Setting the scene

Key facts about Scotland

	Scotland	UK
Population[1]	Total for Scotland: 5,222,100 City of Glasgow: 592,820 City of Edinburgh: 486,120 City of Aberdeen: 217,120	61. 792m (mid-2009 estimate) Scotland accounts for approximately 8.4% of total UK population
Age profile[2]	The median age of the population in Scotland is 41. This is lower in city areas (35 in Glasgow City and 36 in City of Edinburgh) than in rural areas (46 in Argyll & Bute, Dumfries and Galloway and Eilean Siar)	Average age of the population: 39.5 years
Language[3]	92,400 people aged 3 and over (1.9 per cent of the population) had some Gaelic language ability in 2001.	n/a
Income[4]	Weekly household income: £611 Weekly household expenditure: £432.80	Weekly household income: £683 Weekly household expenditure: £455
Unemployment[5]	7.7%	7.7%

Sources: 1 and 2; Figures are estimates for 30 June 2010 from the National Records for Scotland 3: 2001 Census; Gaelic Report 4: ONS 5: ONS Labour Market Statistics February – April 2011

A note on our survey research

We conducted a face-to-face survey of 3,474 respondents aged 16+ in the UK, with 487 interviews conducted in Scotland. Quotas were set and weighting applied to ensure that the sample was representative of the population of Scotland in terms of age, gender, socio-economic group and geographic location.

Fieldwork took place in January and February 2011.

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

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

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

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

1 Scotland's communications market

1.1 Introduction and key findings for Scotland

Introduction

This section sets out a selection of the key facts and figures relating to communications markets in Scotland and across the UK nations in 2011, comparing and contrasting nations and highlighting changes that have taken place in the past year.

Key findings for Scotland

<u>TV and audio-visual content</u>

- While across the UK take-up of digital TV increased by four percentage points in the past year, the largest increase was recorded in Scotland, where DTV penetration rose by six percentage points to 97%. This was driven by digital switchover in Scotland, which was under way at the time the fieldwork was undertaken.

- Viewers in Scotland (along with those in Wales) watch more TV than those in other nations - 4.5 hours per day, compared to the UK average of 4 hours.

- Year-on-year spend by PSBs on first-run original programming for viewers in Scotland was up 1% to £52m; over five years, spend fell by 23%, with investment falling by £15m over that period.

- Hours of non-news/non-current affairs programming in Scotland was up by 26% in 2010. The big increase in non-news/non-current affairs output is likely to be explained by STV opting out of content that is broadcast across the UK on ITV1.

- In Scotland spend per head on UK-originated content broadcast by PSBs (on TV and radio) stood at £35.60 per head (up by 3.8%); networked and regional production both made substantial contributions to that total.

<u>Radio and audio</u>

- People in Scotland listen to an average of 21.8 hours of radio per week – the lowest level of listening in the UK.

- BBC radio accounted for a 45% share of total listening in Scotland – lower than the corresponding share in other nations, and compared to the UK average listening share of 55%. Local commercial stations accounted for 40% of listening, compared to a UK average of 32%.

<u>Internet and web-based content</u>

- Broadband take-up across the UK increased by 3% points to 74%, with year-on-year increases recorded in all of the UK nations with the exception of Scotland, which had the lowest level of broadband take-up (61%) (detailed analysis in section 4).

- Over half (54%) of those with broadband in Scotland use a social networking site.

Telecoms and networks

- While ownership of mobile phones has remained stable over the past year (up one percentage point to 86% of adults), one in five mobile owners in Scotland now has a smartphone. There has been a six percentage point rise in the proportion of adults accessing the internet via a mobile, although at 21% this still lags behind the UK average of 32%.

- Eight in ten homes in Scotland have a fixed-line phone, leaving 17% of households reliant on mobile telephony only (slightly higher than the UK figure of 15%). In Scotland, 3% of households have neither fixed nor mobile telephony.

1.2 UK communications market: fast facts

Figure 1.1 illustrates how take-up and use of a variety of communications services across the UK has changed over the past year.

Figure 1.1 Communication markets: fast facts

	UK	England	Scotland	Wales	Northern Ireland	Scotland urban	Scotland rural	UK urban	UK Rural
Digital TV take-up among TV homes	96 ↑+4	96 ↑+4	97 ↑+6	99	90	97 ↑+6	98 ↑+11	96 ↑+4	95 ↑+3
Broadband take-up	74 ↑+3	76	61	71 ↑+7	75	60	68	74 ↑+4	80 ↑+5
Mobile broadband	17 ↑+2	18 ↑+3	9	16	13	8	13	17	14
Mobile phone take-up	91 ↑+2	92 ↑+2	86	87	92	85	88	91 ↑+2	92
Use mobile to access internet	32 ↑+9	34 ↑+9	21 ↑+6	25	29 ↑+8	21	25 ↑+10	34 ↑+8	23
Smartphone take-up amongst mobile phone owners	30 ↑+	31 ↑+	21 ↑+	29 ↑+	23 ↑+	20 ↑+	25 ↑+	30 ↑+	30 ↑+
Fixed landline take-up	85	85	80	80	84	78	86	84	90
Households taking bundles	53	54	49	47	46	51	41	54 ↑+3	47
DAB ownership amongst radio listeners	37	39	31	27	28	30	32	37	40

X *Figure is significantly higher than UK average*

X *Figure is significantly lower than UK average*

↑+xx *Figure has risen significantly by xx percentage points since 2010*

Ofcom research Q1 2011Base: All adults aged 16+ (n = 3474 UK, 1983 England, 487 Scotland, 493 Wales, 511 Northern Ireland, 2458 UK urban, 1016 UK rural, 1719 England urban, 264 England rural, 239 Scotland urban, 248 Scotland rural, 241 Wales urban, 252 Wales rural, 259 Northern Ireland urban, 252 Northern Ireland rural)Note: This is the first year in which we have collected survey data on smartphone use, so we cannot report a year–on-year increase. However, we are confident that ownership has increased significantly in the past year.

1.3 Availability of communications platforms and services

Availability of communications services varies across the UK's nations

Figure 1.2 shows the availability of communications services across the UK by percentage of population covered. The coverage of most services shown in the chart has not changed in the past year. Digital terrestrial television is an exception to this, having risen (substantially in Scotland) as a result of the completion of digital switchover in the past year in north and central Scotland. The charts shows that population coverage of communications services varies by service and by nation:

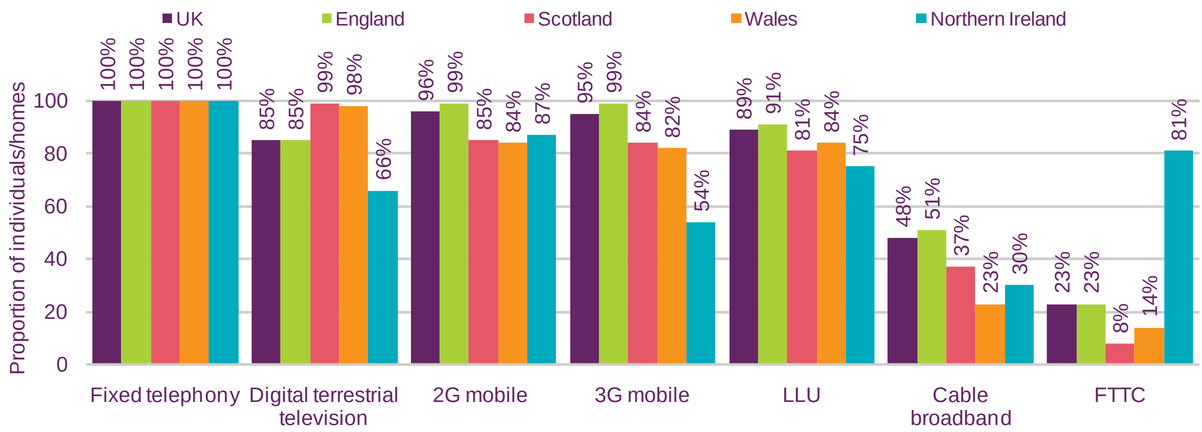
- Digital terrestrial television availability rose from 82% of the population in 2010 to 99% twelve months later. The digital switchover programme in Scotland, completed in June 2011, extended DTT coverage to most households, with coverage matching that of analogue terrestrial television.

- Fixed-line voice telephony and dial-up internet access are available to 100% of homes in the UK, as a result of the universal service obligation.

- At the end of 2010 89% of UK homes were in exchange areas that had been unbundled (up from 85% the previous year). In Scotland 81% of homes were connected to an LLU-enabled exchange at the end of 2010, the second lowest proportion among the UK nations, but this has risen from 70% in 2009.

- 2G mobile services were available to 85% of the Scottish population; broadly similar to levels of coverage in Northern Ireland and Wales. 3G population coverage is on a par with 2G coverage (84%) – the second highest among the nations. Population coverage for both 2G and 3G services is highest in England, at 99%.

Figure 1.2 Communications infrastructure availability across the UK's nations



Sources: Ofcom and: 1. DTT: Availability of 17 services. Ofcom estimates.
2. 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 (Q2 2011). Note that coverage data have been restated; this means that year-on-year comparisons are not possible.
3. 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 (Q2 2011). Note that coverage data have been restated; this means that year-on-year comparisons are not possible.
4. Proportion of premises able to receive DSL broadband services based on data reported by BT
6. Proportion of households passed by Virgin Media's broadband-enabled network
7. Proportion of households connected to an FTTC-enabled exchange

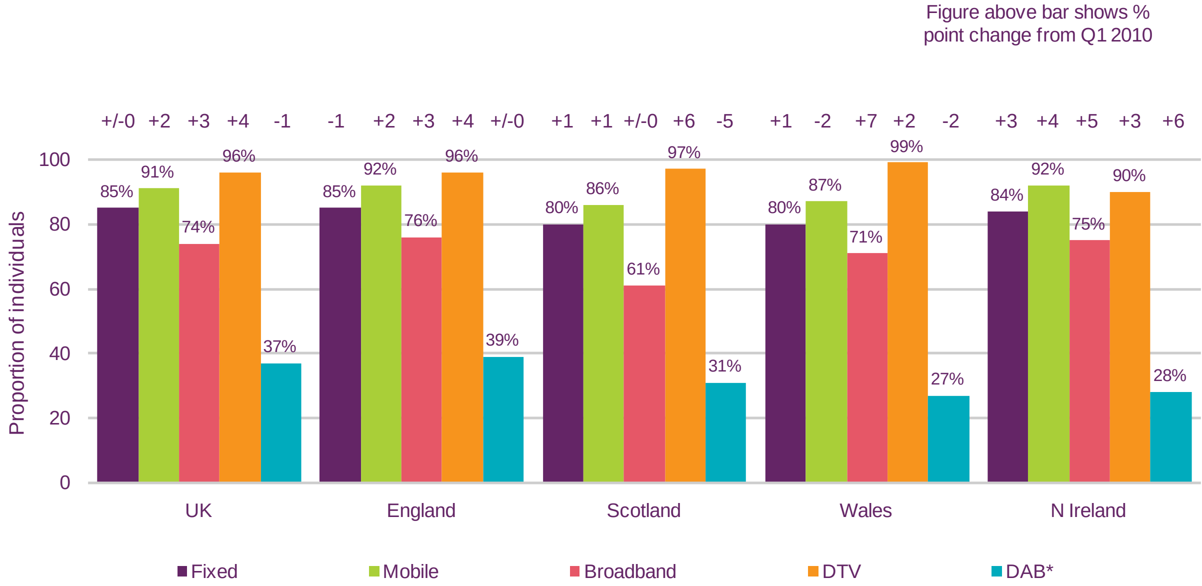
1.4 Take-up of communications platforms and services across the UK

Modest increases in take-up of established communications services across the UK nations

Take-up of the most established communications services remained stable or increased modestly in the past year. Digital television and mobile telephony services are approaching universal ownership, so year-on-year increases in take-up have slowed.

- The small fall in ownership of fixed-line telephones across the UK, that we reported on last year, has been sustained, with take-up remaining at 85%. Take-up of fixed-line telephones is lowest in Scotland and Wales (both at 80%).
- Broadband take-up in the UK (whether fixed or mobile) has continued to increase, with a three percentage point rise in the past year. However, in Scotland, broadband ownership remained at 61% and is now 13% points behind the UK average of 74%.
- Over nine in ten UK adults now own a mobile phone, following a two percentage point increase in take-up during the past year. There is modest variation in take-up between nations, with the lowest take-up in Scotland (86%).
- Digital television ownership has increased to 96% of the UK's adult population. In Scotland DTV penetration rose by six percentage points in the past year to match the UK average.

Figure 1.3 Communications service adoption across the nations of the UK: 2011

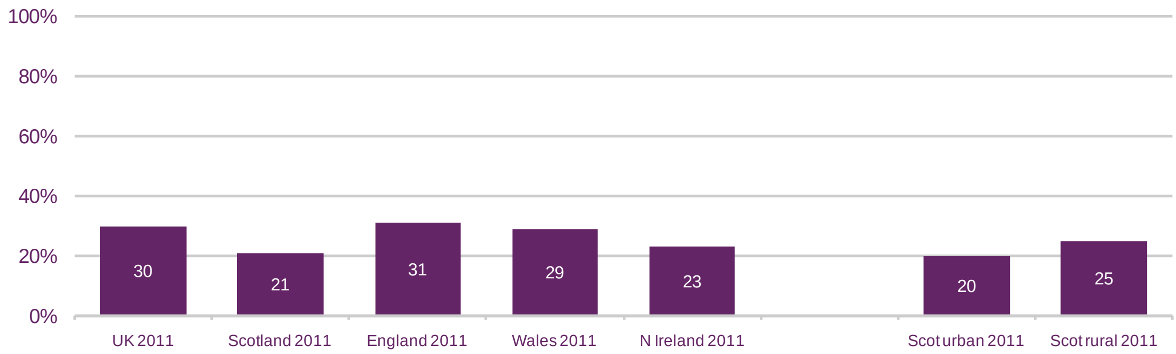


Source: Ofcom research, Q1 2011
Fixed line base: All adults aged 16+ (n = 3474 UK, 1983 England, 487 Scotland, 493 Wales, 511 Northern Ireland)DTV, mobile and broadband bases: Adults aged 16+ with a TV in the household (n= 3412 UK, 1941 England, 479 Scotland, 483 Wales, 509 Northern Ireland)
*DAB base: Adults aged 16+ with any active radio sets in the household who listen to radio. *NB Data previous to 2011 are based on all who listen to radio (n = 2811 UK, 1629 England, 357 Scotland, 397 Wales, 428 Northern Ireland) See published tables for questions:*
www.ofcom.org.uk/static/marketdataresearch/statistics/main_set.pdf

Smartphone take-up

In Scotland one in five mobile owners has a smartphone (21%), the lowest across the four nations. Smartphone ownership is higher among ABC1 socio-economic groups and those aged 16-34. For a detailed study of smartphone users, see the *Communications Market Report: UK* at www.ofcom.org.uk/cmr11.

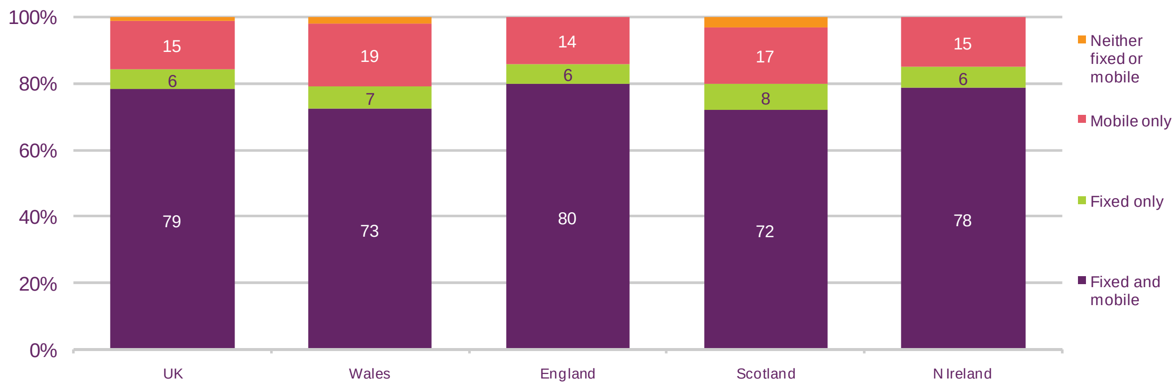
Figure 1.4 Smartphone ownership among mobile phone owners



Source: Ofcom research, Q1 2011
Base: Adults aged 16+ who personally use a mobile phone (n = 3091 UK, 1786 England, 425 Scotland, 416 Wales, 464 Northern Ireland)
Question. Do you personally use a smartphone? A smartphone is a phone on which you can easily access emails, download files and applications, as well as view websites and generally surf the internet. Popular brands of smartphone include BlackBerry, iPhone and Android phones such as the HTC Desire.

Fifteen per cent of adults in the UK rely on mobile voice telephony only. As highlighted in last year's report, Wales and Scotland have the highest proportion of mobile-only homes. Across the UK, lower-income homes are more likely to rely on mobile telephony. In Scotland, 3% of households have neither fixed nor mobile telephony.

Figure 1.5 Mobile-only households in the UK



Source: Ofcom research, Q1 2011
Base: All adults aged 16+ (n = 3474 UK, 1983 England, 487 Scotland, 493 Wales, 511 Northern Ireland)
Question. Is there a landline phone in your home that can be used to make and receive calls? / How many mobile phones in total do you and members of your household use?

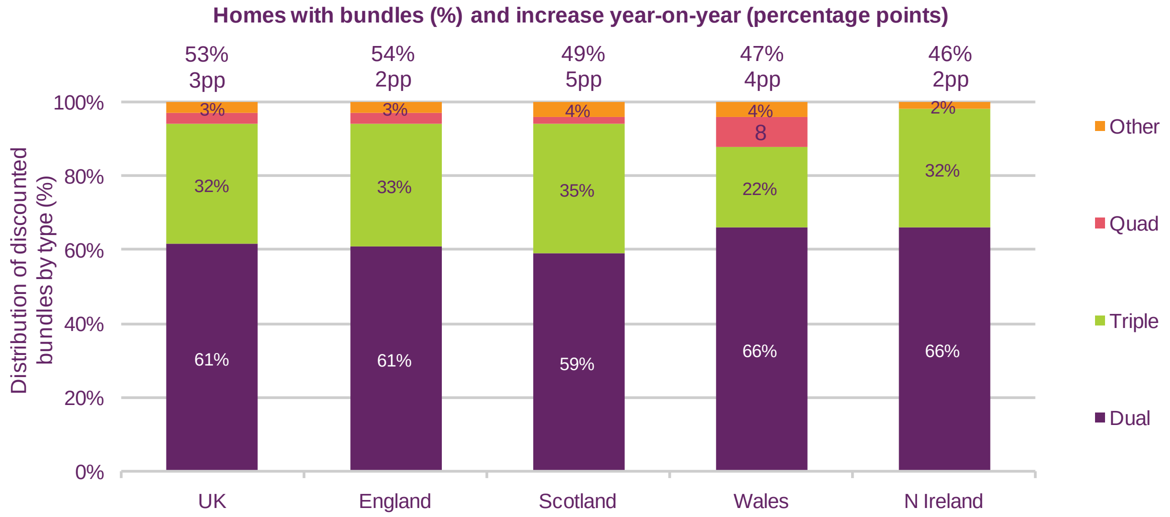
1.5 Consumer take-up of bundled services in the UK

Over half of all homes across the UK took a bundle of communications services at Q1 2011, up by three percentage points year on year.

The trend of purchasing two or more communications services from the same supplier continues to increase in popularity across the UK. Fifty-three per cent of UK homes now purchase communications services in this way, a three percentage point increase year on year, following a four percentage point increase from 2009-2010. The most popular type of bundle is a 'dual' package of two services (typically fixed-line telephony and broadband).

Take-up of bundled services is becoming an increasingly popular way to purchase services in the UK's nations, in particular in Scotland and Wales, where we have seen year-on-year increases of five and four percentage points respectively.

Figure 1.6 Take-up of bundles, by nation



Source: Ofcom research, Q1 2011
Base: All adults aged 16+ with a package of services regardless of whether or not these include a discount (n = 1680 UK, 1035 England, 226 Scotland, 197 Wales, 222 Northern Ireland)
Note: Remaining percentages are Don't know responses

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

Figure 1.7 illustrates patterns of spend on broadcast output. It adjusts for population size by expressing spend on a per-head basis. The chart illustrates four types of expenditure:

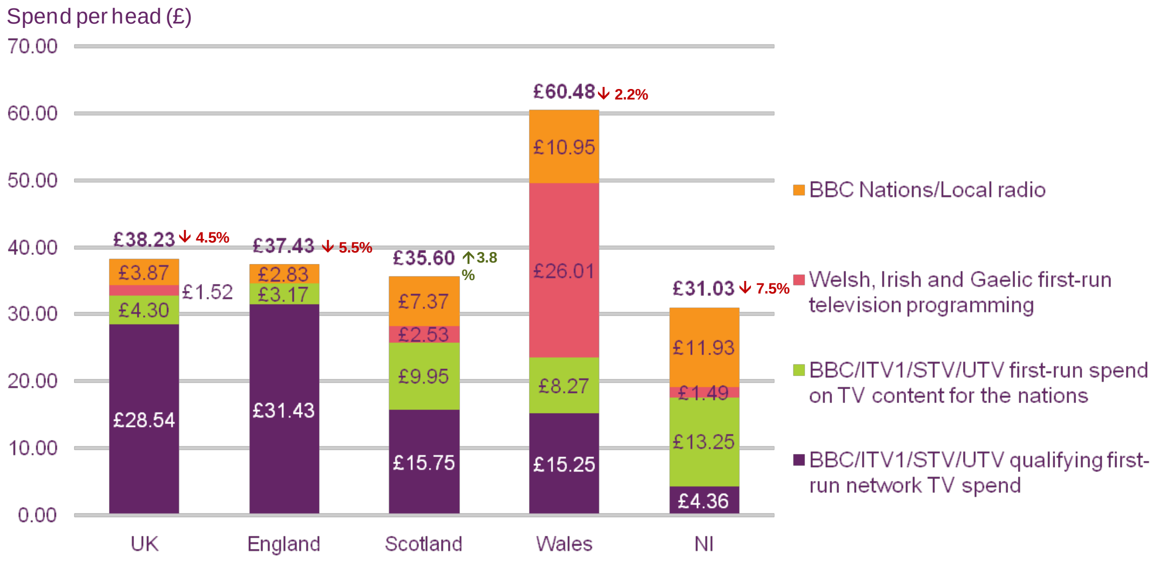
- the value of qualifying first-run networked TV spending – programmes that are produced in one nation/English macro region, and then broadcast to all UK viewers;
- BBC spend on radio services for listeners in the Nations (BBC Radio Foyle/Ulster, BBC Radio Wales/Cymru, BBC Radio Scotland/ nan Gàidheal and BBC Local Radio in England);
- spend by the BBC and ITV/STV/UTV on first-run programmes specifically for viewers in each nation; and

- TV content produced in Welsh (and broadcast on S4C), Gaelic (BBC ALBA) and the Irish language.

Total spend/head across the UK stood at £38.23 in 2010, down by 4.5% in real terms year on year; networked television productions accounted for three-quarters (75%) of that total, and nations/regional television output for a further 11%.

Patterns of spending across the four nations differed in terms of both their level and composition. In Scotland spend per head stood at £35.60 (up by 3.8%), and networked and regional production both made substantial contributions to that total.

Figure 1.7 Spend per head on UK-originated content broadcast by PSBs on TV and radio, 2011



Source: broadcasters, BBC and S4C annual report and accounts, and Ofcom calculations

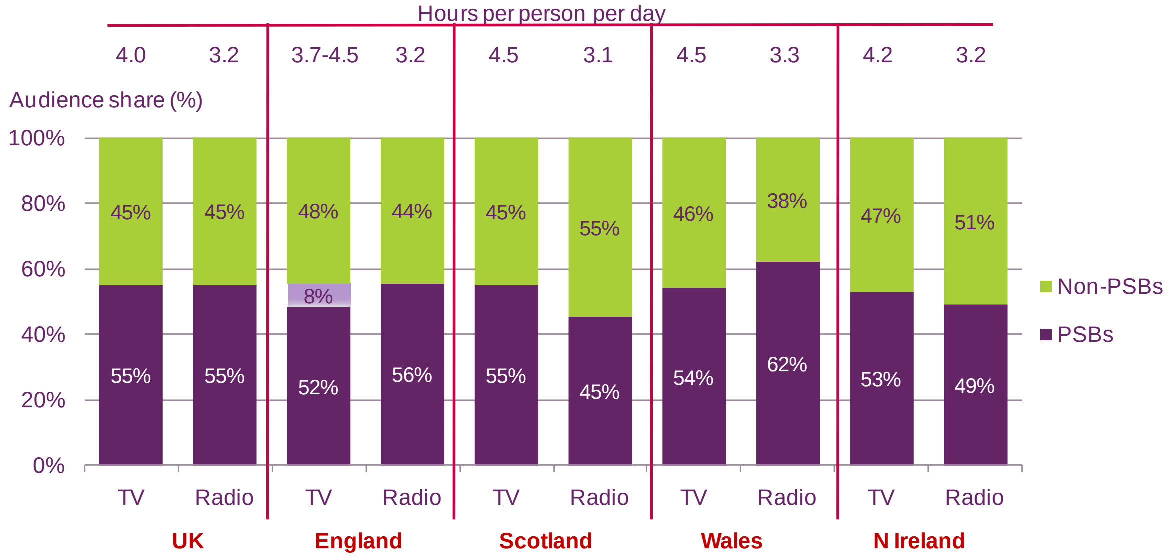
1.7 Consumption of television and radio services

People in Scotland spend an average 4.5 hours per day watching TV

In 2010, average daily TV viewing among individuals (aged 4+) was highest in Scotland and Wales (average 4.5 hours per day in 2010).

For radio listeners, average daily listening among adults (15+) in Scotland was 3.1 hours, a figure broadly similar across all the nations, and comparable to the figure for 2009.

Figure 1.8 Hours of daily viewing of television and radio, by nation: 2010



Source: BARB. i) TV: PSBs = BBC One, BBC Two, ITV1, C4+S4C, Five. (ii) Radio: PSBs = all BBC radio stations.
Notes: For England TV, a range is displayed reflecting the regions with the highest and lowest average daily viewing figures respectively
For Wales TV, viewing hours show an increase of 0.9 hours on 2009 figures. While it's likely that there has been an increase in viewing in Wale, due to digital switchover, this increase may also be attributable to the effects of the new BARB panel introduced at the start of 2010. There are two important changes to note regarding the new BARB panel: 1) It is based on completely different viewers to the previous panel, meaning that data comparisons pre- and post-2010 should be viewed with caution. 2) There was a redefining of border boundaries under the new panel change. Previously, viewing of C4 in some areas registered as 'out of area' and so did not count towards the Wales area viewing figures; under the new panel and re-defined regions, however, viewing of C4 from these regions is included.