

1 Wales's communications market

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1.1 Wales: fast facts

	UK	Wales	Scotland	Northern Ireland		Wales Urban	Wales Rural
Bundling	81%	79%	72%	79%	Proportion of homes with a bundle of services ¹	80%	76%
Computer devices   	29%	28%	20%	15%	Proportion of homes with a desktop PC	27%	30%
	64%	58%	51%	54%	Proportion of homes with a laptop	56%	63%
	58%	61%	56%	62%	Proportion of homes with a tablet	62%	57%
Television      	94% ⁺	96%	97%	98%	Proportion of homes with a TV	96%	97%
	62%	60% [↓]	61% ⁺	64% [↓]	Proportion of TV homes with any paid-for TV	61%	53%
	49%	49%	46%	52% ⁺	Proportion of TV homes with any free-TV	46% ⁻	58% ⁺
	38% ⁺	36%	32% ⁺	33% ⁺	Proportion of TV homes with smart TV	38%	29%
	83% ⁺	86% ⁺	81%	83%	Proportion of HDTV homes with an HDTV service	87% ⁺	79% ⁻
	71%	76%	69%	62%	Proportion of homes who watch on-demand content [*]	77%	71%
	32%	25%	35%	24%	Proportion of homes with a subscription to paid-for on-demand content [*]	25%	28%
46%	46%	39%	27%	Proportion of homes who watch catch-up TV services (including live and catch-up) [*]	48% ⁺	38% ⁻	
Radio ²  DAB ⁺	90%	92%	87%	89%	Average weekly reach of radio services among adults 15+	/	/
	21%	23%	21%	21%	Average weekly listening hours among adults 15+	/	/
	57%	58%	53%	37%	Ownership of DAB radios among adults 15+	/	/
Landlines and mobiles  	94%	94%	90%	94%	Proportion of adults with mobile phone	95% ⁺	90% ⁻
	76% ⁺	74%	70%	76%	Proportion of adults with smartphone	76%	69%
	76% ⁺	66%	83% ⁺	84%	Proportion of smartphone owners with a 4G service	68%	59%
	82%	80%	81%	84%	Proportion of homes with a landline phone	78% ⁻	88% ⁺
	60% ⁺	54%	49%	45%	Proportion of homes who have ever used VoIP	54%	51%
Internet 	88%	84%	77%	83%	Proportion of homes with internet access	85%	83%
	83%	79%	73%	79%	Proportion of homes with broadband	78%	81%
	66%	58%	57%	68%	Proportion of people who use their mobile phone for internet activities	58%	57%

Significance testing against Ofcom Technology Tracker figures:

↑/↓ Figure has significantly increased / decreased compared to Half 1 2016

+/- Figure is significantly higher / lower for nation's urban than rural, and vice versa

Significant differences between the UK and the nations have not been highlighted in the table. Please refer to the chapters for this information.

Source: Ofcom Technology Tracker H1 2017, and RAJAR

Base for Ofcom Technology Tracker: All adults aged 16+ (n = 3743 UK, 495 Wales, 510 Scotland, 493 Northern Ireland, 249 Wales urban, 246 Wales rural)

1. From 2017 the calculation of bundle take-up has changed – previously it was based on consumers who said they had a bundle. It is now based on those who have two or more services with the same supplier, therefore includes those previously unaware of being in a bundle

2. Radio figures taken from RAJAR data

Our TV landscape is evolving. We are no longer confined to the broadcasters' schedules.

1.2 The changing TV landscape

1.2.1 Introduction

Instead we are scheduling our own viewing to fit in with our lives, supplementing live broadcast TV¹ viewing with broadcasters' online video services, recorded TV and subscription on-demand and streaming services like Netflix and Amazon Prime Video, which are becoming increasingly mainstream. Combined with the increase in take-up of fixed broadband (78% of households in Wales in 2017, compared to 63% in 2012) and portable devices (74% and 61% of people used a smartphone and tablet in 2017 compared to 39% and 8% in 2012)² this has

given us the freedom to watch what we want, when we want, wherever we want to watch it.

But it is not a simple shift from live broadcast TV to on-demand and streaming services. Live broadcast TV remains important, but increasingly people are using different services and types of content to meet different needs. This section is designed to explore the needs these different services are meeting, and the benefits and disadvantages of this new approach to watching TV.

1.2.2 Highlights from the research

More than eight in ten (84%) people in Wales like the ability to watch what they want, when they want. Two thirds (67%) of people in Wales said they like to watch TV programmes and films on-demand to avoid adverts, or because there are no adverts.

"Binge watching" is now commonplace with 28% of people in Wales saying they do it at least weekly.

Three in ten people in Wales (31%) said they sat together with family members to watch the same TV programme or film on the same device every day.

Three in ten (30%) said that at least once a week, members of their household sit together in the same room while watching different programmes on different screens.

Almost half (49%) of people in Wales say they watch programmes and films by themselves every day.

Six in ten (61%) people in Wales say they prefer to watch big national events on live broadcast TV instead of on-demand because it's good to know everyone is watching at the same time. Half of respondents (50%) said the same for sports programmes.

Methodology

This section draws on new Ofcom research carried out between 27 April and 9 May 2017, conducted by Populus.

This research was conducted via an online survey comprising 2,356 interviews among adults aged 16+, and 505 interviews among 12-15 year olds. There were a total of 159 adult interviews in Wales.

1.2.3 The services people use

Video on demand is becoming more mainstream

Ofcom's Digital Day research³ last year showed that live TV (viewed at the time of broadcast) accounted for 88% of all viewing time among adults in Wales, clearly playing a central role in people's TV consumption. However, this had fallen from 92% since 2014. In line with this, data from BARB also show that the amount of time adults in Wales spend watching live broadcast TV has fallen since 2010⁴.

In contrast, the numbers watching on demand and streaming services are increasing.

Digital Day found an 11 percentage point increase between 2014 and 2016 in the proportion of people in Wales who said they watched any video-on-demand content (42% vs. 53%). This increase was driven by paid on-demand, which increased by 17 percentage points, from 13% to 30%, while free on-demand increased to a lesser degree, by four percentage points (38% vs. 42%). Among video-on-demand users there has been an increase of 31 minutes in the average daily minutes spent watching paid on-

demand TV over the same period (from 30mins to 1hr 1min), while watching free on-demand remained stable at 44 minutes per day.

Given this shift towards a wider range of services being used to watch programmes, Ofcom conducted research to investigate the drivers behind the use of these different services, and people's perceptions of the benefits and disadvantages of watching online video services (such as BBC iPlayer, ITV Hub, Netflix, Amazon Prime Video).

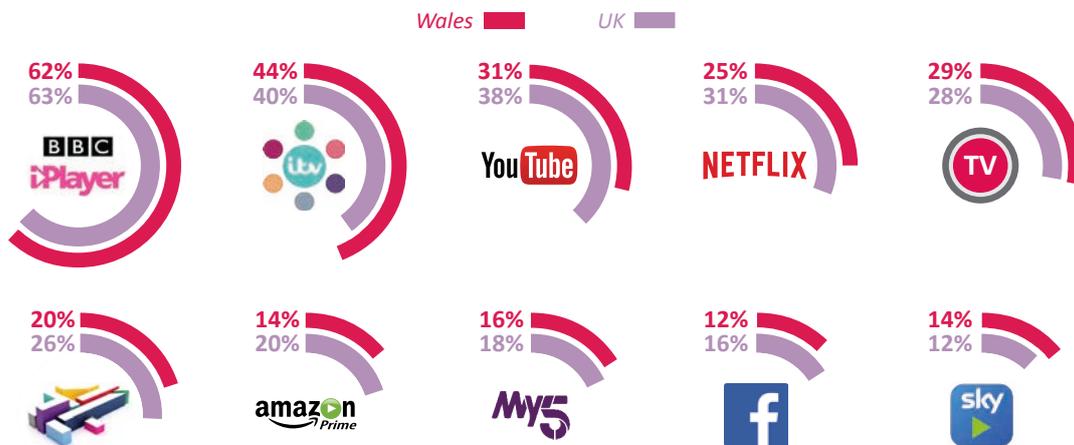
Nearly a third of Welsh adults watch programmes and films on YouTube

When asked what on-demand and streaming services they used to watch TV programmes and films, BBC iPlayer and ITV Hub online TV services were the most popular

among adults in Wales (used by 62% and 44% respectively). Almost a third (31%) say that they use YouTube for watching programmes and films, followed by recorded

TV (29%), Netflix (25%) and All4 (20%), with all other services below 20%. Welsh responses were broadly in line with all other UK nations and the UK as a whole.

The proportion of adults who use different services for watching TV programmes/films (%)



¹ The term 'Live TV' covers live scheduled programming that is broadcast as part of a linear channel.

² Ofcom Technology Tracker

³ Digital Day is an in-depth quantitative diary study into UK adults' and children's total media and communications activities to provide an overview of the role of media and communications in people's lives, covering both personal and business use, and in and out of home use. <https://www.ofcom.org.uk/research-and-data/multi-sector-research/digital-day>

⁴ Adults 16+. Average daily viewing time to live TV declined by 36 minutes (-14%) to 3 hours and 51 minutes per adult in 2016.

⁵ Average daily minutes of activities (among those who did the activity at least once).

1.2.4 Reasons for using different services

Live TV is most popular among people in Wales for keeping up to date with the news

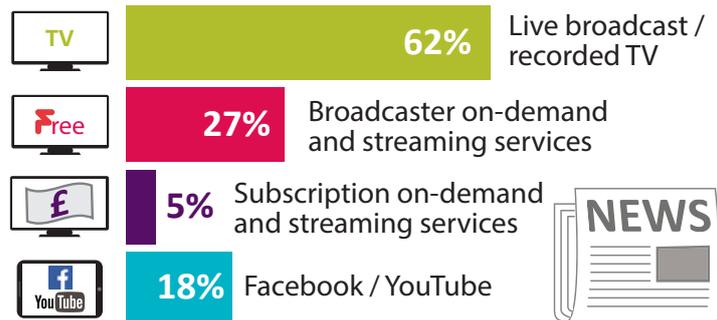
To understand why people are using different services, we asked them which service they would use for a range of different needs.

Live broadcast TV is still the main viewing choice for keeping up to date with the news and current events. When we asked live TV users in Wales why they used live TV, 62% said it was for 'keeping up to date with the news and what's happening around us', the most popular answer. This compares to 27% of users of iPlayer, All4 or other broadcaster on-demand and streaming services, who said the same, and 5% of users of Netflix, Amazon Prime or other subscription on-demand and streaming services. This emphasises the important role live broadcast TV continues to play in keeping us informed and up to date.

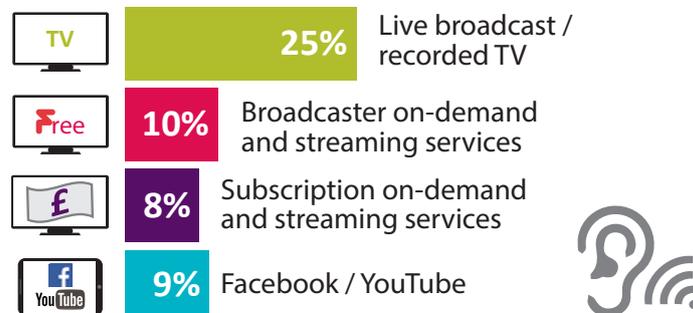
Keeping up to date with the news is not the only reason for watching live broadcast TV. It is the most likely service to be used to provide 'background noise'. Of the respondents in Wales who watch live TV, a quarter (25%) do so for background noise. Among respondents who watch broadcaster on-demand and streaming services, the figure is 10%; for subscription on-demand and streaming services it is 8% and among those who use Facebook/YouTube it is 9%. Even though all these services are being used for background noise to a degree, live broadcast TV is more popular than other services for fulfilling this purpose.

A sense of 'keeping up with others' and 'unity' partly explains the continued popularity of watching live TV. Six in ten (61%) people in Wales say they prefer to watch big national events live, on broadcast TV instead

Services used by people in Wales to 'keep up with the news / keep up with what's happening around me'



Services used by people in Wales 'for background noise'



of watching on-demand at a time of their choosing because it's good to know everyone is watching at the same time. Half of respondents (50%) said the same for sports programmes.

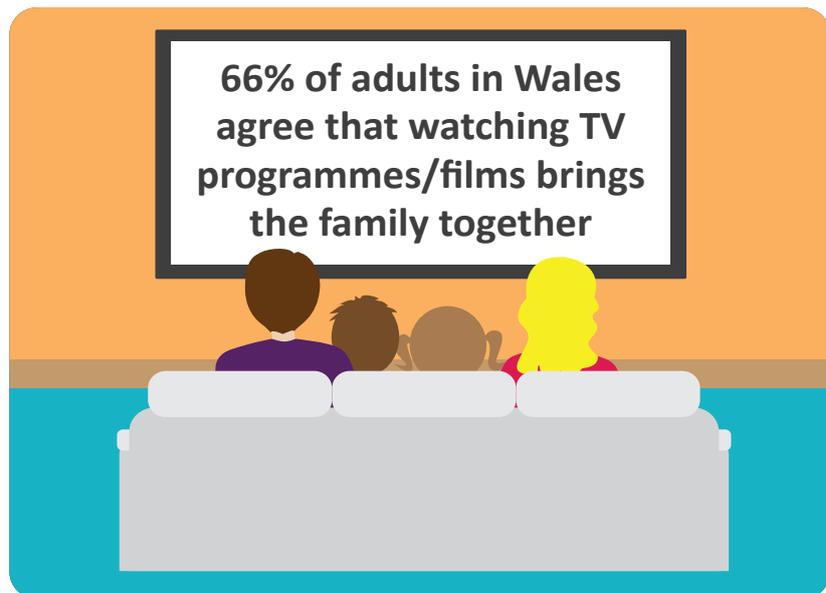
TV can be a great way of carving out a bit of 'me-time'. Half (48%) of viewers of broadcaster on-demand and streaming services in Wales said they use it for 'alone time'. Viewers of live TV or recorded TV are equally as likely to do so for 'alone time' (47%). Among respondents who watch subscription on-demand and streaming services, such as

Netflix, Amazon Prime, 46% also use these services for 'alone time'. Thirty-eight per cent of respondents who use Facebook or YouTube to watch programmes or films also said this. This consistency in responses across services demonstrates that finding alone time and being able to choose exactly what to watch is a benefit of all types of viewing.

Around half (49%) of people in Wales said they watched TV programmes and films by themselves on any device every day and three in ten (30%) said they did this several times a week. However, more than half (55%) of people in Wales agreed with the statement “people spend too much time watching by themselves on their tablets and smartphones nowadays”.

TV is also the way many people de-stress and unwind. Half (50%) of the people in Wales who watch live broadcast TV do so to de-stress. Of the respondents who use Facebook/YouTube, 44% watch it to de-stress. Respondents who watch subscription on-demand and streaming services also watch programmes for this reason, with 43% saying de-stressing and unwinding is important for them and among respondents who use broadcaster on-demand and streaming services, 40% do so to de-stress and unwind.

Eight in ten (78%) people in Wales agree with the statement that being able to watch on-demand means they can make sure they don't miss an episode. In line with this, keeping up to date with a storyline is another important reason for watching, with 48% of people in Wales using live broadcast TV for this reason. Viewers in Wales are also most likely to use broadcaster on-demand and streaming services for this (38%), with fewer (26%) using subscription on-demand and streaming services.



‘Family time’ is also a valued reason for viewing, with two-thirds (66%) of people in Wales agreeing that watching TV programmes and films brings the family together. When asked which services they used for family time, both live broadcast TV (41%) and subscription on-demand and streaming services (e.g. Netflix, Amazon Prime etc.) (29%)¹ were popular, showing that both services play a role in family life, with the latter becoming more mainstream. These services are also useful for keeping children entertained, with an equal proportion of people in Wales using live broadcast TV (14%), subscription on-demand and streaming services (12%) and broadcaster on-demand and streaming services (10%) as well as for this.

This demonstrates that although live broadcast TV clearly has an important role to play, and is the preferred destination for much of our viewing, people in Wales also perceive a range of benefits of on-demand and streaming services. More than eight in ten (84%) people in Wales agree that they enjoy the ability to watch what they want, when they want. Flexibility is valued not only in terms of choice of when and where to watch content, but also in regard to being selective in exactly what to watch. Around two thirds of (67%) people in Wales said they like to watch TV programmes and films on-demand to avoid adverts, or because there are no adverts. On-demand viewing allows people to tailor what they're watching in a way that gives them control over their own personal viewing experience.

¹ There is no statistically significant difference between these two figures, due to low base sizes.

1.2.5 Changing viewing behaviours

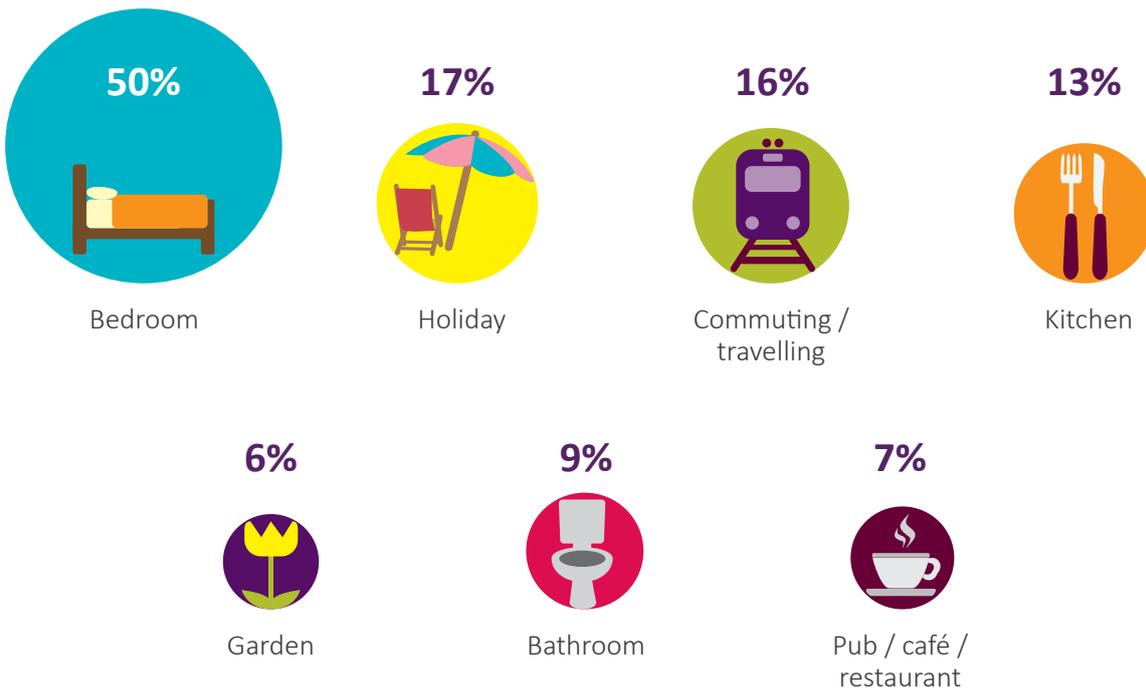
Sixteen per cent of people in Wales make the most of time spent commuting by watching video on demand

The availability of different services to watch TV programmes and films, coupled with the proliferation of portable devices, has changed not just what people are watching, but when and where they are watching it. Half (50%) said they liked the freedom of being able to watch video content when and where they wanted on their tablet or smartphone.

Despite this, home-based viewing remains the most popular, with 50% saying they watch at home in their bedroom, and 13% saying that they watch in their kitchen. However, some are watching while out and about, with 17% saying they watch when on holiday/breaks away from home, and 16% saying that they watch programmes/films while travelling/

commuting. Watching content has become an experience that can be tailored to suit the individual's location as well as their mood: they are watching at the times and in the places that suit them most, and using on-demand and streaming services to 'fill time' and stave off boredom.

Locations where adults in Wales watch programmes/films on any device or service



Three in ten said members of their family frequently sit in the same room together and watch different programmes

The proliferation of new viewing options is clearly changing behaviour. As we have seen, this brings many benefits, but establishing a new viewing etiquette can sometimes be challenging.

As noted earlier, the majority of people in Wales agreed that watching TV programmes and films brings the family together, however three in ten (30%) said that at least once a week, members of their household sit together in the same room while watching different programmes on different screens.

This can be a good thing. When asked how they felt about this, 23% of respondents in Wales said it made things peaceful, 10% said it stopped arguments (a benefit of everyone getting to choose what they want to watch), and overall, half (46%) said they didn't mind.

However, it can also cause tension. Three in ten (30%) Welsh respondents who ever do this, said it disrupted face-to-face communications; this is higher among people in Wales than in any other nation (Wales 30%, Scotland 12%, Northern Ireland 10% and UK 15%).

And 23% said it made talking to people in the room difficult – again, this is higher for people in Wales than in the UK overall (16%). Eight per cent even said it made them angry.

This suggests that despite feeling that watching TV together brings the family closer, the use of multiple screens can sometimes be frustrating. But this doesn't mean people no longer have family TV time; 31% of people in Wales with family members, said they sat together with family to watch the same TV programme or film on the same device every day, while 70% said they did this at least once a week.

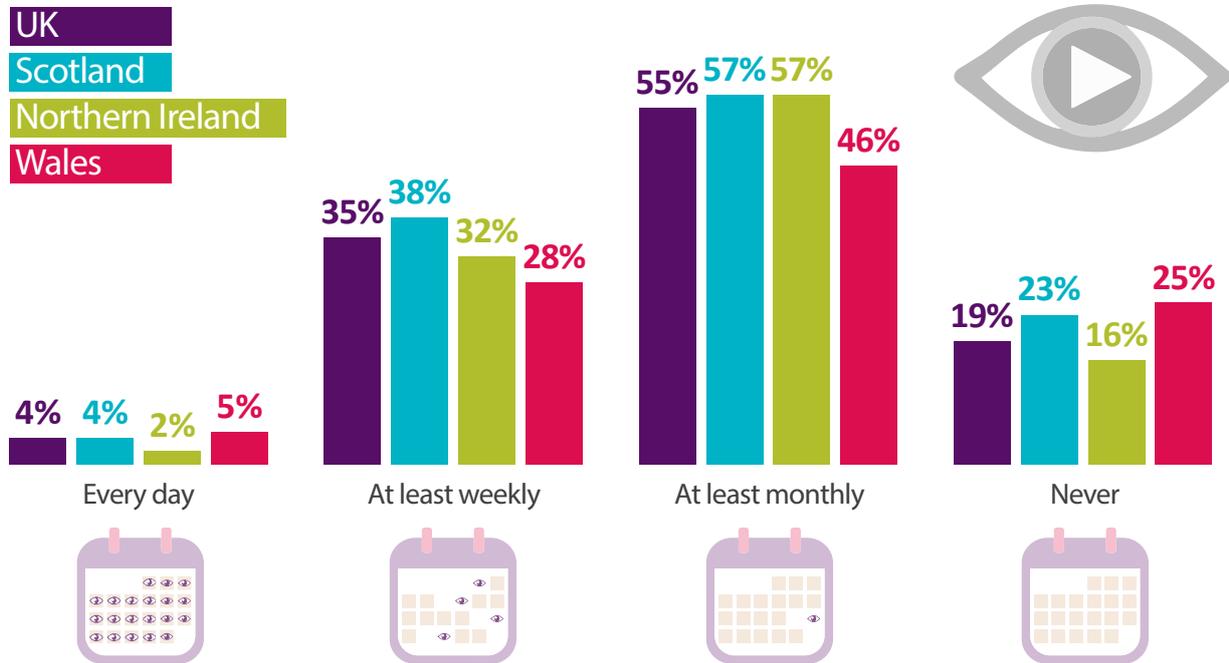
Three-quarters of people in Wales watch lots of episodes of the same programme in one sitting because it's relaxing

Another feature of the new TV landscape that on-demand and streaming services have created is the ability to watch multiple episodes back-to-back, sometimes referred to as "binge watching".

As the reach of subscription on-demand and streaming services has increased, so has the availability of entire series. It is no longer necessary to wait a week to find out what happens after the cliff-hanger, and

many people in Wales are taking advantage of this, with 74% 'ever' watching episodes back-to-back, 46% saying they do it at least monthly and 28% saying they do it at least weekly.

How often people watch multiple episodes of the same programme back-to-back in one sitting



Some of this back-to-back watching is likely to be due to the availability of high quality content. Several subscription on-demand and streaming services are now putting original content at the forefront of their branding. Netflix's popularity is linked to its original content, with programmes such as *House of Cards* and *The Crown* getting a lot of media attention. The same is true of Amazon Prime with series like *The Grand Tour* and *The Man in the High Castle*.

When asked about why they binge-watch programmes, three-quarters (76%) of people in Wales who had binge-watched in the last month said that they found the experience relaxing and enjoyable. Having the ability to choose how many episodes to watch in one sitting is giving people autonomy over their viewing time and making it more enjoyable. Binge-watching also provides a chance for people to spend time with others; a quarter (24%) said they did it with a partner, 19% with a family member, while 15% said it had brought them closer to friends/ family.

A quarter (24%) said it gave them something to talk about with friends and 7% said it gave them opportunities to socialise.

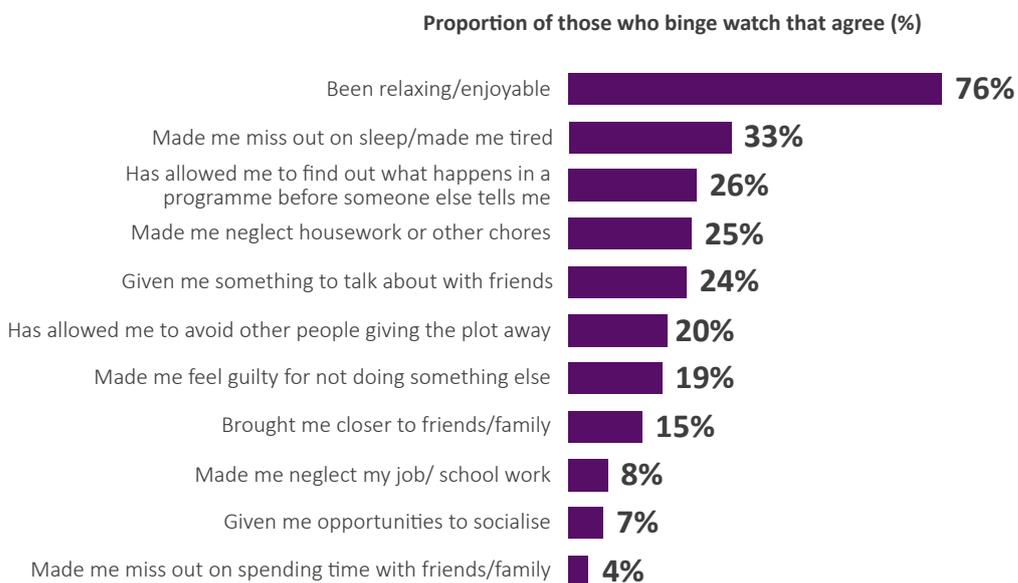
Some of this binge-watching behaviour is a way of avoiding the plot's twists and turns being spoilt by friends and family. In fact, a quarter (26%) of people in Wales, who have binge-watched in the last month, said it allowed them to find out what happens in a programme before someone else tells them, and one in five (20%) said it allowed them to avoid other people giving the plot away.

On the other hand, it seems that sometimes the content can be too good; 16% of respondents who binge-watch at least once a month said that they always watched more episodes of the same programme in one sitting than they had intended to. And 80% said that they *sometimes* watched more episodes than they

intended. This binge-watching can sometimes have unfortunate side-effects. For instance, a third (33%) said that binge-watching had made them miss out on sleep, or made them tired the next day. The tendency to watch more episodes of a programme than intended also seems to be becoming a source of procrastination.

A quarter (25%) said it had made them neglect housework or other chores, 19% said it made them feel guilty for not doing something else, 8% said it made them neglect their job/school work, and 4% said it made them miss out on spending time with friends/family.

Figure 1.1: Effects of binge watching on people in Wales



Source: Ofcom research 2017

Q23. Watching lots of episodes of the same programme in one sitting is sometimes called binge watching. Thinking about when you have done this, do any of the statements below apply?

Base: All respondents who binge watch at least once a month (UK 1301, Scotland 117, Northern Ireland 85, Wales 74)

...and some have therefore decided to act in order to change their binge-watching behaviour

Overall, 32% of respondents in Wales who said they had binge-watched in the last month had considered changing their behaviour and had tried to cut down on this

behaviour. Seventeen per cent of people said they had 'rationed' the amount of TV they watched, 13% said they had found an alternative activity/hobby, 13% said they now

watched more live TV. However, just 2% had gone so far as to cancel a subscription service.

Despite all this, live broadcast TV is still central to our TV-watching habits

People in Wales are changing the way they view, by turning to different services for different needs and drawing heavily on the flexibility and choice offered by on-demand, and streaming services, which can be watched anywhere at any time. However, traditional live broadcast TV is still at the heart of this new viewing experience. When asked what they would do first when wanting to watch a TV programme or film, the top answer was 'switch on the TV and see what's airing on live broadcast TV'.

This response was chosen by half (52%) of people in Wales. The second-ranked answer was 'go straight to recorded TV', selected by 13% of people in Wales, followed by 'go straight to Netflix, Amazon Prime, Now TV or other on-demand services that you pay a monthly subscription for' (9%).

As we outlined above, live broadcast TV is not just background noise. It still dominates as the place to keep up with what's going on in the world and to share popular programming

with friends, family and the nation. BARB data demonstrates this; the UEFA European championships and the Six Nations Rugby featured in eight of the top ten most-watched programmes at the time of broadcast among people in Wales¹, rather than being watched later on a DVR or on catch-up. *The Ten O'Clock News* and the final episode of *The Great British Bake-Off* on BBC One completed the top ten programmes watched live in 2016.

¹ Analysis is based on adults 16+ in Wales and their viewing of programmes live at the scheduled time, excluding any associated time-shifted viewing. This is different to the top programmes shown in the Broadcast TV viewing section of this report which is based on all people aged 4+ in Wales, and includes live and time-shifted viewing up to seven days after a programme is shown. The top programmes are based on the single best-performing episode of a programme, filtered on a minimum duration of 10 minutes. BARB viewing data do not capture out-of-home viewing in pubs and other social spaces.