The Communications Market in England

2 TV and audio-visual content

2.1 TV and audio-visual content

2.1.1 Recent developments in England

HD and 3D TV

Towards the end of 2009, Freeview started technical transmission of high-definition broadcasts from transmitters at Crystal Palace in London and Winter Hill in the Granada TV region. The new HD channels were made possible by an Ofcom decision to upgrade the Freeview digital platform to new and more efficient technologies.

Freeview HD is available in many places including London, Manchester, Liverpool, Newcastle, Bristol, Exeter, Birmingham and Leeds/Bradford; and this summer, around 50% of the country was able to watch the World Cup in HD free of charge on Freeview HD.

HDTV is also available on Sky, and in late January 2010 the broadcaster and platform owner announced that over 2 million households now paid an HD subscription, with HD-enabled set-top boxes now being issued as standard.

In addition to its investment in HD, BSkyB has announced that from 1 October it will be launching a 3D channel, focusing initially on sport and movies[5]. The broadcaster has also been showing sport in 3D at selected pubs and bars across the UK[6] starting with the game between Arsenal and Manchester United which took place on 31 January[7].

Local TV

Ofcom's report *Local and Regional Media*[8] *in the UK* noted that while "Local television has the potential to deliver public purposes ….. on a commercial basis, the economics of running a local television service are challenging."[9]

The past year has seen Channel 6 in Oxford close[10] and major cuts at Channel M in Manchester. The Guardian, which belongs to the same company that owns the station, reported that: "The channel, which serves Great[er] Manchester, will remain on air with four staff overseeing a mix of archive material, traffic and networked news in the short term."[11]

The Government is currently working on policy options to help create a regulatory environment which will support a strong, independent and vibrant local media sector. It has set out its vision for a network of local television services across the UK and has asked Nicholas Shott, the Head of UK Investment Banking at Lazard, to carry out an independent assessment of the commercial potential of local television in the UK. The findings of that review will help produce a local media action plan, due to be published in the autumn. In addition, the Government has cancelled the previous plans for pilots of the proposed Independently Funded News Consortia (IFNCs)[12].

---

5 http://crave.cnet.co.uk/televisions/sky-3d-channel-pointing-out-of-your-screen-in-october-50000124/
6 http://3d.sky.com/pubfinder/
7 http://tinyurl.com/344yo6x
8 http://stakeholders.ofcom.org.uk/market-data-research/tv-research/lrmuk/
9 http://stakeholders.ofcom.org.uk/market-data-research/tv-research/lrmuk/ (pages 6-7)
10 http://www.oxfordmail.co.uk/news/4327259.print/
11 http://www.guardian.co.uk/media/2010/mar/17/channel-m
12 http://www.culture.gov.uk/news/ministers_speeches/7132.aspx

Channel 7

Channel 7[13] is the longest-running local TV channel in the UK. It launched in January 1998 and broadcasts from Immage Studios in Immingham onto the Virgin cable network. Cable customers can watch it on Channel 879 and some content is also available for audiences to watch online. It is estimated that over 140,000 homes can access the service directly on their television through Virgin Media.

The station is a community interest company (a not-for-profit social enterprise), that works closely with the local community to deliver television made by, and for, local people across north and north-east Lincolnshire. Seven uses the services of Immage Studios Ltd[14] which is a wholly-owned subsidiary company of the Grimsby Institute.

It has its own production centre and studios and broadcasts from 9am to 7pm, seven days a week, with What's On, Events and other local information broadcast in graphic form during the night.

In partnership with the BBC, it recorded the BBC General Election programme at Immage Studios. The programme was re-broadcast under licence on Seven Local TV, which is believed to be a first for local TV in the UK.

Channel 7 has also worked with the GSMG Group, owners of the Grimsby Telegraph, on election coverage, including videos for viewing on the paper's website and for broadcast on Seven as a longer programme.

Over the past year, Channel 7 has also worked with the community magazine publisher CPO Media to deliver a series of Media Mash Up! Workshops, training local students to create their own websites, magazines and TV programmes.

The Channel recently won an O2 Think Big Award for its work with young people[15].

Hyper-local TV online

Kent TV[16], an online operation run by Kent County Council and the independent production company Ten Alps, closed on 31st March 2010 after two and a half years on air. Much of the content has been archived and remains available on the Digital Kent website[17].

A range of new 'local TV-like services' have launched online in the last 12 months, as the cost and ease of producing such services continues to fall. These services do not require licences or transmitters, making them more cost-effective to run than traditional TV channels.

In Cumbria, Lakes TV[18] launched on the internet in July 2009, featuring a broad mix of content about the Lake District and nearby towns such as Barrow and Penrith. Since then it has successfully managed the transition to more traditional TV outlets, broadcasting on Sky (Channel 203), Virgin Media (878) and Freeview (200 via Channel M).

[13] http://www.channel7tv.co.uk/
[14] www.immagestudios.co.uk
[15] http://www.channel7tv.co.uk/news-item.php?news_id=51
[16] http://www.kenttv.com/
[17] http://digital.kent.gov.uk/
[18] http://www.lakeSTV.net/

At the other end of the country, a broadband channel highlighting all things Cornish has also been launched. myCornwall.tv[19] aims "to capture the very best of all things Cornish on the internet, using video and social media." Supporters include The Eden Project, Jamie Oliver's Fifteen restaurant, and South West Tourism.

Targeting a community of interest, rather than a more narrowly-defined geographic community, bdaily[20] offers a mix of audio-visual content – including podcasts, video, social media and web-based text services – to reach a wide range of businesses in the North East of England. By early May 2010 just over 6,500 people and businesses were subscribing to the service, which is funded by a mix of content partners and advertising.

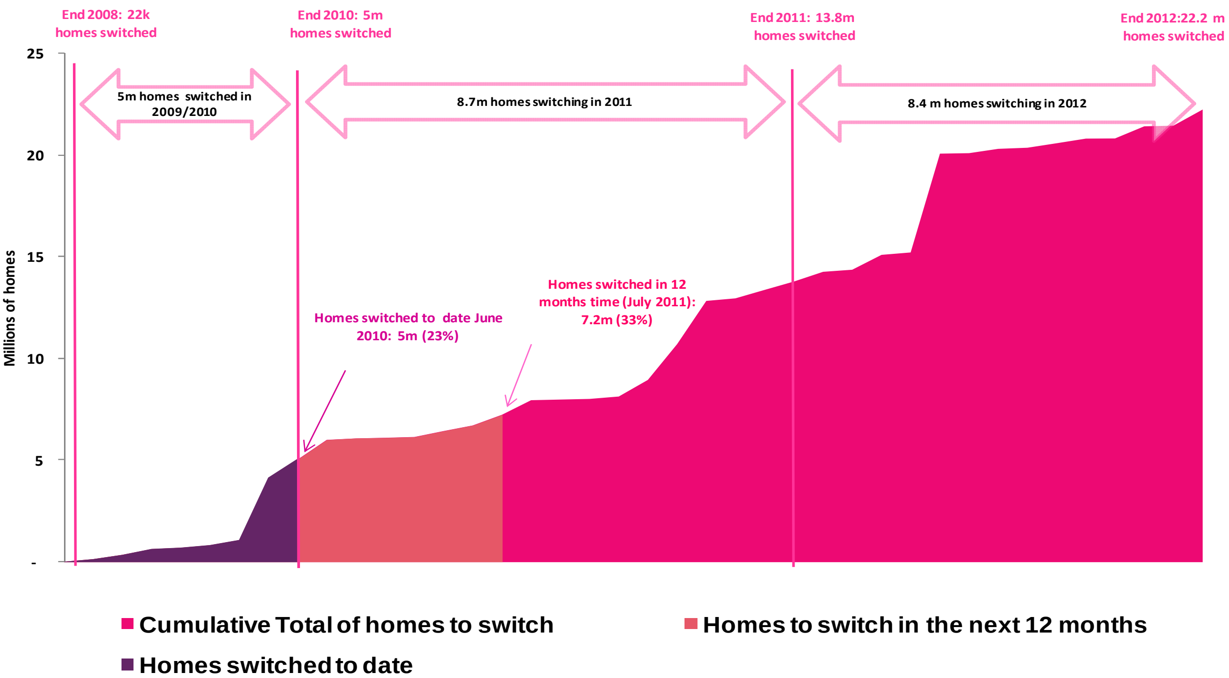
2.1.2 Digital switchover in England

Digital switchover is under way in England

In 2009 and early 2010 the TV switchover programme gathered pace in England. In April 2010 the Mendip transmitter group, serving 913,000 homes in the West TV region, switched to digital-only broadcasting. The Border, West Country and Granada TV regions completed their switchover in 2009.

By the end of June 2010 analogue television signals had been switched off at eight of the 39 transmitter groups across England, and 5 million homes had successfully switched to digital TV. During the second half of 2011 the roll-out of digital TV continues in the north of Scotland, but no more English regions will go digital this year. The next transmitter switchovers affecting English homes will be Sandy Heath in Anglia and the Nottingham transmitter, serving part of the Central TV region, where switchover starts on 30 March 2011.

Figure 2.1 Digital switchover progress in England to the end of 2010



Source: Digital UK programme office

[19] http://www.mycornwall.tv/
[20] http://bdaily.info/

Some parts of Wales have been affected by overlapping coverage areas and have temporarily received some services in Welsh.

For English citizens and consumers some problems with 'overlapping' have emerged over the past 12 months. Some viewers in Granada discovered that they were picking up Welsh services, rather than their preferred English regional service. Digital UK estimated that when Granada Freeview viewers re-tuned on 4 November and/or 2 December 2009, an estimated 125,000 homes (4%) would find the Welsh services (BBC One Wales, BBC Two Wales, ITV1 Wales and S4C) at the top of their electronic programme guide (EPG), with 87,000 (3%) homes experiencing this on their main TV set.

In some parts of Shropshire viewers found that their digital TV signal was coming from a Welsh transmitter, due to the boosting of Welsh TV signals when the country went digital in late 2009. An estimated 13,000 analogue households lost their analogue TV signals for a day when essential upgrade work was done on the Wrekin transmitter.[21]

Most viewers were able to resolve digital overlap issues by manually retuning their DTT box. Digital UK and its partners used roadshows in overlap areas, and a post-switchover helpline, to support consumers with overlap issues, and they plan to factor this issue into their communications plans for future switchover regions.

Most consumers are now ready for the TV switchover in their area

Before the switchover information campaign has even started in those regions now closest to switchover, awareness of the TV switchover was already high. At the end of May 2010 86% of people living in areas still waiting to switch to digital TV knew that it was happening. However, understanding about when their regions will switch to digital is less widespread. Only 33% of people in England switching to digital TV in 2011 or 2012 say they know the year when their region goes digital.

Digital UK, the organisation managing TV switchover in the UK, will start its information campaign to roughly six months before switchover starts in each area.

2.1.3 Spending by PSBs on TV content for viewers in England

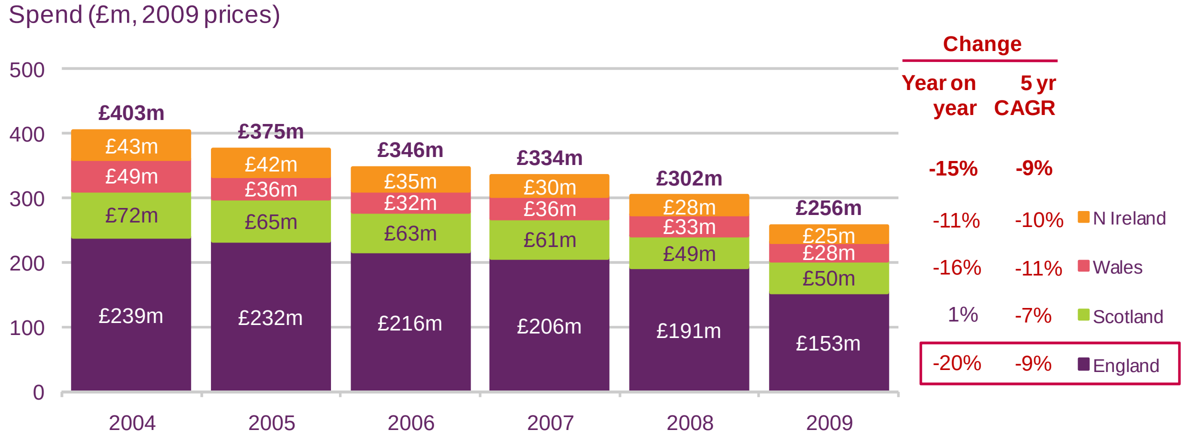
PSB spend on TV programmes for viewers in England

A total of £256m was spent by the BBC and ITV/STV/UTV on producing programmes specifically for viewers in Wales, Scotland, Northern Ireland and the English regions in 2009, down 15% (£46m) on 2008.

The BBC and ITV spent a combined total of £153m on TV programmes for viewers in England, such as regional news programmes, down by a fifth (20%) year on year from £191m. This marked the biggest decline in any of the nations in 2009. However, investment in programmes for viewers in England was still more than three times the value of the next largest region; this was Scotland with £50m.

[21] http://news.bbc.co.uk/local/shropshire/hi/tv_and_radio/newsid_8220000/8220683.stm

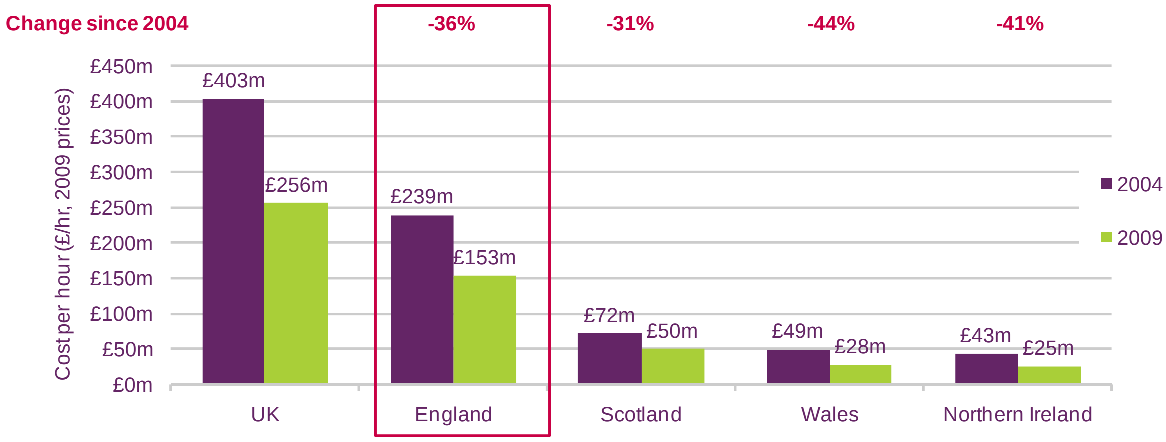
Figure 2.2 Spend on originated nations and regions output by the BBC, ITV1/STV/UTV, 2009



Source: Broadcasters. All figures expressed in 2009 prices. Note: The BBC changed the way it calculated its spend figures from 2005 onwards. The figures for 2002 – 2004 are based on cost per hour averages, while those for 2005 - 2008 are actual spend figures. Comparisons over the period 2003-2008 should therefore be made with caution. Spend excludes Gaelic and Welsh-language programming but includes some spend on Irish-language programming by the BBC.

Spend on programmes for England represented 60% of total spending on nations and regions programming in 2009, down from 63% in 2008. Over a five-year period, investment in programmes for viewers in England declined; by 9% per year since 2004, in line with the UK average decline of 9% per year.

Figure 2.3 Spend on programmes for viewers in each nation



Following Ofcom's second review of public service broadcasting, the quota obligations on ITV to produce regional programming were relaxed to account for the falling value of the ITV licences (see page 52).. As a result, there were reductions in first-run broadcast hours, and therefore spend, on programming made for the nations and regions in 2009.

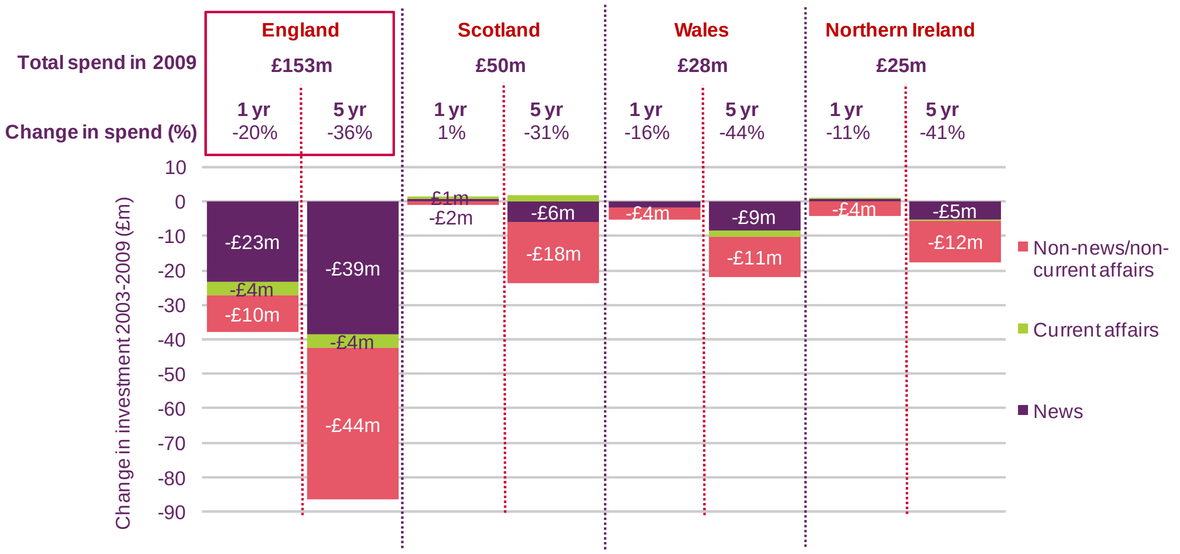
By genre, the steepest proportional decline in spend in England was in non-news/non-current affairs programming, which was down by 86% (from £10m down to £2m) in 2009. Investment in both news and current affairs programming in England decreased during the year, by 15% and 23% respectively, to £138m and £14m.

For the UK-wide average, investment in news fell by 13% (£24m) to £171m, while investment in non-news/non-current affairs programming experienced a 23% (£18m) reduction across all four nations to £61m. Spend on current affairs programming across all of the nations was down 11% (£3m) year on year, to £23m.

Since 2004, total expenditure by the BBC and ITV on programmes specifically for viewers in England has fallen by 36% in real terms, from £239m in 2004 to £153m in 2009.

The bulk of the reduction in spending over the five years, £44m, was seen in programmes that fall outside the news or current affairs categories. Spend on news programmes fell by £39m between 2004 and 2009.

Figure 2.4 Change in investment, by genre and nation, 2004 - 2009

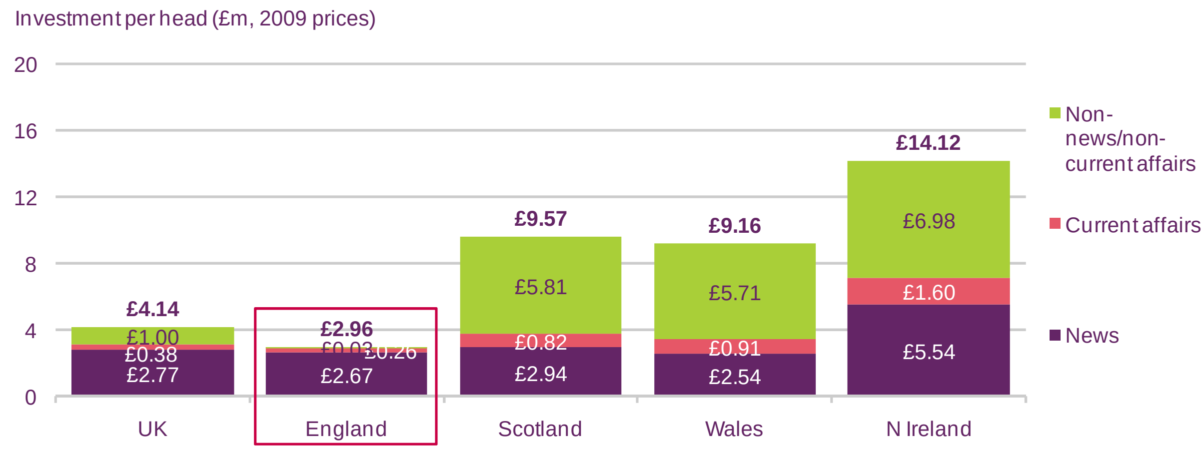


Source: Broadcasters. All figures expressed in 2009 prices. Note: The BBC changed the way it calculated its spend figures from 2005 onwards. The figures for 2002 – 2004 are based on cost per hour averages, while those for 2005 - 2008 are actual spend figures. Comparisons over the period 2003-2008 should therefore be made with caution. Spend excludes Gaelic and Welsh-language programming but includes some spend on Irish-language programming by the BBC.

When analysing the investment in programmes in the nations, compared to population sizes, England had the lowest real-terms expenditure per head of any of the nations in 2009. Spending per head was £2.96, due in part to the larger population in England compared to Scotland, Wales and Northern Ireland. The UK-wide average spend per head was £4.14.

News programming accounted for the vast majority of spend per head in England during 2009, at 91% or £2.67 per head, while current affairs accounted for 9%, or 26p per head. Non-news and non-current affairs programmes made for the regions represented less than 1% (3p) of spend per head.

Figure 2.5 Investments per head made by the BBC and ITV1 in regional and national output, 2009



Source: Broadcasters. All figures expressed in 2009 prices. Note: The BBC changed the way it calculated its spend figures from 2005 onwards. The figures for 2002 – 2004 are based on cost per hour averages, while those for 2005 - 2008 are actual spend figures. Comparisons over the period 2003-2008 should therefore be made with caution. Spend excludes Gaelic and Welsh-language programming but includes some spend on Irish-language programming by the BBC.

2.1.4 Hours of output of content for viewers in the nations

TV programmes for viewers in England account for 65% of nations' total

The BBC and ITV1/STV/UTV produced a total of 10,439 hours of programmes for the English regions, Scotland, Wales and Northern Ireland in 2009, down 12.4% (1,473 hours) compared to 2008 and down by nearly a fifth over a five-year period.

As part of the *Second Public Service Broadcasting Review: Putting Viewers First*, from the beginning of 2009 Ofcom reduced some of the quotas for the production of regional programming for the Channel 3 licences[22]. This was necessary in order to keep the cost of programme obligations to ITV in balance with the benefits to the broadcaster of continuing to hold the licences. Otherwise it might have been in ITV's interests to relinquish the licences, in which case all guarantees of any PSB delivery would have been lost.

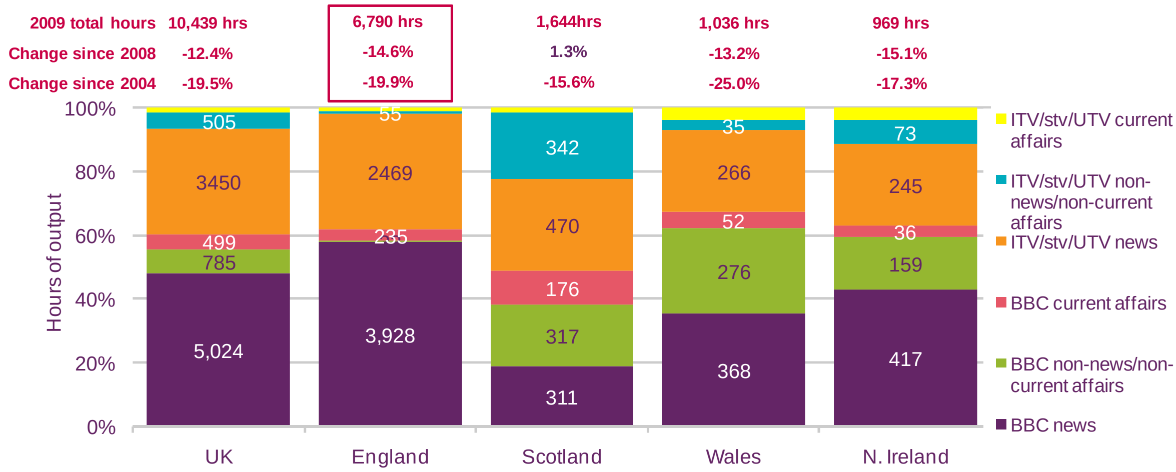
The number of hours produced for viewers in England stood at 6,790, down 14.6% year on year and down nearly a fifth (19.9%) since 2004. The UK average decline in hours of regionalised programming was 19.5% between 2004 and 2009. ITV accounted for the bulk of the reductions in hours seen in England during 2009.

The largest single component of the reduction in hours by genre for England in 2009 was attributable to non-news/non-current affairs, which was down by a combined 559 hours (86%) to 88 hours. The number of hours of current affairs programming decreased by 152 hours to 305 hours in 2009, a 33% fall. News hours also declined in 2009, but by a smaller margin, from 6,850 hours to 6,397 (down 7%). This was attributed to ITV decreasing the number of hours of news it produced; by 17% to 2,469 hours.

Programming produced by the BBC for viewers in England accounted for 62% of all hours, with ITV accounting for the remaining 38%.

[22] For more information, read the statement on short-term regulatory decisions: http://www.ofcom.org.uk/consult/condocs/psb2_phase2/shortterm/

Figure 2.6 Hours of regionalised output by genre and broadcaster, 2009



Source: PSB returns. Note: Hours data for first-run originations only. Hours exclude Gaelic and Welsh language programming but includes some spend on Irish-language programming by the BBC.

When analysing the cost of making programmes for the nations, cost-per-hour calculations show that all of the nations produced programmes more cheaply (or cost-effectively) in 2009 than they did in 2004. The UK average cost per hour in 2009 was £25,000, down £6,000 (or 28%) compared to 2004.

The average cost per hour of producing content for England stood at £23,000 per hour in 2009, down 20% from £28,000 per hour in 2004. This represents the smallest decline in cost per hour of all the nations during the five-year period, albeit from a lower base in 2004. Scotland had the highest cost per hour of any nation in 2009 at £30,000, £5,000 higher than the UK average.

In terms of genres, the cost per hour to produce regional news reduced the most in the five-year period across the UK, down by 19% to £20,000 per hour. The cost per hour for current affairs across the UK was down 15% to £35,000. Non-news and non-current affairs programmes made for the nations cost on average £48,000, a 0.4% reduction on 2004.

Figure 2.7 The cost of output for the nations, by genre, 2009

Source: Broadcasters, all figures expressed in 2009 prices. Note: The BBC changed the way it calculated its spend figures from 2005 onwards. The figures for 2002 – 2004 are based on cost per hour averages, while those for 2005 - 2008 are actual spend figures. Comparisons over the period 2003-2008 should therefore be made with caution. Spend excludes Gaelic and Welsh-language programming but includes some spend on Irish-language programming by the BBC.

2.1.5 PSB television quota compliance

Programme production in the nations and English regions

Production quotas for programmes produced outside London set minimum percentages for the four main PSBs, which must broadcast programmes produced in the nations and English regions. The out-of-London production quotas have two elements – one relating to the value, which applies to the amount of *money spent* on programmes produced in the nations and regions, and the second relating to the *volume of hours* broadcast.

To qualify against the quota, programmes must comply with Ofcom's regional production definition, which became the industry standard in 2006 and establishes three criteria:

- having a substantive base in the relevant nation or regional area;
- achieving a minimum level of expenditure in the nation or region; and
- achieving a minimum spend on production talent based in the nation or region.

Programmes must meet at least two of these three criteria.

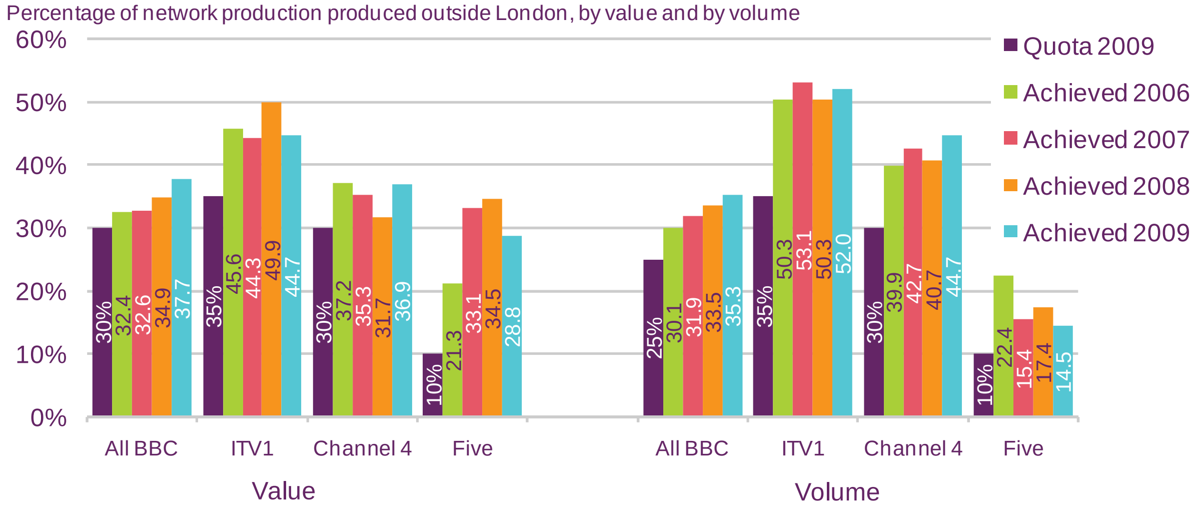
Figure 2.8 shows the broadcasters' achievement against the quotas over the past four years. The BBC's quotas are set at 30% by value and 25% by volume and apply across all its PSB channels. The BBC exceeded these quotas each year, steadily increasing the proportions year on year and achieving 37.7% by value and 35.3% by volume in 2009. The BBC plans to increase further its production and commissioning of programmes from outside London, and the relocation of key departments, such as Breakfast and Children's, from London to Salford Quays, Manchester, will contribute to the commitment to achieve 50% by 2016. Within this figure there is a further commitment to achieve 17% from the devolved nations.

Ofcom's second PSB Review recognised the need to align PSB requirements on ITV1/STV/UTV with the diminishing value to ITV of holding the licences. As a result, the quota level was reduced from 50% by value and volume to 35%, with effect from 2009. The levels achieved in 2009 were 44.7% in terms of value and 52% by volume; these remain higher than the amounts achieved by the other three main PSB broadcasters.

In 2009, Channel 4 achieved 36.9% by value and 44.7% by volume, exceeding the existing quota of 30% as well as its new quota of 35%, which came into effect at the beginning of 2010. Alongside the 2010 quota revision is the introduction of a minimum devolved nations' quota of 3% of programmes by spend and volume which must be produced outside England. Subject to resources, it is expected that this figure will grow in future years.

Five has a lower quota commitment, at just 10%, but has exceeded its obligations by large margins over recent years, reaching 28.8% by value and 14.5% by volume in 2009. These figures are lower than the levels achieved in previous years and are based on lower first-run origination expenditure figures than the other broadcasters.

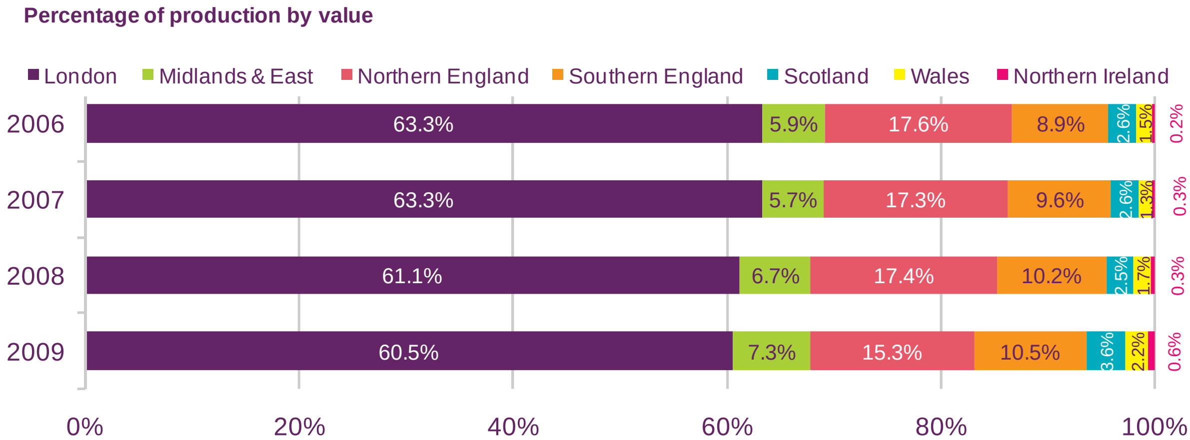
Figure 2.8 Performance against the out-of-London production quotas



Source: Ofcom/broadcasters

The proportion of spend on network original programme productions in the UK by the four PSBs collectively is given in Figure 2.9. The chart shows how the expenditure was divided up among the UK's nations and, within England, among 'macro-regions'. The majority of programmes continue to be produced in London but the proportion is gradually falling – down from 63.3% in 2006 to 60.5% in 2009. Of the overall UK spend of £1,800m, a total of £1,089m was spent on programmes made in London and 33% of expenditure, or £596m, was in the English regions. The total for the devolved nations has increased by 38% since 2006, rising from £83m to £115m in 2009, or 6.4% of all UK expenditure on originated programmes. Spend in Scotland has risen from £50m to £65m during the period.

Figure 2.9 Expenditure on out-of-London production

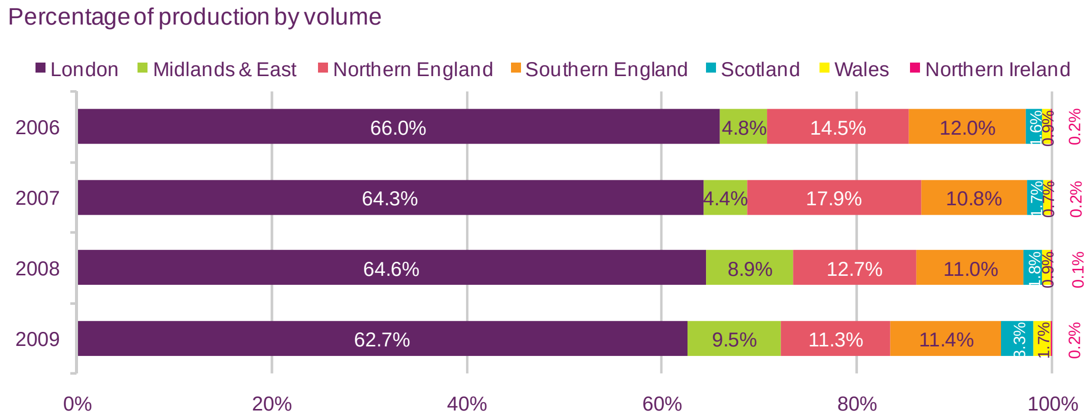


Source: Ofcom/broadcasters

The proportion of hours of programmes produced outside the M25 has also increased; from 34% in 2006 to 37.3% in 2009 (Figure 2.10). Of the total of 14,700 hours of first-run UK-originated network programmes broadcast by the four main PSBs in 2009, around 5,400 hours were made in the nations and English regions. The volume of productions made in England stood at 4,700 hours, with 750 hours in Scotland, Wales and Northern Ireland. The share of hours produced in the devolved nations has increased to just over 5% in 2009, up from 2.7% in 2006. The number of hours produced in Scotland and its share of total volume rose from 1.8% in 2008 to 3.3% in 2009, and in Wales the proportion increased to 1.7% from

0.9% the previous year. In Northern Ireland there was a small rise in share, to 0.2% from 0.1% in 2008.

Figure 2.10 Volume of out-of-London production



Source: Ofcom/broadcasters

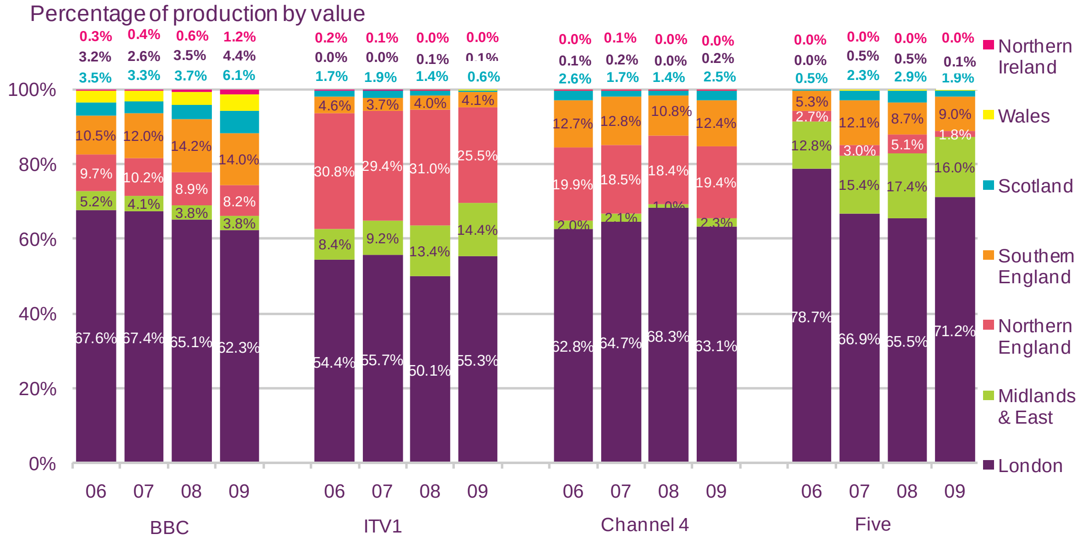
Figure 2.11 shows how the expenditure is divided up for each broadcaster. The BBC's proportion of spend in London has gradually reduced in each of the past four years, with out-of-London spend going up from 32.4% in 2006 to 37.7% in 2009.
The BBC's spend in the nations has increased from 7% to 11.7% over the same period. Within this, Scotland's share rose from 3.5% to 6.1% in 2009.

On ITV1/STV/UTV, the proportion of out-of-London expenditure fell in 2009, from 45.6% in 2006 to 44.7% in 2009. Spend in the devolved nations has not shown signs of revival.

Channel 4's performance showed an improvement in 2009, with an increase in the proportion of out-of-London spend, from 31.7% in 2008 to 36.9% in 2009. Increases were more significant in the English regions than in the devolved nations. However, the proportion of spend in Scotland rose from 1.4% in 2008 to 2.5% of the channel's qualifying expenditure.

Five's proportion of expenditure on out-of-London productions fell to 28.8% in 2009, compared with 34.5% in 2008, and the proportion of combined spend in Scotland, Wales and Northern Ireland also dropped.

Figure 2.11 Breakdown of expenditure, by broadcaster



Source: Ofcom/broadcasters

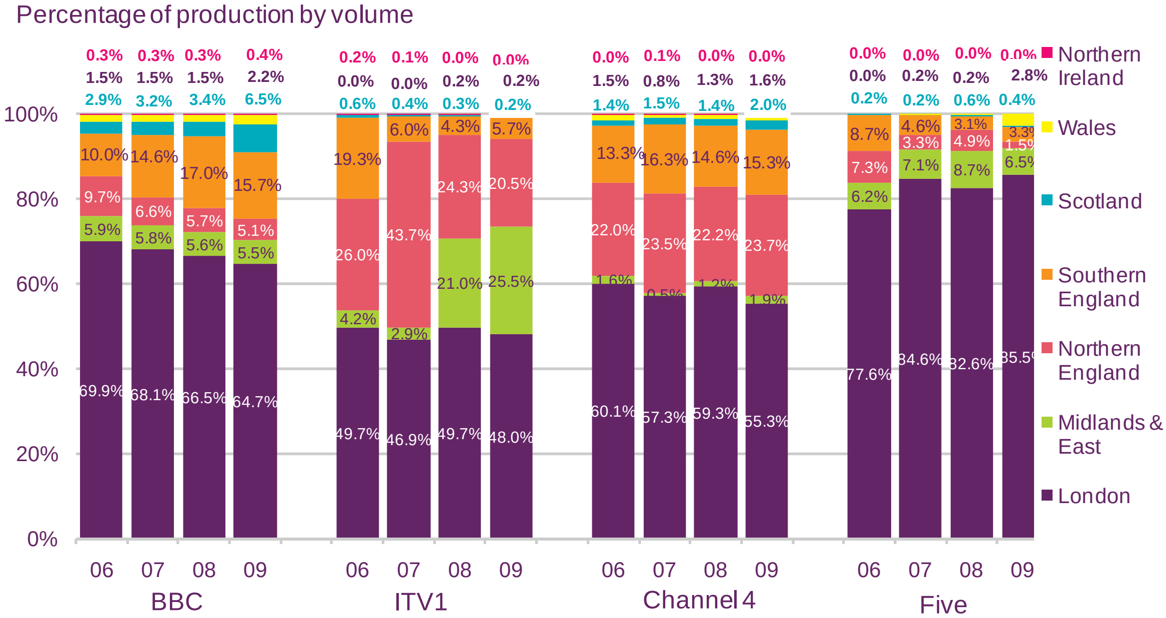
The volume of out-of-London production by broadcasters over the past four years is shown in Figure 2.12. The proportion of hours made or commissioned by the BBC in London has fallen each year, reducing by 5.3 percentage points from 69.9% in 2006 to 64.6% in 2009. The number of hours made in the devolved nations has increased and the percentage in Scotland rose to 6.5%, compared with 2.9% in 2006.

While the proportion of hours made outside London broadcast by ITV1/STV/UTV in 2009 was a little higher at 52% in 2009, compared with 50.3% in 2006, the levels in the devolved nations did not show any growth.

The proportion of Channel 4's hours made outside the M25 rose by five percentage points, from 40% to 45%, during the period, with small increases in the proportions in Scotland and Wales. The aggregated figure for the nations was 3.6% in 2009, compared with 2.9% in 2006.

On Five, the percentage of out-of-London production by volume fell to 14.5%, its lowest level since quotas were introduced, and the proportions in the nations were mostly lower, with the exception of Wales where the figure went up to 2.8%.

Figure 2.12 Breakdown of production volume, by broadcaster



Source: Ofcom/broadcasters

2.1.6 Non-network production in the English regions

The volume of non-network programmes broadcast over the past five years is illustrated in Figure 2.13. Hours shown on BBC One and Two in the English regions increased by 6% between 2005 and 2009, rising from 3,963 hours a year to 4,196 hours. The volume of news increased by 6% to 3,928 hours, while current affairs remained relatively stable year on year.

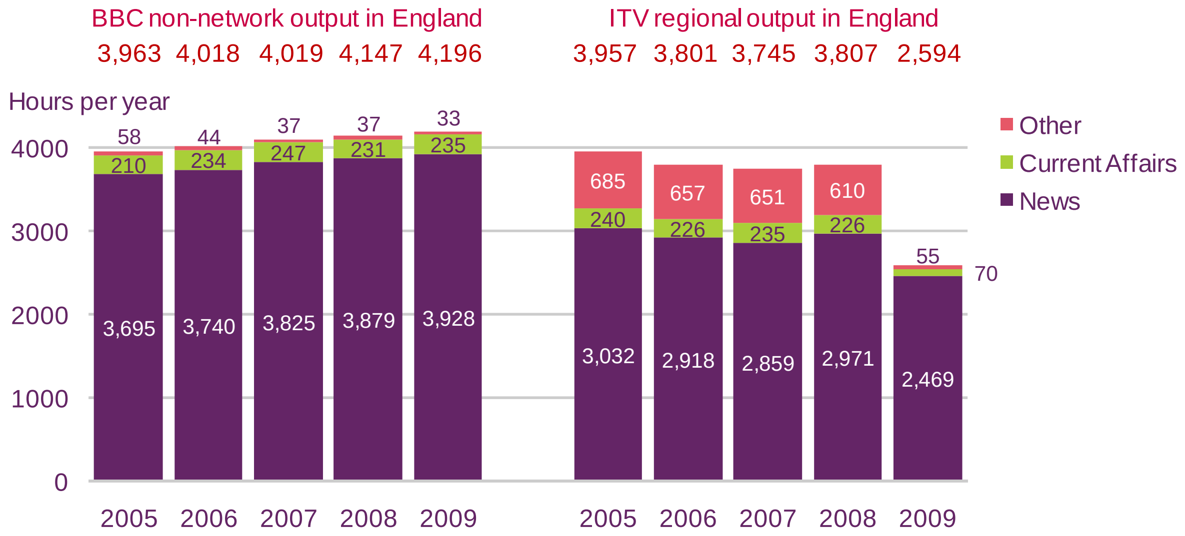
ITV's non-network programming volumes in England have fallen by 34% over the past five years. The reduction was particularly significant in 2009 as a result of the changes agreed as part of Ofcom's second PSB Review, which included a restructuring of ITV regional news. News services merged in the Border and Tyne Tees, West and Westcountry and the Thames Valley and Meridian regions. While this resulted in mergers between some news programmes, it excluded leading stories of 15 minutes' duration in the 6 o'clock weekday news magazines, and full 9-minute bulletins after *News At Ten,* which remained separate. As part of the restructuring, separate sub-regional output in Central East/West, Anglia East/West and Yorkshire East/West was reduced.

While the volume of non-network news programmes during peak time remains a priority, it was agreed that the levels of news bulletins broadcast during the daytime could be reduced. The weekly quota figure was cut to 3 hours 45 minutes a week in most English regions from 2009. The total hours of news output across England fell from 2,971 hours in 2008 to 2,469 hours in 2009 as a result of the quota change and the restructuring.

The quota for non-news programmes was also reduced as part of the Review, from the 30 minutes previously agreed to 15 minutes a week, all in peak time or near-peak slots. The effects of these changes can be seen in Figure 2.13, with current affairs falling from 226 hours in 2008 to 70 hours and other non-network programmes falling from 610 hours to 55 hours in 2009.

In the face of declining funding, the purpose of these changes was to concentrate on maintaining journalistic resources and geographic specificity, and the volume of regional programmes broadcast when most people watch: in peak time.

Figure 2.13 Non-network output in England, 2005-2009



Source: Ofcom/broadcasters
Note: Figures exclude repeats

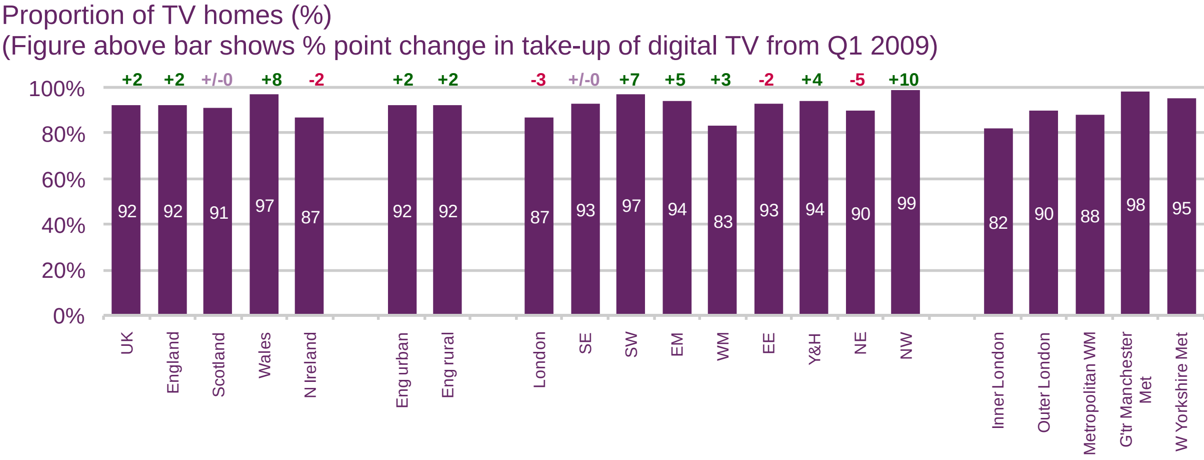
2.1.7 Digital television take-up in England

Number of DTV households

Digital television (DTV) take-up in England stood at 92% in Q1 2010 (Figure 2.14), up by two percentage points on the previous year. This was the second highest of the UK nations, after Wales, where switchover has increased take-up to 97%. There was an even pattern of take-up across rural and urban areas of England; both 92%.

Following the completion of switchover in the Granada region in December 2009, the North West had the highest regional level of DTV take-up, at 99%. By comparison, DTV ownership was lowest in the West Midlands (83%) and London (87%) areas. The pattern in London varied, with inner London at 90% compared to 82% in outer London. Similarly, the West Midlands metropolitan area was higher than the surrounding region, at 88%.

Figure 2.14 Digital television take-up in English regions



Source: Ofcom research, Q1 2010
Base: All adults aged 15+ with a TV in household (n = 8858 UK, 5600 England, 1452 Scotland, 1060 England, 746 Northern Ireland)
QH1a. Which, if any, of these types of television does your household use at the moment?

Satellite is the most widely-used TV platform in England, closely followed by DTT

When asked which platform they considered to be their main type of television, 38% of respondents in England said that satellite (both free and pay services) was their main viewing platform. This was closely followed by Freeview (free and pay) at 35%, with cable the main viewing platform in 15% of homes.

There was a noticeable variation between rural and urban areas of England, with satellite take-up 12% percentage points higher in rural areas at 49%, while cable was much lower, at 3%, in rural areas compared to 17% in urban areas. Freeview take-up in rural and urban areas was even at 36%.

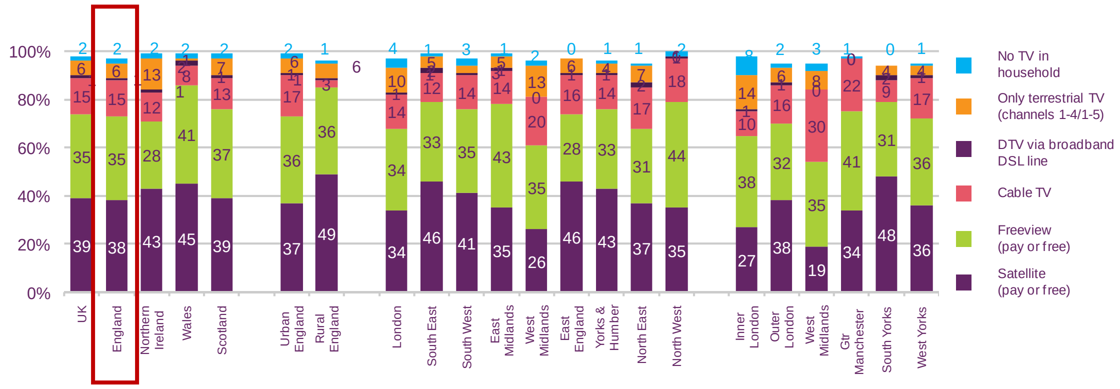
Of the regions, satellite was particularly high in the South East and the East of England at 46%, with Yorkshire and the Humber also above average at 43%, along with the South West at 41%.

Higher satellite take-up often occurred in areas with lower DTT take-up, possibly as a result of lower DTT coverage in the area. For example, Freeview take-up was lowest in the East of England at 28%; where DTT coverage is lower.

Similarly, the Yorkshire and Humber, and South East regions, both with high levels of satellite, had lower Freeview take-up (both at 33%). The North West had the highest Freeview take-up (at 44%, following switchover) and also the highest level of cable take-up at 18%. Freeview take-up was also high in the East Midlands at 43% (Figure 2.15).

Figure 2.15 Main set TV platform share in the English regions

Proportion of respondents (%)



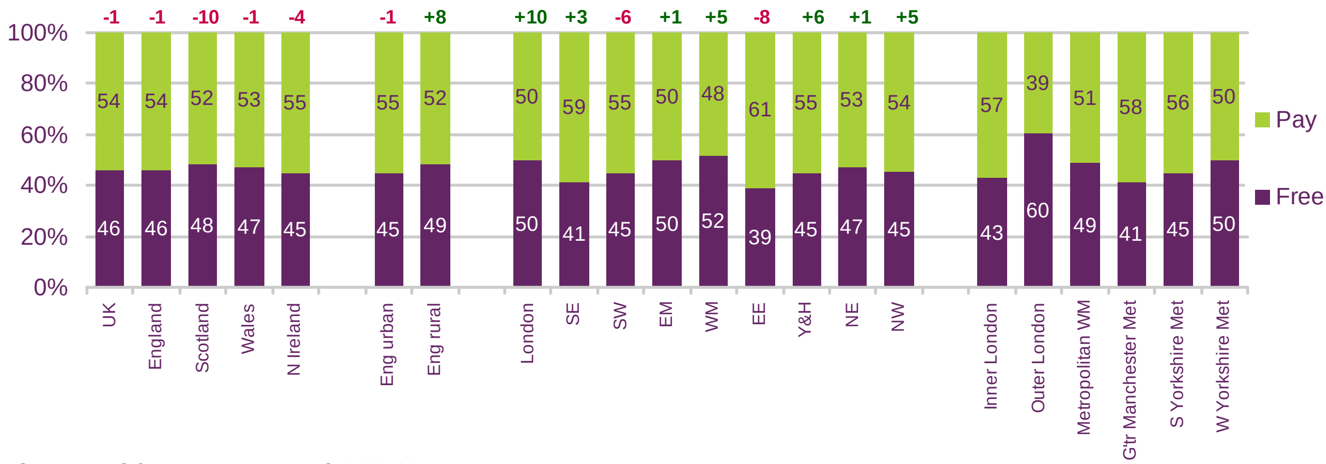
Source: Ofcom research, Q1 2010
Base: All adults aged 15+ (n = 9013 UK, 1468 Scotland, 5709 England, 1075 Wales, 761 Northern Ireland).
QH1a. And which of these do you consider is your main type of television?
Note: Figures may not add to 100% due to rounding, also an element of survey respondents who may not differentiate between analogue and digital TV platforms.

Over half of homes (54%) in England take a pay-TV service

Fifty-four per cent of TV homes in England took a pay-TV service such as Sky or Virgin Media in Q1 2010, similar to the other UK nations. Pay-TV take-up was slightly higher in urban areas at 55%, compared to 52% in rural areas. The East of England had the highest levels of pay-TV, at 61%, with high levels of satellite TV in the area. Pay-TV was also higher in the South East at 59%. Lower areas included the Midlands region, with both West Midlands (48%) and the East Midlands (50%) below the average. However, the lowest area of pay-TV take-up was outer London, where only 39% paid a subscription, compared to inner London, where take-up was above the national average at 57%.

Figure 2.16 Proportion of homes with free and pay television

Proportion of TV homes (%) (Figures above bar shows % point change in Pay TV from Q1 2009)



Source: Ofcom research, Q1 2010
Base: All adults aged 15+ with a TV in household (n = 8858 UK, 5600 England, 1452 Scotland, 1060 England, 746 Northern Ireland)
QH1a. Which, if any, of these types of television does your household use at the moment?

2.1.8 Broadcast television viewing

TV viewing fell furthest and is lowest in the West

On a UK-wide basis, weekly TV reach (defined as the proportion of viewers who watched TV for at least fifteen consecutive minutes over a period of a week) has decreased by 0.3% since 2004 to 92.9% in 2009. Reach was lowest in London in 2009, at 91.1%, and highest in the North East at 94.0%, but unlike the UK average, reach in both regions increased slightly from their 2004 levels (by 0.2% and 0.1% respectively). Reach fell furthest in the North West region, having declined by 1.5% since 2004 to a below-average 92.1% in 2009.

In the UK, viewers watched on average 3.8 hours of television a day in 2009, which was 1.3% higher than the average in 2004. Following the same pattern as weekly reach, Londoners watched one of the lowest amounts of TV - 3.4 hours a day in 2009, although this was a 2.4% increase on hours watched in 2004, and viewers in the West watched the least, at just 3.3 hours. The change in average viewing levels since 2004 varied significantly across the English regions. As well as watching the least amount of television, viewing levels in the West region have also decreased the most since 2004 – a reduction of 3.6%, compared to the U.K average increase of 1.3%. The greatest increase in TV consumption was in the South West, where viewing grew by 6.4% over the period to 3.6 hours a day (although this was still less than the UK-wide average of 3.8 hours).

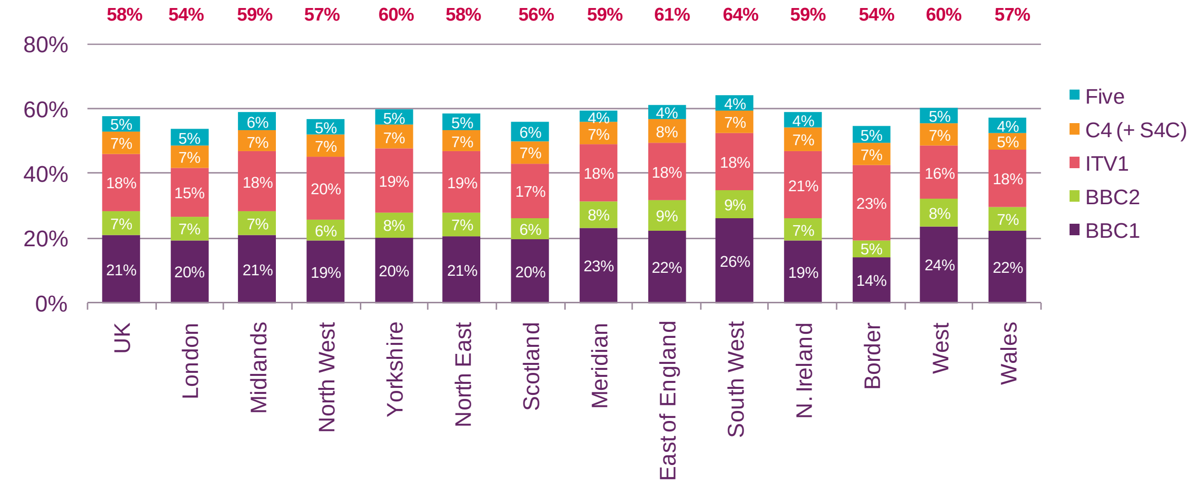
Viewing of the five main networks is among the highest in the South West

Viewers in London and Border apportioned less time to watching the five main PSB channels than in any other parts of the UK; in these regions the PSBs attracted a combined share of 54% (compared to the UK average of 58%). The PSBs' highest share was in South West England, at 64%, despite having reduced by 18 percentage points since 2004.

Figure 2.17 demonstrates that BBC One attracted the highest average share in the UK, at 21%, followed by ITV1 (18%). This was also largely the case at region level, apart from in the Border region, where ITV1, with a 23% share, was more popular than BBC One with a 14% share; and in the North West region (ITV1 share of 20% and BBC One share of 19%). BBC One attracted its highest share in the South West, at 26%, and its lowest in the Border region with a 14% share. BBC Two, Channel 4 (+ S4C) and Five followed a consistent pattern; their shares of viewing were fairly consistent across the regions.

Figure 2.17 Share of the five terrestrial networks, all homes, 2009

Audience share in all homes (%)

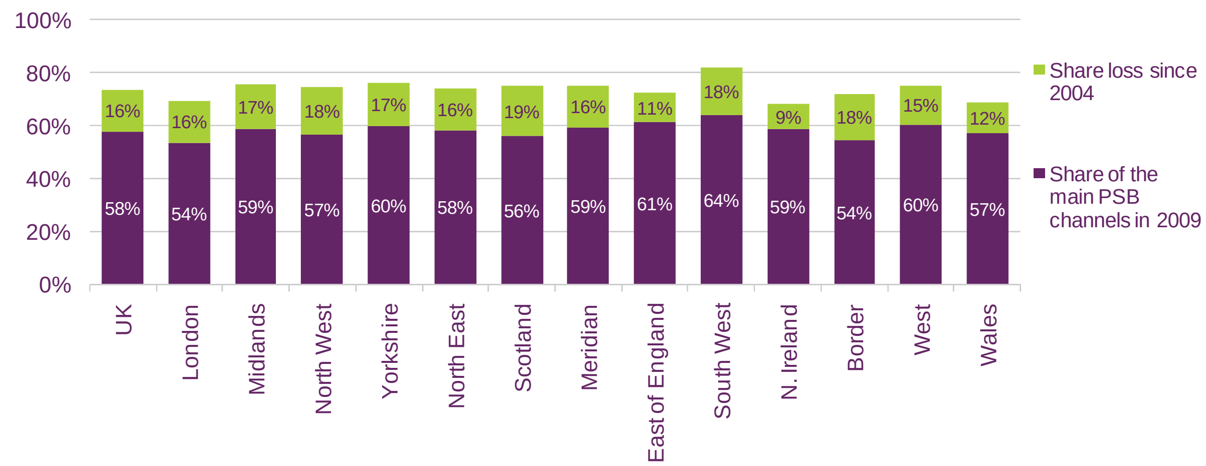


Source: BARB
Note: Labels refer to the ITV region where the audiences are resident, as defined by BARB.

Figure 2.18 shows that, across the UK, the five main PSBs experienced a share reduction of 16 percentage points between 2004 and 2009, achieving an average of 58% of viewing share in all homes. The largest reduction of PSB share in England was in the North West and the South West, where total share fell by 18%. The PSBs were the most effective at retaining share in the East of England, where their share declined by 11 percentage points, from 72% in 2004 to 61% in 2009, although total share fell by at least 15% in all other English regions across this same period.

Figure 2.18 Reduction in combined share of the five PSB channels, 2004 – 2009

Audience share (%)



Source: BARB. Note: Labels refer to the ITV region where the audiences are resident.

ITV2 was the most popular digital-only channel in multichannel homes across every region in the UK, apart from the South West, where ITV3 was watched most. E4 was the second most widely-watched channel in all the English regions, followed by ITV3 which was overall third most-watched in English regions..

PSB portfolio channel share growth in all regions

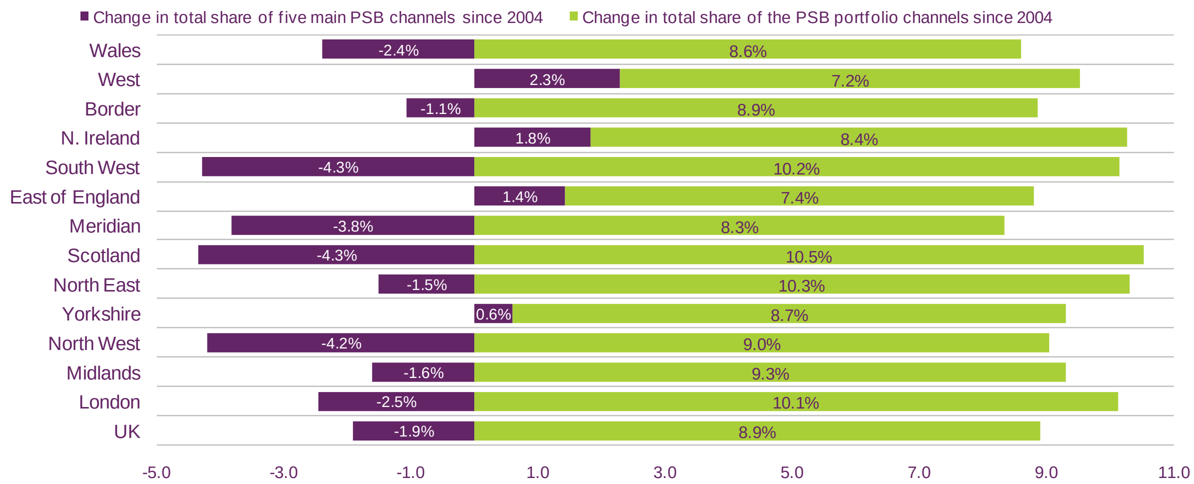
Since 2004 the PSBs' portfolio channels (which include all channels within the PSB portfolios except the five main terrestrial channels) have gained 9.2 percentage points of share, to hold 16.9% share in multichannel homes in 2009 (UK-wide). The PSBs' digital-only channels share gain more than offset the loss of 2.7 percentage points of share by the five PSB parent channels in the same period.

Regions where PSB parent channels actually gained share showed smaller increases in their share of PSB portfolio channels against the UK-wide average. For example, in the West of England, the main terrestrial channels' share has actually increased by 2.3% since 2004, while the portfolio channels' share has increased by 7.2% (compared to the UK average of 9.2%). Similarly, in the East of England, main PSB channel shares increased by 1.4% alongside a 7.4% increase in portfolio share. The same pattern emerged in Yorkshire, with respective increases of 0.6% and 8.7%.

Conversely, regions in which the main PSB channels have lost channel share have experienced increases in PSB portfolio shares greater than the U.K average. For instance, in the South West the main channels' share decreased by 4.3%, but this was offset by an increase in PSB portfolio share of 10.2%; in London main channel shares decreased by 2.7% but PSB portfolio shares increased by 10.1% (Figure 2.19).

Figure 2.19 Net change in the audience share of the five main networks and the PSB portfolio channels in multichannel homes, 2004 - 2009

Change in share (percentage point)



Source: BARB. Note: PSB portfolio channels include all PSB channels apart from the five terrestrial channels.

Local television news viewing is lowest in London and the North East

BBC One and ITV1's audience share for the local early evening bulletins is illustrated in Figure 2.20. In 2009 the UK-wide average was a 28% share for BBC One and a 19% share for ITV1's early evening news report. Overall, BBC One achieved its highest share in the South West and Meridian areas – 33% and 32% respectively (versus a U.K average of 28%). ITV1, on the other hand, achieved its lowest share (12%) in the South West region, as well as in London (12%). ITV1's highest share was in the Border region, attracting an average 28% share (compared to its U.K average of 19%) where BBC One early evening news reports had their lowest share (16%).

Figure 2.20 BBC One and ITV1/STV/UTV early evening news bulletin shares, 2009

Audience share (%)

Source:BARB. Note: Labels refer to the ITV region where the audiences are resident.

Figure 2.21 shows that people in England claim to rely most heavily on television for their local news (48%). This is in line with the U.K average of 49%, less than for people in Scotland (64%) and Northern Ireland (50%), but more than for people in Wales (44%). After television, people in England relied most on newspapers (24%) – this was more than the U/K average of 22% and more than people in all other nations (Wales 12%, Northern Ireland, 15% and people in Scotland 17%). In third place for people in England was radio (10%); this was in roughly in line with the U.K average of 11% and with other nations, except for Northern Ireland where radio was preferred by 20%.

Figure 2.21 Sources of local news in each nation, 2009

% of respondents

Q85 Can you tell me what, if anything, is your main source of news about what is going on in your own LOCAL AREA? By this I mean news of local and regional significance.
Base: All adults 15+. n = 2044 (UK), 1713 (Eng) 180 (Sc), 113 (Wa), 108 (NI)
Only responses ≥ 5% labelled
Source: Ofcom 2009 Media Tracker survey. Fieldwork carried out by Continental Research, April and October 2009.

As shown in Figure 2.22, the average UK viewer spent just under 18 hours per year watching early evening regional news bulletins in 2009, nearly two hours less than in 2004. As in 2004, viewing of early evening news bulletins was highest in the South West at 22.8 hours per year, despite this being the region with the biggest fall since 2004 (when it had been 26.5 hours). Viewers in London watched by far the least early evening regional news bulletins, at just 10.8 hours per person, decreasing from 12.2 hours in 2004. All regions showed a decrease in hours but rankings remained fairly similar to 2004.

Figure 2.22 Combined total hours of viewing of early evening regional news bulletins, per person per year, all homes, 2004 to 2009

Source: BARB. Analysis done on genre regional news, start time 17:55-18:35, 10 mins+ duration, channels BBC One and ITV1 combined, Monday through to Friday.

2.1.9 Audio-visual content viewing over other platforms

Households in rural areas more likely to watch television and video content over the internet

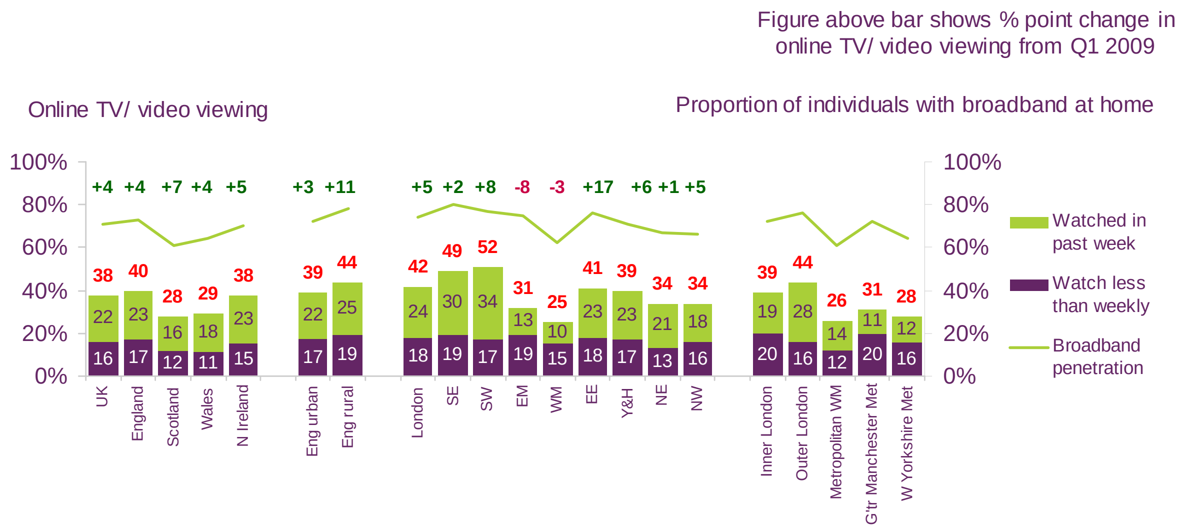
Audio-visual content online can include catch-up TV, user-generated content, music videos and video on demand. Sites like YouTube that let consumers share content with each other, and video content embedded in social networking sites, have continued to grow in popularity. And the success of services like the BBC iPlayer, Sky Player and itvplayer has shown that there is also an appetite for made-for-television content delivered online.

Two in five adults in England (40%) said that someone in their home had watched TV or video content over the internet, a rise of four percentage points since last year. England and Northern Ireland have higher use of the internet for viewing TV or video content than do Scotland and Wales. The highest levels of online viewing were found in the South East (49%) and South West (52%), while the lowest was in the West Midlands (25%).

Since Q1 2009, online viewing in rural areas has increased by 11 percentage points to 44%, overtaking levels of online viewing in urban areas and reflecting higher levels of broadband take-up in rural areas. This is despite the fact that Ofcom's recent *Broadband Speeds Report*[23] found that rural areas generally experience lower broadband speeds than urban areas.

[23] http://stakeholders.ofcom.org.uk/market-data-research/telecoms-research/broadband-speeds/broadband-speeds-2010/

Figure 2.23 Proportion of adults living in a household that has used the internet to watch TV or video content



Source: Ofcom research, Q1 2010
Base: All adults aged 15+ (n = 9013 UK, 5709 England, 1468 Scotland, 1075 Wales, 761 Northern Ireland)
QE12. Which, if any, of these do you or members of your household use the internet for whilst at home?

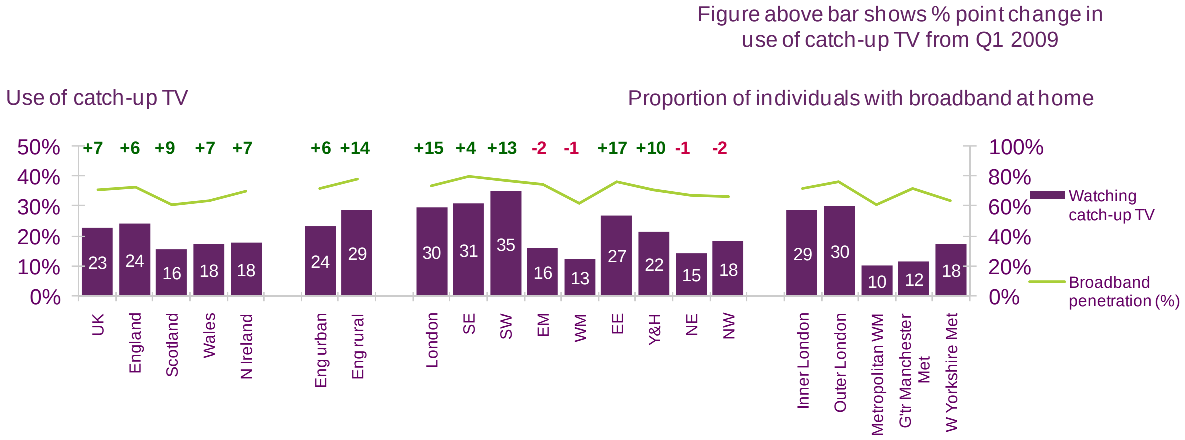
Catch-up TV was most popular in London and the south of England

Catch-up TV formed a significant part of the consumption of TV content online during the past year. Across the UK just under a quarter (23%) of adults claimed that someone in their household used the internet to watch catch-up TV online. Take-up was highest in England (24%) and lowest in Scotland (16%). In Northern Ireland and Wales the figure stood at 18%. Lower take-up outside England may be a result of lower broadband take-up in those areas. Use of catch-up TV has grown rapidly over the past year, with growth of at least six percentage points in each nation; growth was fastest in Scotland, at nine percentage points.

Use of the internet to watch catch-up TV online varied widely within England, with several areas seeing large increases in take-up over the past year. Use of catch-up TV was highest in the south of England with London (30%), the South East (31%) and South West (35%) all recording levels of 30% or higher. The past year saw rapid growth of catch-up TV use in London and the South West, at 15 and 13 percentage points respectively. But while take-up was highest in the south of England, growth was highest in the East of England region, at 17 percentage points. Elsewhere some areas such as the East Midlands and North West actually saw small declines in take-up, of two percentage points,

In general, use of the internet to watch catch-up TV appears to be broadly correlated to broadband penetration, with areas of high broadband penetration more likely to use the internet for this purpose.

Figure 2.24 Proportion of adults living in a household that has used the internet to watch catch-up TV (e.g. iPlayer or Sky Player)



Source: Ofcom research, Q1 2010
Base: All adults aged 15+ (n = 9013 UK, 5709 England, 1468 Scotland, 1075 Wales, 761 Northern Ireland)
QE10A. Which, if any, of these do you or members of your household use the internet for whilst at home?

Use of the internet to watch video clips is highest in southern England

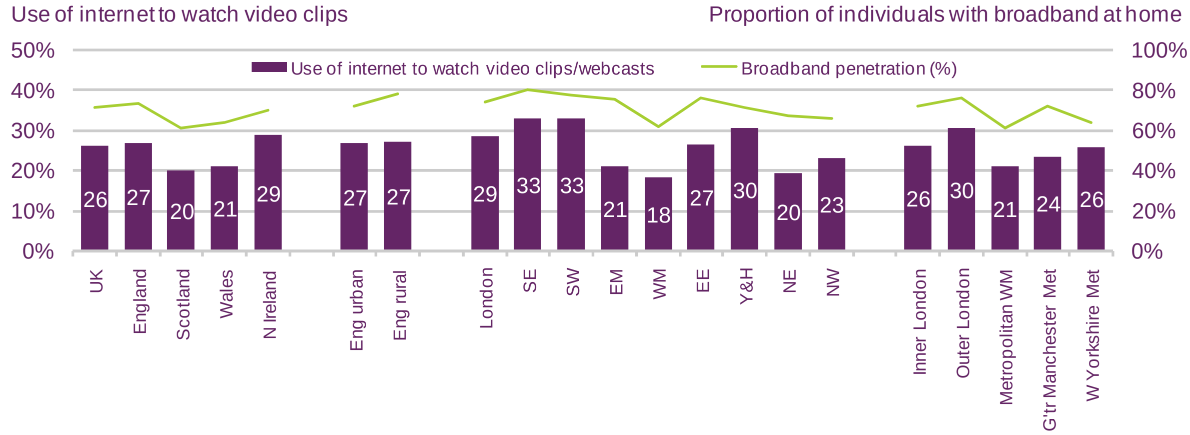
Despite the rapid growth in watching catch-up TV online in some areas, it still forms only a part of consumers' engagement with audio-visual content online. Many people's main engagement with audio-visual content online is through sites offering video clips or short webcasts. Examples of this sort of content include YouTube and webcasts of programmes like Big Brother.

But the boundary between long-form and broadcast content is beginning to blur. Channel 4 (in October 2009) and Five (in December 2009) have signed deals with YouTube to make their broadcast catch-up content available on the site.

Across the UK use of the internet to watch video clips and webcasts ranges from 20% of households in Scotland to 29% in Northern Ireland, possibly reflecting the younger population skew in Northern Ireland. The UK average take-up was 26%. Unsurprisingly, this type of activity broadly reflects levels of broadband take-up.

In England 27% of the population watched this type of content online. The figure varied from 18% of households in the West Midlands to 33% of in the South East and South West areas – a difference that appears to relate at least in part to broadband take-up. There was no discernable difference between rural and urban areas.

Figure 2.25 Use of internet to watch video clips and webcasts



Source: Ofcom research, Q1 2010
Base: All adults aged 15+ (n = 9013 UK, 5709 England, 1468 Scotland, 1075 Wales, 761 Northern Ireland)
QE10A. Which, if any, of these do you or members of your household use the internet for whilst at home?

Take-up of games consoles was higher in urban areas of England

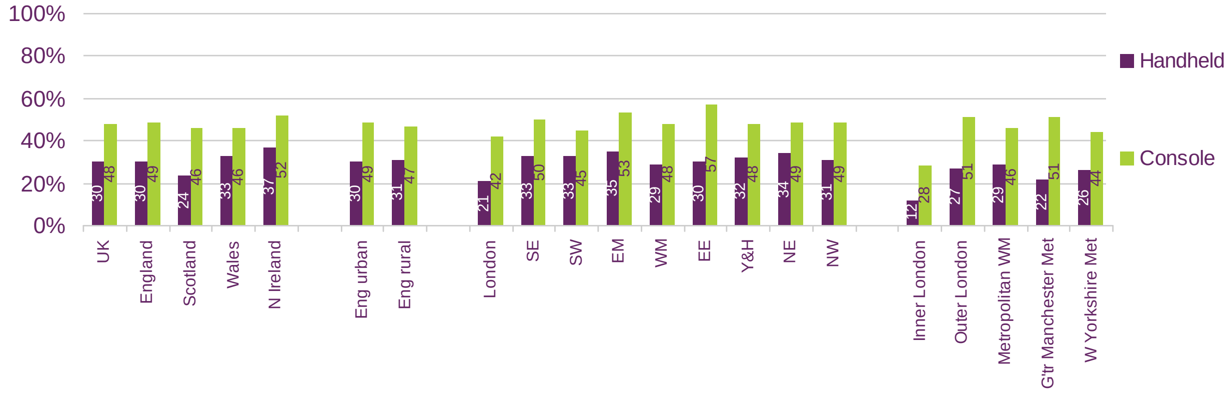
Watching audio-visual content online is not restricted to computers. As the capabilities of games consoles have developed, they have developed from being focused purely on computer games to become integrated audio-visual media devices. Consumers can play games online, access the internet, and download and stream films and other content. In particular, in recent years, broadcasters and content owners have struck deals with console manufacturers to offer another avenue for consumers to watch their content.

Sky Player is available to Xbox 360 owners, and consumers can now watch BBC iPlayer on the Wii and PS3. And these consoles account for a small but significant share of total iPlayer viewing. Data from the BBC suggest that 7% of total iPlayer viewing in the UK takes place on these two devices.

Figure 2.26 shows that the take-up of games consoles in England is comparable to the UK average, with 49% of households having a console and 30% a handheld device.

Take-up in London was below the UK average, at 42% for consoles and 21% for handhelds, largely driven by lower take-up in inner London.

Figure 2.26 Take-up of games consoles in England



Source: Ofcom research, Q1 2010
Base: All adults aged 15+ (n = 9013 UK, 5709 England, 1468 Scotland, 1075 Wales, 761 Northern Ireland)
QB4. Which games console/s do you or does anyone in your household have at the moment?

.