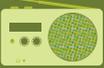


1 Scotland's communications market

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1.1 Scotland: fast facts

	UK	Scotland	Wales	Northern Ireland		Scotland Urban	Scotland Rural
Bundling	81%	72%	79%	79%	Proportion of homes with a bundle of services ¹	71%	80%
Computer devices   	29%	20%	28%	15%	Proportion of homes with a desktop PC	18%	28% ⁺
	64%	51%	58%	54%	Proportion of homes with a laptop	50%	59%
	58%	56%	61%	62%	Proportion of homes with a tablet	57%	53%
Television      	94% [↓]	97%	96%	98%	Proportion of homes with a TV	97%	97%
	62%	61% [↓]	60% [↓]	64% [↓]	Proportion of TV homes with any paid-for TV	63% ⁺	51% ⁻
	49%	46%	49%	52% [↑]	Proportion of TV homes with any free-TV	43% ⁻	54% ⁺
	38% [↑]	32% [↑]	36%	33% [↑]	Proportion of TV homes with smart TV	30% ⁻	39% ⁺
	83% [↑]	81% [↑]	86%	83%	Proportion of HDTV homes with an HDTV service	79% ⁻	89% ⁺
	71%	69%	76%	62%	Proportion of homes who watch on-demand content*	69%	69%
	32%	35%	25%	24%	Proportion of homes with a subscription to paid-for on-demand content*	36%	28%
46%	39%	46%	27%	Proportion of homes who watch catch-up TV services (including live and catch-up)*	38%	43%	
Radio ²  DAB ⁺	90%	87%	92%	89%	Average weekly reach of radio services among adults 15+	/	/
	21%	21%	23%	21%	Average weekly listening hours among adults 15+	/	/
	57%	53%	58%	37%	Ownership of DAB radios among adults 15+	/	/
Landlines and mobiles  	94%	90%	94%	94%	Proportion of adults with mobile phone	90%	93%
	76% [↑]	70%	74%	76%	Proportion of adults with smartphone	70%	69%
	76% [↑]	83% [↑]	66%	84%	Proportion of smartphone owners with a 4G service	86% ⁺	66% ⁻
	82%	81%	80%	84%	Proportion of homes with a landline phone	80%	86%
60% [↑]	49%	54%	45%	Proportion of homes who have ever used VoIP	47% ⁻	58% ⁺	
Internet 	88%	77%	84%	83%	Proportion of homes with internet access	75% ⁻	83% ⁺
	83%	73%	79%	79%	Proportion of homes with broadband	72%	78%
	66%	57%	58%	68%	Proportion of people who use their mobile phone for internet activities	57%	56%

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, 258 Scotland urban, 252 Scotland 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

Our TV landscape is evolving. We are no longer confined to the broadcasters' schedules. Instead we are scheduling our own viewing to fit in with our lives, supplementing live broadcast TV¹ viewing with broadcasters' on-demand and streaming 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 Scotland in 2017, compared to 64% in 2012) and portable devices (70% and 56% of people used a smartphone and tablet in 2017 compared to 32% and 11% 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. Live broadcast TV remains a central component of this, 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 TV consumption.

1.2.2 Highlights from the research

- More than nine in ten (89%) people in Scotland like the ability to watch what they want, when they want. Seven in ten (70%) of people in Scotland 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 38% of people in Scotland saying they do it at least weekly.
- Only 22% of people in Scotland said they sat together with family members to watch the same TV programme or film on the same device every day.
- A third (34%) 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 (47%) of people in Scotland say they watch programmes and films by themselves *every day*.
- Over half (57%) of people in Scotland 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. Nearly half of respondents (45%) 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 202 adult interviews in Scotland.

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

² Ofcom Technology Tracker

1.2.3 The services people use

On-demand and streaming is becoming more mainstream

Data from BARB shows that the amount of time adults aged 16+ in Scotland spend, on average, watching live broadcast TV each day has fallen by 47 minutes since 2010, to 3 hours and 43 minutes per adults in 2016.

The numbers watching on-demand and streaming services have remained stable in Scotland. Ofcom's Digital Day research¹ conducted last year showed that between 2014 and 2016 the proportion of people in Scotland

who said they watched any video-on-demand content was constant at 50%. There was a small increase in the reach of paid on-demand (for example, Netflix or Amazon Prime), from 19% to 20%, while free on-demand (for example, iPlayer or YouTube) remained the same (41%). There has been an increase of 20 minutes in the average amount of time spent watching paid on-demand TV over the same period (from 42mins to 62mins), while watching free on-demand

decreased from 33 minutes in 2014 to 26 minutes in 2016.

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 on-demand and streaming services (such as BBC iPlayer, ITV Hub, Netflix, Amazon Prime Video, YouTube, Facebook).

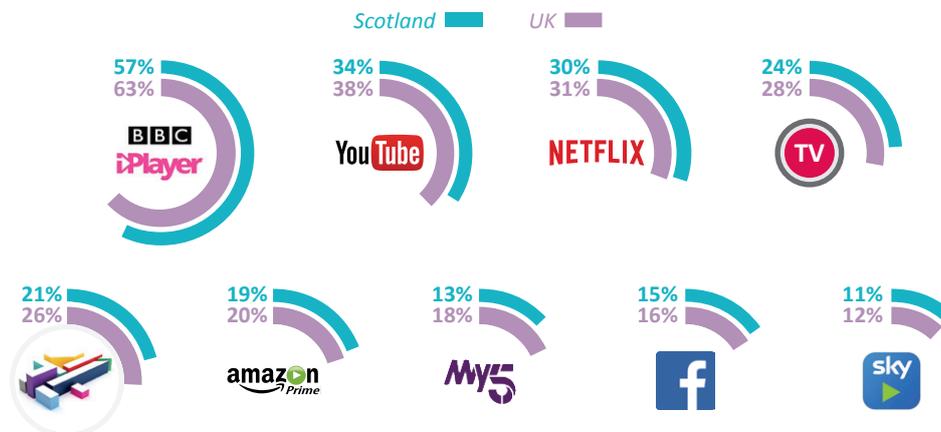
Three in ten adults in Scotland watch programmes and films on YouTube

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

among adults in Scotland, with 57% of people saying they use it. This was similar across all nations and the UK as a whole. A third (34%)

of people in Scotland said they use YouTube for TV programmes/films, while a similar proportion (30%) said they used Netflix.²

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



¹ <https://www.ofcom.org.uk/research-and-data/multi-sector-research/general-communications/digital-day>

² STV was not specifically asked about in the research

1.2.4 Reasons for using different services

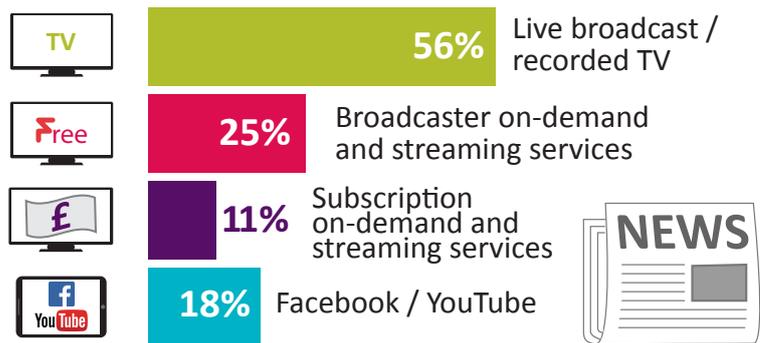
Live broadcast TV is most popular among people in Scotland for keeping up to date with the news

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

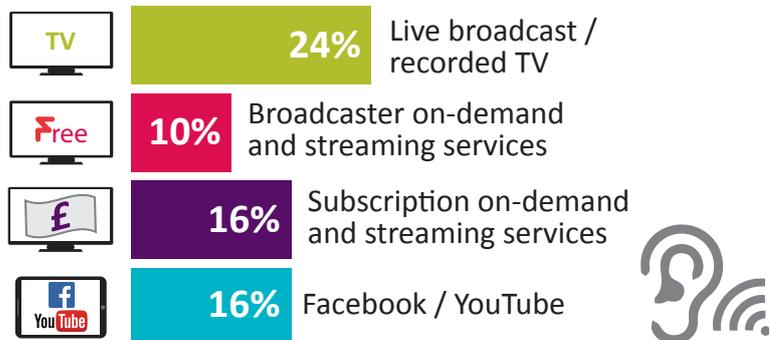
Live broadcast TV is still the main viewing choice for keeping up to date with news and current events. When we asked live-TV users in Scotland why they used live broadcast TV, 56% said it was for 'keeping up to date with the news and what's happening around us', the most popular answer. This compares to 25% of users of iPlayer, All4 or other broadcaster on-demand and streaming services, who said the same, and 11% 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 Scotland who watch live broadcast TV, a quarter (24%) do so for background noise. Among respondents who watch subscription on-demand and streaming services, the figure is 16%; for broadcaster on-demand and streaming services it is 10%. 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.

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



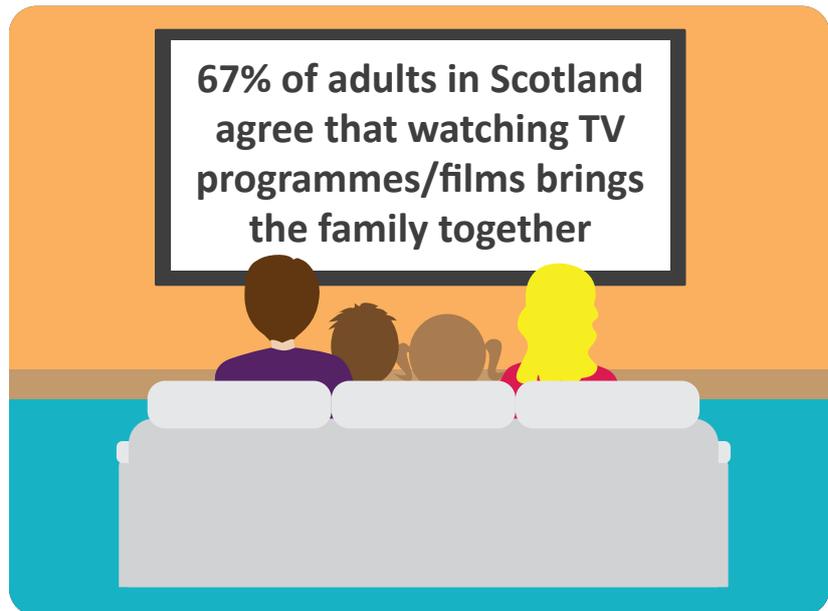
Services used by people in Scotland 'for background noise'



A sense of 'keeping up with others' and 'unity' partly explains the continued popularity of watching live broadcast TV. Nearly six in ten (57%) people in Scotland say they prefer to watch big national events on live broadcast TV instead of watching at a time of their choosing because it's good to know everyone is watching at the same time, while half of respondents (45%) said the same for sports programmes. Similarly, 28% of live-TV viewers in Scotland said they watch live broadcast TV to keep up-to-date with the latest sport, compared to 10% of broadcaster online TV and video service users and 3% of subscription online TV and video services users.

TV can be a great way of carving out a bit of 'alone time'. Six in ten (59%) subscription on-demand and streaming service users in Scotland said they use it for 'alone time'. Among live TV or recorded TV users in Scotland, 54% do it for 'alone time', in line with 48% of broadcaster on-demand and streaming users and 42% of respondents who use Facebook or YouTube. This consistency across services demonstrates that finding 'me-time' is a benefit of all types of viewing.

Supporting these findings around the use of services for 'alone time', when asked how often, if at all, they watched TV programmes and films by themselves on any device, around half (47%) of people in Scotland said they did so every day. Three in ten (31%) said they did this several times a week. However, six in ten (61%) people in Scotland 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 unwind and de-stress; 44% of people in Scotland who watch live broadcast TV, said they do so to de-stress. Similar proportions of broadcaster on-demand and streaming service users, subscription services such as Netflix and Amazon prime and Facebook/YouTube users said the same.

Three quarters (76%) of people in Scotland 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; 42% of people in Scotland say they watch TV programmes and films for this reason. Viewers in Scotland are most likely to use live broadcast TV (43%) and broadcaster on-demand and streaming services for this (42%), with fewer (29%) using paid-for on-demand and streaming services and Facebook/YouTube (13%).

'Family time' is also a valued reason for viewing, with two-thirds (67%) of people in Scotland agreeing that watching TV programmes and films brings the family together.

When asked which services, they used for family time, live broadcast TV (28%), broadcaster on-demand and streaming services (23%) and subscription on-demand and streaming (22%)¹ were popular, showing that all these services play a role in family life, with the latter two becoming more mainstream.

Although live broadcast TV clearly has an important role to play, and is the preferred destination for much of our viewing, people in Scotland also perceive a range of benefits of on-demand and streaming services. Nearly nine in ten (89%) people in Scotland 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 to be selective in exactly what to watch. Seven in ten (70%) people in Scotland said they like to watch TV programmes and films on-demand to avoid adverts, or because there are no adverts. On-demand and streaming 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

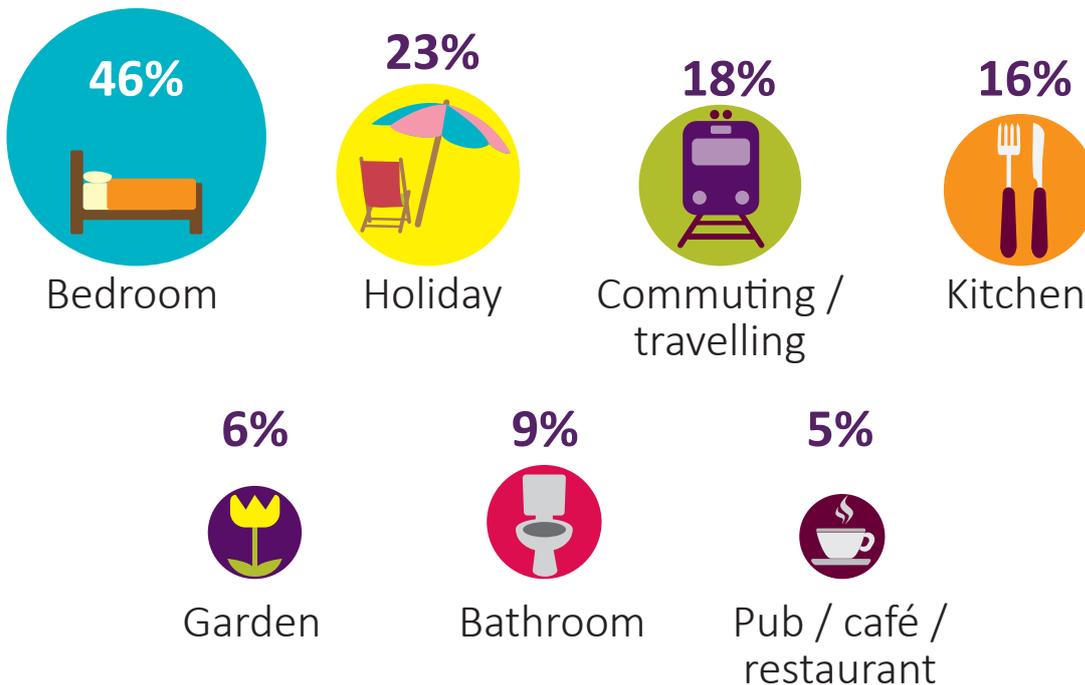
Eighteen per cent of people in Scotland make the most of time spent commuting by watching programmes and films

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 (53%) said they liked the freedom of being able to watch content when and where they wanted on their tablet or smartphone.

Despite this, home-based viewing is still most popular, with 46% saying they watch at home in their bedroom, and 16% saying that they watch in their kitchen. However, many are watching while out and about, with 23% saying they watch when on holiday/breaks away from home, and 18% 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. This flexibility is enhancing people's portfolio approach to content; they are watching at the times and in the places that suit them most, and using online TV and video services to 'fill time' and stave off boredom.

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



A third of people in Scotland 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 Scotland agreed that watching TV programmes and films brings the family together, however, a third (34%) said that at least once a week, members of their household sit together in the same room while watching different programmes on different screens.

One in ten (10%) people in Scotland even said that this happens every day. This can be a good thing. When asked how they felt about this, 23% of Scottish respondents said it made things peaceful, 9% said it stopped arguments (a benefit of everyone getting to choose what they want to watch), and overall, six in ten (60%) said they didn't mind.

However, it can also cause tension; one in five (19%) said it made talking to people in the room difficult – again, 12% said it disrupts face-to-face communications

and a small proportion (3%) even said it makes 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; 22% of people in Scotland living with family members said they sat together with family to watch the same TV programme or film on the same device every day, while 63% said they did this at least once a week.

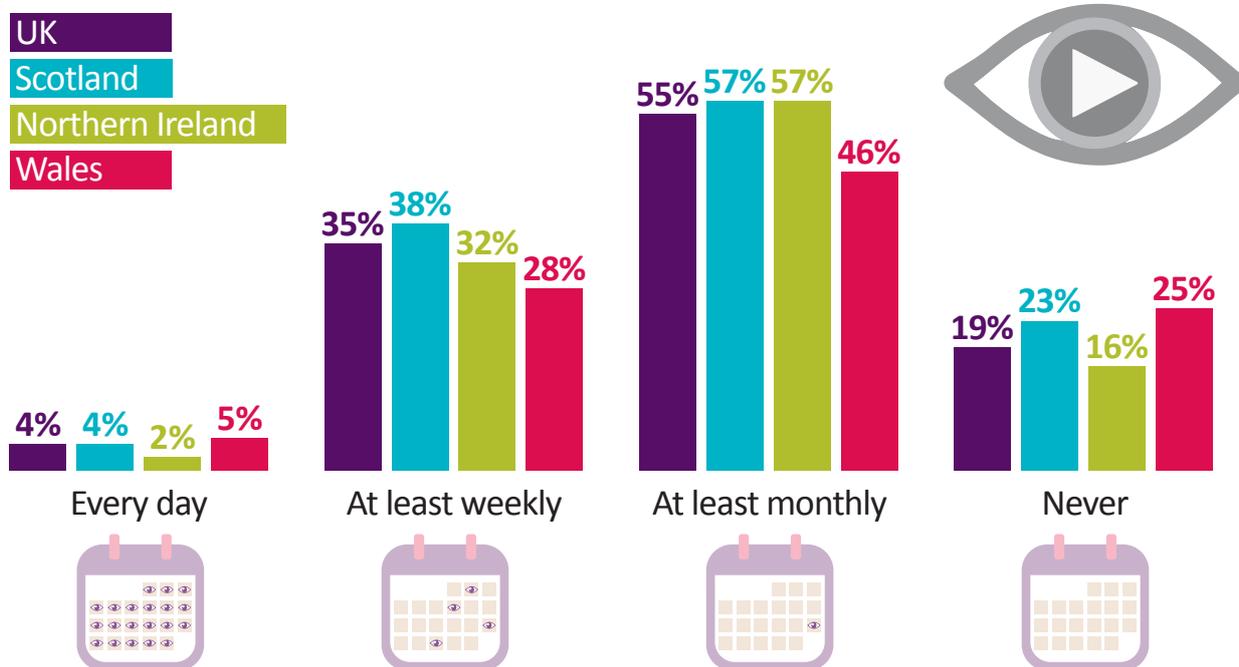
Seven in ten people in Scotland watch lots of episodes of the same programme in one sitting because it's relaxing

Another feature of the new TV landscape that on-demand and streaming services has 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 whole week to find out what happens after the cliff-hanger, and many people

in Scotland are taking advantage of this, with 74% 'ever' watching back-to-back episodes, 38% saying they do it at least weekly and 57% saying they do it at least monthly.

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, seven in ten (70%) people in Scotland 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 thus making it enjoyable. Binge-watching also provides a chance for people to spend time with others; a quarter (25%) said they did it with a partner, 16% with a family member, while 9% said it had brought them closer to friends/ family. Three in ten (29%) said it gave them something to talk about with friends and 5% said it gave them opportunities to socialise.

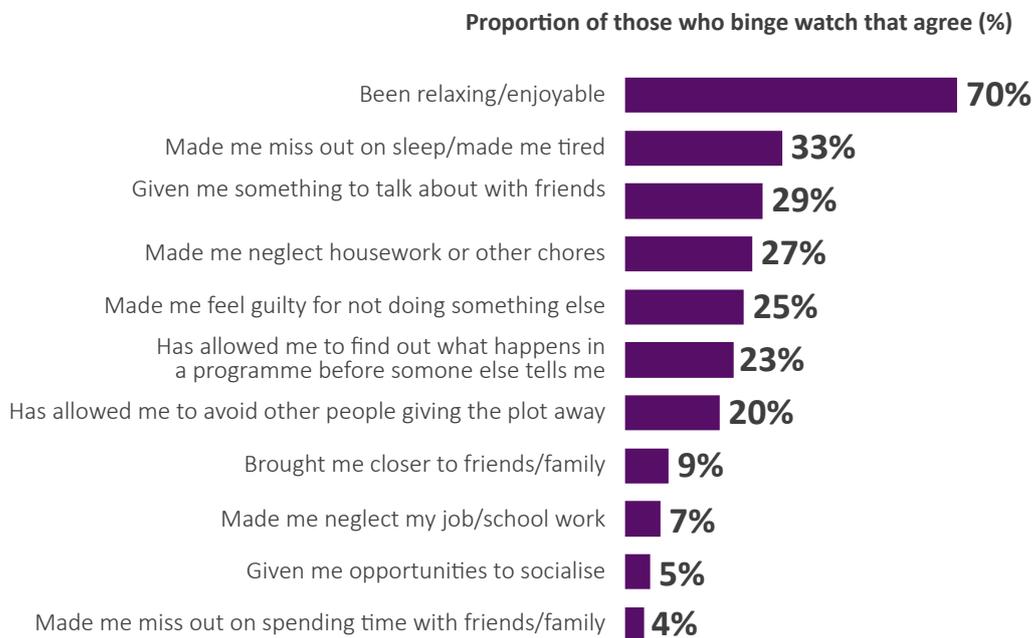
Some of this binge-watching behaviour is a way of avoiding the plot's twists and turns being spoiled by friends and family. A quarter (23%) of people in Scotland, who have binge watched in the last month, said it allowed them to find out what happens in a programme before someone else tells them, and one in five (20%) said it allowed them to avoid other people giving the plot away. That people binge-watch and want to stop the plot from being given away shows how immersed they are in the content.

On the other hand, it seems that sometimes the content can be too good; 22% of respondents who binge-watch at least once a month in Scotland said that they always watched more episodes of the same programme in one sitting than they had intended to. And 72% 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. Nearly three in

ten (27%) said it had made them neglect housework or other chores, a quarter (25%) said it made them feel guilty for not doing something else, 7% 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 Scotland



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 decided to act in order to change their binge-watching behaviour

Overall, 40% of respondents in Scotland who said they had binge-watched in the last month had considered changing their behaviour and had tried to cut down on this

behaviour. Eighteen per cent of people said they had 'rationed' the amount of TV they watched, 8% said they had found an alternative activity/hobby, 10% said they

now watched more live broadcast TV and 9% had gone so far as to cancel a subscription service.

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

People are changing the way they view, by turning to different services for different needs and drawing heavily on the flexibility and choice offered by online TV and video 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 (51%) of people in Scotland. The second-ranked answer was 'go straight to Netflix, Amazon Prime, Now TV or other on-demand services that you pay a monthly subscription for' (16%).

As we saw 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 important moments with friends, family and the nation. BARB data demonstrates this.

The *Wimbledon 2016 Men's Singles Final* was the most-watched programme at the time of broadcast among adults in Scotland, rather than being watched later on a DVR or catch-up. The UEFA European championships featured in five of the top ten most-watched programmes at the time of broadcast. *Still Game*, *Only an Excuse?*, *Hogmanay Live* and the *England versus Scotland World cup qualifier* completed the top ten programmes watched live in 2016¹.

¹ Source: BARB, Adults 16+. Based on the single best-performing episode of a programme watched live at the time of broadcast. Filtered on a minimum programme duration of 10 minutes. These viewing figures do not capture out-of-home viewing in pubs and other social spaces.