% of the total). In Scotland, the total figure stood at £33.20 in 2009, with comparatively equal contributions made by networked programme production, local programme production and BBC nations' radio. In Wales, the figure per head was highest among the four nations, at £59.87; this comparatively high figure is primarily due to the production of programmes in the Welsh language. In Northern Ireland, spend of £32.49 per head comprised equal proportions of programme production spend specifically for viewers in Northern Ireland, and BBC Radio Ulster and Foyle.

Figure 1.73 Spend per head on UK-originated content broadcast by PSBs on TV and radio, 2010



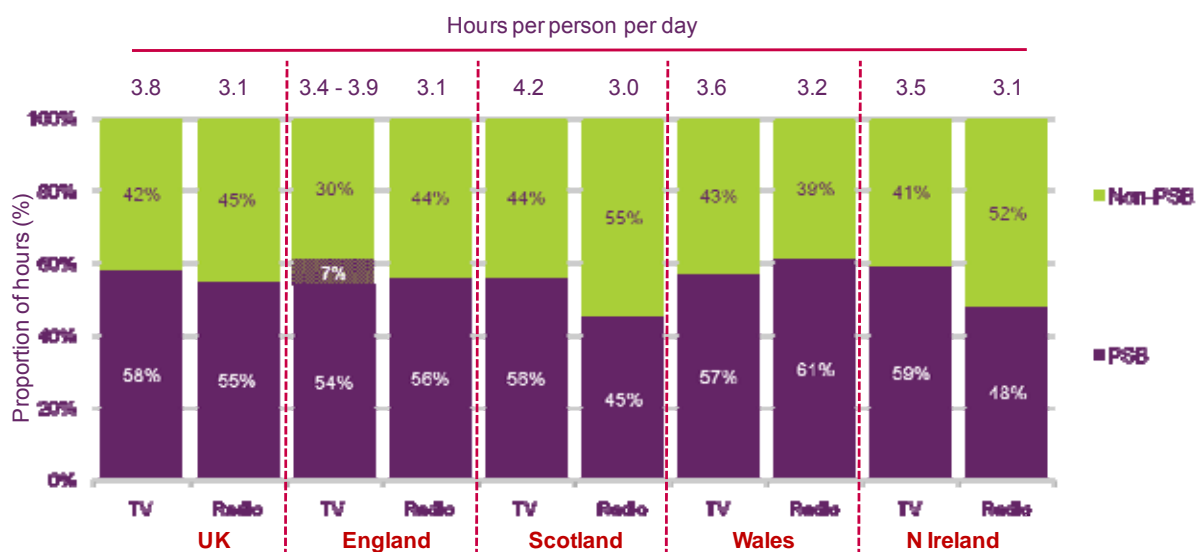
Source: Ofcom analysis, broadcasters

1.6.7 Consumption of television and radio services by people in England

Television viewing across the UK amounted to 3.8 hours/day in 2009; for radio it reached an additional 3.1 hours/day

People across the UK spend an average of between 3.3 and 4.2 hours every day watching television. The figure is highest in Scotland and lowest in the West of England. The comparable figure for radio is less variable across the nations – it ranges from 3.0 hours/day in Scotland to 3.2 hours/day in Wales. On television, the public service broadcasters commanded a viewing share of 58% in 2009, down by two percentage points year on year. They were most popular in the South West of England (with a share of 61%) and least popular in Scotland (56%). On radio, the BBC attracted a listening share of 55% (down by one percentage point year on year). It was most popular in Wales, with a share of 61%, and least popular in Scotland (45%), where local commercial radio attracts a large listening share.

Figure 1.74 Hours of daily viewing of television and radio, by nation, 2010



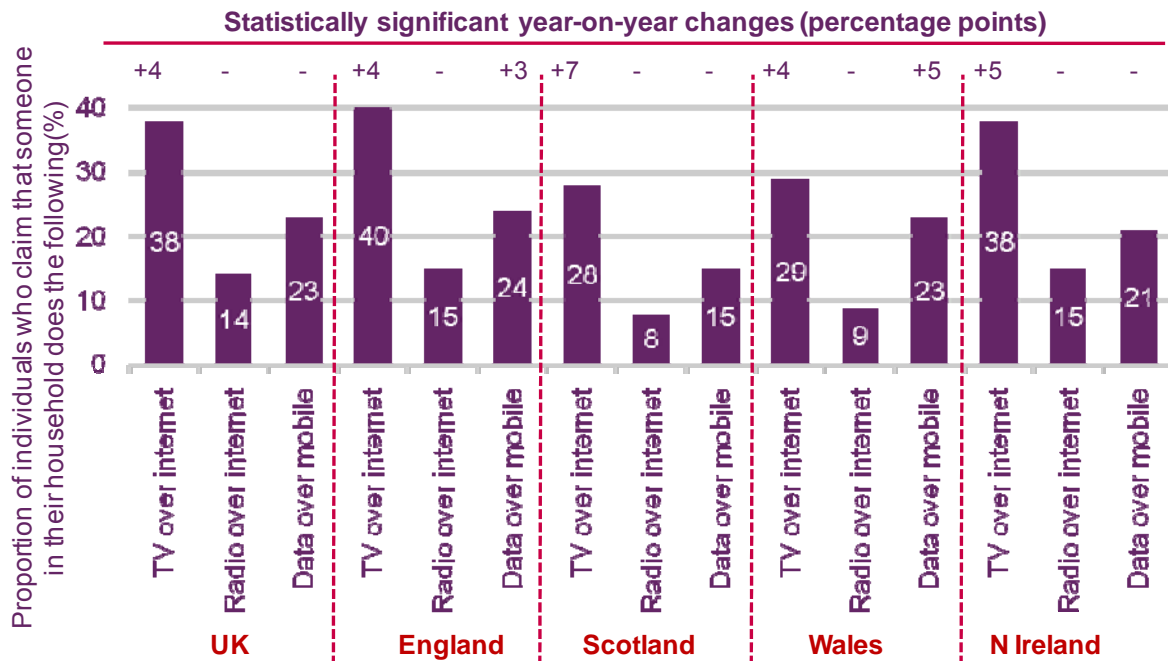
Source: BARB and RAJAR analysis

1.6.8 Use of converged platforms and devices by people across the UK

Four in ten internet users use the web to watch television content; one in five use their mobile phone for data services such as the internet

Four in ten people in the UK (38%) claimed to be using their internet connection to watch television services. The figure ranged from 40% in England to 28% in Scotland, and is probably influenced by levels of broadband take-up in each nation (ranging from 21% in Glasgow, Clyde and Lanarkshire to 52% in the south West of England). Around 14% claimed that they used the internet to listen to radio, with similar patterns of listening across the nations to those for watching television over the web. Around one-fifth of people in the UK use their mobile handsets to access data services, including the internet. Nearly a quarter (24%) made this claim in England, 23% in Wales, 21% in Northern Ireland and 15% in Scotland (from 31% in London to 12% in Glasgow, Clyde and Lanarkshire).

Figure 1.75 Consumers' use of converging platforms



Source: Ofcom research, Q1 2010

Base: All adults aged 15+ (n = 9013 UK, 5709 England, 1468 Scotland, 1075 Wales, 761 Northern Ireland)

Q: For the TV and radio question - Which, if any, of these do you or members of your household use the internet for while at home?

For the data question - Which if any, of the following activities, other than making and receiving voice calls, do you use your mobile for? Figure represents the of responses to the following: download free applications, download paid for applications, send/ receive emails, accessing the internet, connecting to the internet using WiFi,, 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