Section 1

Introduction

Background

This is Ofcom’s fifth annual report on the consumer experience of telecoms, the internet and digital broadcasting. It discusses the results of our research programme, which measured how well consumers have fared over the past year in their use of these services.

This report has been published alongside Ofcom’s Consumer Experience Policy Evaluation, which considers the key findings and trends emerging from the research and uses these to assess the impact of Ofcom’s policy work and activities. While this report focuses on the experience of residential consumers, an analysis of business consumers’ experience in the UK communications market can be found here: http://stakeholders.ofcom.org.uk/market-data-research/market-data/consumer-experience-reports/

Data sources

A variety of data sources were used in compiling this report: Ofcom’s communications tracking survey and its consumer decision-making survey, supported by a range of ad-hoc research. Full details of all the Ofcom research used in this report are available in Annex 1. The following is a brief outline of the research used.

Ofcom communications tracking survey

The communications tracking survey is run on a quarterly basis. It provides Ofcom with continuous understanding of consumer behaviour in the UK communications markets, helping us to monitor change and assess the degree and success of competition.

Ofcom consumer decision-making survey

Ofcom has run a survey of consumer decision-making since 2006, covering consumers in each of the fixed-line, mobile, fixed broadband and multichannel television markets, including bundle purchasers. The main objective was to track the extent to which consumers participate in the communications markets. This survey is now Ofcom’s key data source for monitoring switching and satisfaction in the communications markets.

Consumer concerns research

Ofcom monitors consumer concerns in the communications markets on a quarterly basis. The objective is to measure and track levels of concern as well as to investigate consumers’ experience of specific topical issues.

Mobile broadband research

Research was undertaken to understand existing consumer attitudes to, and use of, mobile broadband. Mobile broadband is typically defined as high speed wireless internet access, and this can be via a variety of devices and connection methods including access from a laptop or PC via a dongle, or via a mobile phone. A three-stage approach was used for this research.

An initial qualitative stage followed by a large scale face-to-face quantitative survey, and a second qualitative stage focusing on key areas. The full research report can be found here: http://stakeholders.ofcom.org.uk/binaries/research/consumer-experience/tce-10/mobile-broadband.pdf
The scope

This report analyses the overall experience that consumers have had of the communications market, in four areas:

- telecoms (fixed-line and mobile);
- internet (largely focusing on fixed broadband);
- broadcasting (television and radio); and
- bundle purchasers.

The report presents data on each of the markets under the following section headings:

- consumer access and take-up – the availability and take-up of communications services (including non-ownership, both voluntary and involuntary);
- consumer choices, value and range – trends in prices of communications services, consumers’ awareness and use of suppliers, and their levels of satisfaction;
- consumer empowerment – the level of participation in communications markets in terms of switching and shopping around, and use of consumer information; and
- consumer protection and concerns – complaints, concerns and awareness of complaint procedures.

The report covers the UK adult population, and compares findings in three ways:

- across various demographic groups, where relevant;
- over time, where the data are available; and
- across countries, where robust data are available.

With the exception of take-up data, findings have not been analysed at a national or regional level across the UK, as this is covered by Ofcom’s annual Nations & Regions Communications Market report, last published in August 20101.

Time series data

Where possible, data from Q2 or Q3 2010 have been compared with data from a similar time period in previous years. However, where analysis by nation has been included, different time periods have been used – 2010 data were collected in Q1 2010 and are compared to annual rolled data collected in 2006 and 2007 (Q1 – Q4 combined) and Q1 2008 and 2009 data.

Statistical reliability

For reporting purposes, sub-group differences are noted in the report only when they are significantly different from the total sample. We have reported differences at the 99% level.

1 http://stakeholders.ofcom.org.uk/market-data-research/market-data/communications-market-reports/cmr10/.
confidence level; this means that if you asked 100 people in the population, 99 of them would give a similar response to the finding reported.

Insufficient sample sizes (i.e. fewer than 50 respondents) were achieved for some demographic groups for some metrics. Where this is the case, no data have been reported.

Low sample sizes (i.e. between 50 and 100 respondents) were achieved for some demographic groups for some metrics. Where this is the case, it has been highlighted that the data are indicative only.
Section 2

Executive summary

This report covers many aspects of the consumer experience. The following is a summary of the key themes and highlights from this year’s research.

- Increases in take-up levels across all communications services, except fixed line:
  - Take-up of fixed-line has continued its overall declining trend, falling to 84% of households, with this driven by those aged 25-34, and those households in lower income and socio-economic groups.
  - Conversely, 91% of individuals personally use a mobile – representing a 10 percentage point increase over the past five years. While the proportion of those on a contract remains relatively stable (44%), among those aged 45+ there has been a shift towards contract from pre-pay.
  - Consistent with the decline in fixed-line take-up, the proportion of mobile-only homes has almost doubled over the past five years, from 8% in 2005 to 15% in 2010. Younger age groups and the lower socio-economic groups are more likely to live in a mobile-only home – nearly three in ten adults aged 15-24 live in a mobile-only household, with the same true of those with a household income of £17.5k and under.
  - The growth in broadband take-up (fixed and mobile) continues – household penetration has more than doubled over the past five years from 35% to 73%. Take-up of digital services has significantly increased over the past year amongst older consumers and lower income households; broadband penetration amongst those aged 65-75 rose nine percentage points since 2009. However, younger age groups and higher-earning households still dominate broadband take-up.
  - The proportion of consumers stating they do not intend to get the internet in the next 12 months has fallen from 20% in 2009 to 15% in 2010.
  - Mobile internet use is similar to fixed internet use in that there are no activities that are solely the domain of specific device types/access methods. However, the frequency of certain activities does vary according to access method/device, with consumers who use their mobile phone or dongle out of the home spending more time on social networking sites than those using the internet in the home.
  - About half of households buy two or more communications services from a single supplier in a bundle. Bundling is most popular in the fixed broadband market, around two-thirds of these consumers purchase this service as part of a bundle.
  - Digital TV penetration has risen from 63% to 93% over the past five years, driven by the digital switchover programme that began in 2008.

- Consumer awareness of choice in communications services varies by market:
  - Overall levels of satisfaction with communications services have remained consistently high, particularly in the mobile market (91% of consumers ‘very’ or ‘fairly’ satisfied). Satisfaction with fixed broadband services remains stable at 80%.
Among broadband consumers, satisfaction was highest for those using fixed-line WiFi connections, but lower for those connecting out-of-home, especially via laptop/dongle.

Consumers using a dongle/USB out of home are more likely to encounter problems than fixed-line users, particularly in relation to speed of connection (34% encountering speed problems compared to 18% for fixed line).

Average household expenditure on telecoms services continues to fall, and has reduced from around £71 in 2005 to £62 per month for fixed-line, mobile, internet and broadband services.

Our comparative international pricing analysis finds that the prices available to UK consumers are relatively low. Mobile prices are lower in the UK than in five other comparator countries (France, Italy, Germany, Spain and the US) for all but the lowest-use connections, and fixed-line voice pricing is also lower than in all the other countries, except for low users. However, we also note that overall fixed-line voice prices in the UK increased slightly between July 2009 and July 2010, while it fell in the other five countries, and that the fall in mobile prices in the UK was lower than in the other countries. The price of basic and premium pay-TV packages is more expensive in the UK than in most other countries.

Switching levels have remained stable across most markets while levels of engagement are falling in all but the broadband and TV markets.

Since 2007 we have seen a downward trend in relation to yearly switching in the mobile market – falling from 13% in 2007 to 8% in 2010. The significant growth in the proportion of contract sales that are 24-month (63%) is likely to have had an impact on these switching levels.

Our strategic review of consumer switching remains a priority to ensure consumers’ find it easier to switch and are therefore encouraged to do so.

Ofcom is seeing improvement in a number of areas of consumer complaints.

Broadband migration complaints (relating to both Migration Authorisation Codes and tag-on-line issues) have fallen significantly since 2007, after Ofcom introduced new rules in this area. Complaints relating to mobile cashback schemes have also fallen by over 80% since September 2007.

While fixed-line mis-selling, silent calls and customer service continue to be the main complaint generators, there have been significant developments in these areas in 2010:

In July we published consumer research comparing the quality of customer service received by consumers across the communications market. We intend to publish a second phase of this research alongside our own complaints data early next year.

In the fixed-line market, mis-selling complaint levels have fluctuated over the past year, but slamming cases have fallen significantly, and appear to be driven largely by deficiencies in the switching process rather than deliberate mis-selling.

While complaints about silent calls have increased this year, we have published a regulatory statement detailing a new policy to reduce consumer harm in this area and research suggests the incidence of silent calls is in decline.
Section 3

Consumer access and take-up

Introduction

This section of the report highlights the availability of communications services across the UK. It also reports trends in take-up of communications services and consumers’ reasons for or against taking up specific services.

Analysis shows that there are two reasons for not taking up services: ‘voluntary’ reasons (a positive decision taken by the consumer not to own a certain technology) or ‘involuntary’ (where the consumer is prevented from owning the technology by a factor such as affordability).

Consumer access and take-up metrics

Consumer access and take-up is measured by four metrics:

- Metric 1: availability of communications services
- Metric 2: take-up of communications services
- Metric 3: non-ownership of communications services
- Metric 4: degree of difficulty in using technology

The numbers shown in this section are at an overall UK level, based on the percentage of all adults/households.

We have analysed the key findings in this report by a number of demographic groups, to highlight whether any specific consumer groups are more likely to be excluded than others. These groups are: gender, age, income and socio-economic group. Wherever possible, the results are shown over time. Sub-group differences are noted only when they are significantly different from the total sample. All data shown for adults aged 75+ in this section of the report have been weighted separately to more accurately represent the different profile of this group compared to other age ranges; as such, percentages for the over 75s may vary slightly to those in previous reports. Trend data for over 75s have been shown only for 2008-2010. Sample sizes prior to this were too small for analysis.

National comparisons are shown but it should be noted that between 2006 and 2008 different time periods are being compared and different methodology used. Therefore trends prior to 2008 should be viewed as indicative only. The survey providing the national comparison for 2010 was conducted in January-February 2010, while all other UK and demographic take-up data were collected in April-June 2010.

3.1 Consumer access and take-up – metric 1: availability of communications services

This first metric shows the availability of each service across the UK. Time series data for fixed lines, internet (including fixed broadband) and digital television are shown in 1Figure 1 below. Ofcom will shortly conduct analysis on DAB coverage and availability; this will be published in 2011.
Figure 1  Availability of communications services

Source: Ofcom and operators
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 (Q2 2010). Data not 
   directly comparable to that published in the 2009 report.
2. Proportion of premises able to receive broadband DSL services based on data reported by BT.
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 2010). Data not 
   directly comparable to those published in the 2009 report.

Overall availability of communications services is high and has not changed over the past 
three years. Most households in the UK have access to the key broadcasting and telephony 
services, with all consumers covered by fixed lines, broadband and digital broadcasting. The 
methodology used by operators to calculate the availability of mobile 2G communications 
has changed since 2009, making previous years not directly comparable. In 2010, 97% of 
households are covered by second-generation (2G) and 87% by third-generation (3G) 
mobile services.

3.1.1 Availability of landlines

Fixed-line services continue to be universally available across the UK.

The Universal Service Obligation (USO) is currently provided by BT and Kingston 
Communications in Hull. All households in the UK must be able to have access to a fixed 
line at a standard charge, although additional connection charges apply when a household is 
so remote that installation would cost the supplier over £3,400 to provide the line.

3.1.2 Availability of mobile

As mentioned above, mobile availability data, presented in Figure 2, are not comparable with 
data published in 2009 due to methodological differences. Both second-generation (2G) and 
third-generation (3G) mobile services continue to be available to the majority of the 
population in the UK.

For a mobile network to be included in the data as having 2G coverage, its network footprint 
had to cover at least 90% of the postcode area. In effect this means that within some 
postcodes there are areas that are not served by some or all of the networks. The issue of 
so called ‘not-spots’ is discussed further in Ofcom’s Communications Market Report: Nations 
and Regions 2010.
Figure 2 shows that 2G mobile services are available to nearly all of the population – 97% of the population live within a postal code that has coverage by at least one 2G operator and 87% live in a postal code covered by at least one 3G operator.

**Figure 2  Availability of mobile**

![Availability of mobile](image)

Source: Ofcom/ GSM Association / Europa Technologies (Q2 2010)

Note: Data covers proportion of population living in postal districts where at least one operator and four plus operators report at least 90% 2G and 3G population coverage. Data not directly comparable to those published in the 2009 report due to changes in the methodology used by operators to measure coverage.

### 3.1.3 Availability of internet

Consumers have an increased choice of broadband service providers. The combination of local loop unbundling (LLU), cable operators, the wireless broadband market, mobile broadband services and the ability to bundle services together, give consumers a wide choice of broadband products, access platforms and purchasing options.

Availability of unbundled local loop lines has grown from 67% at year end 2006 to 85% at year end 2008. Cable availability has fallen by 1% due to an overall increase in the number of households, while ADSL availability remains unchanged at 99.6%. However, ADSL availability to individual households may be limited by local factors (such as distance from the exchange and the technical quality of local networks).

**Figure 3  Availability of broadband internet**

![Availability of broadband internet](image)

Source: Ofcom and operators

Note: Data refer to availability in December of each year.

*Availability of cable declined due to overall increase in number of households.
3.1.4 Availability of digital television

Availability of digital television has remained stable over the last few years, with 98% of households across the UK having access. However, some households may not have access to satellite services, due to specific local factors or housing agreements. The reach of digital terrestrial (80% of households) is the maximum possible until digital switchover enables digital signals to be broadcast more widely across the UK. Digital cable availability stands at 48% of UK homes.

Figure 4 Availability of digital television

Source: Ofcom

3.2 Consumer access and take-up – metric 2: take up of communications services

This metric identifies the extent to which consumers have communications services available in their household. It also looks at take-up figures over time, consumers’ demographic profiles and international comparisons.

The following sub-sections compare take-up of the individual communications services at an international level, and then in more detail within the UK.

3.2.2 Take-up of fixed lines – international comparisons

Figure 5 indicates that in the UK, as in all other comparator countries, there has been a fall in the number of fixed lines per head of population over the past five years.

These falls are due primarily to the increasing use of mobile, with an increasing number of households choosing to use a mobile for all of their telephony needs (and typically saving costs, compared to having both fixed and mobile connections). Our research finds that in Q2 2010 15% of households in the UK had a mobile phone connection but no fixed-line connection, up from 8% of households five years previously.

However, the decline in the UK has been less than in some other countries. There are two main explanations for this.

- DSL broadband (i.e. broadband delivered over the copper phone line) accounts for nearly 80% of fixed-line broadband connections in the UK, and the requirement to have a
voice line in order to receive DSL broadband has constrained the growth of mobile-only households. In comparison, those countries where cable broadband has higher take-up (for example, the US) have seen a sharper fall in fixed-line connections. Similarly, in countries where ‘naked DSL’ is available and DSL broadband services are available without the requirement for a voice line (such as the Netherlands, Sweden and France), a higher proportion of households have opted to give up their voice line and use mobile and / or voice over internet protocol (VoIP) for all their phone calls.

- The pricing strategies of fixed and mobile operators also play a role in determining the extent to which fixed lines are substituted for mobile connections. BT is the only incumbent operator in Europe which does not have its own mobile network, so is more vulnerable to the threat from mobile, and has developed strategies to reduce this threat. For example, even its lowest-cost tariff now includes free evening and weekend calls to UK geographic numbers (subject to signing up to a 12-month rolling contract). In October 2008 BT launched BT Basic, which offers reduced line rental (at £13.50 for three months, including £4.50 worth of inclusive calls every month – compared to the standard line rental which starts at £9.49 a month) to customers who receive Income Support, Income-based Jobseeker’s Allowance, Employment Support Allowance (income-based) or Guaranteed Pension Credit.

**Figure 5  Take-up of fixed lines – international comparisons**

Source: IDATE / industry data / Ofcom

### 3.2.3 Take-up of fixed lines – UK

The following charts illustrate the trend in take-up of fixed-line phones within the UK and consumers’ changing use of suppliers.

Fixed-line take-up declined between 2009 and 2010 and stands at 84%. The proportion of homes with mobiles is now ten percentage points higher than the proportion with a fixed line (94% vs. 84%). As a consequence of the fall in landline ownership, more consumers than in 2009 rely solely on a mobile for their telecoms needs (15% up from 13%).
Use of BT has continued to decline and now stands at 56%. While the proportion using cable services remains broadly unchanged at around a fifth (18%) the proportion using other suppliers has continued to rise, to just over a quarter (26%) of households. These shifts have been driven by local loop unbundling (LLU) which allowed companies to compete with BT, cable and wholesale line rental (WLR) operators for fixed-line services. The range of suppliers that consumers are using illustrates how competitive the fixed-line market is.

**3.2.4 Voice over internet protocol (VoIP)**

VoIP is an alternative to fixed-line voice communication. In some countries VoIP is already having an impact on use of fixed voice telephony. Due to methodological changes in 2009 please view trends prior to this as indicative only.
Awareness and use of VoIP services continued to rise in the UK in 2010. Nearly a quarter (23%) of adults said they had access to VoIP services at home – up from 17% in 2009 – and a fifth (19%) said that someone in their household had used VoIP services. Awareness of the ability to make voice calls over the internet also continued to rise, to 69%.

Adults aged 15-54 years, higher income earners (£30K+), and ABC1s continue to drive awareness. Over-65s remain least likely to be aware of the service. Younger age groups, those earning £30K+ and ABC1s appear to be driving use of these services.

The four main VoIP suppliers that consumers say they are using are: Skype (16%), MSN Messenger (2%), BT Home Hub (1%) and BT Communicator (1%). The remainder say they are using various other suppliers, each mentioned by less than 1% of respondents.

**Figure 8  Awareness and use of VoIP**

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Awareness of VoIP</td>
<td>54%</td>
<td>58%</td>
<td>58%</td>
<td>65%</td>
<td>69%</td>
</tr>
<tr>
<td>Stated access to VoIP</td>
<td>17%</td>
<td>23%</td>
<td>36%</td>
<td>50%</td>
<td>63%</td>
</tr>
<tr>
<td>Stated use of VoIP</td>
<td>6%</td>
<td>9%</td>
<td>10%</td>
<td>13%</td>
<td>19%</td>
</tr>
</tbody>
</table>

Source: Ofcom communications tracking survey
Base: All adults 15+ (Q2 2006, 2439) (Q2 2007, 1547) (Q2 2008, 2109) (Q2 2009, 2085) (Q2 2010, 2106)
Note: 2009/10 data not directly comparable with previous years as question wording amended to understand access to VoIP services as well as use of these

### 3.2.5 Profile of consumers who have taken up fixed-line services

Figure 9 below shows a demographic comparison of fixed-line ownership across the nations of the UK. Full national and regional comparisons of ownership and use of communications services can be found in Ofcom’s *Communications Market Report: Nations and Regions 2010*.

The nations data are taken from a different time period to the UK-level data and are therefore not directly comparable. Furthermore, previous reports included data between 2005 and 2007 which were not directly comparable to the trend data shown below, so this has been removed from this report. Data from 2008 and 2010 are directly comparable and therefore trend comparisons can be made.

England had the highest level of fixed-line ownership (86%) across the nations (see Figure 9), with comparable levels of ownership across Northern Ireland (81%), Scotland (79%) and Wales (79%). At the UK level, take-up was higher in rural areas than in urban areas (93% vs 85%).

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2 [http://stakeholders.ofcom.org.uk/market-data-research/market-data/communications-market-reports/cmr10/]
The recent decline in landline ownership has been driven by those aged 25-44. Further analysis within age range suggests this has been driven by those aged 25-34 where ownership is comparable with the youngest age range (70%). Landline ownership among the other age groups has stabilised.

Analysis of landline take-up by socio-economic group and income indicates a decline in use of landlines among households in the DE socio-economic group and lower income households.
3.2.6 Take-up of mobile services – international comparisons

There were over 80 million active mobile connections\(^3\) in the UK at the end of 2009, equivalent to 129 connections for every 100 people. Figure 12 indicates that this is comparable to Germany, the Netherlands and Sweden, is significantly higher than in France, the US, Canada and Japan, and is lower than in Italy.

With more mobile connections than people, multiple SIM ownership has driven increasing numbers of connections. In part this is due to multiple device ownership; for example, people having one mobile for home use and one for work use, or one mobile phone connection and one mobile broadband connection. However, high numbers of connections are closely connected to the take-up and availability of pre-pay SIM cards. For example, in the UK and all the countries where there are more mobile connections than people, pre-pay accounts for the highest proportion of mobile connections and consumers may often have more than one mobile connection active at any one time. Because pre-pay SIM cards are typically very inexpensive (and are sometimes even free of charge), they may be infrequently used. The widespread availability of low-priced SIM cards also encourages consumers to acquire different SIM cards from different operators and swap them in and out of their handset in order to take advantage of different promotions and tariffs.

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\(^{3}\) A mobile connection is considered active if it has been used in the previous 90 days.
Figure 12 Take-up of mobile services – international comparisons

Source: IDATE/ Industry data/ Ofcom

3.2.7 Take-up of mobile services – UK

The following chart illustrates the trend in mobile ownership among UK households and UK adults. ‘Household penetration’ means at least one mobile phone within a household, and is compared to the proportion of adults who personally own and use a mobile at least monthly.

Ninety-four per cent of households have access to at least one mobile phone, with homes now significantly more likely to have a mobile than a fixed line (94% versus 84%). Furthermore, 91% of adults now personally use a mobile phone.

Figure 13 Take-up of mobile services 2000-2010

Source: Ofcom communications tracking survey
*Note: Data for 2006-2010 based on Q2, all other data based on Q4

3.2.8 Profile of those who personally use mobile services

Figure 14, below, shows that personal use of mobile phones remains high, with take-up remaining stable in England and Scotland at 90% and 85% respectively. Wales saw personal use of a mobile increasing by four percentage points to 89% since Q1 2010, while this fell by five percentage points in Northern Ireland over the same period, bringing personal mobile use in Northern Ireland into line with the rest of the UK.
A significant rise among the youngest age group takes ownership to 99% and comparable with ownership among 25-44 year olds (98%). Mobile phone ownership among over 75s has been rising steadily and now over half (56%) of this age group personally use a mobile.

Most socio-economic and income groups experienced a rise in mobile ownership in 2010.
3.2.9 Trend in use of mobile packages

Figure 17 illustrates the proportion of consumers using each of the mobile packages on offer. The most recent introduction is SIM-only contract packages, which allow consumers to purchase a SIM card for use in any handset capable of accessing the relevant network. Consumers sign up to relatively short (from one month) rolling contracts.

The proportion of mobile customers opting for contract packages has been gradually increasing since 2005, and now 44% of mobile users have opted for a contract service. Four per cent of mobile phone users (8% of those on a contract) have a SIM-only contract.

These packages offer benefits particularly attractive to pre-pay customers. They provide greater flexibility than ordinary contract packages, allowing consumers to retain some level of control over their spending while potentially benefiting from the lower call charges associated with contract phones.
Figure 17 Take-up of mobile packages

Source: Ofcom communications tracking survey
*Note - the comparable contract figure for 2009 is 42% and for 2010 is 44% as data relating to SIM only contracts has only been collected from 2009

Figure 18, below, shows the trend in the length of new contract mobile phone connections. One month contracts (i.e. SIM-only) have increased since 2007, accounting for a fifth of new mobile contract connections in 2010. However, at the same time the biggest increase is seen among those taking longer contracts, with just under two-thirds (63%) of new contract connections in Q2 2010 being made on the basis of a 24-month contract.

Figure 18 Length of new mobile contract connection

Source: GfK Retail and Technology Ltd
Notes: England, Scotland and Wales only (excludes Northern Ireland); based on GfK’s coverage of 94% of the consumer market; based on new post-pay connections; excludes contract renewals; only represents sales through consumer channels (i.e. most business connections are excluded)

3.2.10 Profile of users of pre-pay packages

The following charts illustrate the changing profile of pre-pay users.
As previously mentioned, there has been a steady decline in use of pre-pay and now 55% of mobile phone users have a pre-pay mobile phone.

Use of pre-pay remains highest among older mobile customers, although there has been a significant decline in use among those aged 45-64 – falling from 69% to 60%. Indicative analysis suggests that this may have been driven by the younger age groups in this range, with pre-pay use among those aged 45-54 falling from 63% in Q2 2009 to 54% in Q2 2010. Use among mobile customers aged 15-24 rose, suggesting that pre-pay may have driven at least some of the rise in mobile ownership in this age group.

Figure 19  Age and gender profile of pre-pay users

Most socio-economic and income groups experienced a decline in use of pre-pay mobiles, although use remains highest among DE and lower-income groups.

Figure 20  Socio-economic and income profile of pre-pay users

Source: Ofcom communications tracking survey
* small base size treat as indicative only
3.2.11 Profile of users of contract packages

Forty-four per cent of mobile users have a contract mobile phone (including SIM-only users). Use of contract rose significantly among mobile customers aged 45-64, which corresponds with the fall in use of pre-pay among this demographic. As above, indicative analysis suggests that this shift has been driven by the younger adults in this age range, with use of contract among those aged 45-54 at 46% in 2010, compared to 37% in 2009.

**Figure 21 Age and gender profile of contract users**

Source: Ofcom communications tracking survey  
* Small base size; treat as indicative only

Most socio-economic and income groups experienced a rise in use of contract mobile phones in 2010. Use among mobile customers in the highest income group rose to nearly two-thirds (64%).

**Figure 22 Socio-economic and income profile of contract users**

Source: Ofcom communications tracking survey  
3.2.12 Profile of users of mobile-only telephony

The following chart illustrates the changing profile of adults who live in a household with access to a mobile phone but no landline. Over the past five years the proportion of households using mobile services as their only means of telephony has doubled from 8% to 16%.

The profile of consumers who rely only on a mobile phone in the household remains broadly unchanged and is most common among younger age groups. Nearly three in ten adults aged 15-24 rely solely on mobile telephony. Seventeen per cent of men and 14% of women live in households that rely solely on a mobile.

Figure 23 Age and gender profile of users of mobile-only telephony

Source: Ofcom communications tracking survey

There has been a rise in use of mobile-only telephony across the lower socio-economic groups and lower income households.

Figure 24 Socio-economic and income profile of users of mobile-only telephony

Source: Ofcom communications tracking survey
Base: All adults 15+ (Q2 2005, 2206) (Q2 2006, 2439) (Q2 2007, 2265) (Q2 2008, 2019) (Q2 2009, 2085) (Q2 2010, 2106) *2010 data for £11.5-17.5k income households from Q1 due to data fluctuations in Q2
3.2.13 Take-up of fixed-line and mobile services

The shifts noted above have resulted in the proportion of households with both a fixed line and a mobile to fall to just under two-fifths, with a corresponding rise in the proportion using only mobile telephony.

**Figure 25 Take-up of fixed-line and mobile services**

Source: Ofcom communications tracking survey
*Note: Data for 2006-2010 based on Q2 data, all other data based on Q4

3.2.14 Take-up of internet services

We assess take-up of the internet in two ways. The first metric covers consumers who access the internet at home, and the second measures the proportion of consumers who access the internet in any location. While the internet can be accessed via various platforms, the PC or laptop computer remains the most popular.

PC ownership (including laptops) increased significantly in 2009 and has continued to rise; to 78% in 2010. This has been driven by the take-up of laptops; in Q2 2010, 26% of households owned a PC only, 25% a laptop and 27% owned both, compared to 2009 when 29% households owned a PC only, 21% a laptop, 26% both.
3.2.15 Profile of owners of PCs

Figure 27 below shows a comparison of PC ownership across the nations. PC or laptop ownership in England, Scotland and Northern Ireland remained relatively stable between Q1 2009 and Q1 2010, while there has been a significant increase in ownership in Wales, now at 70% of households.

PC or laptop ownership has continued to increase among the youngest age group and stands at 88%, comparable with ownership among those aged 25-44 (87%). There has also been significant growth in ownership among older age groups. Over half of 65-74 year olds now have access to a laptop or PC at home, as do 29% of those aged 75+.
The most recent growth in PC/laptop ownership has been within socio-economic group DE and those with an annual income of less than £11.5K.

3.2.16 Take-up of internet access at home

Take-up of the internet has continued to rise and now more than three-quarters (76%) of households have access.
3.2.17 Take up of broadband access at home

The proportion of households using broadband as their main internet connection has remained stable at 97%. Just over one in ten (11%) use mobile broadband as their main household internet connection, up from 8% last year, while the majority (86%) use fixed broadband as their main connection.

Sixty per cent of those using mobile broadband consider it to be their main method of internet connection at home, compared with forty-one per cent in Q2 2009.

In most cases everyone who lives in the household has access to the broadband service. However, in one in ten fixed broadband homes occupied by more than one person, only one person has access to the connection, meaning that other occupants of the household do not have a home broadband service. Figures among mobile broadband homes are higher at 29%, suggesting that mobile broadband is more a ‘personal’ than a ‘household’ method of connecting to the internet.
Penetration of device/method

While, as noted above, the majority of internet users continue to use either a laptop computer and/or a PC, our recent mobile broadband research suggests nearly a quarter (23%) of those accessing the internet use a mobile phone, and one in twenty do so via a games console. Among those connecting with a mobile phone, the significant majority (86%) use a smartphone, such as an Apple iPhone or BlackBerry.

The chart below shows which device/access method combinations individuals use to access the internet. In total a third (32%) of broadband users are now connecting via either a mobile phone or a laptop with a dongle/USB.

A significant proportion of consumers use multiple internet access methods – 17% have fixed-line access at home and also use their mobile phones to access the internet, and 6% have access via a fixed line as well as via a dongle. In addition, using a mobile phone to access the internet was shown to be not just an out-of-home activity, as around half (53%) of those accessing the internet via this device did so at home. One in five respondents with a laptop use it to access the internet out of the home.
Reasons for initial choice of device/ access method

The study suggests that across the users of different internet access methods, there are only minor differences in the reasons individuals initially chose each device/ access method. Most motivators apply to at least some degree to each access method. E.g. convenience/ ease of use ranked highly across each access method, while mobility was a popular reason among dongle and mobile phone users.

The notable exception is that one in five mobile phone internet users started using it because the facility came with the phone, i.e. they did not purchase the phone so they could use the internet, but it is the device that is driving their usage.

3.2.18 Take-up of broadband – international comparisons

Figure 33, below, compares the number of fixed-line broadband connections per 100 households in the UK with levels in other countries.

It should be noted that, because separate data for residential and business broadband connections are not available for most countries, the numbers below include some business connections (although the dedicated corporate access market is excluded) and so are not comparable with consumer survey data published elsewhere in this report. The data also exclude mobile broadband connections, which around 15% of UK households had in Q1 2010.

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4 Ofcom consumer research in Q4 2009 found that 66% of households in the UK had a fixed line, compared to the 70 connections per 100 households which is calculated from operator-supplied data; the difference is likely to be due to the inclusion of some business lines in the international comparative data.
All the countries in this comparison have seen significant increases in broadband ownership since 2004. However, levels of broadband penetration across European countries vary significantly. The Netherlands had the highest take-up, at 85 connections per 100 households, due to a combination of high GDP and a highly urbanised population. This enables broadband services to be deployed at relatively low cost (95% of households are passed by cable), resulting in relatively low prices for consumers. The lowest take-up among these comparator countries was in Poland, with 40 connections per 100 households – this is due to relatively low GDP and the lack of a fixed-line infrastructure.

With 70 broadband connections per 100 households, the UK has relatively high take-up of broadband services. This reflects the near-universal availability of DSL broadband since 2005, and also relatively low broadband pricing, compared to other countries, particularly when taken in a bundle with other services such as fixed-line voice or pay TV\(^5\).

### Figure 33 Take-up of broadband – international comparisons

![Graph showing broadband take-up in various countries](image)

Source: IDATE/ Industry data/ Ofcom

#### 3.2.19 Profile of consumers who have taken up broadband connections – UK

The chart below shows a comparison of take-up of broadband services across the nations. In line with internet take-up, take-up of broadband at home has increased significantly across all the nations – most notably in Wales and Northern Ireland where there has been a six percentage point rise since Q1 2009.

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\(^5\) See Section 4 for comparative pricing of UK broadband services against other countries; the European Commission’s report into Broadband Internet Access Cost finds that UK pricing is among the lowest in Europe, [http://ec.europa.eu/information_society/eeurope/i2010/docs/benchmarking/broadband_access_costs_1st_half_2008.pdf](http://ec.europa.eu/information_society/eeurope/i2010/docs/benchmarking/broadband_access_costs_1st_half_2008.pdf)
Take-up of broadband as a method of internet connection at home has continued to rise, and now 73% of households use either fixed and/or mobile broadband. The largest percentage increase has been among those aged 65-74; this corresponds with the rise in PC access among this age group. Younger age groups dominate the take-up of broadband, while over-75s remain the least-likely group to have broadband access at home, and also the least likely to own a PC.

As with the rise in PC ownership, broadband access has risen most notably among those in socio-economic group DE and those with a household income up to £11.5K.
Figure 36 Socio-economic and income profile of those who have broadband access at home

Source: Ofcom communications tracking survey

Type of broadband access at home

The chart below shows the proportions using fixed and/or mobile broadband connections at home. Total use of fixed and mobile broadband remains broadly unchanged, with around two-thirds of adults (65%) using fixed and 13% using mobile. The rise in use of fixed broadband only is probably due to new connections rather than consumers ceasing to use mobile broadband services.

Figure 37 Type of broadband connection

Source: Ofcom communications tracking survey
Base: All adults 15+ (Q2 2009, 2085) (Q2 2010, 2106)

For all nations, fixed-only broadband is the most popular type of connection. Almost one in ten adults in England and Wales have both fixed and mobile broadband connections at home. The total proportion of households using a mobile broadband connection is 15% in England and 16% in Wales, 12% in Scotland and 14% in Northern Ireland.
Mobile broadband continues to be most popular among younger age groups - in particular sole use of mobile broadband, which has seen significant growth among 25-34 year olds (up from 10% to 15%).

Mobile broadband take-up continues to be driven by higher-income groups, although there is less of a divide than noted last year between socio-economic groups. The rise in use among DE households (to 11%) has taken ownership to a level comparable with C2s (12%) and three percentage points below ABs (14%). DE groups are among those most likely to use mobile broadband as their only method of connection.
Demographic profile of broadband users by access method/device

Our mobile broadband research found that internet users under 35 are more likely than older consumers to use mobile internet, while those aged 45+ are most likely to use a fixed line without WiFi. By socio-economic group there is less variation, but those who use a laptop/dongle out of the home are more likely to be ABC1s (72% compared to 62% for the total sample). Males are more likely than females to access the internet via a mobile phone or a laptop with a dongle.

Frequency of use

The frequency of use of the different access methods varies. Those using a laptop/dongle out of home use this significantly less often than broadband consumers using other access methods (2.8 occasions per week for laptop/dongle out-of-home users, compared to between four and five times per week for each of the other access methods).

Location is a defining factor with regard to frequency of use – those connecting to the internet ‘out of home’ do so less frequently than those connecting in the home. The research also indicates that a mobile phone is used significantly more frequently to access the internet at home than out of the home.
Activities do not vary significantly across different access methods

The study also looked at the types of activities undertaken on the internet split by device/method. The majority of activities (e.g. surfing the internet, email, banking) are conducted via most access methods, and while there are differences, there are no activities that are solely undertaken using specific access methods. In particular, consumers’ usage of mobile internet (via phone or dongle) is not significantly different from their use of fixed-line internet. Similarly, when the frequency of particular activities is examined, there are minimal differences between those with fixed access and those who have only mobile access. Location-based services, such as looking at local information or maps, were not used significantly more often among those with mobile access (see Figure 42). The only notable difference is for accessing social networking sites (an activity that is generally more youth-oriented). This indicates that the device/access method may have a smaller influence on the type of activities conducted, while the demographics of the user may have a more significant influence. Age, especially, appeared to be an important driver in undertaking a particular activity, more so than the internet access method used. Therefore, demographics drive both access method and activity, but access method does not appear to drive activity.
3.2.20 Awareness of broadband subscription type

It is important for consumers to be aware of some of the technical aspects of their internet connections, such as speed, in order for them to make informed supplier and service choices. Our broadband speeds research in 2009 showed 91% of respondents said that connection speed was an important consideration in their choice of broadband provider\(^6\).

The proportion of broadband customers unaware of their actual connection speeds has remained at two-thirds. Awareness increased with prompting, but just under half were still unaware whether their speed was above or below 512K.

\(^6\) [http://stakeholders.ofcom.org.uk/binaries/research/telecoms-research/broadbandspeeds.pdf](http://stakeholders.ofcom.org.uk/binaries/research/telecoms-research/broadbandspeeds.pdf)
There was little difference in stated awareness of broadband connection speeds by age. Younger consumers (15-24) were as likely as older consumers (65+) to say they did not know their internet access speed. The lack of awareness in this younger age group may be due to these consumers not being the decision-maker (i.e. the person responsible for purchasing the service) in the household. However, there was a clear gender divide, with just under half of male broadband consumers stating they were aware of their speeds, compared to around a quarter of women.

There was little difference in stated awareness of internet connection speeds across income and socio-economic groups. AB socio-economic groups and higher-income households were most likely to say they were aware of their connection speeds.
3.2.21 Consumers with dial-up internet connection

Two per cent of adults say they use a dial-up internet connection for their home internet. There is little demographic variation in the profile of these consumers, with regard to age, gender or socio-economic group.

There are indications that broadband customers spend more each month on their service compared to dial-up customers. Self-reported spend data suggest that broadband customers spend around £17 each month (down from £20 reported last year) compared to £15 among the small sample of dial-up customers. However, this indicates that some dial-up customers continue to pay more for their internet service than the cost of a basic broadband service.

3.2.22 Users of internet services anywhere

The second method of assessing internet access is to look at the proportion of adults who use the internet in any location.

Use of the internet has continued to rise and currently more than three-quarters of adults say they access the internet either at home or elsewhere. This increase may at least partly be due to the rise in home internet connections.

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7 Data from Ofcom’s communications tracking survey, Q1 2010 among 5430 broadband customers and 103 dial-up customers
Although use of the internet declines with age, half of all adults aged 65-74 now claim to use it; a rise from 40% in 2009. The rise in home internet access among this age group at least partly explains this increase in use.

The largest increases in use are noted among households with an annual income of up to £11.5K and those in socio-economic group DE – again, this corresponds with growth in home internet access among these demographics.
3.2.23 Take-up of digital television, by platform

With the UK’s digital switchover programme under way and due to complete in 2012, by the end of 2009 over nine in ten households in the UK had a digital television service. As Figure 49, below, indicates, this is significantly higher than almost all the other comparator countries listed, with the exception of Spain – where the digital switchover process completed in April 2010.

### Figure 49 Take-up of digital television – international comparisons 2009

Digital terrestrial television is the largest platform in the UK, with 41% of households using it on their main television set at the end of 2009. This is a higher proportion than in all the comparator countries detailed above. Digital satellite is the second most popular television platform and has higher take-up than in all comparator countries except Poland and Ireland. Digital cable services are received in 14% of households in the UK, and unlike most comparator countries, the upgrade from analogue to digital cable is virtually complete. However, the UK has comparatively low take-up of internet protocol TV (IPTV).
3.2.24 Take-up of digital TV services, by platform – UK

The chart below shows the continued growth of digital TV take-up, currently at 93% of households. Take-up has risen consistently year on year since 2000, driven by the continued increase in digital terrestrial (Freeview) penetration and in satellite ownership over the same period.

3.2.25 Profile of owners of digital TV services

Figure 51, above, shows household data provided by industry. It is not possible to derive demographic information from these data and, therefore, consumer data are used in the following figures. Penetration figures differ between the two data sources, as one is by subscription (industry) and the other is claimed (survey figures).
There has been little change across England and Northern Ireland in the proportions using each of the different television platforms. However, in Scotland and Wales there has been a rise in use of Freeview-only services and switchover in Wales has halved the proportion using analogue terrestrial. Use of multiple platforms is highest in Wales, where more than one in ten used more than one TV platform in their home – largely a combination of satellite and Freeview.

Figure 52 Multi-platform ownership – by nation

Source: Ofcom communications tracking survey
Base: All adults 15+ (Q1 2008, 5812) (Q1 2009, 6090) (Q1 2010, 9103)

Almost half of all adults use Freeview to access multichannel television at home. This compares to 41% using satellite and 12% using cable. There has been a steady decline across all age groups in use of analogue terrestrial-only services, with use remaining highest among older age groups. Having said that, digital take-up among older consumers has continued to rise, driven largely by Freeview (up by eight percentage points since last year among the 65-74 age group and by nine percentage points among over-75s).

Figure 53 Trend in multi-platform ownership – by age

Source: Ofcom communications tracking survey
Base: All adults 15+ (Q1 2008, 5812) (Q1 2009, 6090) (Q1 2010, 9103)

There were no significant trends by gender.
There has been a significant rise in use of Freeview across most socio-economic groups. DE groups continue to be more likely to use Freeview than satellite or cable services.

There has been a significant increase in use of Freeview across all except the highest-income group, where use of alternative platforms remains broadly unchanged. Freeview take-up is at its highest across the two lowest income groups (53% and 57% respectively). The greatest increase in use of Freeview was among those with a household income of £11.5K-£17.5K. Take-up in this income group was 13 percentage points higher than last year, largely at the expense of satellite - which fell by ten percentage points and may be a result of households reducing their spend on communications services. Consistent with this, in research featured in Ofcom’s Communications Market Report 2010, nearly one in five consumers listed television subscriptions in the top three items where they would be most likely to reduce spend if they had to. In contrast, use of satellite services increased

significantly among those with an income of £17.5K-£29.9K, to just under half of this income group (49%).

**Figure 56 Trend in multi-platform ownership, by income**

Digital TV take-up continued to increase, to 93% in 2010. Take-up is broadly comparable across most age groups with the exception of those aged 75+, where ownership is at its lowest, at 82%.

**Figure 57 Age and gender profile of consumers receiving digital TV**

Take-up of digital TV increased significantly among households with an annual income of £17.5K-£29.9K, to 99%, driven by a rise in take-up of both satellite and Freeview services. Households with an income of up to £11.5K also experienced significant growth in digital TV ownership, rising to 87%.
3.2.26 Take-up of digital radio services

Take-up of digital services that can deliver digital radio (i.e. digital TV and internet) has increased steadily by around three percentage points each year for the last three years, and stands at 96% of homes. Two-thirds of consumers claimed to have access to digital radio services at home (via DTV, internet or DAB set) in 2010, up five percentage points on the previous year.

The most significant increases in claimed access to digital radio channels in the home were among the 65-74 age group (rising from 50% in 2009 to 59% in 2010). However, fewer than half of consumers aged 75+ stated they had access to digital radio in the home.
Similarly, the trend in claimed access to digital radio varied by income and socio-economic group. Households in the DE socio-economic group, and households with incomes of £17.5k and under are the least likely to claim they can access digital radio services in the home.

3.2.27 Take-up of bundled services

Since 2005 and the start of LLU there has been an increase in the number of ‘bundles’ or packages of communications services offered to consumers. This was particularly evident throughout 2006 with the launch of bundled offers, particularly in the areas of fixed line and broadband, offering discounts for taking two services together.

Figure 62, below, illustrates the trend in ‘simple’ bundled purchasing – whereby a consumer purchases more than one service from a single supplier, which may or may not include a discount. Since 2008, the majority of the analysis in this report has been conducted among consumers purchasing a ‘discounted’ bundle.

Around half of all UK households now buy two or more communications services from a single supplier in a bundle. Just under a third (31%) received a discounted bundle, with a further 8% unsure if their package was discounted or not. There has been a rise in the proportion of consumers taking a ‘simple bundle’ – from 6% to 10%, although the data cannot confirm whether there has been a decline in use of discounted bundling or whether
the apparent decline is due to a higher proportion of consumers unsure about this aspect of their bundle.

**Figure 62 Percentage of consumers buying bundled services**

![Percentage of consumers buying bundled services](image)

Source: Ofcom communication tracking survey, rolled data from Q1 and Q3 each year
QG1. Do you receive more than one of these services as part of an overall deal or package from the same supplier?/ QG3. Do you receive a discount or special deal for subscribing to this package of services?

There has been little change in the types of bundles that consumers are taking. The most popular bundle is a combination of landline and broadband services, currently used by 44% of bundlers. The second most popular is a triple-play combination of landline, broadband and multichannel TV (33% of bundlers).

**Figure 63 Trends in purchasing multiple communications services from a single supplier**

![Trends in purchasing multiple communications services from a single supplier](image)

Source: Ofcom communication tracking survey
Note: 2005-2007 broadband and multichannel TV bundle included in ‘other’ category
QG1. Do you receive more than one of these services as part of an overall deal or package from the same supplier?/ QG3. Do you receive a discount or special deal for subscribing to this package of services?

There has been little change in the overall profile of discounted bundlers in terms of the packages they are taking. A slight shift in the proportion using dual-play landline and broadband bundles and triple-play landline, broadband and multi-channel TV means that
these packages are now equally popular. Ofcom’s recent Consumer Switching and Bundling research contains more detailed information on consumers’ behaviour and switching experiences related to single and bundled services.\(^9\)

**Figure 64 Types of discounted bundled packages**

![Diagram showing types of discounted bundled packages](http://stakeholders.ofcom.org.uk/binaries/consultations/consumer-switching/annexes/switching-bundling.pdf)

Source: Ofcom communication tracking survey

Base: All adults 15+ who bundle at least two services and receive a discount or special deal (Q1 2008, 1267) (Q1 2009, 1690) (Q1 2010, 2554)

QG1. Do you receive more than one of these services as part of an overall deal or package from the same supplier?/ QG3. Do you receive a discount or special deal for subscribing to this package of services?

### 3.3 Consumer access and take-up – metric 3: non-ownership of communications services

Understanding non-ownership and the reasons for it tells us whether there are any issues that need to be addressed to enable consumers to access communication services.

There are many reasons for not owning a particular communications service, and these generally fall into one of two categories: voluntary and involuntary. Voluntary non-ownership is where potential consumers do without services because they perceive they do not need them, or because they are satisfied with alternative services. Involuntary non-ownership is where potential consumers do without services but not through choice; this is mainly due to affordability. See Annex 2 for a full demographic profile of voluntary and involuntary reasons for not owning specific communications services.

The following figures show non-ownership of communications services in general, before looking specifically at voluntary and involuntary reasons.

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3.3.2 Non-ownership of communications services

Non-ownership of most communications services has continued to decline over the past year in line with rising take-up. The proportion without a fixed line has increased, consistent with a rise in the proportion of homes with only a mobile for their telephony needs.

**Figure 65 Non-ownership of communications services**

Among those living in a household without access to a fixed line, the majority (95%) personally own a mobile phone and 97% have access to at least one mobile in their household.

**Figure 66 Access to mobile services among those who do not have access to a fixed line**

Source: Ofcom communication tracking survey
Base: All adults 15+ (Q2 2006, 2439) (Q2 2007, 2253) (Q2 2008, 2109) (Q2 2009, 2085) (Q2 2010, 2106)

Among those living in a household without access to a fixed line, the majority (95%) personally own a mobile phone and 97% have access to at least one mobile in their household.

**Figure 66 Access to mobile services among those who do not have access to a fixed line**

Source: Ofcom communication tracking survey
3.3.3 Intention of taking up communications services

The majority of those without a fixed line say they are unlikely to take up this service; this compares to just over half of those without digital television.

**Figure 67 Do not intend to take up services in the next 12 months**

![Graph showing intention to take up services over time]

Source: Ofcom communication tracking survey
Base: All adults 15+ (Q2 2006, 2439) (Q2 2007, 2253) (Q2 2008, 2109) (Q2 2009, 2085) (Q2 2010, 2106)
* Data for broadband not available for Q2 2010 although responses for 'internet' will largely relate to take-up of broadband

3.3.4 Voluntary non-ownership of communications services

This section assesses the numbers, and profiles, of consumers who do not own various communications devices for voluntary reasons.

Voluntary non-ownership is where potential consumers have not taken up services, primarily due to their perceived lack of need for a service, or their satisfaction with alternative services. Where both voluntary and involuntary reasons were stated, involuntary non-ownership is reported. This assumes that involuntary reasons take precedence over voluntary reasons (which is not always the case). It should also be noted that some consumers may give ‘voluntary’ non-ownership reasons because they do not wish to disclose financial/affordability issues to the researcher.

The percentage and profile of consumers who have not taken up fixed-line, mobile or internet services for voluntary reasons has remained broadly stable since 2008. Voluntary reasons for not subscribing to digital TV have decreased from 10% in Q1 2007 to 3% in Q2 2010. This decrease will have been influenced by the overall increase in take-up of digital TV in the population as a whole.
Across all communications services, a lack of perceived need and satisfaction with alternative services were the main voluntary reasons for not taking up services.

“No need for a fixed line” and “happy to use a mobile phone instead” remain the two core voluntary reasons for not owning a fixed line. Similarly, the main reasons for not owning a mobile are a lack of perceived need and being happy to use a fixed line instead.

“No need” and “happy with existing services” were the two main voluntary reasons given for not owning access to digital television services.

Lack of need was also the main voluntary mention for not having internet access, while among dial-up users, reasons for not getting broadband were split equally between satisfaction with the current connection, expense, and not using the internet enough.

### Figure 68 Voluntary (only) non-ownership of communications services

Source: Ofcom communications tracking survey
*Data for broadband not available for Q2 2010

### Profile of those who have not taken up communications services for voluntary reasons

There are a number of demographic variations across the different communications services.

**Fixed line**: Voluntary reasons for not owning a fixed line are highest among 15-24 year olds, DE socio-economic groups and those earning less than £17.5K.

**Mobile phones**: Voluntary reasons tend to increase with age, and are significantly higher among over-75s. They are also higher among DEs, and those earning less than £11.5K.

**Internet**: Voluntary non-ownership is highest among over-65s, those earning less than £11.5K, and consumers in the DE socio-economic group.

**Broadband**: Among home internet users, voluntary reasons for not having broadband is highest among over-75s, DEs and those earning less than £17.5K.

**Digital TV**: Non-ownership for voluntary reasons is significantly higher for over-75s and consumers earning less than £11.5K.

See Annex 2 for a full demographic profile of voluntary and involuntary reasons for not owning specific communications services.
3.3.5 Involuntary non-ownership of communications services

Involuntary non-ownership is where potential consumers have not taken up a service, but not through choice. Involuntary non-ownership is primarily due to affordability. Relatively few consumers gave reasons that were both voluntary and involuntary; these responses have been reported under ‘involuntary’ non-ownership.

There has been no significant change in the percentage or profile of consumers who do not own the communications services for involuntary reasons; affordability is still the main reason for involuntary exclusion from communications markets.

**Figure 69 Involuntary non-ownership of communications services**

![](chart)

**Source:** Ofcom communications tracking survey  
**Base:** All adults 15+ (Q2 2006, 2439) (Q2 2007, 2265) (Q2 2008, 2109) (Q2 2009, 2085) (Q2 2010, 2106)  
**Note:** Broadband data includes reasons for non-ownership of internet. *Data for broadband not available for Q2 2010*

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**Profile of those who have not taken up communications services for involuntary reasons**

**Fixed line:** A small minority of consumers gave involuntary reasons for not owning a fixed line, but those in socio-economic group DE and with an income of less than £17.5K are more likely to state an involuntary reason.

**Mobile phone:** Consumers earning less than £11.5K and aged under 65 years were more likely to state an involuntary reason for not owning a mobile.

**Internet:** Non-ownership of an internet connection due to involuntary reasons remains highest among DEs, the 65+ age group, and those on an income below £17.5K.

**Digital TV:** A small minority of consumers gave involuntary reasons for not owning digital TV. It is a relatively flat picture across age, gender, socio-economic and income groups.

**Broadband:** Consumers aged 65+, in socio-economic group DE and with an income of less than £11.5k were more likely to state involuntary reasons for not owning broadband.
3.4 Consumer access and take-up – metric 4: degree of difficulty in using technology

3.4.1 Overall difficulty using technology

Difficulty using communications technology can affect people’s ability to make the most of the services that are available to them.

There has been a decline in the proportions of consumers saying they have difficulty using communications services. Just over one in ten mobile customers (12%) said they had difficulty using their mobile – down from 15% last year. The proportion stating difficulties with a PC also fell from 9% to 6%. The proportion stating difficulties with TV and fixed lines remained comparable to last year at 9% and 6% respectively.

Figure 70 Difficulties using communications services

Source: Ofcom communications tracking survey


3.4.2 Profile of those who experience difficulties when using technology

Older consumers are the most likely to state that they have difficulties using each of the communications services, particularly the over 75s in relation to mobile phones and PCs.
DE and lower-income groups appear to have the most difficulty using fixed lines, mobile phones and PCs, although they were no more likely than average to have difficulties using the TV.

Source: Ofcom communications tracking survey
Base: All adults 15+ with a fixed line (Q2 2010, 1766). Mobile (Q2 2010, 1892). PC (Q2 2010, 1593). Television (Q2 2010, 2076)
Section 4

Consumer choices, value and range

Introduction

The ‘consumer choices, value and range’ metrics show consumer awareness of the choices of communications services available. This section also explores the range of operators in the market and consumer satisfaction with various aspects of their supplier’s service.

We provide an overview of the prices of communications services in the UK and how these have changed over time. Wherever possible, we have also provided international pricing comparisons.

Consumer choices, value and range metrics

Five metrics are used in this chapter:

- range of operators available
- awareness of suppliers
- satisfaction with communications services
- spend on UK communications services
- international comparisons of the cost of UK communications services

The numbers shown in this section are at the overall UK level, based on the percentage of all adults/households.

We have analysed the key findings in this report by a number of demographic groups to highlight whether any specific consumer groups are more likely than others to be excluded. These groups are: age, income and socio-economic group. Wherever possible, the results are shown over time.

Data are also analysed according to consumers’ level of participation in the communications market. The segments identified are: ‘engaged’, ‘interested’, ‘passive’ and ‘inactive’. Comparisons between these segments are made to identify whether there are differences according to consumers’ knowledge and understanding of the markets.

Sub-group differences are noted only when they are significantly different from the total sample.

For the charts in this chapter, the base for broadband in 2010 represents those with fixed broadband rather than fixed or mobile broadband as in previous years. Too few interviews were conducted with those with mobile broadband to report these separately. Trend data may be affected by this change.
4.1 Consumer choices and range - metric 1: range of operators available

Consumers in the UK are able to choose from a number of operators, which offer a wide range of both single and combined (bundled) communications services.

Figure 73 Range of operators in the communications market

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</table>

4.1.2 Bundled service operators

There are at least 12 major suppliers of bundled residential communications services, offering multiple services that are interdependent (for example, a fixed line and multichannel TV bundle, where the customer has to take both services to get the advertised price). See Ofcom’s Communications Market Report 2010 for details of the services offered.

4.1.3 Fixed-line operators

There are estimated to be 116 operators with conditions of entitlement in the fixed-line market, and a significant, and increasing, number of smaller companies which are not obliged to publish their tariffs.

4.1.4 Mobile operators

There are now four mobile network operators (MNOs) offering mobile services on a nationwide basis, following the merger of Orange and T-Mobile in 2010 (which formed a new company called Everything Everywhere Ltd.). The other networks belong to Vodafone, O2 and 3. In addition there are around 100 virtual mobile network operators (MVNOs) and mobile service providers. A MVNO or mobile service provider is a company that buys airtime from one of the five network operators and resells it under a different brand name. For example, Virgin uses the T-Mobile network and Tesco Mobile uses the O2 network. A new range of MVNOs and service providers has recently launched, offering niche services such as low-cost international calls to customers from ethnic and immigrant groups.

4.1.5 Television channels

There are 490 television channels available to consumers in the UK, a decrease of two channels since 2009. Thirteen of these are public service channels and the remaining 477 are commercial channels.
4.1.6 Radio stations

There are now 288 analogue services in the UK, of which 51 are BBC stations and 236 are commercial stations. In addition, there are 176 community radio stations. There are also 192 stations available on DAB, of which 46 stations are digital-only brands.

4.2 Consumer choices and range - metric 2: awareness of suppliers

Understanding the level of supplier awareness among consumers is important when considering their ability to take advantage of a competitive market. A high level of consumer awareness is necessary as a first step to ensure that consumers are able to make an informed choice of communications provider.

In 2010, 45% of fixed-line decision-makers were spontaneously aware of two or more fixed-line suppliers. Just over half of fixed-line decision makers (55%) were aware of only one supplier in their area.

Prompted awareness of two or more fixed-line suppliers has also seen a significant decrease year on year, from 80% in 2009 to 73% in 2010.

4.2.2 Awareness of fixed-line suppliers

Figure 74 Spontaneous and prompted awareness of fixed-line suppliers, over time

Source: Ofcom technology tracker (Q2 2006 and Q2 2007)/ Ofcom decision making survey, July to August 2008, 2009 and 2010

4.2.3 Awareness of fixed-line suppliers, by demographic group

In this section we show the demographic profile of those consumers who are spontaneously aware of just one supplier. It is important to identify consumers whose lack of awareness of other suppliers may affect their participation in the market. As mentioned earlier, awareness of suppliers in a competitive environment is essential to ensure that consumers are able to make informed choices.

10 The charts include responses from consumers who knew the name of their own supplier, but did not mention this supplier when asked about awareness.
Consumers aged over 75 (70%) and to a lesser extent in the DE socio-economic group (61%), are more likely than other demographic groups to spontaneously recall only one fixed-line supplier. The only other variation was in terms of gender, where awareness of only one fixed-line supplier was slightly higher among females (58%) than males (51%).

Figure 75 Spontaneous awareness of only one fixed-line supplier, by age, gender and socio-economic group

As in 2009, the lowest awareness of multiple fixed-line suppliers was noted among those with an annual household income of up to £11.5K. Just over half (56%) of consumers in this income bracket could recall only one supplier.

Consumers who are classified as “passive” have seen a decrease in awareness, with 54% claiming to only be aware of only one supplier, compared to 45% in 2009. Unsurprisingly, consumers who were classified as ‘inactive’ in the fixed-line market were the least aware of multiple suppliers, and those who were more likely to keep an eye on the market, or who had interacted with suppliers relatively recently, were more likely to be aware of multiple suppliers. This trend is consistent across all markets, but most evident in the fixed-line market.

Figure 76 Spontaneous awareness of only one fixed-line supplier, by income and level of participation

Source: Ofcom decision making survey July to August 2008, 2009 and 2010
*Caution: Low Base. Base size for 16-24 year olds too small to analyse.
4.2.4 Awareness of mobile suppliers, over time

Spontaneous and prompted awareness of multiple mobile suppliers is now at 73%. Overall, awareness of multiple mobile suppliers was higher than awareness of either fixed-line or broadband suppliers.

Figure 77 Spontaneous and prompted awareness of mobile suppliers, over time

Source: Ofcom technology tracker (Q2 2006 and Q2 2007)/ Ofcom decision making survey July to August 2008, 2009 and 2010

4.2.5 Awareness of mobile suppliers, by demographic group

The level of spontaneous awareness of only one mobile supplier was significantly higher among over-75s than among other age groups, with indications that lack of awareness increases with age across the population. In contrast, there appeared to be little difference in spontaneous awareness according to socio-economic group or gender.

Figure 78 Spontaneous awareness of only one mobile supplier, by age, gender and socio-economic group

Source: Ofcom decision making survey July to August 2008, 2009 and 2010
Consumers earning up to £11.5K were more likely than those earning over £30K to be aware of only one mobile supplier. ‘Inactive’ consumers were the most likely to be spontaneously aware of only one supplier in the mobile market. This compares to around a quarter among those whose behaviour classified them as ‘passive’ or ‘interested’. ‘Engaged’ consumers were most likely to be aware of two or more suppliers; they had the lowest level of awareness of only one supplier (13%).

**Figure 79 Spontaneous awareness of only one mobile supplier, by income and level of participation**

Source: Ofcom decision making survey July to August 2008, 2009 and 2010

### 4.2.6 Awareness of broadband suppliers, over time

Spontaneous and prompted awareness of multiple broadband suppliers has remained largely similar to 2009 levels. Almost three-quarters (72%) of the broadband decision-makers were spontaneously aware of two or more suppliers in 2010, compared to 86% when decision-makers were prompted with a list of suppliers.

**Figure 80 Spontaneous and prompted awareness of broadband suppliers**

Source: Ofcom decision making survey July to August 2008, 2009 and 2010
4.2.7 Awareness of broadband suppliers, by demographic group

The level of spontaneous awareness of only one broadband supplier appeared to increase with age, and there were indications that this was higher than average among consumers in the C2 socio-economic group (38%).

![Figure 81 Spontaneous awareness of only one broadband supplier, by age, gender and socio-economic group](source)

Source: Ofcom decision making survey July to August 2008, 2009 and 2010

‘Inactive’ broadband consumers were the least likely to recall multiple broadband suppliers, as just under half (48%) could recall only one supplier. ‘Engaged’ consumers were the most likely to recall multiple suppliers in this market, although just under one fifth of these consumers (17%) could recall only one supplier.

![Figure 82 Spontaneous awareness of only one broadband supplier, by level of participation](source)

Source: Ofcom decision making survey July to August 2008, 2009 and 2010

4.2.8 Awareness of multichannel TV suppliers

In response to the increased availability of multichannel TV through the launch of services such as BT Vision, Talk Talk TV and Top Up TV, Ofcom has been tracking consumer awareness of multichannel TV suppliers since 2008.
There has been little movement in spontaneous awareness of multiple TV suppliers compared to 2009, with just under two-thirds (61%) of multichannel TV decision-makers spontaneously aware of two or more TV suppliers in their area. When prompted with a list of suppliers, the level of awareness of three or more suppliers rose to around three-quarters (72%).

**Figure 83** Spontaneous and prompted awareness of multichannel TV suppliers

Source: Ofcom decision making survey July to August 2008, 2009 and 2010
Base: All adults aged 16+ who are the multichannel TV decision maker (2008, 802) (2009, 771) (2010, 775)

### 4.2.9 Awareness of multichannel TV suppliers, by demographic group

As with the other communications markets, spontaneous awareness of only one TV supplier increased with age, although this trend does appear to be accentuated in the TV market. Overall, lack of awareness of multiple suppliers was highest among the over-75s, although awareness of only one supplier has continued to decrease year on year among 65-74 year olds.

Those in the DE socio-economic group were most likely to spontaneously recall only one TV supplier (47%) compared to those in C1 (33%). By gender, awareness of only one supplier is slightly lower among males than females (35% and 43% respectively).
There has been a significant increase in spontaneous awareness of only one TV supplier among those with a household income of up to £11.5k, rising from 31% in 2009 to 46% in 2010. This fall in awareness of multiple suppliers has remained relatively stable in the higher income groups.

In contrast, the number of consumers who could recall only one TV supplier has remained stable compared to 2009, with similar levels of awareness reported for ‘passive’ and ‘interested’ consumers. ‘Engaged’ consumers most likely to be able to name multiple suppliers, with only 23% able to name only a single supplier.

4.2.10 Awareness of bundled-service suppliers

Around half of UK households currently purchase at least some of their home communications services as a bundle from a single supplier. In 2008 Ofcom began tracking consumer awareness of bundle suppliers.
Spontaneous awareness of bundled service providers remains relatively high compared to awareness in the landline and TV markets. Around three-quarters (74%) of bundle purchasers were aware of two or more suppliers offering bundles of services, an increase of two percentage points year on year.

Prompted awareness levels remain significantly higher than this, and comparable with those in the mobile market; 92% of discounted bundle purchasers were aware of two or more suppliers in 2010.

**Figure 86 Spontaneous and prompted awareness of bundled-service suppliers**

Source: Ofcom decision making survey July to August 2008, 2009 and 2010
Base: All adults aged 16+ who are the discounted bundled services decision maker (2008, 534) (2009, 631) (2010, 570)

**4.2.11 Awareness of bundled service suppliers, by demographic group**

As with the other communications markets, there were indications that discounted bundle service purchasers aged over 65 were less likely than others to spontaneously recall more than one bundle supplier (37% of those aged 65+ recalled only one bundled service supplier). Conversely, there was less variation in awareness levels by socio-economic group and gender.

**Figure 87 Spontaneous awareness of only one bundled service supplier, by age, gender and socio-economic group**

Source: Ofcom decision making survey July to August 2008, 2009 and 2010
By participation levels, ‘engaged’ consumers in this sector had the highest awareness of multiple bundled-service suppliers, with only 15% aware of just one supplier, compared to 36% of ‘inactive’ consumers.

**Figure 88** Spontaneous awareness of only one bundled-service supplier, by income and level of participation

![Bar chart](image)

Source: Ofcom decision making survey July to August 2008, 2009 and 2010

### 4.3 Consumer choices and range - metric 3: satisfaction with communications services

#### 4.3.1 Satisfaction with overall services from communications supplier

The percentage of decision-makers who are satisfied with the overall service provided by their fixed-line supplier has remained broadly consistent (88% vs. 89% in 2009). In total, 5% of fixed-line decision-makers were dissatisfied with their overall service.

Satisfaction among mobile users has also remained at broadly similar levels since 2009 – 91% were satisfied with the overall service they received, with just over half (55%) claiming to be ‘very satisfied’. Overall, only 4% of mobile decision-makers were dissatisfied.

Among broadband decision-makers, overall 80% of consumers were satisfied, while 12% were ‘very’ or ‘fairly’ dissatisfied.

Satisfaction levels for multichannel TV and discounted bundle purchasers were broadly equal, with just under nine in ten decision-makers either very, or fairly, satisfied. Dissatisfaction stands at 9% for discounted bundled providers and 7% for multichannel TV providers.
4.3.2 Dissatisfaction with overall services from communications suppliers, by demographic group

The following charts illustrate the proportion of consumers who were dissatisfied with their overall service, by demographic group, in order to identify whether particular groups of consumers are driving dissatisfaction and to understand what factors may be influencing this.

In general, there were few demographic variations in dissatisfaction with overall services among the demographic groups, where sample sizes allowed us to analyse this. However, there is a significant difference in the levels of dissatisfaction regarding fixed-line services split by gender, with higher levels of dissatisfaction among male consumers (8% male vs. 3% female).
Figure 90 Dissatisfaction with overall services from communications suppliers, by age and gender

Source: Ofcom decision making survey July to August 2010
Base: All adults aged 16+ who are the decision maker and express an opinion on fixed line (single service purchase) (2010, 617), mobile (single service purchase) (2010, 1189), broadband (single service purchase) (2010, 222), multichannel TV (single service purchase) (2010, 768), discounted bundled services (2010, 566). *Caution: Low base. Base for 16-24 years olds and 75+ too small to analyse. Base for 65+ for broadband too small to analyse. Don’t know responses have been excluded from the base.

4.3.3 Dissatisfaction with overall services from communications suppliers, by level of participation

It is important to understand whether those consumers who are dissatisfied with their service are also the most vulnerable in terms of their knowledge and understanding of the communications market. Each measure of dissatisfaction has been analysed by Ofcom’s participation index – a segmentation of consumers according to how engaged they are in each market. A full demographic description of each segment is given in Section 5.

Dissatisfaction in the multichannel market is highest among ‘engaged’ and ‘inactive’ consumers and lowest among ‘passive’ consumers. For broadband, the highest level of dissatisfaction was found among ‘interested’ consumers (25%); even considering the small base sizes, dissatisfaction among this group was significantly higher than among other demographics. For discounted bundled services the levels of dissatisfaction were broadly comparable across the demographic groups.
4.3.4 Satisfaction with value for money, over time

There has been little significant change in levels of satisfaction with value for money across communications services since 2009.

Of all the platforms, mobile customers had the highest satisfaction level with value for money, at 88%. And over eight in ten digital TV decision-makers and bundled-service purchasers (both 81%) were also satisfied with value for money. Satisfaction with value for money was lowest in the broadband market, where 75% of consumers said they were ‘very’ or ‘fairly’ satisfied.

Source: Ofcom decision making survey July to August 2008, 2009 and 2010
4.3.5 Dissatisfaction with value for money, by demographic group

Overall, there were few demographic variations within each market in dissatisfaction with value for money among the demographic groups, where sample sizes allowed us to analyse this.

Figure 93 Dissatisfaction with value for money, by age and gender

Source: Ofcom decision making survey July to August 2010
Base: All adults aged 16+ who are the decision maker and express an opinion on fixed line** (2010, 612), mobile** (2010, 1176), broadband** (2010, 219), multichannel TV** (2010, 755), bundled services (2010, 566). *Caution: Low base. Base for 16-24 years olds and 75+ too small to analyse. Base for 65+ for broadband too small to analyse. Don’t know responses have been excluded from the base. **NB Base amended in 2010 to exclude those who receive this service along with another service from the same supplier without receiving a discount.

Again, there appears to be little variation in dissatisfaction with value for money among the demographic groups. However, there is an indication that those in the AB socio-economic group were driving dissatisfaction with broadband value for money (19% of AB consumers in this market were dissatisfied, compared to 10% of C2s).

Figure 94 Dissatisfaction with value for money, by socio-economic group

Source: Ofcom decision making survey July to August 2010
Base: All adults aged 16+ who are the decision maker and express an opinion on fixed line** (2010, 612), mobile** (2010, 1176), broadband** (2010, 219), multichannel TV** (2010, 755), bundled services (2010, 566). *Caution: Low base. Base for 16-24 years olds and 75+ too small to analyse. Base for DE for broadband too small to analyse. Don’t know responses have been excluded from the base. **NB Base amended in 2010 to exclude those who receive this service along with another service from the same supplier without receiving a discount.
4.3.6 Dissatisfaction with value for money, by level of participation

As with the levels of overall dissatisfaction, dissatisfaction with value for money was also higher among those groups of consumers more interested, or more engaged, in each market, and therefore arguably the least vulnerable.

Around a fifth of ‘engaged’ and ‘interested’ consumers (19%) in the broadband market were dissatisfied with their value for money, compared to 10% of ‘inactive’ consumers. Furthermore, in the fixed-line market, dissatisfaction appeared to be driven by ‘engaged’ consumers, 18% of whom were dissatisfied, compared to just over one in ten ‘inactive’ consumers (11%).

![Figure 95 Dissatisfaction with value for money, by level of participation](image)

Source: Ofcom decision making survey July to August 2010
Base: All adults aged 16+ who are the decision maker and express an opinion on fixed line** (2010, 612), mobile** (2010, 1176), broadband** (2010, 219), multichannel TV** (2010, 755), bundled services (2010, 566). *Caution: Low base. Base for Passive for broadband too small to analyse. Don’t know responses have been excluded from the base. **NB Base amended in 2010 to exclude those who receive this service along with another service from the same supplier without receiving a discount.

4.3.7 Satisfaction with reliability of service

Satisfaction with the reliability of fixed-line services has not varied greatly since 2009, with over nine in ten consumers very, or fairly, satisfied. Satisfaction in the mobile market fell from 90% in 2009 to 85% in 2010. However, this does not seem to have had an impact on overall satisfaction, or satisfaction with value for money in this market, both of which remain relatively stable, as noted above.

Satisfaction with reliability of service was lowest in the broadband market, at 84%, while satisfaction with the reliability of digital TV and bundled services has stayed at broadly similar levels to 2009, at around 90% each.
4.3.8 Dissatisfaction with reliability of service, by demographic group

There appears to be no significant differences by age in the proportions that were dissatisfied with the reliability of their communications services. This seems apparent across all markets, although over-65s did appear to be slightly more satisfied with their mobile service than other age groups (6% v 10-11%).

Figure 97 Dissatisfaction with reliability of service, by age and gender

Source: Ofcom decision making survey July to August 2010
Base: All adults aged 16+ who are the decision maker and express an opinion on fixed line**, mobile**, broadband**, multichannel TV**, bundled services (2010, 567). *Caution: Low base. Base for 16-24 years olds and 75+ too small to analyse. Base for 65+ for broadband too small to analyse. Don’t know responses have been excluded from the base. **NB Base amended in 2010 to exclude those who receive this service along with another service from the same supplier without receiving a discount.
4.3.9 Dissatisfaction with reliability of service, by level of participation

Consistent with the higher dissatisfaction levels with other aspects of service, dissatisfaction with reliability is generally higher among ‘engaged’ consumers. The only exception to this was dissatisfaction with broadband services, which was highest among ‘interested’ consumers (15%).

Figure 98 Dissatisfaction with reliability of service, by level of participation

Source: Ofcom decision making survey July to August 2010
Base: All adults aged 16+ who are the decision maker and express an opinion on fixed line** (2010, 620), mobile** (2010, 1195), broadband** (2010, 252), multichannel TV** (2010, 765), bundled services (2010, 567). *Caution: Low base. Base for Passive for broadband too small to analyse. Don’t know responses have been excluded from the base. **NB Base amended in 2010 to exclude those who receive this service along with another service from the same supplier without receiving a discount.

4.3.10 Satisfaction with speed of broadband service, over time

A service aspect specific to the broadband market is speed. In recent years consumers have become more concerned about their internet service; our consumer concerns research indicates that 27% of consumers said their broadband speed was slower than expected (see Figure 172).

Ofcom has strengthened the Voluntary Code of Practice on Broadband Speeds (the Code) which it introduced in 200811. ISPs who sign up to the revised Code commit to give consumers a more accurate estimate of the maximum speed likely to be achievable on their line, through the use of a speed range rather than a single number. The intention is that when consumers have more accurate information about the services they are getting, they will have a more realistic expectation of the service they are likely to receive. The following chart illustrates that in 2010, 75% of broadband consumers who expressed an opinion were satisfied with the speed of their broadband service.

Consumer research indicates that there has been a notable decline in the proportion ‘very satisfied’ with the speed of broadband service since 2009, falling from 40% to 27%.

11 2010 Voluntary code of practice: broadband speeds
In July 2010, Ofcom published the results of its research into fixed-line broadband speeds in the UK. The research provides independent, robust data on the actual speeds that UK consumers are getting from their ISPs. Over 18 million separate service performance tests were carried out in over 1,500 homes during May 2010, to allow a comparison of the performance of the UK’s nine largest ISPs by market share.

The research found that the move to faster headline speeds has led to a growing gap between the actual speeds delivered and the speeds that some ISPs use to advertise their services.

The research is continuing, and Ofcom is planning to publish a report every six months, with the next report scheduled for January 2011. Our overall objective is to ensure that consumers are given the information they need to make fully informed decisions about their broadband service.

Source: Ofcom decision making survey July to August 2008, 2009 and 2010
Base: All adults aged 16+ who are the broadband decision maker who expressed an opinion** (2008, 265) (2009, 272) (2010, 218). Don't know responses have been excluded from the base.

Ofcom UK broadband speeds 2010:
Reliability ranked the most important feature of a mobile broadband service

Part of the mobile broadband study sought to understand what aspects of a mobile broadband package could be most valued by users, with a stated preference analysis conducted. This produces an index score showing the relative importance of a range of issues to users when they are considering getting a new mobile device to access the internet. The most important issue across all users came out as the reliability of the connection. Most of the other factors (such as value for money or good customer service) may be desirable, but being able to get a connection is essential if the mobile broadband service is able to be used.

Satisfaction lower with ‘out of home’ internet use

As shown in Chapter 3, mobile internet use (via a dongle or phone) is not significantly dissimilar to fixed internet use, with regard to the activities conducted and the frequency with which they are undertaken (see Figure 42). Therefore, there is potentially more scope for dissatisfaction among mobile internet users, given that connection using non-fixed-line methods is less reliable – as shown in Figure 100 below.

The study also showed that broadband users were generally satisfied with the internet access methods they used, although there is evidence of lower satisfaction for out-of-home access, especially via laptop/dongle. However, even for this group, 82% were satisfied overall (and only 17% dissatisfied), while nine out in ten mobile phone out-of-home users were satisfied. At 96%, those with a fixed WiFi connection were the most satisfied.

The main cause of dissatisfaction among broadband consumers relates to speed of access rather than the ability to make a connection. Around one in ten ‘out of home’ users (laptop/dongle or mobile phone) cite lack of coverage as a problem. Laptop/dongle out-of-home users are more likely to cite a problem overall, with 34% noting slow download speed as an issue. However, mobile phone internet users are no more likely than fixed line users to say they encounter problems.

Figure 100  Main problems experienced when accessing the internet

<table>
<thead>
<tr>
<th>Are there any problems using (X) to access the Internet?</th>
<th>Fixed line (WiFi)</th>
<th>Fixed line (no WiFi)</th>
<th>Laptop via dongle/USB at home</th>
<th>Laptop via dongle/USB out of home</th>
<th>Mobile phone at home</th>
<th>Mobile phone out of home</th>
</tr>
</thead>
<tbody>
<tr>
<td>Speed of connection is too slow</td>
<td>18%</td>
<td>24%</td>
<td>22%</td>
<td>34%</td>
<td>27%</td>
<td>22%</td>
</tr>
<tr>
<td>The internet connection is unreliable</td>
<td>7%</td>
<td>7%</td>
<td>12%</td>
<td>13%</td>
<td>12%</td>
<td>12%</td>
</tr>
<tr>
<td>Poor coverage – it’s hard to get a connection</td>
<td>3%</td>
<td>2%</td>
<td>7%</td>
<td>9%</td>
<td>6%</td>
<td>12%</td>
</tr>
</tbody>
</table>

Source: Ofcom Mobile Broadband Research
Base: 2,001 All respondents

The expectations that users have at the time of signing up for their service are largely being met and show little variation by device/access method. Eighty per cent of broadband consumers agree that the speed of their internet access meets their expectations at the time of signing up with their supplier. However, 21% report experiencing problems with the speed of the device they use to access the internet.
4.4 Consumer choices and range – metric 4: spend on UK communications services

4.4.1 Change in spend on residential telecoms services

Despite increasing levels of take-up and use, average spend on telecoms services has fallen in real terms in every year since 2005, as has the proportion of total household spend on telecoms services (Figure 101). Average household telecoms spend fell by £2.41 a month to £62.10 in 2009, a fall of 3.7%, while the proportion of total household spend on telecoms services fell by 0.2 percentage points to 3.0%.

The fall in average monthly spend was driven by declining spend on mobile services, where average spend fell by £1.66 to £30.66. Average spend on fixed voice services per household also fell by £0.90 a month to £21.53, to a large extent as a result of a fall in the number of connections (the analysis below shows the average spend for all UK households, including those which do not take communications services). Fixed internet and broadband was the only area in which average spend increased, growing by £0.16 a month (1.6%) as a result of the increasing proportion of households connected to the internet.

Figure 101 Average household spend on telecoms services

In research featured in our International Communications Market report, an online study was conducted to understand the impact of the economic downturn on consumers’ use of communications services across the UK and five comparator countries (France, Germany, Italy, USA and Japan). This found that consumers were most likely to have reduced their expenditure on mobile, with over a fifth in the UK, France, Italy and Japan having done so in the previous 12 months. UK consumers were more likely than those in the other five countries to have reduced spend on fixed-line telephony over the previous 12 months, with 15% saying they had done so – compared to 9-12% of respondents in most of the other countries. Reductions in broadband expenditure were broadly consistent across the survey countries – ranging from 8% in the UK to 4% in Italy. Previous surveys have suggested that
broadband may be resilient in a downturn, as consumers consider spend on internet connectivity as essential rather than discretionary.\textsuperscript{13}

The study also compared consumers' stated changes in their expenditure on communications services with their responses regarding a range of other goods and services. Across the countries we surveyed, it seems that, in general, spend on communications services has been relatively resilient. In all countries, consumers are more likely to have reduced expenditure on the other categories of discretionary spend identified (such as holidays, clothing and groceries) than on broadband, pay TV or fixed-line voice, while the proportion claiming to have reduced spend on mobile phones is broadly similar to the proportion claiming to have reduced spend on: health club or sports membership; groceries; personal care, toiletries and cosmetics; and newspapers and magazines\textsuperscript{14}.

4.4.2 Change in cost of fixed-line and mobile services

Average prices per minute for mobile calls continued to fall in 2009, while those for fixed-line calls remained stable. It should be noted that the average cost-per-minute for mobiles is over-stated as it includes the value of the handset subsidy, which mobile operators recoup over the duration of the contract, and the cost of calls is bundled together with data and text, unlike for fixed-line.

The average cost of a fixed voice call minute remained stable in 2009 at 7.3 pence a minute, despite the inclusion of more minutes in standard-access tariff packages. This is due to higher line-rental prices from some operators, and rises in the prices of some types of calls, together with falling overall call volumes. We calculate the average price per minute by dividing total revenues from line access and voice calls by the total number of voice minutes.

By contrast, mobile call charges continued to fall from a peak of 15.1 pence per minute in 2004 to 8.8 pence in 2009. This is the consequence of contract users taking advantage of more inclusive minutes, while more ‘bonus’ minutes have become available on pre-pay plans.

Figure 102 Comparison of average and fixed mobile voice call charges

Source: Ofcom / operators

\textsuperscript{13} See, for example, data from Execution Research, reproduced in Ofcom’s 2008 International Communications Market report (p39) which found that spending on broadband internet was more resilient than 13 other categories of ‘discretionary’ spend, including fixed-line voice and mobile phone, \url{http://stakeholders.ofcom.org.uk/binaries/research/cmr/icmr08.pdf}

\textsuperscript{14} \url{http://stakeholders.ofcom.org.uk/market-data-research/market-data/communications-market-reports/cmr10/international/}
4.5 Consumer choices and range – metric 4: international comparisons of the cost of communications services

4.5.1 Introduction

There are many ways to compare the experience of UK consumers with those in other countries. However, when comparing markets for communications services across the world, the metric which probably matters most to the greatest number of consumers is the price they pay for their services.

Unfortunately it is difficult to provide meaningful international comparisons to help place UK pricing in context. The complexity of tariffs, the wide range of usage profiles across households within countries, large variations in ‘average’ use between countries, the rise of ‘service bundling’ (where more than one service is offered on a single bill from the same provider), and the variations of installation and hardware costs, all require a holistic and multifarious approach if a price benchmarking exercise is to be meaningful.

To try to address these issues, we have developed a methodology for comparing prices which is based on consumption across ‘typical’ household types in the UK, France, Germany, Italy, Spain and the US (where we have used Illinois as a representative state), and which considers issues such as the impact of hardware subsidies and multi-service discounts.

Within this section, we provide an overview of the methodological principles (which are essential to understanding the basis of the findings), and then provide a summary of findings. A basket-by-basket analysis is also included in Ofcom’s International Communications Market report, as is further information on the methodology.15

4.5.2 Methodology

Full details of the methodology and limitations to the research are provided in Appendix C of Ofcom’s International Communications Market 2010 report, but the basic principles are as follows:

- We constructed five ‘typical’ household types, which collectively may be seen as representative of the average population across our countries. and defined a basket of communications services (fixed-line voice, mobile, broadband, TV) appropriate for each household type.

15 http://stakeholders.ofcom.org.uk/market-data-research/market-data/communications-market-reports/cmr10/international/
We included a wide range of components within the baskets to ensure as accurate as possible a representation of the real costs consumers pay. For example:

- Fixed voice minutes were distributed by whether they were to fixed or mobile lines, by call distance (local, regional, national and international, including a range of international destinations), and time of day (day, evening, weekend).
- In addition, mobile calls (and messaging) were split between ‘on-net’ and ‘off-net’, and voicemail was included.
- Call set-up costs and per-minute charging were incorporated, and a range of call lengths were used (distributed around a defined mean based on averages across 30 OECD countries).
- Incoming calls to mobile phones were included in recognition of the different pricing mechanism in the US.
- The broadband component was defined both by minimum headline speed and by minimum data and time online requirements.
- The television element included the licence fee, a digital receiver and (for some baskets) a digital video recorder (DVR). Because of difficulties in comparing channels and their programmes, two tiers of pay-TV were considered: the most basic pay service available over and above the channels available on free-to-air TV; and a premium service defined by first-run movies from the major Hollywood studios and the best package of top-tier football matches.

The average monthly use across the baskets was adjusted to ensure that it was closely aligned with average use in households across the six countries. For example, based on operator and regulator data, the actual average number of SMS per households across the six countries in 2007 was 115, so our average number of SMS across our five households is 115.

Mobile phones, broadband routers, digital set-top boxes and DVRs are included within the baskets (and amortised over an appropriate period in order to attribute a monthly cost). This is necessary because they are often inseparable from the service price, as operators frequently include subsidised or ‘free’ equipment (for example, a mobile phone or a wireless router), but seek to recoup the cost of these devices from subscriptions and service payments across the life of a contract. For similar reasons, we include connection and/or installation costs.

In July 2009, detailed data of every tariff and every tariff combination from the largest three operators in each country by retail market share were collected (or for more
than three operators, if this was required to ensure that a minimum of 80% of the overall market was represented). Multi-play tariffs (i.e. those which incorporate more than one service) were also collected. Only those tariffs that were published on the website of the operators were included.

- Across the six countries, the tariff data included consisted of:
  - fixed voice: 649 tariff options;
  - mobile: 3,427 tariff options;
  - broadband: 252 tariff options;
  - television: 328 tariff options; and
  - multi-play: 812 tariff options.

- Our model identifies the tariffs that offer the lowest price for meeting the requirements of each of the household baskets.

- All prices are converted back to UK currency using a Purchasing Power Parity (PPP) adjustment based on OECD comparative price levels and an exchange rate based on the average exchange rate between 1 August 2009 and 1 July 2010.

In order to provide both an illustration of representative prices for the individual services in each country, and an illustration of the best value that consumers could get for their full ‘basket’ of services, we have provided two types of analysis for each basket.

The first (which we call ‘average single service’ pricing) illustrates the price of each individual service, as defined by the average of the lowest price tariff offered by three operators which provide the service in each country. These are then weighted by the market share of the service providers in order to ensure fair representation. This provides a useful comparison of the relative costs of communications services, but an important limitation is that single-service offers are sometimes not available from leading suppliers. For example, in the UK, Sky offers broadband only to television subscribers and TalkTalk offers broadband only together with fixed voice. In Spain and Germany, the largest three broadband providers by retail market share offer broadband only in association with voice services.

The second type of analysis (which we call ‘best-offer’ pricing) identifies the lowest price that a consumer could pay for this basket of services, including, where appropriate, by purchasing ‘bundled’ services. Our view is that this type of analysis is essential in order to provide a true picture of the position of consumers in each market, since they increasingly buy multiple services from single operators. Examples in the UK are BSkyB’s TV, Broadband and Talk triple-play offer, and Virgin’s quad-play offer that includes TV, voice, broadband and mobile. However, there are two key limitations to this type of analysis. First, ‘bundled’ service offerings are typically not available to all consumers as they are generally geographically constrained to areas where premises are connected either to a cable network or to an unbundled telephone exchange. Second, even in areas where these services are available, they may not have high take-up. Therefore, although the ‘best offer’ provides insight into the lowest prices available to some customers, it is not as good a reflection of the prices that consumers are actually paying as the weighted average analysis - which is possible only when looking at single-service pricing.

We believe that a multi-platform, basket-based approach is the most useful way of comparing international pricing of communications services. Nevertheless, there are some
limitations to our methodology and the following notes and caveats are important in interpreting the analysis below.

- The analysis assumes a systematic and rational consumer who has a full understanding of his or her usage requirements and is prepared to shop around and undertake some often quite complex calculations to identify the tariff which offers the best value. In reality, many consumers do not act in this way, but we believe the assumption is necessary in order to provide effective international comparisons. It should be noted, however, that another measure of consumer choice and the competitive environment is the complexity of tariff structures and the ease of selecting an appropriate tariff, or switching to an appropriate tariff.

- In looking only at tariffs offered by the largest operators in each country, lower prices which might be available from smaller operators seeking to disrupt markets are not included, purely for practical reasons. Nevertheless, we believe that using the prices of the largest operators is appropriate, both because they are the best reflection of the general consumer experience and because their pricing both defines and is defined by the competitive environment in which they operate.

- Although we have been as comprehensive as possible, tariffs are often highly complicated and there are some components that we have been unable to incorporate into our model; for example, the benefits available from fixed-line and mobile tariffs which include free or reduced rates to nominated ‘friends and family’ numbers.

- In order to calculate the weighted average, we have used market share calculations based on operators’ retail customers. It should be noted that market share calculations are based on the overall subscriber base, not the subscriber base for the particular tariff (for which data are not available).

- Pay-TV services constitute a component of three of the baskets we examine. However, it has not been possible to compare like-for-like subscriptions, principally because of differences between the composition of basic and premium channels across the six countries. As a consequence, quantitative comparison of international TV pricing is arguably less meaningful than for telecoms services. This is also an issue in the pricing of ‘triple-play’ services, where there is a wide variation in the types of TV content.

- For some communications services in some countries there are only two operators with nationwide coverage (or only one, for many premium TV offerings) and/or significant market share. In these instances, we have identified the best-value tariff from each of them and calculated a blended average based on their market shares.

- To avoid ‘skewing’ the average single service pricing analysis, tariffs which are over 100% higher than that offered by the lowest price provider are excluded from the weighted average (the aim here is to exclude tariffs which are clearly not targeted at the usage profile we are analysing).

- Some services are not available nationwide. This is particularly true for services which are available only where local exchanges have been unbundled, and for IPTV, which requires a high-speed broadband connection, but is also true for cable TV and all types of broadband.

- We do not define whether the mobile phone component in a basket is pre-pay or post-pay. We believe this enables better international comparison, given the very
different pre-pay / post-pay splits in different countries (for example, over 80% of Italian mobile connections are pre-pay, while over 80% of US mobile connections are post-pay). However, a consequence of this is that the analysis does not recognise the different characteristics of the services; for example, a pre-pay mobile may be the only option available to consumers with a poor credit rating and also offer advantages to those who vary their use month by month.

- Representative pricing in the US as a whole is difficult, due to large regional variations as a result of local incumbent telco operators and cable operators offering localised prices for fixed-line services. We only use the tariffs available within the state of Illinois, chosen because it is reasonably representative of the US as a whole in terms of its relative wealth and rural-urban split (it incorporates the city of Chicago as well as large agricultural regions). Nevertheless, US pricing should not be viewed as representative of the whole country.

- In order to ensure that the changes we identify within countries have been driven by changes in the market rather than simply by changes in the currency exchange rate, we have used the same exchange rate in 2009 and applied it to 2008 data. This means that there may be some distortions in the relative positions of countries compared to the findings in 2008 (in particular, the fall of the pound against the Euro means that UK pricing is presented as lower relative to France, Germany, Italy and Spain than it was in 2008 – although the PPP adjustment mitigates to some extent against this).

4.5.3 Summary of findings: multi-play

For all of the baskets that include a fixed-line broadband connection, consumers in the European countries can make savings by purchasing multiple services in a multi-play ‘bundle’ from one provider, rather than purchasing each service on a stand-alone basis.

Figure 104 below indicates that the lowest price available in the UK for Basket 2, which includes a basic broadband connection and a fixed-line voice line, was around £29. This involves purchasing a tariff which includes ‘unlimited’ broadband access at a speed of ‘up to’ 20Mbit/s, line rental and inclusive weekend and evening calls to UK geographic numbers, and it is more than £8 less than the lowest price achievable by purchasing all the services separately (see Figure 105). This ‘dual-play’ voice and broadband tariff in the UK is available from an operator which also offers discounts to broadband consumers taking a pay-monthly mobile contract. However, the low use of the mobile within this basket means that there is no benefit, and the lowest price is achieved by purchasing a separate pay-as-you-go mobile service.

For Basket 4, which includes a basic pay-TV deal, the lowest prices available in the UK, France, Germany and Spain involve purchasing broadband, fixed-line voice and television services in a ‘triple-play’ bundle. The greatest savings compared to purchasing the lowest price stand-alone services are in Spain and Germany (however, this may be misleading as in both countries stand-alone broadband is not available from the largest operators, so taking a bundle is the default option), where consumers can save £37 and £27 a month; in the UK, the saving is £4 a month.

Basket 5 includes premium pay-TV services (top league domestic football and first-run Hollywood movies). In the UK and Spain, the lowest price available for these were achieved by purchasing a ‘triple-play’ bundle, whereas in France, Germany and Italy the lowest prices were achieved by purchasing a ‘dual-play’ voice and broadband service, with television purchased separately from a different supplier.
In the US, there are no savings available by purchasing services in ‘bundles’ rather than purchasing the lowest-price single services. This is probably the consequence of less diversification in local markets, with the incumbent telco and the local cable operator typically competing in a duopoly to serve voice, broadband and TV services to customers. In this environment, the bundling of ‘free’ broadband with voice and/or TV is value-destroying for operators who generally view voice, broadband and TV as three separate revenue streams.

This contrasts with Europe, where local loop unbundling and wholesale line rental, with regulated price controls, have led to a competitive landscape characterised by alternative network operators building market share by launching bundled services (the incremental costs of adding a broadband service to a voice service are low, and the consumer benefits high) Incumbents have responded by doing the same.

Prices for most of the baskets have fallen since 2009. However, these decreases are primarily the result of lower mobile prices (see section 4.5.5 below). It is notable that ‘bundles’ including mobile services do not feature as delivering the lowest overall prices in any of these countries, despite the increasing availability of multi-play services that include mobile (typically within a broadband tariff or a ‘quad-play’ tariff including broadband, fixed voice and TV). This perhaps reflects the fact that there are fewer synergies between mobile and the other services, in that mobile is delivered via a different network and is typically an individual rather than a household purchase.

Figure 104  Best prices available, including multi-play offers

Source: Ofcom using data supplied by Teligen
Note: Lowest tariffs available including multi-play from any of the three largest operators by market share for each service in each country, July 2009 and July 2010; PPP adjusted.
Figure 105  Best prices available for standalone services

Source: Ofcom using data supplied by Teligen
Note: Lowest tariff available from any of the three largest operators by market share for each service in each country, July 2009 and July 2010; PPP adjusted.

4.5.4 Summary of findings: Fixed voice

Figure 106 and Figure 107 below look at the costs of the fixed-line voice components of those baskets which include a fixed-line phone. Overall, as calculated from the weighted average of the best-value tariffs from the three largest operators in each country (Figure 106), the UK offers the lowest pricing. However, prices increased slightly in the UK between July 2009 and July 2010, whereas they fell in all other countries.

The small increases in the UK are the result of higher line rental fees, with BT increasing the price of its basic line rental from £11.50 to £12.50 from April 2010.

The basic line rental fee is typically higher in the UK than in some other countries, but a feature of the UK market is that even basic line rental often includes some inclusive calls. Value seekers can potentially reduce prices by purchasing ‘add-ons’ to their basic line rental; these provide reduced or inclusive calls for certain call types in return for a fixed monthly payment. Indeed, prices are falling in other countries as a consequence of the increasing availability of tariffs that include similar options, enabling consumers with good awareness of their calling needs to save money by purchasing tariffs that include certain types of call within the line rental fee.

In addition, the BT tariffs used (which have the most impact on the weighted average pricing, as BT has 55% market share) include those which are available only to customers committing to a 12-month rolling contract. These customers are able to get ‘free’ calls to UK geographic numbers and 0845/0870 numbers in the evenings and at weekends, and for an additional £4.99 a month can make unlimited numbers of these call types at any time of the day. Further savings can be achieved through purchasing add-ons such as ‘Friends and

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16 This analysis is based on data collection in the first half of July 2010, before BT introduced changes to its tariffs. For most customers the impact of these tariff changes will be an overall increase in the cost of fixed voice services, with a 50p increase in the cost of line rental and increases in the cost of a peak time call (up by 0.5p a minute) and the cost of connection g a call (up by 1p). However, at the same time BT also offered customers signing up to a 12-month line rental contract before November.
Family Mobile’ or ‘International Freedom’ (where applicable, these are also included in our analysis).

Other operators have followed a broadly similar pricing strategy to BT, with line rental prices starting at around £11 and a range of ‘add-ons’ offering discounted or lower price calls for a fixed monthly payment; for example, Virgin Media’s ‘Talk Anywhere’ plans, Sky’s ‘Talk Unlimited’ Plan and TalkTalk’s ‘Anytime / Mobile / International Calls Boost’ plans. Although there is less variation in prices between operators in the UK than in other countries, consumers can make significant savings by carefully identifying the tariff best suited to them; tariff structures are fairly complex and consumers typically achieve the lowest prices only if they are able to match the best tariff to their usage, and make an effective choice from a range of pricing options which include contract length/commitment, paper or electronic bills and payment type.

The biggest falls in France, Spain and the US come from falling prices in the cost of Basket 4 – which, with 600 minutes of calls a month, is the highest-use basket. In all countries, these falls come largely through the availability of line rental packages which include ‘free’ or discounted calls.

- In France, the price available from incumbent France Telecom (which has 74% market share and is therefore the major component of the weighted average pricing) has fallen by 41% since 2009, due to the availability of a new tariff which includes up to two hours of calls, including international calls.

- In Spain, the best tariff for this basket is from incumbent Telefonica (market share 80%, includes 1,000 anytime minutes a month to fixed lines in Spain.

- In the US, one of the drivers of the falling price is the availability of a tariff combination from the largest operator AT&T (market share 29%), which includes an add-on for low-cost US national calls and another add-on that includes unlimited calls to Canada.

**Figure 106 Comparative single-service ‘weighted average’ fixed-line voice pricing**

While the ‘weighted average’ analysis is to a considerable extent a reflection of incumbent pricing (incumbents have retail market share of over 50% of fixed line connections in all the countries), a £3.80 a month reduction on line rental for the first 12 months, if they paid for a year’s line rental in advance.
European countries), the ‘best-offer’ analysis gives prominence to tariffs from the largest alternative network (alt-net) operators, which typically undercut incumbent pricing as they look to gain market share. In looking at the best tariff available from the three largest operators in each country (Figure 107), Italy offers the lowest prices overall as a result of much lower prices from alt-net operators than from incumbent Telecom Italia.

In all countries, there was less difference between the prices offered by the largest operators in 2010 than had been the case in 2009. However, there was significant variation between countries. The best prices available in Italy were overall 25% lower than the weighted average pricing. By contrast, in the UK and in Germany the lowest prices available were overall just 7% lower than the ‘weighted average’. The UK is the only European country in which a tariff from the incumbent (BT) appears as a ‘best offer’ tariff in any of the baskets.

**Figure 107 Comparative single-service ‘best-offer’ fixed line voice pricing**

Source: Ofcom using data supplied by Teligen
Note: Lowest tariff available for the fixed-line voice component of each basket from any of the three largest operators by market share in each country, July 2009 and July 2010; PPP adjusted.

### 4.5.5 Summary of findings: mobile

Across the five households we include in our analysis there are eight mobile phone connections, ranging from low use and a basic handset, typical of a pre-pay subscriber in the UK, to high use and an advanced handset, typical of a pay-monthly smartphone user in the UK. The connections are summarised in Figure 108 below. Connections also vary in terms of the distribution of call and messaging volumes (e.g. proportion of calls which are to UK mobile, to UK geographic numbers or to international numbers); full details are provided in the basket analysis below.

Overall, the UK offers the lowest ‘weighted average’ prices, although it is more expensive than some other European countries for the low-use connections 1, 2 and 3 (which all have 60 minutes of voice, and vary in the amount of messaging) (Figure 109). In general, prices in the UK and Italy are lower than those in other countries.

This is, perhaps, indicative of higher levels of price competition in the UK and Italy, driven by:

- saturated markets – in both countries the number of mobile connections has exceeded the population since 2005;
- the effect caused by the launch in 2003 of Hutchison 3G (branded as ‘3’) in Italy and the UK. The company has, since then, sought to gain market share through low-priced offers, particularly for medium and high users (until recently, the high cost of...
3G handsets compared to 2G handsets meant that 3G operators had limited success in targeting low-spending consumers. (Note that as Hutchison 3G is the fourth largest operator in the UK and the fourth largest in Italy, its tariffs are excluded from this analysis); and

- relatively low levels of market concentration in both countries, which fosters intense competition between relatively equally-matched operators. Until 1 July 2010, when T-Mobile and Orange officially combined their UK operations into Everything Everywhere, the UK was the only European market with five mobile network operators. The Herfindahl-Hirschman Index (HHI), often used as an index of the level of competition in the market, finds that the UK has the least concentrated mobile market in Europe17, while in Italy, where there are four mobile network operators, the HHI index finds that the market is less concentrated than in France and Spain, and comparable to Germany.

However, although they both offer low prices, the characteristics of the mobile markets in the UK and Italy are very different.

In the UK, around 42% of mobile connections are post-pay, and these tariffs are characterised by heavily subsidised (or even ‘free’) handsets, with operators recouping the value over the course of the contract. Fixed monthly line rentals typically include a large number of inclusive any-time any-network minutes and SMS texts, and, increasingly, a data allowance. The result is that high users tend to pay a ‘flat rate’ for most of their use, and the value available from these tariffs is evident in the low relative prices for the high-use mobile connections in Baskets 3, 4 and 5. However, this assumes that consumers know their regular monthly usage level and select the correct tariff accordingly.

In contrast to the UK, around 90% of mobile connections in Italy are pre-pay and there is little by way of handset subsidy even for post-pay tariffs, where line rental is typically much lower than in the UK, with correspondingly lower numbers of inclusive minutes and SMS.

17 See Ofcom, International Communications Market Data tables, 2010
18 In the Communications Market Report 2010, fig 5.25, we compare £15 SIM-only contracts and £15 handset-inclusive contracts from the UK’s mobile network operators, http://stakeholders.ofcom.org.uk/market-data-research/market-data/communications-market-reports/cmr10/uk/
Indeed, there is little variation between pre- and post-pay in Italy; they tend to have the same basic call charges. The result is that Italian tariffs are characterised more by metered than ‘flat rate’ pricing. Prices for consumers with low monthly use tend to be lower than in the UK (as in Basket 2, and for two of the connections in Basket 4). Although not captured in our findings, this pricing structure has benefits to consumers in that it offers greater flexibility to consumers who either do not know their monthly usage or, typically, vary it from month to month. It also means there are fewer tariff combinations available in Italy than in the UK – our research identified 170 different tariffs in Italy (the lowest of the six countries surveyed) and 1,056 tariffs in the UK (the highest of the six countries). The range and complexity of UK tariffs is a problem that was raised in 2009 by Consumer Focus, which claimed that there were 1.3 million deals available – resulting in consumers often being “bewildered” and overspending by signing up for an unsuitable package19. Research in July 2010, commissioned by price comparison site Top1.com, found that 55% of UK adults on pay-monthly contracts claimed never to use all their inclusive minutes, and estimated that on average, pay-monthly consumers could save over £5 a month by switching to contracts which better reflected their usage.20

Although prices in the UK are, overall, lower than in other countries, the gap is narrowing; prices fell by 10% in the UK between July 2009 and July 2010, compared to falls of 25% in Italy, 23% in Spain, 18% in France and 13% in Germany. The fall in pricing in Spain comes as a wider range of tariffs have become available, particularly post-pay tariffs offering a high number of inclusive minutes within the line rental. The fall in prices in Italy is due to the falling prices of the higher-use baskets, but is in some respects artificial. In 2009 there was little availability of post-pay tariffs offering more than 200 minutes a month, and the result was that the requirements of the high-use mobile connections in Baskets 3, 4 and 5 were best served by iPhone tariffs, which factored into the price the cost of the iPhone handset. In 2010, tariffs were available that did not include a handset subsidy.

A likely contributory factor to pricing, for the higher-use baskets in particular, is the level of mobile termination rate (MTR), which is the regulated maximum price per minute at which one operator can charge another to for incoming calls to its network. All the European countries except Germany saw cuts in MTRs in the period between July 2010 and July 2011, with cuts of around 10% in Spain and the UK, 14% in Italy and over 33% in France (implemented on 1 July 2010).

Figure 108 Summary of mobile connections

<table>
<thead>
<tr>
<th>Connection</th>
<th>Basket</th>
<th>Handset type</th>
<th>Outbound voice minutes per month</th>
<th>Outbound SMS per month</th>
<th>Outbound MMS per month</th>
<th>Data use per month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Connection 1</td>
<td>Household 2</td>
<td>Basic</td>
<td>60</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Connection 2</td>
<td>Household 4, #4</td>
<td>Basic</td>
<td>60</td>
<td>65</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>Connection 3</td>
<td>Household 4, #3</td>
<td>Basic</td>
<td>60</td>
<td>70</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>Connection 4</td>
<td>Household 4, #2</td>
<td>Basic</td>
<td>180</td>
<td>160</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td>Connection 5</td>
<td>Household 5, #2</td>
<td>Mid-tier</td>
<td>200</td>
<td>20</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Connection 6</td>
<td>Household 4, #1</td>
<td>Advanced</td>
<td>300</td>
<td>30</td>
<td>-</td>
<td>30MB</td>
</tr>
<tr>
<td>Connection 7</td>
<td>Household 5, #2</td>
<td>Advanced</td>
<td>400</td>
<td>80</td>
<td>-</td>
<td>30MB</td>
</tr>
<tr>
<td>Connection 8</td>
<td>Household 3</td>
<td>Advanced</td>
<td>550</td>
<td>150</td>
<td>10</td>
<td>100MB</td>
</tr>
</tbody>
</table>

19. www.consumerfocus.org.uk/en/content/cms/News___Press_speech/Over_a_million_deals/Over_a_million_deals.aspx; our pricing analysis interrogates 857 UK mobile tariffs, more than in any other country.
20. www.itpro.co.uk/624880/uk-mobile-users-spend-800-million-on-unnecessary-contracts
In looking at the lowest prices available for the mobile phone components of each basket, the pattern is broadly similar to the ‘weighted average’ analysis.

Typically, the operators with lower market share tend to offer the lowest prices (note however, that as this analysis includes only the largest operators by retail market share in each country, the prices of some smaller MNOs such as 3 in the UK and Italy, and all MVNOs, are not included in the analysis). Overall, the lowest price for a mobile is offered by the mobile operator with the largest market share on only two occasions (out of 48, comprising eight mobile connections in six countries); and in France and Italy the third-largest operator offers the lowest price for six of the eight connections. No single operator offers the lowest price for more than three of the eight connections in the UK.

The US mobile market is very different from that in Europe, because of a different interconnect regime which results in charges for incoming as well as outgoing calls (in order to incorporate this, our analysis includes both inbound and outbound calls). A consequence of this is that US mobile contracts typically include a very high number of inclusive (inbound and outbound) minutes in order to provide a ‘flat-rate’-style tariff that incentivises consumers
to leave their phone switched on. Most contracts in the US include over 900 (inbound and outbound) minutes a month, and there are very few contracts available that include fewer than 450. Similarly, pay-as-you-go services have much lower take-up, with 82% of mobile connections being pay-monthly; and pay-as-you-go connections typically follow a different model than in Europe, offering a set number of inbound and outbound minutes to be used in a 30-day period, rather than charging by the minute.\(^{21}\)

This fundamental difference in the US market has an impact on our pricing analysis in two, related, ways. Firstly, basic line rental is typically much higher in return for many more minutes, meaning that there are very few US tariffs targeted at low users, such as connections 1, 2 and 3 in Figure 109 above. Secondly, overall average mobile phone use in the US is much higher than in European countries (678 combined inbound and outbound minutes per mobile connection in 2009, compared to 141 outbound minutes in France, 127 outbound minutes in the UK, 110 outbound minutes in Spain, 106 outbound minutes in Italy and 70 outbound minutes in Germany). This means that, even though the baskets have been created to be representative of average use across the six countries, the mobile baskets collectively have a much lower usage profile than the US average. Because the baskets are less representative of the US market than of the European market, they contain a bias against the US.

Put simply, were our analysis to look at actual minutes of calls on a price-per-minute basis, rather than being based on a usage basket, the US would be relatively less expensive.\(^{22}\) Similarly, were our baskets to contain much higher mobile usage, the US would also be relatively less expensive. In order to examine this, we also looked at the prices for a basket of 1,000 minutes and 4,000 minutes (Figure 111). This found that the UK was again the cheapest for the basket of 1,000 minutes (where the lowest tariff was a SIM-only deal which offered free on-net calls and 600 any-network minutes for £20 a month on a 12-month contract, which delivered an overall cost of £39.89), and that the US offered the second-lowest pricing. Prices for the 4,000 minute basket should be treated cautiously as this is a highly theoretical basket which does not match any typical usage profile (indeed, it should be noted that prices in Italy and Spain are more than four times as expensive as for the 1,000 minute basket). Nevertheless, it is notable that at this extreme high usage level the US is less expensive than any European country.

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\(^{21}\) Differences between the UK and the US market, and the impact of the ‘receiving party pays’ interconnect regime are discussed in detail in Ofcom’s consultation into mobile voice termination (May 2009), see: [www.ofcom.org.uk/consult/condocs/mobilecallterm/annex9.pdf](http://www.ofcom.org.uk/consult/condocs/mobilecallterm/annex9.pdf)

\(^{22}\) In Section 6 of this report we find that the average cost of an outbound voice call minute in 2009 was 3.1p in the US compared to 8.5p in Italy, 8.8p in the UK, 13.9p in France, 14.3p in Spain and 16.3p in Germany.
Figure 111 Comparative pricing for mobile tariffs with 1000 minutes and 4000 minutes, July 2010

Source: Ofcom using data supplied by Teligen
Notes: (1) Includes 1,000/4,000 inbound and 1,000/4,000 outbound minutes and a premium handset; Call split = 17% to fixed-line local, 9% to fixed-line national, 37% to on-net mobile, 37% to off-net mobile, 0% to international; 60% weekday daytime; 19% weekday evening; 21% weekend.
(2) Calculated from the lowest tariff available for the mobile phone component of each basket from any of the three largest operators by market share in each country, July 2010; PPP adjusted

4.5.6 Summary of findings: fixed-line broadband

Single-service broadband pricing comparison should be treated with some caution, as broadband is very frequently bought as part of a multi-service bundle, and many operators do not even offer stand-alone broadband. We have defined the prices below as the lowest price for purchasing a broadband service, excluding the price of telephone line rental where this is required (as the cost of the line rental is attributed to the voice element of the basket).

In the UK, all of the largest operators incentivise consumers to purchase other services along with their broadband connection (for example, by including free call packages), while Sky markets broadband only to its pay-TV customers. In Spain and Germany none of the largest three broadband operators offers a stand-alone product (it is always bundled with voice). In France broadband is typically taken within a triple-play service that includes voice (often delivered via VoIP) and IPTV (every broadband package from the largest provider, France Telecom, has IPTV included – even though not all consumers are able to receive IPTV services).

Our broadband baskets are defined by the headline speed of the connection, and require a minimum of 2Mbit/s, 4Mbit/s or 8Mbit/s. The lowest overall prices are available in the UK and in France, and it is a characteristic of both countries that the most basic packages from all the leading operators meet the requirements of the highest-specification basket (8Mbit/s and 5GB per month). Increasingly, for DSL broadband, there is little price differentiation between broadband at different speeds. In the UK, all the largest DSL operators offer a headline speed of ‘up to’ 20 or 24Mbit/s as standard on all of their products (with package prices determined primarily by data allowance). The same is true in France, where in addition the leading cable operator, Numericable, makes no pricing distinction between those who are able to receive 100Mbit/s or 30Mbit/s services. By comparison, in Italy and the US, markets are characterised by tiered pricing by headline speed.

However, it should be noted that none of our baskets include genuinely high-speed broadband. This is because the limited availability of next-generation access broadband in most countries would make price comparisons meaningless, and because it is not possible
to purchase super-fast broadband as a stand-alone service from many operators in many countries. Nevertheless, it should be recognised that high-speed alternatives, often at no great incremental cost, are available to many households in the US and to significant numbers of households in Italy, France and Germany. In the UK, Virgin Media cable provides a service, available to around 48% of UK households, offering headline speeds ‘up to’ 50Mbit/s for a monthly fee of around £8 a month higher than its 20Mbit/s service and £15.50 a month higher than its 10Mbit/s service. The only other nationally available ‘superfast’ service in the UK is BT Infinity, a fibre-to-the-cabinet service offering speeds of ‘up to’ 40Mbit/s, which should be available to 40% of UK households by the end of 2012; the price for the basic Infinity service is £6 a month more expensive than a basic DSL service.

The relatively low prices in the UK are maintained by a competitive environment in which no single provider has more than 30% market share, and in which consumers are able to choose from a range of services from operators offering services via wholesale line rental (WLR) (available to virtually 100% of the population), local loop unbundling (LLU) (available to 85% of the population) and cable (available to 48% of the population).23 Similarly, in France broadband competition has been intense, particularly between incumbent France Telecom (with around 47% market share) and alternative network providers Free and SFR/Neuf (which both have over 20% market share).

In all countries for all baskets, the price does not include any additional usage charge above that of the line rental, reflecting that broadband is typically priced on a ‘flat rate’ rather than a ‘per MB’ basis. Tariffs in the UK and US all include a WiFi router, whereas these are a separate cost for all of the baskets in France and two of the three baskets in Italy.

In the UK, France and the US, stand-alone broadband prices from the largest providers are broadly similar, resulting in little variation between the ‘best offer’ price and the ‘weighted average’ price. But in Italy, the weighted average price is much higher than the lowest price due to the higher prices of incumbent Telecom Italia (which offers a nation-wide service, has around 74% market share and is significantly more expensive than some services from alt-net providers which do not have nationwide availability).

**Figure 112 Comparative single-service ‘weighted average’ fixed-line broadband pricing**

![Comparative single-service ‘weighted average’ fixed-line broadband pricing](image)

Source: Ofcom using data supplied by Teligen
Note: Weighted average of best-value tariff from each of the three largest operators by market share in each country; July 2009 and July 2010; PPP adjusted

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23 See the Glossary for a definition of WLR and LLU
4.5.7 Summary of findings: mobile broadband

Our basket analysis includes only one mobile broadband connection, which is a 3GB per month connection included in Basket 3.

However, we also looked at two other connections: a low-use 1GB per month connection and a high-use 5GB per month connection. We consider only the ‘best-offer’ service available, as lack of data on market share and the wide range of prices available from operators in some countries make it problematical to analyse on a ‘weighted average’ basis.

The lowest prices for mobile broadband were available in Italy, followed by the UK. This indicates that the competitive dynamics, which are delivering lower prices for mobile phone tariffs, are also reflected in mobile broadband. 3G and HSPA networks were launched relatively early in these countries, with three operators offering HSPA networks by the end of 2006, and by early 2008 mobile broadband had launched as a mass-market consumer proposition in both countries. The 3G-only operator, 3, has been active in both countries in promoting mobile broadband, as a differentiator to build market share and utilise spare capacity in its network, and to develop new revenue streams and compete with fixed broadband suppliers (unlike most of the leading mobile operators, 3 does not have a fixed broadband network). A consequence is that the markets are relatively mature compared to other countries, with all the MNOs competing to win mobile broadband share.

In both the UK and Italy, the price for mobile broadband compares favourably with the price of the basic fixed-line broadband connection in Basket 2. In addition, mobile broadband does not need a fixed phone line, as is required for DSL broadband. However, the levels of quality of service for fixed-line and mobile broadband are different, with fixed-line broadband typically offering greater reliability, higher speeds and higher usage allowances. In the UK, the majority of consumers with a mobile broadband connection also have a fixed-line broadband connection, indicating that the two services are often complementary, serving different purposes (i.e. a fixed-line connection is used in the home and a mobile broadband connection is used when out and about).
The variation in numbers and types of channels and different types of programme content means that like-for-like comparison of the pricing of television services is difficult. However, we have included television tariffs within our analysis in order to include comparisons of ‘triple-play’ (voice, broadband and TV) packages, which have had increasing take-up in all countries. The comparative pricing of television services has been discussed in some detail in the context of Ofcom’s pay-TV market investigation. Our view is that it is difficult to draw strong conclusions from an analysis of comparative pricing levels for pay-TV packages. For the purposes of this analysis we have used some headline prices of common pay-TV packages, but this is not intended to either supplement or replace the analysis conducted for the pay-TV investigation.

Licence fees are highest in Germany and the UK, which have the highest investment per head in public service broadcasting. There is no licence fee in Spain and the US, where public funding is raised by alternative means.

‘Basic pay-TV’ is defined as the lowest subscription required to receive channels in addition to those available on free-to-view television. France, Italy and Spain offer the lowest costs for this ‘entry-level’ service, but the type of service varies significantly. The lowest-cost service in Italy is from a cable operator at €10 a month, and includes 18 channels. In France the leading satellite operator’s entry-level service provides 23 channels and is available for €12.90 (€10) a month, with the first three months discounted to €19.90. The reason for the price increase since 2009 is that in July 2009 the same service was available at the same basic price, but with an offer of the first three months free of charge. In Spain the lowest-cost service is an IPTV service (with limited geographical availability) that offers 50 channels for €11 a month. In Germany the lowest-price offer is a cable service offering 36 channels for €17.90 a month, plus a connection fee, while in the US the best offer is a cable service for $25.49 a month.

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The lowest price for basic pay-TV as a stand-alone service has fallen in the UK since 2009 as a result of Virgin Media’s cheapest pay-TV service (M+) now being available without the requirement to take a Virgin phone line. However, in terms of comparing like-for-like, prices in the UK have increased slightly – the lowest price for Sky TV in July 2009 was £18 a month compared to £16.50 in July 2009), and the lowest price for Virgin Media TV and phone line was £17.49 a month (compared to £16.50 in July 2009).

We also looked at the price for a basket of ‘premium’ services, consisting of the best package of top-flight football (NFL in the US) and first-run major Hollywood studio movies (Figure 115). Because of the variation of content in these packages it is difficult to compare packages, and apparent changes in the prices in France and Spain between 2009 and 2010 have more to do with changing package structures than genuine changes in price. This basket does not include a requirement for high definition (HD) channels; however, in most countries HD is now standard with these premium channels; the UK is the only country in which HD channels are not included in the service that offers the lowest price (an additional £10 per month is required for HD services).

Figure 115 Comparative single-service TV pricing

Source: Ofcom using data supplied by Teligen
Note: Basic pay-TV is defined as the minimum price required to purchase a pay-TV packages which includes channels not available over free-to-air TV; Premium TV is defined as the best package of top-league football (NFL in the US and first run films from major Hollywood studios); lowest tariff available for the pay-TV component of each basket from any of the three largest operators by market share in each country, July 2009 and July 2010; PPP adjusted.

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Note that from 4th October 2010, Virgin Media increased the price of the stand-alone M+ TV tariff from £11.50 a month to £12.50 a month, and the price of M+ TV with a Virgin Media phone line from £17.49 to £18.49.
Section 5

Consumer empowerment

Introduction

To take advantage of competitive markets, consumers need to be equipped to shop around to obtain the best deal. This section of the report describes to what extent consumers are empowered with the knowledge and information they need in order to obtain the best deal, and to what extent they are confident enough to switch between suppliers.

We also explore how, and why, consumers make decisions about whether or not to switch supplier and the impact of their perceptions and mindsets on switching behaviour.

Consumer information is an important part of empowerment and this section explores whether or not consumers know where to go to obtain comparative information to help them make informed choices.

Please note that all data for individual services have been updated in this report and are now based on single service purchases only (i.e. they exclude consumers who purchase the respective service as part of a bundle). As a result, trend data are comparable across the years represented, but data may differ slightly to previous reports. It should also be noted that the measures of switching reported in this section exclude consumers who switched service supplier(s) as part of moving house. Figures relating to bundled services refer to cases where consumers receive more than one of their communications services as part of an overall deal, bundle or package from the same supplier and receive a discount or special deal for subscribing to the package of services.

For the charts in this chapter, the base for broadband in 2010 represents those with fixed broadband rather than fixed or mobile broadband as in previous years. Too few interviews were conducted with those with mobile broadband to report these separately. Trend data may be affected by this change.

Consumer empowerment metrics

The key findings in this report are analysed by the following demographic groups: age, gender, income, and socio-economic group.

Data are also analysed according to consumers' level of participation in the communications market. The segments identified were ‘engaged’, ‘interested’, ‘passive’ and ‘inactive’. Sub-group differences are noted only when they are significantly different from the total sample.

The findings are arranged according to five metrics:

- participation in communication markets
- switching in communications markets
- ease of switching in communications markets
- awareness of trusted information sources
- ease of making cost comparisons between suppliers
5.1 Participation in communications markets

Participation in communications markets is measured by looking at a wide range of ways in which consumers can participate in the market, including switching suppliers, negotiating with current suppliers, staying informed, and being aware of changes in the markets.

Measuring participation in communications markets

The metric is created using measures of past and present participation behaviour.

**Past behaviour** – whether consumers have switched or considered switching, whether they have made a change to an existing contract – e.g. negotiated a better deal with their current supplier.

**Present behaviour** – whether they keep informed about developments, or ‘keep an eye out’ for better deals on the market.

Consumer segments:

1. **Inactive consumers** – consumers may have had some past involvement, but have low interest in the market. This group does not keep up to date with the market.

2. **Passive consumers** – more likely than inactive consumers to have participated in the past, and indicate some current interest in the market.

3. **Interested consumers** – while broadly similar to passive consumers in terms of their past behaviour, they are more likely to keep an eye on the market, looking out for better deals.

4. **Engaged consumers** – the most active group in terms of past behaviour and current interest.

5.1.2 Overall participation in communications markets

Participation levels in the fixed market have declined since 2007 (see Figure 116). Around a third of fixed-line customers are ‘inactive’ and the proportion of ‘engaged’ customers has declined from 19% to 14% in 2010. However, ‘interest’ in this market is broadly comparable to the other markets at 38%.

Participation in the mobile market is lower than it was in 2008-2009 but is at broadly comparable levels to those reported in 2007. Around a fifth (19%) of consumers are ‘engaged’ in this market.

The broadband market continues to report some of the highest levels of participation with around three in ten (29%) ‘engaged’ and a further 31% ‘interested’.

Participation in multichannel TV has not changed significantly over the last few years and this market reports levels broadly comparable to the fixed-line market. One in ten are ‘engaged’ in multichannel TV and two in five are ‘interested’.

Levels of ‘engagement’ among purchasers of bundled services are the second highest at 24%. However, this has declined from 41% in 2009. This finding is consistent with the view that consumers purchasing bundled services are less likely to switch in the future. However, it remains the market with the lowest proportion of ‘inactive’ consumers (23%).
5.1.3 Demographic differences between participation segments

There are few significant demographic variations between levels of participation in the fixed-line market, with the exception of those who are 'engaged'. Consumers aged over 45 are less engaged and more inactive in the fixed-line market than other age groups, and women are more likely to be inactive in this market than men.

In the mobile market older consumers (65+) and those in the socio-economic group DE are significantly more 'inactive' than any other demographic group. 16-24 year olds remain the most 'interested' and the most 'engaged' in the mobile market.
Figure 118  Demographic differences between participation segments in the mobile market

Source: Ofcom decision making survey July to August 2010
Base: All adults aged 16+ who are the mobile decision maker (single service purchaser) (2010, 1200).
*Caution: Low base. Base size for 75+ age group too small to analyse

There is little difference in participation levels with the fixed broadband market, although it should be noted that the base sizes are too low to report differences among the over-65 age group and the DE socio-economic group.

Figure 119  Demographic differences between participation segments in the fixed broadband market

Source: Ofcom decision making survey July to August 2010
Base: All adults aged 16+ who are the fixed broadband decision maker (single service purchaser) (2010, 226). *Caution: Low base. Base size for 16-24 year olds, 65+, 75+ and DE too small to analyse

All demographic groups had a lower level of ‘engagement’ in the multichannel TV market than in other services. Younger consumers (25-44) were driving participation in this market while consumers aged 65+ were most likely to be ‘inactive’.
There were few differences by demographic group in levels of participation among consumers of bundled services, with the exception of higher inactivity among respondents aged 65 or over.

5.2 Consumer empowerment metric 2: switching in the communications markets

5.2.1 Switching communications supplier in the past 12 months

The level of consumer participation is calculated using various data points, including consumers’ actual or potential switching behaviour, in each market. The chart below summarises recent stated behaviour (i.e. in the last 12 months), ranging from actively keeping an eye on the market to switching supplier.

In this report, the data that report switching behaviour are defined as a consumer actively changing supplier while remaining at the same address. This may not be comparable to...
industry subscriber data for churn, which includes all customers who have terminated their services from that supplier, net of customers who have reinstated their services, within a given time period (generally 12 months).

The number of consumers claiming to have switched suppliers is broadly similar to last year across all four services.

There was a relatively high level of switching of bundled services in 2008, when a quarter (24%) of customers claimed to have switched either all or part of their bundle. This figure includes consumers adding stand-alone services to their current bundled package, and switching services within a bundle. Since then, switching of bundled services has remained at around one in ten.

The following section looks specifically at switching behaviour and negotiations with suppliers in each market in more detail.

**Figure 122** Switching in communications markets in the past 12 months

Source: Ofcom decision making survey July to August 2007, 2008, 2009 and 2010

### 5.2.2 Switching fixed-line supplier

Less than one in ten fixed-line customers switched supplier in the last 12 months (7%), which is broadly comparable to 2009, but lower than in 2008. However, it should be noted that the proportion of single-service purchasers in the fixed-line market has also been in decline over the same period, as customers switch to bundled purchasing. Currently 53% of fixed-line customers purchase this as a stand-alone service.
5.2.3 Consumers who have switched household fixed-line supplier in the last 12 months – demographic profile

Comparing switching levels across demographics illustrates that 25-44 year olds are more likely than other age groups to have switched fixed-line supplier in the last 12 months.

Consumers with an annual household income of up to £11.5K and those in the socio-economic group DE were the most likely to have switched fixed-line supplier in the last 12 months – both represent a significant increase on 2009 data.
5.2.4 Proportion of consumers who have negotiated with their fixed-line supplier

Switching suppliers is not the only measure of participation in the market. It is important to measure the extent to which consumers are negotiating packages with their current supplier.

The vast majority of consumers (96%) have not ‘actively’ attempted to negotiate with their current fixed-line supplier. In 2010 only 1% said their supplier had matched the deal they wanted.

By active we mean consumers who have contacted their supplier with the intention of negotiating a new deal with them.
5.2.5 Switching mobile supplier

The proportion of consumers switching each year in the mobile market has been in steady decline and now stands at half the level it was five years ago (8% vs. 16%).

This decline is not likely to have been heavily impacted by bundling (as in the fixed market) as the proportions bundling mobile services with other communications is still relatively low. It is more likely to have been influenced by a higher proportion of consumers signing up for longer minimum contract periods. The proportion of contract customers who said their contract did not run out for more than twelve months increased significantly over the past year; from 24% in 2009 to 36% in 2010.

Figure 127 Switching in the mobile market in the past 12 months


5.2.6 Consumers who have switched mobile network supplier in the past 12 months – demographic profile

Older consumers continue to be less likely to switch, which may be due to their lower levels of engagement and interest in the market.
Consumers who have a pre-pay mobile remain less likely than contract customers to have switched supplier (5% vs. 11%). This may be due to lower usage levels (67% of stand-alone mobile users on a pre-pay package spend less than £20 per month, compared to 32% of those with a contract) and also lower engagement of consumers with pre-pay mobile phones, compared to those on contracts.

Figure 129 Switched mobile supplier in the last 12 months, by income, socio-economic group and mobile payment type

Source: Ofcom decision making survey July to August 2007, 2008, 2009 and 2010

5.2.7 Proportion of consumers who have negotiated with their mobile supplier

The proportion of consumers to claiming to have negotiated successfully with their mobile supplier has declined. Following a high of 7% in 2009, 3% successfully negotiated in 2010 (although still slightly above the fixed-line market at 1%).
5.2.8 Switching internet service provider (ISP)

Figure 131 below illustrates the level of switching in the internet market as a whole in 2005-6 and within the broadband market from 2007 onwards.

Recent switching (in the past 12 months) in the internet market as a whole stands at 7%, this represent a gradual decline since 2007 when 11% claimed to have recently switched broadband provider. However, broadband customers represent the vast majority of the internet market, so it follows that recent switching levels among broadband customers (7%) are at the same level as switching in the internet market as a whole.
5.2.9 Proportion of consumers who have negotiated with their broadband supplier

The proportion of broadband consumers who have never negotiated with their supplier remains broadly consistent at 90%. A similar proportion of broadband decision-makers said they had actively negotiated with their supplier, compared to mobile decision makers (4% vs. 3%).

Figure 132 Have negotiated with current supplier in the broadband market

5.2.10 Switching multichannel TV supplier

Switching in the multichannel TV market is different from switching in other communications markets, because consumers are often not tied to a provider - services such as Freeview allow consumers to purchase equipment for a one-off payment without any supplier relationship. If consumers then decide to use an alternative platform/supplier for their TV services they are free to do so without cancelling their existing service.

Switching main provider or platform in the multichannel TV market has declined from 14% in 2007 to 10% in 2010, with a consistent 2% saying that they switched provider in the last 12 months.

Source: Ofcom decision making survey July to August 2007, 2008, 2009 and 2010
5.2.11 Proportion of consumers who have negotiated with their multichannel pay-TV supplier

Levels of negotiation in the pay-TV market are comparable with those in the fixed market. Relatively few consumers (4%) have ever asked their pay-TV supplier to match a deal. Among those who have, only 1% said they were successful.

5.2.12 Switching discounted bundled services supplier

The following data on switching of bundled services includes consumers who have added services to their bundle or moved one or more services from a bundle to another supplier. Ofcom’s recent *Consumer Switching and Bundling* research contains more detailed
information on consumers’ behaviour and switching experiences relating to stand-alone and bundled services.28

Following a high of 24% in 2008 (when many consumers were initially switching stand-alone services into bundles) switching bundled services in the last 12 months remains broadly similar to 2009 levels, at 12%.

Figure 135  Proportion of consumers who have switched supplier for some or all of their discounted bundled services

Source: Ofcom decision making survey July to August 2007, 2008, 2009 and 2010
Base: All adults aged 16+ who are the discounted bundled services decision maker (July 2007, 384) (July 2008, 534) (July 2009, 631) (July 2010, 570)

5.2.13 Demographic profile of consumers who have switched bundled-services supplier in the last 12 months

There is little difference between demographic groups in terms of switching bundled services, with the exception of the DE socio-economic group, who are significantly less likely to switch than ABs (6% vs. 17%).

Figure 136  Switched bundled communications services supplier in last 12 months, by age, gender and socio-economic group

Source: Ofcom decision making survey July to August 2007, 2008, 2009 and 2010
Base: All adults aged 16+ who are the discounted bundled services decision maker (July 2007, 384) (July 2008, 534) (July 2009, 631) (July 2010, 570). *Caution: Low base. Base size for 16-24 year olds and 75+ too small to analyse

5.2.14 Proportion of consumers who have negotiated with their bundled communications services supplier

The level of negotiating for bundled services was broadly comparable with the broadband market. Nine per cent of bundled-service purchasers had tried to negotiate with their current supplier, with around half of cases (4%) being successful.

Figure 137 Have negotiated with current bundled communications services supplier

Source: Ofcom decision making survey July to August 2007, 2008, 2009 and 2010
Base: All adults aged 16+ who are the discounted bundled services decision maker (July 2007, 384) (July 2008, 534) (July 2009, 631) (July 2010, 570)

5.2.15 Comparisons with switching levels in other markets

Consumers were asked whether they had ever switched certain utilities suppliers. Of the utilities asked about, switching was most likely to have occurred with car insurance, followed by electricity and gas. Switching fixed line, mobile or internet supplier was more likely to have occurred than switching bank accounts. Across the markets, switching remains least likely for multichannel TV.
Consumers remain most likely to switch car insurance provider on a yearly basis, followed by gas and electricity supplier. Switching communications provider on a yearly basis is less common than for each of these utilities, but more common than switching bank account. Of all the services, consumers were least likely to switch main multichannel TV provider.
5.3 Consumer empowerment metric 3: ease of switching in the communications markets

For consumers to take advantage of the increasing competition in the communications markets and for communications markets to work effectively, consumers must be able to switch with comparative ease, if they choose to do so.

5.3.2 Opinions about ease of switching in the communications market, among those who have switched

The majority of consumers who have switched in the past said that they considered it to be ‘very’ or ‘fairly’ easy to do so, in each of the communications markets. However, a higher proportion of consumers said they found it ‘very’ or ‘fairly’ difficult to switch the provider of their broadband and bundled services, compared to the other communications services.

Among those who have switched, there was a decline in the proportion of consumers considering it ‘very’ or ‘fairly’ easy to switch their mobile network supplier. Changes in ease of switching levels in the broadband and multichannel TV market should be treated with caution due to small sample sizes.

Figure 140 Consumer opinions about ease of switching supplier, among those who have ever switched

![Graph showing consumer opinions about ease of switching supplier, among those who have ever switched](chart)

Source: Ofcom decision making survey July to August 2008, 2009 and 2010
Base: All adults aged 16+ who are the decision maker for each service and have ever switched supplier. *Caution: Low base.

Switching processes

Different switching processes have evolved across different communications sectors over time. This has resulted in the existence of multiple switching processes, even for switching the same set of services. Ofcom conducted research to further explore consumers’ experiences of switching across each of the processes, including the perceived ease of switching. This can be found in Section 4 of the Strategic Review of Consumer Switching.²⁹

5.3.3 Perceived opinions on ease of switching in the communications market, among those who have never switched

The majority of consumers who have never switched believe that it will be ‘very’ or ‘fairly’ easy to change supplier, although this remains lower than among those who have actually switched.

Despite the majority believing that it is easy to switch, the key change in perception since last year is the decline in the perceived ease of switching bundle supplier.

Figure 141 Perceived consumer opinion about ease of switching supplier, among those who have never switched

Source: Ofcom decision making survey July to August 2008, 2009 and 2010
Base: All adults aged 16+ who are the decision maker for each service and have never switched supplier.

5.3.4 Barriers to switching supplier

There are many reasons why consumers say they have not switched supplier – the main ones are outlined below.

The main reason given for not switching, among consumers of mobile and bundled services, is the perceived lack of difference in cost, while the most common reason in the fixed-line and broadband markets is the hassle involved in switching (twenty-five per cent of fixed-line and 27% of broadband consumers said they were ‘too busy/ do not have time to research the options’). For multichannel TV, the most common reason for not switching was a combination of hassle (30%) and ‘no perceived cost advantage’ (29%). Significantly more people also mentioned ‘service availability’ as a reason for not switching multichannel TV provider, compared to other services, reflecting the limited number of providers in this market.
Figure 142 Reasons for considering switching supplier, but not switching

Source: Ofcom decision making survey July to August 2010
Base: All adults aged 16+ who are the decision maker for each service who have considered switching but did not switch (Fixed line, 59) (Mobile, 112) (Broadband, 49) (Multichannel TV, 49) (Bundle, 101). *Caution: Low base.

One barrier to switching supplier, mentioned by at least one in ten consumers who had considered switching in each market but did not do so, was the ‘terms and conditions’, or being tied into a contract. Consumers are likely to be charged if they switch supplier mid-contract in any communications market. The amount varies according to the market and the supplier, but these charges may affect consumers’ decision to switch.

Figure 143, below, illustrates the proportions of consumers who are aware of their contract and its length.

Half of the consumers in the fixed-line market said they did not have a contract with their supplier and therefore assumed that they would be able to switch supplier at any time without incurring additional charges. Findings were broadly similar in the pay-TV market.

In the mobile market 11% of contract customers said they were not tied into a contract with their supplier i.e. they may be outside their minimum contract period. The proportion of contract customers who said their contract did not run out for more than 12 months increased significantly from 24% in 2009 to 36% in 2010, suggesting an increase in take-up of longer contracts.
5.4 Consumer empowerment metric 4: awareness of trusted information sources.

5.4.1 Awareness of trusted information

Respondents were asked whether they could spontaneously name any information sources if they wanted to find out about:

- different options, and suppliers, for making fixed-line calls
- developments in mobile phone technology, services and suppliers
- ways of connecting to the internet; and
- ways to receive TV channels.

The majority of consumers in each of the communications markets could name at least one trusted source of information that they would use to explore communications markets.

Awareness of at least one trusted source of information on fixed-line calls has declined from 82% in 2009 to 74%. This remains the market with the highest proportion saying they would not look for information (9%).
Figure 144  Awareness of at least one trusted information source

Source: Ofcom communications tracking survey Q1 2006 and Q1 2007/ Ofcom decision making survey July to August 2008, 2009 and 2010

5.4.2 Types of trusted sources of information

The chart below indicates consumers' current mentioned sources of information and how these have changed since last year.

The internet has remained the most-mentioned source of information about all communications services, particularly for information relating to the internet and bundled services.

Relying on personal sources for information has declined year on year, in particular for information relating to ISPs (down 13 percentage points) and there has been a corresponding uplift (of ten percentage points) in websites as a trusted source of information.

Supplier sources remain more popular for mobile than for other communications services.
5.5 Consumer empowerment metric 5: ease of making cost comparisons between suppliers

It is important to understand consumers’ experience, and their perceptions of the difficulty of making cost comparisons between suppliers, in order to address one potential barrier to switching, and to enable consumers to obtain a better deal. Research conducted for Ofcom’s Strategic Review of Consumer Switching consultation found that nearly half of inactive consumers (those with low levels of interest in the market) agreed that switching providers seemed like too much hassle (48%). The main source of the hassle was searching for information about other providers they could use (identified by 54% of inactive consumers).

Consumers are more likely to say that it is difficult to make cost comparisons in the fixed-line market than in other communications markets, with around three in five (58%) of all fixed-line consumers thinking it is easy to make cost comparisons. This compares to around two-thirds of mobile, internet and multichannel TV consumers, who believe it is easy to make cost comparisons.
5.5.2 Demographic profile of those who find it difficult to make cost comparisons

There are indications that consumers aged 45+ in each market believe that making cost comparisons is difficult, compared to other age groups. Over-65s are most likely to consider it difficult to make cost comparisons for bundled services.

Source: Ofcom decision making survey July to August 2008, 2009 and 2010

Consumers in the DE socio-economic group are more likely to think it is difficult to make cost comparisons in the fixed-line market, compared to other socio-economic groups. The other
significant difference was in the mobile market, where consumers in the AB socio-economic group are more likely to think it is difficult to make cost comparisons compared to other socio-economic groups.

Figure 148 Socio-economic profile of those who find it difficult to make cost comparisons

![Socio-economic profile graph]

Source: Ofcom decision making survey July to August 2010
Base: All adults aged 16+ who are the decision maker for each service who expressed an opinion; fixed line (512), mobile (1051) broadband (208), multichannel TV (660), bundled services (528).

*Caution: Low base. Base size for C2 and DE for broadband too small to analyse. ‘Don’t know’ responses have been excluded from the base.

All the income groups felt that it was hardest to make cost comparisons within the fixed-line market. More respondents in the lowest income group (up to £11.5K) felt that it was hard to make cost comparisons in the multichannel TV market, compared to other income groups, whereas the highest earners were the most likely income group to note difficulties in making bundled service cost comparisons (28%).

Figure 149 Income profile of those who find it difficult to make cost comparisons

Source: Ofcom decision making survey July to August 2010
Base: All adults aged 16+ who are the decision maker for each service who expressed an opinion; fixed line (512), mobile (1051) broadband (208), multichannel TV (660), bundled services (528).

*Caution: Low base. Base size for income bands under £30k for broadband too small to analyse. ‘Don’t know’ responses have been excluded from the base.

Similarly, the fixed-line market was perceived to be the hardest for making cost comparisons across the different participation profiles. The other most notable differences were the higher-than-average perception of difficulty in comparing costs in the multichannel TV market, among the ‘inactive’ consumers, and for bundled services, among the ‘engaged’.
Figure 150  Participation profile of those who find it difficult to make cost comparisons

Source: Ofcom decision making survey July to August 2010
Base: All adults aged 16+ who are the decision maker for each service who expressed an opinion; fixed line (512), mobile (1051) broadband (208), multichannel TV (660), bundled services (528).
*Caution: Low base. Base size for Passive for broadband too small to analyse. ‘Don’t know’ responses have been excluded from the base.
Section 6

Consumer protection and concerns

Introduction

This section reports on the types of complaints that consumers are making to Ofcom, as well as the types of concerns that they have regarding the communications industry.

The findings are analysed across demographic groups to assess whether any specific groups of consumers are more likely to experience particular problems, or are less aware of complaints procedures.

Consumer protection and concern metrics

The key findings in this section are analysed by the following demographic groups: age, gender, income and socio-economic group, to discover whether any specific consumer groups are more vulnerable than others. Sub-group differences are noted only when they are significantly different from the total sample.

Consumer protection and concerns are measured by four metrics in this chapter:

- consumer complaints about communications services
- personal experience of issues in each communications market
- concerns about each communications market
- awareness and use of complaints procedures

The second metric noted above includes the proportion of consumers who say they have experienced any of a number of prompted issues in each of the communications markets over the past six months. This data will allow Ofcom to understand whether particular issues are being experienced more widely than the complaints data indicate.

The data presented are based on all adults/households in the UK. Ofcom will continue to track many of these metrics, although methodological changes may mean that comparisons over time are not always possible.

6.1 Consumer protection and concerns metric 1: Consumer complaints about communication services

Ofcom’s Advisory Team (OAT) offers a point of contact for consumers enquiring, or making complaints about, issues in the telecoms and broadcasting markets. Although Ofcom handles only a small share of the total number of complaints relating to communications services, these data give insight into the extent of certain issues.

So far, the monthly average of telecoms complaints is lower in 2010 than in 2009.

The following chart illustrates the number of complaints relating specifically to telecoms issues – including internet/broadband services.
Figure 151  Number of complaints received by Ofcom: 2009-10, by month

Source: Ofcom, OAT data
General = ‘General Enquiries’, these could relate to broadcast, spectrum or telecoms issues

Mis-selling/slamming in the fixed-line market has dominated telecoms complaints over the past 16 months.

Complaints about silent calls were at a relatively stable level between June and August 2009, with Ofcom receiving around 400 calls relating to this each month. However, from September 2009 there was a sharp increase in the volume of complaints about silent calls, with this peaking at nearly 1000 complaints in January 2010 - at which point this was the most complained-about telecoms issue. Since then, complaints about silent calls have fluctuated with key developments on this issue (see section 6.1.4).

Complaints about early termination fees continue to be the fourth most complained-about issue, with about 400-500 complaints a month. Complaints about customer service have consistently appeared among the top three issues since June 09, with complaints nearing 1000 in September 2010.

Each of these issues, including mis-selling in the mobile market, is discussed in more detail later in this section.
Broadcasting complaints continue to be dominated by complaints about content. Complaints about *Big Brother*, and more recently, *The X Factor*, have consistently driven broadcasting complaints; high levels of complaints have been received over the past year due to *The X Factor*, and the World Cup coverage. Complaints about radio broadcasting have remained at a low level throughout the past year.

Source: Ofcom, OAT data

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30 These issues account for over half of all telecoms complaints received by Ofcom – others not shown include ‘supplier customer relationship’
The chart below summarises the most complained-about issues in each market; the relatively high level of ‘other’ issues (each mentioned by less than 1% of consumers) highlights the vast range of issues that consumers have cause to complain about in the communications market.

Mis-selling and complaints handling (which relates to customer service issues) continue to dominate complaints in the telecoms market. ‘Silent calls’ are the third most complained-about issue, received by Ofcom, in the telecoms area.
6.1.2 Focus on customer services

Research has showed that quality of service information is consistently mentioned by consumers as the second most important driver of switching, after price. In addition, ‘complaints handling’ has remained among the top three most complained about telecoms issues to Ofcom over the past year.

Ofcom has recently published consumer research comparing the quality of customer service being received by consumers across the communications market\(^{31}\). The data compare customer service across the main providers in each of the fixed-line, fixed broadband, mobile and pay-TV markets. The research suggests that customers perceive providers of these services to offer a satisfactory contact experience. However, there are variations in satisfaction by sector, with the broadband (60%) and landline (68%) sectors trailing behind the mobile (69%) and pay-TV (66%) sectors. Fifteen per cent and 16% of landline and broadband customers respectively, of those who had contacted their provider, were dissatisfied with customer service, compared to 9% for each of the mobile and pay-TV sectors.

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Ofcom plans to continue to monitor satisfaction with customer service and intends to publish a second phase of this research, alongside its own complaints data, early next year.

### 6.1.3 Focus on mis-selling

The term ‘mis-selling’ covers a range of sales and marketing activities that can work against the interests of consumers and competition, and can undermine confidence in the industry as a whole. These include:

- the provision of false and/or misleading information (for example, about potential savings, or promising offers or gifts that do not actually exist);
- applying unacceptable pressure to change provider, such as refusing to leave until the customer signs, or using threatening or otherwise intimidating behaviour; and
- ‘slamming’, an extreme form of mis-selling, where customers are simply switched from one company to another without their knowledge or consent. Forms of slamming can include, for example, passing off (i.e. where representatives claim to represent a different company to the one they are actually working for), and customers being told they are merely signing for information and then being switched to another provider.

In this sub-section we illustrate the number and type of complaints Ofcom has received about mis-selling across all services and, in particular, mis-selling in the fixed and mobile markets.

Most complaints to Ofcom about mis-selling are in relation to fixed-line services. Between September 2009 and September 2010, complaints about mis-selling of fixed-line services have fluctuated between 700 and a high of just over 1000 in June 2010. Since then they have declined and 772 complaints were received in September 2010.

Within our monitoring and enforcement programme we have noted a significant change in the causes of the complaints that we have received in the past 12 to 18 months. Our assessment indicates that a large proportion of alleged ‘slamming’ complaints received recently have been driven by deficiencies in the switching processes, rather than by deliberate mis-selling. Our evaluation report details the work undertaken by Ofcom to address this problem.

Mis-selling complaints in the mobile market have remained relatively stable, at about 200 calls per month since August 2009. There has been a significant reduction in the number of mobile mis-selling complaints since Ofcom first took action on this problem.
The chart below shows Ofcom’s monthly fixed-line telecommunications mis-selling complaints (comprising CPS/WLR and full LLU\(^{32}\)) and monthly ‘cancel other’ (slamming) volumes since January 2005.

The chart shows that from a peak of 1,200 complaints a month in summer 2005, when Ofcom introduced General Condition 14.5, and launched its monitoring and enforcement programme, complaints showed a positive downward trend over the first year. Levels of fixed voice mis-selling complaints increased sharply during 2007/2008, declining again in early 2009, and since then have fluctuated between 600 and 1,100 complaints a month, with 802 received in September 2010. The chart also shows that ‘cancel other’ (slamming) cases have fallen significantly since the introduction of the new rules, from monthly volumes in excess of 30,000 in early 2006. ‘Cancel other’ (slamming) cases have continued to fall steadily over the past 12 months (to 2971 in September 2010).

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\(^{32}\) ‘CPS’ refers to carrier pre-selection; ‘WLR’, to wholesale line rental, and LLU refers to Local loop unbundling. See glossary for full description of these terms
Mobile mis-selling

The following chart illustrates the declining volumes of mis-selling complaints in the mobile market. Between 2007 and 2008 mobile mis-selling averaged between 200-300 complaints per month. This has fallen to an average of 100-200 per month since 2009. Volumes of complaints about cashback schemes have declined since their peak at the end of 2007, when Ofcom published a consultation proposing various options to tackle these problems, and have levelled off at around 10-20 since early 2009.
6.1.4 Focus on silent calls

Most abandoned\textsuperscript{33} and silent\textsuperscript{34} calls are not generated with malicious or mischievous intent but by technology used by call centres to automate the manual processes associated with physically making a call. Despite the likely cause of their origin, these calls can still understandably cause annoyance, inconvenience and anxiety.

Ofcom first published a statement of policy on the persistent misuse of an electronic communications network or service in 2006, setting out the factors that we would take into account when deciding whether or not to take action in relation to abandoned and silent calls. We subsequently revised this policy in 2008 and 2010, but the core elements of our requirements have remained virtually the same over this period: abandoned call rates must be no more than 3\% of all live calls made in any 24-hour period per campaign (i.e. the reason for calling); all abandoned calls must carry a short recorded information message identifying the source of the call; and an accurate calling line identification (CLI) must be presented.

We undertake a programme of monitoring and enforcing compliance with our stated policy and have imposed financial penalties on nine companies since June 2007\textsuperscript{35}.

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\textsuperscript{33} An abandoned call is where a where a connection is established but terminated by its originator in circumstances where the call is answered by a live individual. An abandoned call is generally caused by a call centre dialling more numbers than it has the capacity to answer.

\textsuperscript{34} A silent call is a type of abandoned call where the person called hears nothing on answering the phone and has no means of establishing whether anyone is at the other end. Ofcom believes that most silent calls are caused by call centre technology incorrectly identifying calls picked up by consumers as being picked up by an answer machine, and disconnecting calls without playing an information message.

\textsuperscript{35} \url{http://stakeholders.ofcom.org.uk/enforcement/competition-bulletins/open-cases/all-open-cases/cw_905/}
Complaints received about silent calls in 2010 have already exceeded the number of complaints received in 2009. We are unsure about the direct cause of this increase. Companies may be making more silent calls, or alternatively, the publicity generated by a consultation we undertook this year\(^{36}\) and the announcement of an increased maximum penalty level, by the Government in September\(^{37}\), may have increased consumer awareness about the issue (and subsequently alerted more people to the fact that they can report any instances of silent calls to Ofcom\(^{38}\)). Our Consumer Concerns research indicates the latter, as it suggests a decline in the proportions of consumers experiencing silent calls over the last two years (39% to 28%) – see Figure 162.

### 6.1.4 Focus on additional charges

Consumers can face additional charges from their communications supplier, over and above those which they already pay for the service. These charges can be due to a number of factors including: not paying by direct debit; late payment of bills; having a service restored following a restricted or suspended service following late payment; or early termination charges (ETC).

Consumers potentially suffer financial harm if they do not take these charges into account when choosing their communication provider, and as a result do not make the best choice. In addition, competitive pressures may not act to reduce these charges, which can then be set significantly above cost, and consumers who are not aware of these charges cannot take measures to avoid them.

Some consumers are potentially more at risk from incurring additional charges; for instance those who do not have a bank account and so cannot pay by direct debit.

Figure 158 illustrates the trend in the volume of complaints that Ofcom’s Advisory Team has received about additional charges, across all communications services.

Complaints about additional charges are currently at just under 500 per month. ETCs continue to account for the majority of these complaints, which have remained fairly stable throughout 2009/10, although rising to 560 complaints in July 2010.

\(^{36}\) [http://stakeholders.ofcom.org.uk/consultations/silent-calls/?a=0](http://stakeholders.ofcom.org.uk/consultations/silent-calls/?a=0)  
6.1.5 Focus on broadband migration

When consumers wish to change their internet supplier they often encounter two areas of difficulty.

The first relates to requests for a migration authorisation code (MAC) to switch supplier. A MAC is a unique code that a customer must give to his or her new broadband service provider, to allow the service to be transferred smoothly from the existing service provider.

The second is the existence of a ‘tag’ on the line. A broadband supplier puts an ‘electronic tag’ on a telephone line to flag the fact that they are the supplier to a particular household. The tag must be removed before the new supplier can begin service.

Since the beginning of 2007 there has been a decrease in the number of complaints to Ofcom about broadband migration in general. This reduction is likely to be due to:

- Ofcom’s new broadband migration rules. The new rules require suppliers to provide a MAC on request as well as to make sure that tags and other operational issues do not hinder customers’ ability to switch;

- the work of the Office of the Telecoms Adjudicator (OTA) which is working with industry to improve the migration process.

The following charts illustrate the trend in the volumes of complaints relating to MAC and tag-on-line.

Since Ofcom introduced the broadband migration rules in February 2007 there has been a significant decrease in the volume of customers complaining about difficulties in obtaining a MAC code, an ISP refusing them a code, or complaints about the cost of getting a MAC

Source: Ofcom, OAT data

Figure 158 Complaints about additional charges
A downward trend in complaints began in April 2008, and while over the past year these levelled off to around 200 each month there are indications these may be rising again. In September 2010, Ofcom received 252 complaints regarding MACs. We will continue to monitor complaints in this area.

Figure 159  Monthly complaints specifically about MAC codes received by OAT

Source: Ofcom, OAT data

Tags are essentially a symptom of process deficiencies which result in the customer being prevented from setting up a broadband service, and there is currently no ‘quick fix’ for this problem. In practice, this will require sustained industry effort and leadership over several months to regulate fully. The Office of the Telecoms Adjudicator (OTA) is working to diminish tags; complaints about tag-on-line have remained relatively stable throughout 2009/10 and appear to have levelled off at around 100-150 per month.
6.1.6 Focus on premium-rate services (PRS)

Premium-rate services are a form of micro-payment for content, data services and value-added services, added to the telephone bill. There are a diverse and growing number of services, including:

- fixed-line telecoms services such as live chat, information services (including directory enquiries) and TV vote lines; and

- mobile services, such as ring-tones, media content and payment through reverse-billed SMS.

PhonepayPlus is the agency appointed by Ofcom for the regulation of all premium rate-charged telecommunications services, and has responsibility for day-to-day regulation of the content and promotion of services, through its Code of Practice.

Complaint volumes to PhonepayPlus have continued to decrease significantly over the past year. PhonepayPlus introduced new rules governing mobile phone-paid services in January 2009, and between September 2009 and September 2010, mobile complaints fell by 68%.

Figure 161 illustrates that complaints to PhonepayPlus are dominated by issues in the mobile market. Data collected from Ofcom’s Consumer Concerns survey indicate that 2% of mobile customers had not received content paid for via their mobile phone (June 2010).

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39 Previously data from the BT Wholesale helpdesk were reported, but this ceased to act as a consumer support facility earlier this year, and Ofcom now reports on complaints to its advisory team (OAT).
6.2 Consumer protection and concerns metric 2: personal experience of issues in each communications market

6.2.1 Experience of particular issues in the communications markets

The following section is based on consumer research designed to understand how many UK adults had personally experienced particular issues in each of the communications markets in the last six months, regardless of whether they had complained about it.

All respondents were read a list of issues relating to each of the communications markets and asked whether they, or someone they knew, had experienced each issue in the last six months. Respondents did not have to be a consumer in each specific market to be asked this question.

Fixed-line market

Just over a quarter (27%) of UK adults had personally received abandoned calls on their fixed line at home in the past six months, and 4% know someone who has experienced abandoned calls in the past six months.

In addition, 24% of UK adults have personally received silent calls on their fixed line at home in the past six months, and 4% know someone who has. The data below suggest that the proportion of adults who have personally experienced a silent call in the past six months is significantly higher than the proportion who have complained about it. However, in contrast to the higher number of complaints received in 2010 than in 2009, research suggests a decline in the proportions experiencing silent calls. This suggests that the increased
complaints are likely to be linked to greater awareness about the ability to complain about this issue.

Experience of silent calls has declined by 5% since 2008. See 6.1.4 above for details of Ofcom’s work in this area.

Four per cent of UK adults have experienced an incorrect charge on their bill in the past six months, and 1% know someone who has. Consumer experience of all the other issues we prompted on is relatively low.

Personal experience of abandoned calls has significantly declined since 2009 (32% to 27%), while experience of all other fixed-line issues has remained stable over the past few years.

**Figure 162  Whether the respondent or someone they know has experienced a problem in the fixed-line market in the past six months**

![Bar chart showing the percentage of people experiencing various issues in the fixed-line market over the past six months.](chart)

Source: Ofcom consumer concerns tracking survey
Base All adults 15+ (Q2 2008, 1121; Q2 2009, 1110; Q2 2010, 1,084)

**Mobile Market**

Just under one in ten (9%) UK adults have received an abandoned call with a recorded message on their mobile in the past six months, and 1% know someone who has.

For the first time this year we asked consumers about their experience of receiving silent calls on their mobile phone. Eight per cent of consumers said they had received a silent call on their mobile in the past six months, and 1% said they knew someone who had. However, this is likely to indicate the lowest extent of silent calls on mobiles, due to different mobile calling behaviour - i.e. some people never answer numbers that they do not recognise, including withheld numbers, 0800 numbers etc. Therefore, the actual number of silent calls being made could be higher.

Four per cent of UK adults say they have experienced an incorrect charge on their mobile bill in the past six months, 3% have experienced difficulty paying an unexpectedly high bill and 3% have received incorrect information about tariffs and/or coverage.
Personal experience of abandoned calls on a mobile has remained stable over the past year (9%). Experience of an incorrect charge on a mobile phone bill decreased in 2009 to 2%, but is now back up to the 2008 level of 4%.

Complaints to PhonepayPlus are dominated by calls regarding mobile PRS services. This survey reports that, as last year, 2% of adults surveyed had not received content they had purchased – which equates to almost a million adults across the UK – and 1% said they knew someone to whom this had happened.

Figure 164 Whether the respondent or someone they know has experienced a problem in the mobile market in the past six months

Source: Ofcom consumer concerns tracking survey
Base All adults 15+ (Q2 2008, 1121; Q2 2009, 1110; Q2 2010, 1,084)

Figure 165, below, illustrates experiences of these problems, according to the type of mobile package used. When prompted, contract customers are more likely than pre-pay customers to have experienced each of them, except for being charged for media content that was not
received, where there is no significant difference depending on mobile package (3% contract, 2% pay-as-you-go).

**Figure 165** Whether consumer had personally experienced problem in the mobile market in the past six months, by payment type

![Bar chart showing the percentage of consumers who experienced various issues in the mobile market, broken down by payment type (contract vs. pay-as-you-go).]

Base: All adults 15+ (Jun 10, 1084); contract mobile users (394); pay as you go mobile users (527)
Source: Ofcom consumer concerns tracking survey

Internet market

As in previous years, the most commonly experienced problem in the internet market is broadband speed being slower than expected. Experience of broadband speeds not meeting expectations has increased this year, with 27% of consumers stating that they have personally experienced this and a further 5% claiming that it has been experienced by someone they know.

In this area, Ofcom is working to ensure that consumers can make informed choices regarding services and providers. We recently published updated research on broadband speeds, providing information to consumers about the actual speeds that they are getting from their broadband providers. This found that the UK’s average actual fixed-line broadband speed has increased by over 25% over the past year. However, the move to faster headline speeds has led to a growing gap between the actual speeds delivered and the speeds that some ISPs use to advertise their services. In 2009, actual speeds were closer to advertised speeds than they are now, and this could at least partly explain the rise in concern about broadband speeds not meeting expectations. See the Consumer Experience evaluation report for further details of Ofcom’s work in this area.

Difficulties in obtaining a MAC code when trying to switch broadband provider have declined from 4% in 2009 to 2% in 2010. Consumer experience of all other issues we prompted on remains stable since 2009 and relatively low.

Seventeen per cent of UK adults said they had personally experienced poor TV reception in the past six months. This is a significant decrease since 2008 (21%).

Personal experience of poor radio reception in the last six months is significantly lower than for TV, and remains stable at 10%. The proportion of UK adults who have been offended by language on the radio has fallen (from 5% in 2009 to 3% in 2010).

Respondents were also asked about some general problems that they might have experienced in the past six months. There have been no significant movements in any of the issues that were prompted.
### 6.3 Consumer protection and concerns metric 3: concerns about each communications market

This metric looks at the proportion of the population who have concerns about each communications market – fixed line, mobile, internet and TV/radio.

#### 6.3.2 Spontaneous concerns mentioned about each communications market

Spontaneous concerns about the fixed, mobile, internet services, and broadcasting markets have remained unchanged. The internet remains the market with the highest proportion of adults stating concern (19%) and the fixed line has the lowest level of concern (13%).

**Figure 169** Level of spontaneous concern raised about the communications market

- **Base**: All adults 15+ who have each service
- **Source**: Ofcom consumer concerns tracking survey

Concerns about fixed-line services (unprompted)

The overall level of spontaneous concerns about the fixed-line market has remained stable. The small rise in reports of nuisance calls/ sales and marketing calls experienced in March 2010 has since gone back to its previous level (7% in June 2010). Since December 2009
there has also been a steady decline in concerns over a faulty line (from 3% in December 2009 to 1% in June 2010).

**Figure 170  Spontaneous concerns about fixed-line services**

- **Any fixed line concerns**: 13% (Jun-10), 12% (Mar-10), 3% (Dec-09)
- **Landline call charges/rental too expensive**: 3% (Jun-10), 3% (Mar-10), 3% (Dec-09)
- **Nuisance, unwanted cold calls or sales calls**: 9% (Jun-10), 6% (Mar-10), 7% (Dec-09)
- **Faulty line/bad reception**: 3% (Jun-10), 3% (Mar-10), 1% (Dec-09)
- **Silent/abandoned calls**: 3% (Jun-10), 3% (Mar-10), 3% (Dec-09)

*Base: All adults 15+ with fixed line at home (Dec 09, 912) (Mar 10, 989) (Jun 10, 905)*

*Source: Ofcom consumer concerns tracking survey*

**Concerns about mobile phone services (unprompted)**

The overall level of spontaneous concern in the mobile market remained unchanged, at 12% in June 2010. There was a decline in concerns about problems with signal or reception between December 2009 and March 2010 (from 6% to 4%), but this went back up to 7% in June 2010.

**Figure 171  Spontaneous concerns about mobile services**

- **Any mobile concerns**: 11% (Jun-10), 10% (Mar-10), 12% (Dec-09)
- **Mobile call charges/rental too expensive**: 4% (Jun-10), 3% (Mar-10), 3% (Dec-09)
- **Signal or reception problems**: 6% (Jun-10), 4% (Mar-10), 7% (Dec-09)
- **Other**: 1% (Jun-10), 1% (Mar-10), 3% (Dec-09)

*Base: All adults 15+ with mobile phone (Dec 09,973) (Mar 10, 1004) (Jun 10, 921)*

*Source: Ofcom consumer concerns tracking survey*

**Concerns about internet services (unprompted)**

The proportion of consumers with concerns in the internet market has remained unchanged. The highest level of concern in this market continues to be about service issues (14% in June 2010), driven by dissatisfaction with slow connection speeds.
Concerns about television and radio services (unprompted)

The overall level of spontaneous concerns about television and radio services has remained stable. The main areas of concern continue to be poor reception on TV (5%), too many repeats (3%) and poor-quality programmes (3%).
6.4 Consumer concerns metric 4: awareness and use of complaints procedures

6.4.1 Whether consumers have ever had cause to complain

The following section reports on the proportion of adults who have had a reason to make a complaint about a telecoms service and whether they proceeded to make a complaint.

The proportion of adults who have had cause to complain about their fixed, mobile or internet service has remained relatively stable. As with last year, 9% of adults with a fixed-line, mobile or internet service has had reason to complain. Complaints about the internet and fixed-line services were most frequent (4%), followed by mobile (2%).
6.4.2 Proportions of consumers who did not make a complaint

In each market, while the proportions of people who did not progress their complaint fluctuates year on year, the broad trend indicates an increasing likelihood not to complain. Of those who had reason to complain in 2010, over a quarter of mobile and internet complaints were not progressed (26% and 27% respectively). Base sizes were too small to analyse the reasons why consumers did not progress their complaints.

*Small base size for 2008-2010; treat as indicative only
Research methodologies

Ofcom communications tracking survey

Methodology: Continuous face-to-face survey

Core objective: To provide Ofcom with continued understanding of consumer behaviour in the UK communications markets, to help monitor changes and assess the degree and success of competition.

Sample size: 2000+ per quarter

Fieldwork period: Q1 2010 (January, February, March), Q2 2010 (April, May, June).

Sample definition: UK adults aged 15+, reflective of the UK profile by sex, age, socio-economic group, region, employment status, cabled/non-cabled areas, rural/urban areas and levels of deprivation.

Weighting: Where necessary, the data have been weighted to ensure they are representative of the UK adult population.

Ofcom consumer concerns tracking survey

Methodology: Ad hoc face-to-face survey

Core objective: Monitoring consumers concerns in the communications markets. Tracking levels and types of concerns.

Sample size: 1000 per wave


Sample definition: UK adults aged 16+, reflective of the UK profile by sex, age, socio-economic group, region, employment status.

Weighting: Where necessary, the data have been weighted to ensure they are representative of the UK adult population.

Ofcom decision-making survey

Methodology: Telephone survey to mobile and landline phones

Core objectives: To explore the landline, mobile, internet/broadband markets, and multi-channel TV recognising that with increased convergence bundled purchasing may affect consumers’ decision-making.

To monitor levels of participation in terms of switching and keeping an eye on the communications markets.

To monitor levels of supplier awareness and satisfaction by
demographic groups to understand whether some groups are more vulnerable than others.

Sample size
781 fixed-line decision makers, 1231 mobile decision-makers, 388 broadband decision-makers, 631 UK adults who purchase bundles of services, 416 pay-TV decision makers

Fieldwork period
July-August 2010

Sample definition
Representative sample of UK adults aged 16+, reflecting the UK profile of sex, age, socio-economic group, region, employment status, cabled/non cabled areas, rural/urban areas and levels of deprivation.

Weighting
Data have been weighted to ensure the sample is representative of the UK adult population

**Ofcom mobile broadband research**

Methodology
A three stage approach was used for this research:

An initial qualitative stage to ensure all key drivers to choice of Internet access device type were included and to ensure appropriate language was used in the quantitative questionnaire.

A large scale face to face quantitative survey, covering all the specific subgroups identified.

A second qualitative stage, focusing on areas deemed worthy of further investigation from the quantitative research. A full breakdown of the methodology can be found in the Mobile Broadband Research Summary Report.

Core objectives
To explore users’ experience of and attitudes towards mobile broadband and how this may differ by device or method and demographics. This included why they use it and barriers why they don’t use it/ use specific types/ use it more.

Sample size
2001 broadband users

Fieldwork period
Qualitative 1st stage: 16th – 24th March 2010
Quantitative stage: 19th April-13th May 2010
Qualitative 2nd stage: 5th-31st July 2010

Sample definition
First stage in depth interviews with two business and three consumer mobile broadband users; second stage representative sample of broadband users – quotas applied across six specific subgroups of broadband users (across the different access method/ device). Regional quotas also applied for the nations.

Weighting
Data has been weighted to ensure representative sample of the access methods. Demographic weights also applied. The sample overall reflects the universe of those with home internet access.
Annex 2

Additional demographic analysis

All data shown relating to 2008, 2009 and 2010 for ethnic minority groups, consumers with disabilities and adults aged 75+ in Annex 2 and Annex 3 of the report have been weighted separately to more accurately represent the different profile of these groups. As such percentages for these demographic groups may vary slightly to those in previous reports.

Non-ownership figures

Figure 176  Voluntary (only) non-ownership of fixed lines, by age and gender

Source: Ofcom communications tracking survey

Figure 177  Voluntary (only) non-ownership of fixed lines, by socio-economic group and income

Source: Ofcom communications tracking survey
Figure 178  Voluntary (only) non-ownership of mobile services, by age and gender

Source: Ofcom communications tracking survey

Figure 179  Voluntary (only) non-ownership of mobile services, by socio-economic group and income

Source: Ofcom communications tracking survey

Figure 180  Voluntary (only) non-ownership of internet, by age and gender

Source: Ofcom communications tracking survey
Figure 181  Voluntary (only) non-ownership of internet, by socio-economic group and income

Source: Ofcom communications tracking survey

Figure 182  Voluntary (only) non-ownership of digital TV services, by age and gender

Source: Ofcom communications tracking survey

Figure 183  Voluntary (only) non-ownership of digital TV services, by socio-economic group and income

Source: Ofcom communications tracking survey
Figure 184  Involuntary non-ownership of fixed line, by age and gender

Source: Ofcom communications tracking survey

Figure 185  Involuntary non-ownership of fixed line, by socio-economic group and income

Source: Ofcom communications tracking survey

Figure 186  Involuntary non-ownership of mobile services, by age and gender

Source: Ofcom communications tracking survey
Figure 187  Involuntary non-ownership of mobile services, by socio-economic group and income

Source: Ofcom communications tracking survey

Figure 188  Involuntary non-ownership of internet, by age and gender

Source: Ofcom communications tracking survey

Figure 189  Involuntary non-ownership of internet, by socio-economic group and income

Source: Ofcom communications tracking survey
Figure 190  Involuntary non-ownership of digital TV services, by age and gender

Source: Ofcom communications tracking survey

Figure 191  Involuntary non-ownership of digital TV services, by socio-economic group and income

Source: Ofcom communications tracking survey
Satisfaction with suppliers

Figure 192 Satisfaction with overall services from communications suppliers, by socio-economic group

Source: Ofcom decision making survey July to August 2010
Base: All adults aged 16+ who are the decision maker for each service who expressed an opinion; fixed line** (617), mobile** (1189) broadband** (222), multichannel TV** (768), bundled services (560). *Caution: Low base. Base size for DE for broadband too small to analyse. 'Don't know' responses have been excluded from the base. Base for broadband in 2010 represents those with fixed broadband rather than fixed or mobile broadband as in previous years. Too few interviews were conducted with those with mobile broadband to report these separately. Trend data may be affected by these changes.

Figure 193 Satisfaction with overall services from communications suppliers, by income

Source: Ofcom decision making survey July to August 2010
Base: All adults aged 16+ who are the decision maker for each service who expressed an opinion; fixed line** (617), mobile** (1189) broadband** (222), multichannel TV** (768), bundled services (560). *Caution: Low base. Base size for income bands under £30k for broadband too small to analyse. 'Don't know' responses have been excluded from the base. Base for broadband in 2010 represents those with fixed broadband rather than fixed or mobile broadband as in previous years. Too few interviews were conducted with those with mobile broadband to report these separately. Trend data may be affected by these changes.
Figure 194  Satisfaction with value for money, by income

Source: Ofcom decision making survey July to August 2010
Base: All adults aged 16+ who are the decision maker for each service who expressed an opinion; fixed line** (612), mobile** (1176) broadband** (219), multichannel TV** (755), bundled services (566). *Caution: Low base. Base size for income bands under £30k for broadband too small to analyse. ‘Don’t know’ responses have been excluded from the base. Base for broadband in 2010 represents those with fixed broadband rather than fixed or mobile broadband as in previous years. Too few interviews were conducted with those with mobile broadband to report these separately. Trend data may be affected by these changes.

Figure 195  Satisfaction with reliability of service, by socio-economic group

Source: Ofcom decision making survey carried July to August 2010
Base: All adults aged 16+ who are the decision maker for each service who expressed an opinion; fixed line** (620), mobile** (1195) broadband** (220), multichannel TV** (765), bundled services (567). *Caution: Low base. Base size for DE for broadband too small to analyse. ‘Don’t know’ responses have been excluded from the base. Base for broadband in 2010 represents those with fixed broadband rather than fixed or mobile broadband as in previous years. Too few interviews were conducted with those with mobile broadband to report these separately. Trend data may be affected by these changes.
Figure 196  Satisfaction with reliability of service, by income

Source: Ofcom decision making survey July to August 2010
Base: All adults aged 16+ who are the decision maker for each service who expressed an opinion; fixed line** (620), mobile** (1195) broadband** (220), multichannel TV** (765), bundled services (567). *Caution: Low base. Base size for income bands under £17.5k for broadband too small to analyse. ‘Don’t know’ responses have been excluded from the base. Base for broadband in 2010 represents those with fixed broadband rather than fixed or mobile broadband as in previous years. Too few interviews were conducted with those with mobile broadband to report these separately. Trend data may be affected by these changes.
Analysis of people with disabilities

The following data provide an indication of the levels of take-up of communications services among people with a visual, hearing or mobility impairment. Trend data among these populations can be subject to large variations and so should be treated with caution and viewed as indicative only.

Ofcom is unable to establish whether the fluctuations in the trend data are real changes. Common sense tells us that they are more likely to reflect the different demographic profiles of the samples being compared.

The data are collected via Ofcom’s communications tracking survey, which is designed to be representative of the UK adult population. Figure 197 illustrates how the demographic profile of the achieved sample changes year on year. Data are subject to large error margins, as achieved samples are less than 100 and data cannot be corrected with weighting, as reliable data on the demographic profile of disability groups are not available.

Ofcom will continue working with disability groups and research agencies with an objective to provide more robust data about disability groups in the future.

The table below illustrates that in 2010 the sample included a lower proportion of younger consumers with a visual disability than in 2009 (2% and 22% respectively). The 2010 sample also included a higher proportion of consumers aged 45-64 with a visual disability than in 2009. The sample for those with a hearing and mobility impairment remains relatively stable between 2010 and 2009.

<table>
<thead>
<tr>
<th>Time period</th>
<th>Age</th>
<th>Socio-economic group</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>15-24</td>
<td>25-44</td>
</tr>
<tr>
<td><strong>Visual impairment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>2%</td>
<td>13%</td>
</tr>
<tr>
<td>2009</td>
<td>22%</td>
<td>22%</td>
</tr>
<tr>
<td>2008</td>
<td>3%</td>
<td>12%</td>
</tr>
<tr>
<td>2007</td>
<td>10%</td>
<td>19%</td>
</tr>
<tr>
<td><strong>Hearing impairment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>0%</td>
<td>4%</td>
</tr>
<tr>
<td>2009</td>
<td>2%</td>
<td>5%</td>
</tr>
<tr>
<td>2008</td>
<td>6%</td>
<td>9%</td>
</tr>
<tr>
<td>2007</td>
<td>8%</td>
<td>21%</td>
</tr>
<tr>
<td><strong>Mobility impairment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>1%</td>
<td>11%</td>
</tr>
<tr>
<td>2009</td>
<td>2%</td>
<td>11%</td>
</tr>
<tr>
<td>2008</td>
<td>0%</td>
<td>12%</td>
</tr>
<tr>
<td>2007</td>
<td>11%</td>
<td>14%</td>
</tr>
</tbody>
</table>
Figure 198  Disability profile of consumers who have taken up fixed-line services

Source: Ofcom communications tracking survey

Figure 199  Disability profile of those who personally use mobile services

Source: Ofcom communications tracking survey
Figure 200  Disability profile of users of mobile-only services

Source: Ofcom communications tracking survey

Figure 201  Disability profile of those who own a PC

Source: Ofcom communications tracking survey
Figure 202  Disability profile of those who have internet access at home

Source: Ofcom communications tracking survey

Figure 203  Disability profile of those who have broadband access at home

Source: Ofcom communications tracking survey
**Figure 204  Disability profile of digital radio users**

Source: Ofcom communications tracking survey

**Figure 205  Involuntary non-ownership of internet, by disability**

Source: Ofcom communications tracking survey
Base: All adults 15+ (Q2 2006, 1335) (Q2 2007, 1547) (Q2 2008, 2109, 106 visual, 110 hearing, 171 mobility) (Q2 2009, 2085, 69 visual, 100 hearing, 124 mobility) (Q2 2010, 2106, 45 visual, 97 hearing, 148 mobility)
**Figure 206** Difficulties using various communications services, by disability

Source: Ofcom communications tracking survey
Base: All adults 15+ with access to each communication service

**Figure 207** Ever switched fixed-line supplier in household, by disability

Source: Ofcom Communications Tracking Survey/ Decision Making Survey
Base: All adults aged 15+ with a fixed line (Q2 2006, 1329) (Q2 2007, 1329), All fixed-line decision makers (July 2008, 941) (July 2009, 781) (July 2010, 627) *Base size less than 100; treat as indicative only
Figure 208  Ever switched mobile supplier in household, by disability

Source: Ofcom Communications Tracking Survey/ Decision Making Survey
Base: All adults aged 15+ with a mobile phone (Q2 2006, 1883) (Q2 2007, 1273), All mobile decision makers (July 2008, 1270) (July 2009, 1231) (July 2010, 1200) *Base size less than 100; treat as indicative only

Figure 209  Disability profile of those who find it difficult to make cost comparisons

Source: Ofcom decision making survey, July 2010
Base: All decision makers for each service who expressed an opinion; fixed line (512) mobile (1051) fixed broadband (208) multichannel TV (660) bundled services (528) * Base size less than 100 for broadband; treat as indicative only. Base size too low to be reported for fixed broadband decision makers for visual, hearing and mobility, multichannel TV decision makers for hearing and bundled services decision makers for visual, hearing and mobility
Note: Those who answered ‘don’t know’ have been excluded from the base
Annex 4

Analysis by ethnic profile

The following data provide an indication of the levels of take-up of communications services among people from ethnic minority groups (EMGs).

Trend data among these populations can be subject to large variations and so should be treated with caution and viewed as indicative only. Ofcom is unable to establish whether the fluctuations in the trend data are real changes or due to changes in the sample profile.

The data are collected via Ofcom’s communications tracking survey, which is designed to be representative of the UK adult population. Consequently, while data on ethnic group is captured, the sample is not representative of all ethnic minority groups in the UK.

Ofcom will continue working to provide more robust data about ethnic minority groups in the future.

Figure 210 Ethnic profile of consumers who have taken-up fixed line services

Source: Ofcom communications tracking survey
Base: All adults 15+ (Q2 2008, 2109) (Q2 2009, 2085) (Q2 2010, 2106)

Figure 211 Ethnic profile of consumers who personally use mobile service

Source: Ofcom communications tracking survey
Base: All adults 15+ (Q2 2008, 2109) (Q2 2009, 2085) (Q2 2010, 2106)
Figure 212  Ethnic profile of users of mobile only

Source: Ofcom communications tracking survey
Base: All adults 15+ (Q2 2008, 2109) (Q2 2009, 2085) (Q2 2010, 2106)

Figure 213  Ethnic profile of consumers who own a PC

Source: Ofcom communications tracking survey
Base: All adults 15+ (Q2 2008, 2109) (Q2 2009, 2085) (Q2 2010, 2106)

Figure 214  Ethnic profile of consumers who have internet access at home

Source: Ofcom communications tracking survey
Base: All adults 15+ (Q2 2008, 2109) (Q2 2009, 2085) (Q2 2010, 2106)
Figure 215  Ethnic profile of consumers who have broadband access at home

Source: Ofcom communications tracking survey
Base: All adults 15+ (Q2 2008, 2109) (Q2 2009, 2085) (Q2 2010, 2106)

Figure 216  Ethnic profile of those who have used digital radio

Source: Ofcom communications tracking survey
Base: All adults 15+ (Q2 2008, 2109) (Q2 2009, 2085) (Q2 2010, 2106)

Figure 217  Ethnic profile of multi-channel television ownership

Source: Ofcom communications tracking survey
Base: All adults 15+ (Q2 2008, 2109) (Q2 2009, 2085) (Q2 2010, 2106)
Glossary of terms and definitions

**WLR 2G** Second generation of mobile telephony systems. Uses digital transmission to support voice, low speed data communications, and short messaging services.

**3G** Third Generation Cellular Mobile.

**ABC1** The aggregate of socio economic groups A, B and C1 (see SEG)

**ADSL** Asymmetric Digital Subscriber Line. A digital technology that allows the use of a standard telephone line to provide high speed data communications. Allows higher speeds in one direction (towards the customer) than the other.

**Broadband** A service or connection which capable of supporting always-on services which provide the end-user with high data transfer speeds. Large-capacity service or connection allowing a considerable amount of information to be conveyed often used for transmitting bulk data or video or for rapid Internet access.

**Bundling** Tying one service or product to the supply of others including some situations where the supply of services are linked through the use of discounts

**Cancel other** Industry term for a customer’s current provider cancelling the request from a new supplier to switch their customers account, due to the customer being slammed.

**Cashback** Form of promotion offered to customers, in which a customer signs up for a mobile phone network, and in return is reimbursed for a proportion of the line rental payable under that contract.

**C2DE** The aggregate of socio-economic groups C2, D and E (see SEG)

**Communications Act 2003** Communications Act 2003, which came into force in July 2003.

**Complaints code of practice** Document required of all communications providers that is easily accessible to consumers and sets out the correct procedures for consumers to follow should they need to make a complaint

**Connection speed** The rate information can be transferred from the Internet to a computer. Dependent on the type of connection, i.e. modem, cable, DSL, etc

**Contention ratio** An indication of the number of customers who share the capacity available in an ISPs broadband network. (Figures of 50:1 for residential broadband connections and 20:1 for business are typical).

**CPS** Carrier pre-selection. The facility offered to customers which allows them to opt for certain defined classes of call to be carried by an operator selected in advance (and having a contract with the customer) without having to dial a routing prefix, use a dialler box, or follow any other different procedure to invoke such routing.

**DAB Digital Audio Broadcasting** A set of internationally accepted standards for the technology by which terrestrial Digital Radio multiplex services are broadcast in the UK.
**Discounted bundle** Purchasing two or more services from a single supplier for a discounted rate

**DSL** Digital Subscriber Line. A family of technologies generally referred to as DSL, or xDSL, capable of transforming ordinary phone lines (also known as 'twisted copper pairs') into high-speed digital lines, capable of supporting advanced services such as fast Internet access and video-on-demand. ADSL, HDSL (High data rate Digital Subscriber Line) and VDSL (Very high data rate Digital Subscriber Line) are all variants of xDSL.

**DSO** Digital switchover. The process of switching over the current analogue television broadcasting system to digital, as well as ensuring that people have adapted or upgraded their televisions and recording equipment to receive digital TV.

**DTT** Digital Terrestrial Television. Currently most commonly delivered through the Freeview service.

**DVR** Digital Video Recorder

**Digital TV** Digital Television

**Free to Air** Television service which can be received in a given area without charge to the viewer. Some free-to-air services may be broadcast in scrambled form in order to limit access to viewers in a specific geographic area. Other free-to-air services may be broadcast in the clear - ie unscrambled.

**Freeview** Free digital service giving access to over 30 TV channels, over 20 radio stations plus a new whole world of interactive services

**FSA** Financial Services Authority

**ICSTIS** Independent Committee for the Supervision of Standards of Telephone Information Services. Now called PhonepayPlus

**Internet** A global network of networks, using a common set of standards (e.g. the Internet Protocol), accessed by users with a computer via a service provider.

**Involuntary non-ownership** Where potential consumers are without access to a service but not through choice

**ISP** Internet Service Provider A company that provides access to the internet

**IPTV** Internet Protocol Television. The term used for television and/or video signals that are delivered to subscribers or viewers using Internet Protocol (IP), the technology that is also used to access the Internet. Typically used in the context of streamed linear and on-demand content, but also on a single link network

**Kbit/s** Kilo bits per second (1,000 bits per second). A unit of measurement of data transmission speed

**LLU** Local Loop Unbundling. Process by which a dominant provider's local loops are physically disconnected from its network and connected to competing providers' networks. This enables operators other than the incumbent to use the local loop to provide services directly to customers.
**Local Loop Access** network connection between the customer’s premises and the local PSTN exchange, usually a loop comprised by two copper wires twisted together.

**MAC** Migration Authorisation Code. Unique identifier used by broadband customers when they wish to switch broadband service provider

**Mbit/s** Mega bits per second (1,000,000 bits per second). A unit of measurement of data transmission speed

**Micro-payment** Electronic payment method for small transactions

**Mis-selling** A term that covers a range of sales and marketing activities that can work against the interests of both consumers and competition and can undermine confidence in the industry as a whole

**MMS** Multimedia Messaging Service. The next generation of mobile messaging services, adding photos, pictures and audio to text messages.

**MNO** Mobile Network Operators

**Mobile termination** The charge operators which originate calls have to pay to mobile operators to deliver calls to their mobile customers

**MP3** A standard technology and format for compressing a sound sequence into a very small file (about one-twelfth the size of the original file) while preserving the original level of sound quality when it is played

**Multichannel** In the UK, this refers to the provision or receipt of television services other than the main five channels (BBC ONE & TWO, ITV1, Channel 4/S4C, Five) plus local analogue services. ‘Multichannel homes’ comprise all those with digital terrestrial TV, satellite TV, digital cable or analogue cable, or TV over broadband. Also used as a noun to refer to a channel only available on digital platforms (or analogue cable).

**MVNO** Mobile virtual network operator. An organisation which provides mobile telephony services to its customers, but does not have allocation of spectrum or its own wireless network.

**Multiplex** A device that sends multiple signals or streams of information on a carrier at the same time in the form of a single, complex signal. The separate signals are then recovered at the receiving end.

**Narrowband** A service or connection providing data speeds up to 128kbit/s, such as via an analogue telephone line, or via ISD

**NFL** National Football League.

**OAT** Ofcom Advisory Team (previously known as the Ofcom Contact Centre)

**OCC** Ofcom Contact Centre. See OAT.

**OECD** Organisation of Economic Co-operation and Development

**Off-net mobile calls** Calls to mobiles on a different network

**Ofgem** Regulators of the electricity and gas markets in the UK
Omnibus  Quantitative market research survey carrying questions on different topics

OTA  Office of the Telecoms Adjudicator

PC  Personal computer

Platform  The device on which a technology runs

Postal district  The geographic area identified by letters and numbers which appears as the first part of a post code, e.g. SW8

PhonepayPlus  Formerly known as ICSTIS. The regulator for premium rate charged telecommunications services.

PRS  Premium Rate Service Services including recorded information and live conversation, run by independent service providers. All calls to these companies are charged at a higher rate than ordinary calls to cover the companies' costs in providing the content of the call and the operator's cost for the special network facilities needed.

PSTN  Public Switched Telephone Network. Such as BT's current copper telephone network

Simple bundle  Purchasing two or more services from a single supplier regardless of a discount

Silent call  Telephone call generated by a dialler which does not have an agent immediately available to handle the call

Slamming  Unauthorised switching of a customer's phone service to another carrier

SMS  Short Messaging Service

Socio-economic group (SEG)  A social classification, classifying the population into social grades, usually on the basis of the Market Research Society occupational groupings (MRS, 1991). The groups are defined as follows.

A.  Professionals such as doctors, solicitors or dentists, chartered people like architects; fully qualified people with a large degree of responsibility such as senior civil servants, senior business executives and high ranking grades within the armed forces. Retired people, previously grade A, and their widows.

B.  People with very senior jobs such as university lecturers, heads of local government departments, middle management in business organisations, bank managers, police inspectors, and upper grades in the armed forces.

C1.  All others doing non-manual jobs, including nurses, technicians, pharmacists, salesmen, publicans, clerical workers, police sergeants and middle ranks of the armed forces.

C2.  Skilled manual workers, foremen, manual workers with special qualifications such as lorry drivers, security officers and lower grades of the armed forces.

D.  Semi-skilled and unskilled manual workers, including labourers and those serving apprenticeships. Machine minders, farm labourers, lab assistants and postmen.
E. Those on the lowest levels of subsistence including all those dependent upon the state long-term. Casual workers, and those without a regular income.

Tag-on-line When an internet connection with one supplier has not been removed from a fixed line. A new supplier cannot be used on the line until the previous suppliers ‘tag’ has been removed from the line

Tariff Schedule of rates and charges for a service

Unbundle See LLU.

Usage cap Monthly limits on the amount of data which broadband users can download, imposed by some ISPs.

USO Universal Service Obligation. The set of Universal Services that Universal Service Providers are required to supply.

VoIP Voice over internet protocol. A technology that allows users to send calls using Internet Protocol, using either the public internet or private IP networks.

Voluntary non-ownership Where potential consumers are without access to services, primarily due to a perceived lack of need for a service or satisfaction with using alternative methods.

WiFi Wireless Fidelity. Short range wireless technologies using any type of 802.11 standard such as 802.11b or 802.11a. These technologies allow an over-the-air connection between a wireless client and a base station, or between two wireless clients.

Wireless router A computer networking device that enables wireless internet access

WLR Wholesale Line Rental. A regulatory instrument requiring the operator of local access lines to make this service available to competing providers at a wholesale price.