



# International Communications Market Report 2011

## 1 The UK in context

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# 1.1 The global communications industry in context

## 1.1.1 Introduction

In the first section of this report we provide a broad overview which places the UK communications sector in a global context.

- **The global communications industry in context:** (Section 1.1): We compare the size of the UK communications sector to that in other countries and look at relevant top-line revenues across our comparator countries.
- **UK consumers in context** (Section 1.2): We compare take-up and use of different services and devices at a broad level across comparator countries.
- **Regulation in context** (Section 1.3): We highlight recent international developments in communications regulation to provide regulatory context to some of the topics in this report.
- **Broadband Best in Europe Scorecard** (Section 1.4): We provide a brief introduction to Ofcom's plans for the development of a 'scorecard' system, which will be used to measure and benchmark the UK's superfast broadband network against those in other European countries.
- **Use and attitudes towards social networking sites** (Section 1.5): We look at the findings from our consumer research on use of and attitudes towards social networking sites, comparing the UK with five other countries (France, Germany, Italy, the US and Australia).

## 1.1.2 Putting the global communications industry into context

In this section we discuss the UK communications sector in the global context, comparing the size and nature of the sector to that of other countries.

Given the complexity and scale of the 'communications industries' there are many potential definitions of the 'communications sector'. These could, for example, include consumer electronics, network equipment, music, the film industry, online, software, games, newspapers, magazine and books, in addition to telecoms and broadcasting revenues.

Based on Ofcom's regulatory remit, we focus primarily on the telecoms, television and radio industries.<sup>4</sup>

### Key points

- Global communications sector revenues increased by 3.4% in 2010 to £1,132bn. Overall, subscription revenues account for the vast majority of global service revenues - representing 87% (£986bn) of total revenue in 2010.

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<sup>4</sup> As of early October 2011 Ofcom took over regulation of postal services. Due to the production timings of this report, coverage and analysis of postal services industries/markets is not included in this year's ICMR report.

- The UK communications sector generated £39bn of revenues in 2010, compared to £49bn for Germany and £44bn for France. The US had the world's largest communications sector revenues, at £249bn, followed by Japan (£110bn) and China (£85bn). The US also had the highest revenue per head, at £949, compared to £630 in the UK.
- Advertising revenue, at £119bn, accounted for 11% of the total in 2010, marginally down from its 12% share in 2006. However, at £119bn, this has increased by 9% since 2009, climbing back to 2007 and 2008 levels (before the global downturn) indicating a modest recovery in global advertising revenues.
- TV advertising spend remained the largest single component of advertising revenues (44%), although internet advertising continued to grow, to a record high of £44bn in 2010 (from £37bn in 2009) accounting for over 15% of total advertising expenditure. Internet advertising in the UK is almost on a par with television advertising, representing 29% of total advertising spend compared to 30% for television advertising.

### 1.1.3 Communications sector revenues

**The communications sector worldwide generated £1,132bn in revenues in 2010, a record high across the years covered in this report**

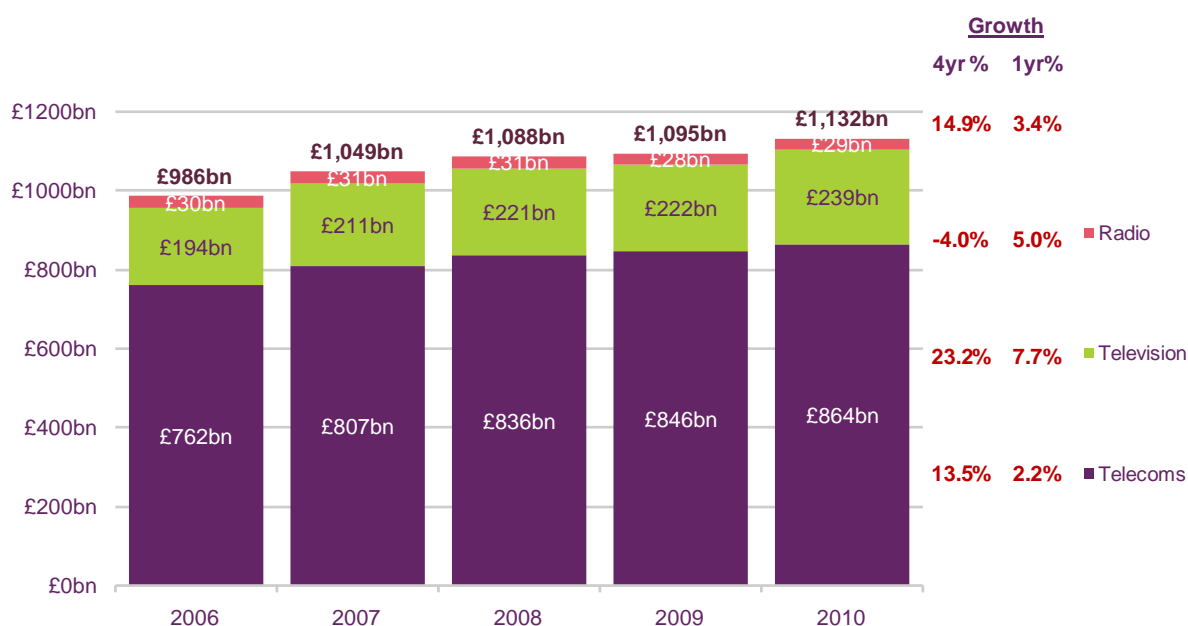
As a major contributor to national economies, the communications sector (i.e. telecoms, television and radio services) generates a large amount of revenue. In 2010, global communications sector revenue stood at £1,132bn, a record high across the years covered in this report, representing an 14.9% increase since 2006 and a 3.4% increase against 2009 levels (Figure 1.1).

As in previous years, revenue from telecoms services accounted for the majority of global communications sector revenue, at £864bn in 2010, representing 76% of the total. Although a record high, and 13.5% higher than the £762bn reported in 2006, its proportion of the total has marginally declined from 77% in 2006. Similarly, television revenues were at their highest absolute amount in 2010, at £239bn - a noteworthy increase of 23% on 2006 levels, and indicating growth in the global television markets. In contrast to telecoms, its share of the total increased marginally; from 20% in 2006 to a high of 21% in 2010. Radio was the smallest of the three sectors, reporting revenues of £29bn in 2010; similar to that of previous years, and accounted for nearly 3% of global revenues (consistent with its share in 2006).

Since 2009 there has been growth across each of the three sectors. Television revenues have increased most; by 7.7%, reflecting the global growth of the market. Radio sector revenues increased by 5% while telecoms increased by 2.2%, although, given the size of the telecoms market, this relatively small percentage change represents a significant increase in absolute terms – at £18bn, the largest across all three sectors. (Figure 1.1)

More detailed analysis of sector revenues can be seen in the relevant sections of this report.

**Figure 1.1 Global communications revenues**



Source: Ofcom analysis based on data from PricewaterhouseCoopers Global Entertainment and Media Outlook 2011-2015 @ [www.pwc.com/outlook](http://www.pwc.com/outlook) for television and radio. IDATE / industry data / Ofcom for US and UK TV revenues and all telecoms revenues. Interpretation and manipulation of data are solely Ofcom's responsibility. Ofcom has used an exchange rate of \$1.546 to the GBP, representing the IMF average for 2010.

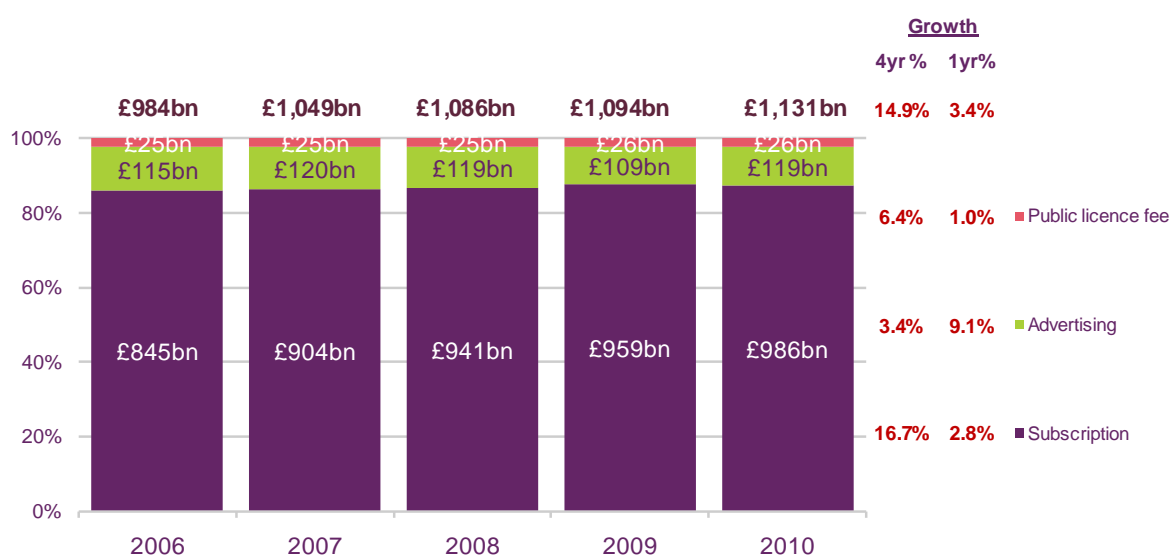
Note: Net TV advertising revenues for Russia have been calculated by discounting 15% of TV advertising spending to remove agency fees and production costs.

### Subscription revenues continue to increase and in 2010 represented 87% of all service revenues

Figure 1.2 below breaks down the three main sources of revenue from communications services: subscriptions revenues (i.e. direct payment for services by consumers and businesses), advertising revenues and licence fees (e.g. funding from government bodies).

In some countries governments and local authorities subsidise communications services directly or indirectly. Given the complexity in measuring and defining subsidies, we have generally not attempted to quantify these. Traditionally, virtually all telecoms revenues are drawn from subscriptions, although some internet service providers (ISPs) are attempting to increase advertising revenue, and some telecoms services receive public funding, as the dynamics of communications markets continue to evolve. Overall, subscription revenues account for the vast majority of global service revenues. In 2010, at £986bn, they represented 87% of the total, a figure which has increased marginally (by 1%) since 2006. Advertising revenue, at £119bn, accounted for 11% of the total in 2010, marginally down from its 12% share in 2006. However, at £119bn, this has increased by 9% since 2009, climbing back to 2007 and 2008 levels (before the global downturn) indicating a modest recovery in global advertising revenues. The smallest contribution comes from public licence fees, which stood at £26bn in 2010, comparable to previous years (although, given the increase in total revenues, its share of the total has decreased).

**Figure 1.2 Sources of global revenues for telecoms, radio and TV services**



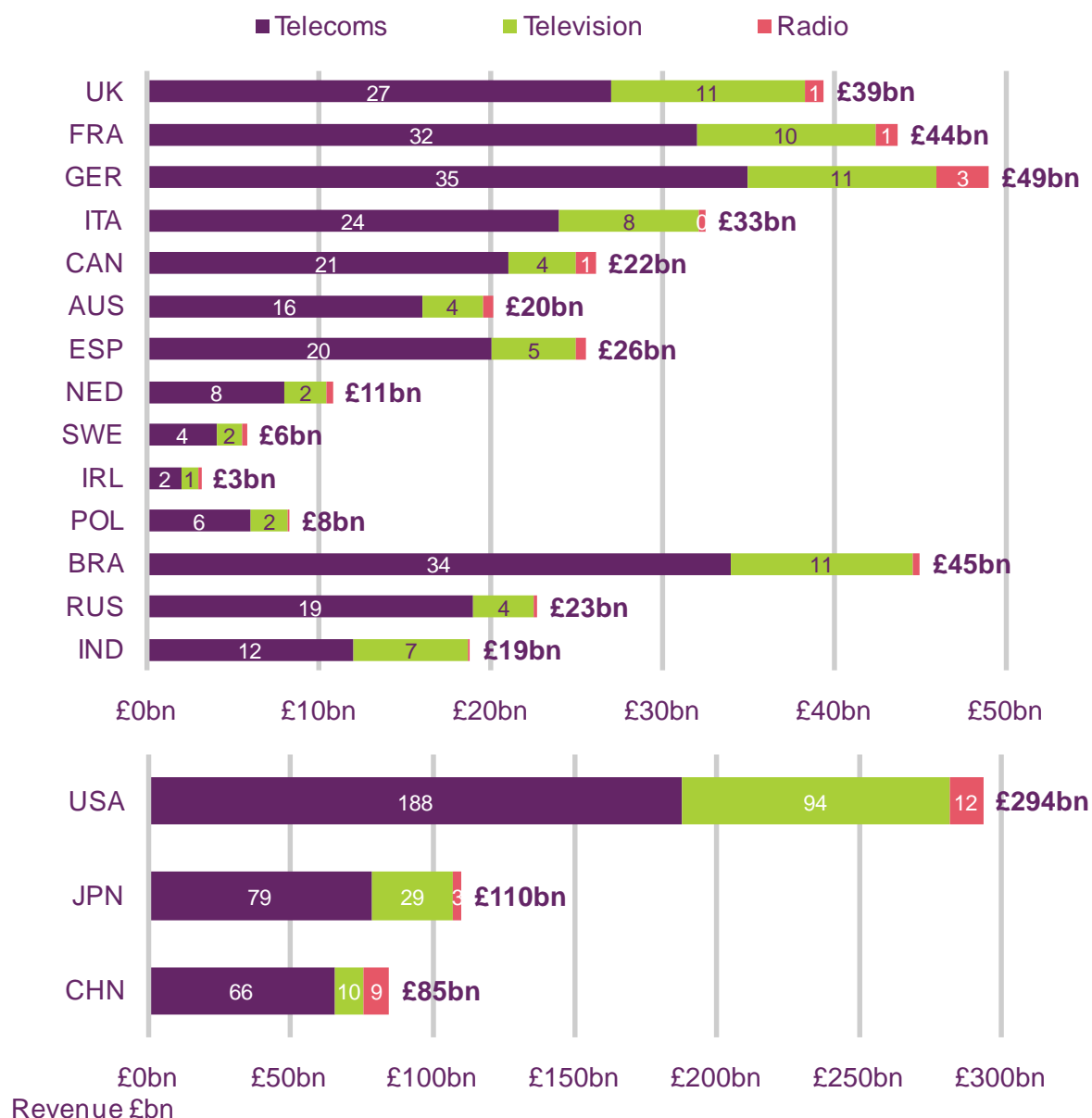
Source: Ofcom analysis based on data taken from PricewaterhouseCoopers Global Entertainment and Media Outlook 2011-2015 @ [www.pwc.com/outlook](http://www.pwc.com/outlook) for television and radio. IDATE / industry data / Ofcom for US and UK TV revenues and all telecoms revenues. Interpretation and manipulation of data are solely Ofcom's responsibility. Ofcom has used an exchange rate of \$1.546 to the GBP, representing the IMF average for 2010.

Note: Net TV advertising revenues for Russia have been calculated by discounting 15% of TV advertising spending to remove agency fees and production costs. All telecoms revenues have been allocated as subscription revenues.

### UK communications revenues are third highest in Europe, behind Germany and France

Communications markets vary greatly between individual countries. There are many inter-related reasons for this, reflecting differences in population and size, the role of economic factors such as disposable income, and differences in service take-up and public policy decisions (surrounding, for example, the imposition of licences or the payment of subsidies). Of the 17 countries we include in this report, the US had the largest communications sector, at £294bn, which places it well ahead of the next biggest, Japan, at £110bn (Figure 1.3). UK revenues stood at £39bn, the third largest in Europe, behind Germany (£49bn) and France (£44bn) – similar levels to 2009 for all three countries. These differences can mostly be attributed to the larger telecoms revenues generated in France and Germany compared to the UK. Elsewhere, the BRIC countries' (Brazil, Russia, India, China) revenues continue to grow as these markets develop, and in 2010 total revenues in Brazil (£45bn) exceeded total revenue in the UK for the first time.

**Figure 1.3 Communication sector revenues in 2010**



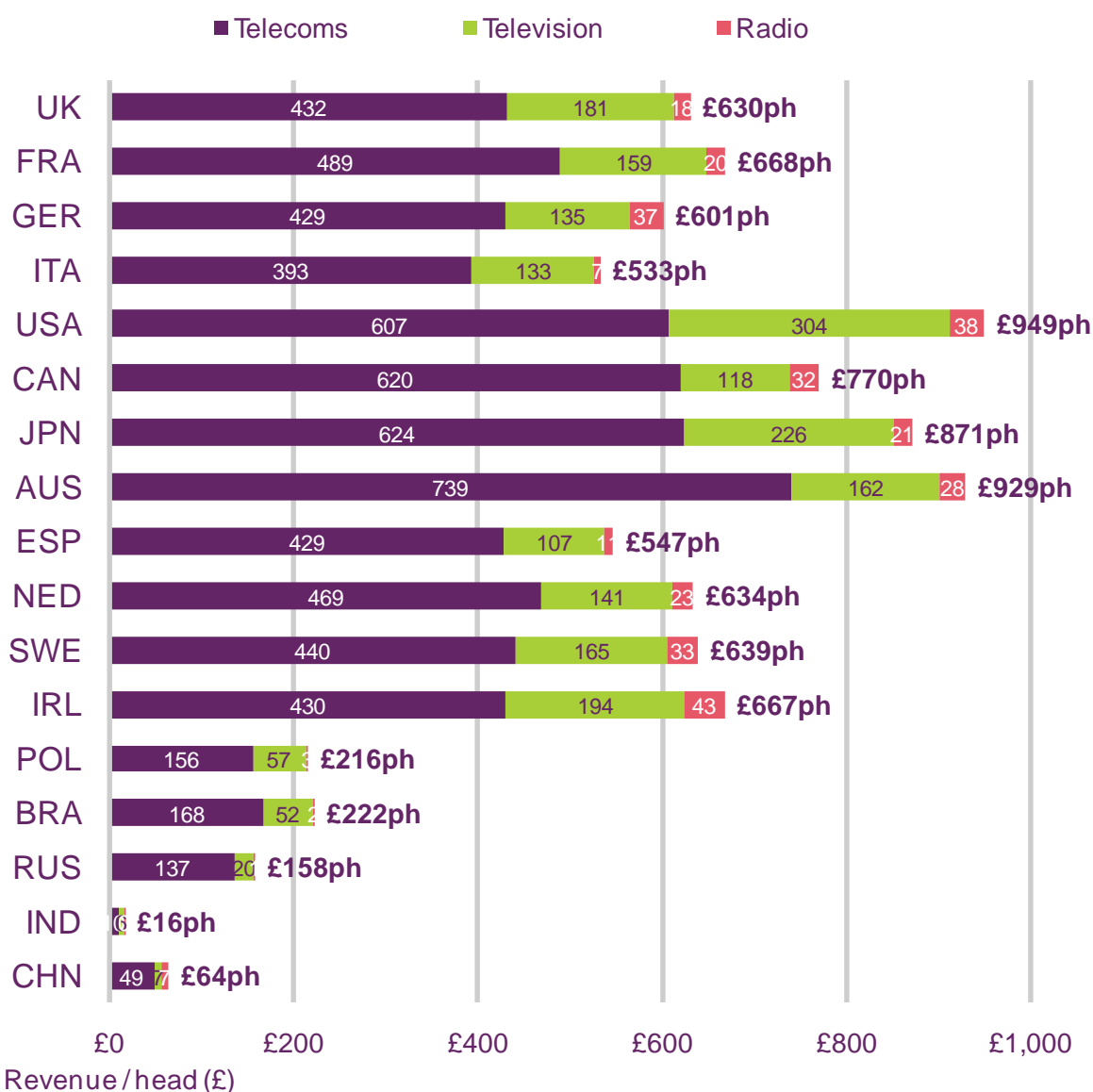
Source: Ofcom analysis based on Ofcom / IDATE data for telecommunications/TV 2010 and Ofcom analysis based on data from PricewaterhouseCoopers Global Entertainment and Media Outlook 2011-2015 @ [www.pwc.com/outlook](http://www.pwc.com/outlook) for radio. Interpretation and manipulation of data are solely Ofcom's responsibility. Ofcom has used an exchange rate of \$1.546 to the GBP, representing the IMF average for 2010.

Notes: the UK radio industry figure is sourced from broadcaster returns made to Ofcom. Telecoms revenue excludes revenue from narrowband internet and corporate data services and broadband revenues for BRA, RUS, IND and CHN.

### UK communications revenues per head were fifth highest in Europe in 2010

In terms of communications revenues per head, the UK, at £630 per year, were fifth highest in Europe, with France the highest at £668 per head (Figure 1.4). On a global level, revenue per head was greatest in the US, at £949, followed by Australia, at £929; and while the BRIC countries have shown relatively big growth in overall revenue, their large populations mean their respective per-head figures are small in comparison to the UK.

**Figure 1.4 Communications sector revenue, per head: 2010**



Source: Ofcom analysis based on Ofcom / IDATE data for telecommunications/TV 2010 and Ofcom analysis based on data from PricewaterhouseCoopers Global Entertainment and Media Outlook 2011-2015 @ [www.pwc.com/outlook](http://www.pwc.com/outlook) for radio. Interpretation and manipulation of data are solely Ofcom's responsibility. Ofcom has used an exchange rate of \$1.546 to the GBP, representing the IMF average for 2010.

Notes: the UK radio industry figure is sourced from broadcaster returns made to Ofcom. Telecoms revenue excludes revenue from narrowband internet and corporate data services and broadband revenues for BRA, RUS, IND and CHN

### Global advertising expenditure increased substantially in 2010

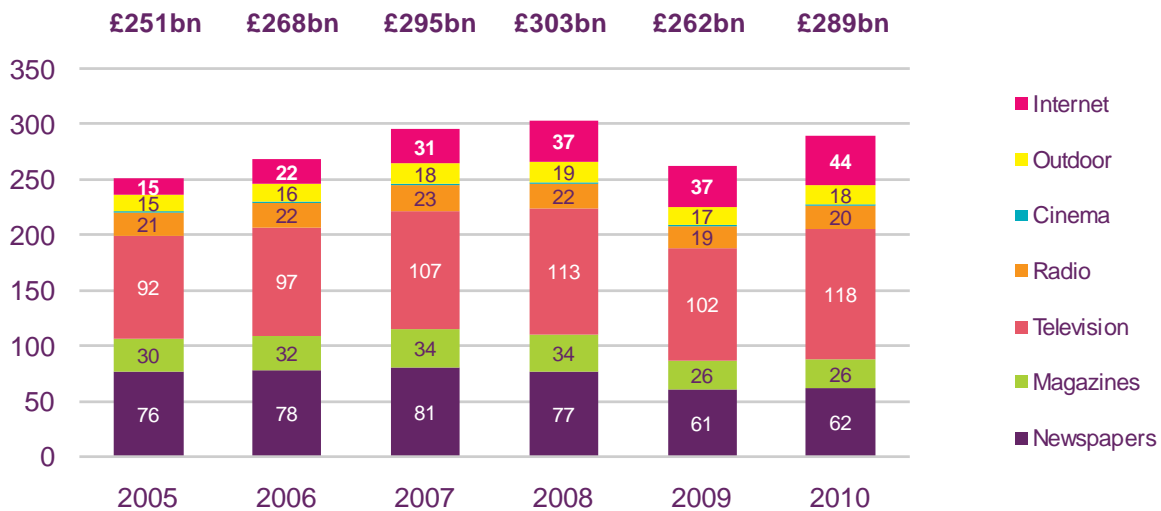
While accounting for a relatively small part of total communications sector revenues, advertising remains a key source of revenue for radio and television services. Growth in advertising has historically been linked to growth in GDP, reflecting the interplay and dynamics between advertising, business and consumer confidence, and consumer expenditure. Following a significant decrease between 2008 and 2009 (widely attributed to the effects of the economic downturn), total global advertising revenue increased by 10% during 2010 to £289bn. While this is a marked increase on 2009 (£262bn), it is some way below the £303bn recorded in 2008 (Figure 1.5).



As shown in Figure 1.5, structural changes in advertising have led to a re-distribution of advertising spend. In particular, internet advertising continued to grow, to a record high of £44bn in 2010 (up from £37bn in 2009), accounting for over 15% of total advertising expenditure, compared to just over 6% in 2005. While the current growth of online has been widely predicted and acknowledged, there was a notable increase of television advertising revenues to £118bn in 2010, a substantial increase from the £102bn recorded in 2009. This £118bn accounts for nearly 41% of total advertising revenues – a higher proportion than in any of the previous years reported.

Despite the long-term decline experienced by press advertising, spend on newspaper and magazine advertising remained fairly consistent between 2009 and 2010 (with a marginal increase of £1bn in newspaper advertising revenues). However, as a proportion of total advertising revenues there was a proportional decline from 33% in 2009 to 30% in 2010. More tellingly, looking back to 2005, when press advertising represented 44% of total advertising revenue, illustrates the longer term structural changes across advertising.

**Figure 1.5 Global advertising revenue by source**



Source: Warc data ([www.warc.com](http://www.warc.com)).

Figure 1.6 further illustrates the point about changes in advertising, detailing the variation in the performance of different types of advertising between 2005 and 2010, as well as between 2008 and 2009 versus 2010. Between 2005 and 2010, the total advertising market grew by an average of 2.9% a year – although we can see that this was driven, most significantly by increases in television and the internet, while newspapers, magazines and radio have declined. Between 2009 and 2010, global revenue increased by 10.2%, with increases across each medium. However, when comparing 2010 with 2008, the table shows that total revenues fell by -1.0% per year on average; global revenues did not recover to the (pre-economic downturn) levels of 2008. Again, newspapers (-4.3%) and magazines (-5.0%) have suffered the most, and radio (-1.8%) to a lesser extent.

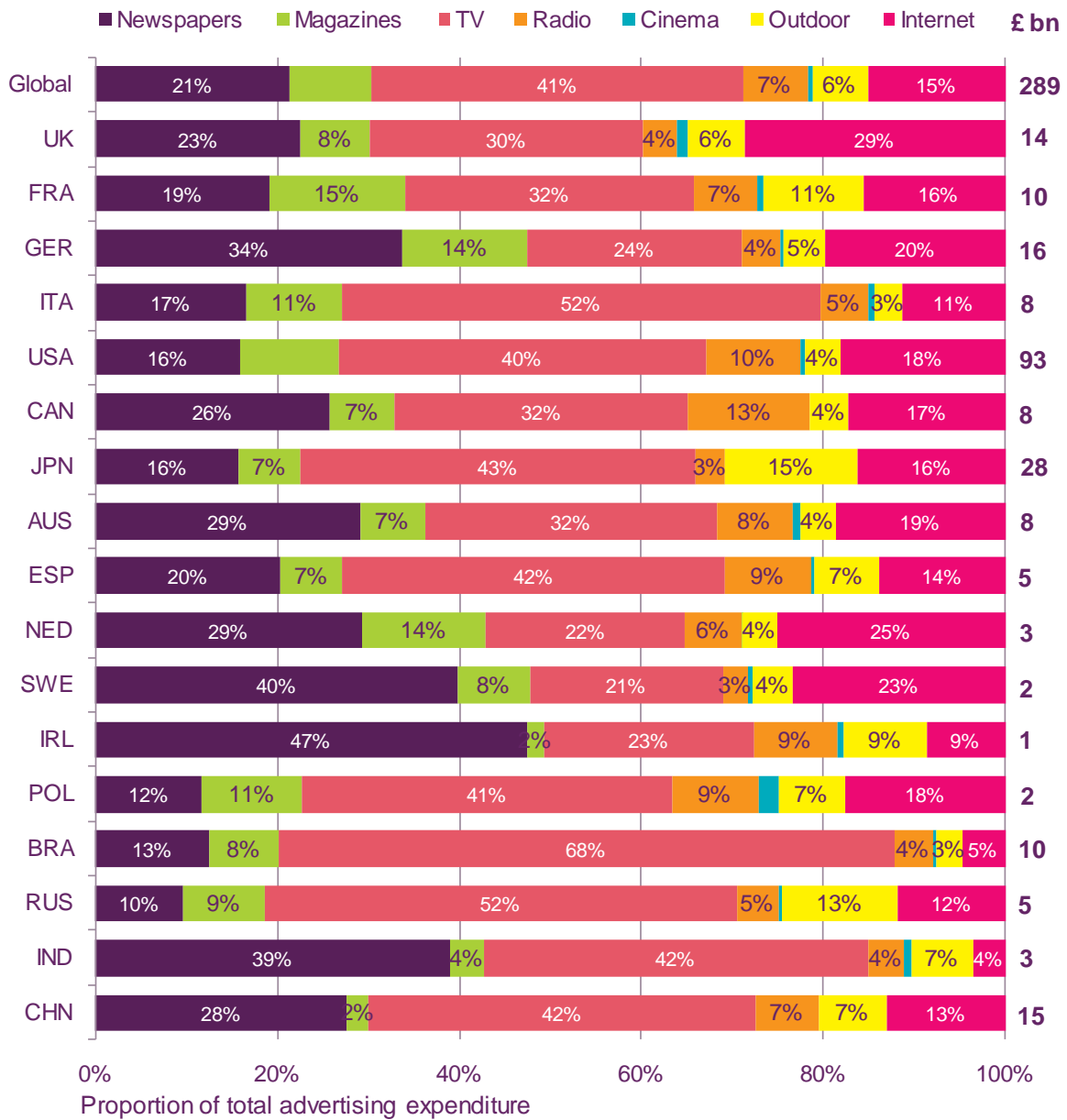
**Figure 1.6 Global expenditure growth rates**

	All	Newspapers	Magazines	Television	Radio	Cinema	Outdoor	Internet
2009-2010 annual growth	10.2%	1.8%	1.0%	15.7%	8.2%	13.2%	6.2%	17.8%
2005-2010 CAGR	2.9%	-4.2%	-3.1%	5.1%	-0.7%	6.4%	3.4%	24.5%
2008-2010 CAGR	-1.0%	-4.3%	-5.0%	0.8%	-1.8%	1.4%	-1.5%	3.5%

Source: Warc data ([www.warc.com](http://www.warc.com))

Looking at revenues across our comparator countries, there are significant differences in the size, as well as mix, of advertising markets (Figure 1.7). At £93bn in 2010, the US was the largest advertising market, more than 6.5 times the size of the UK market (£14bn in 2010). Germany was the largest advertising market among our comparator countries in Europe (£16bn in 2010). In terms of advertising mix, internet revenues accounted for 29% of the total UK advertising market – which represents a greater proportion than in any of our comparator countries.

**Figure 1.7 2010 advertising expenditure analysis**



Source: Warc data ([www.warc.com](http://www.warc.com))

Note: Excludes expenditure on cinema advertising in CAN, JPN and CHN

# 1.2 The UK consumer in context

## 1.2.1 Introduction

### Introduction

In this section we examine and compare take-up and use of communications devices and services. We focus primarily on the UK but also three other countries where we carried out consumer research in October 2011 (France, Germany, Italy, the US and Australia).

### Key findings

- Between 2005 and 2010, the number of fixed-line voice connections fell in all six countries covered in our consumer research, although the UK has been relatively resilient, with a smaller decline. As a result, in 2010 at 53 fixed-line connections per 100 people, the UK had the highest fixed-line penetration across all countries covered.
- At the end of 2010, the majority of households in all six countries covered had broadband subscriptions. The UK, at 74 subscriptions per 100 households, had the second highest penetration, after France (77).
- At the end of 2010, the majority of households in all six countries covered in our consumer research had digital TV. Penetration was highest in the UK, with 97 in 100 TV households having digital TV.
- Smartphone ownership is high in the UK at 50% (joint highest, with Germany). The UK also leads in digital radio ownership (34%), and after the US (41%), was second highest in DVR ownership (36%).
- Accessing the internet via a computer or laptop, and watching television, are the communications services most performed by UK consumers (as they are across all the countries surveyed). The UK reported the highest levels of smartphone use, with 49% claiming to use smartphones at least once a week, more than in any of the other countries covered.

## 1.2.2 Methodology

Please refer to Appendix A for details and information on the methodology.

## 1.2.3 Take-up and use of services and media activities

### Fixed-line voice relatively resilient in the UK, with take-up higher than in all other markets covered

The number of fixed-line connections fell between 2005 and 2010 in all the countries where we carried out our consumer research (the UK, France, Germany, Italy, the US and Australia). However, the fall in the UK (-3 percentage points) was greater than in all other countries, and as a result fixed-line take-up was higher in the UK, at 53 lines per 100 people, than in all the other countries covered in our consumer research. Second-highest take-up was in Germany (53 lines per 100 people), closely followed by Australia (50 per 100 people) and the US (48 per 100). Take-up of fixed-line voice is lowest in Italy, at 29 per 100 people (reflecting a high proportion of mobile-only households) and is also notably low in France, at 33 per 100 people, reflecting the use of VoIP (Figure 1.8).

It is worth stating that fixed bundled services including broadband are not available in the UK without a fixed-line connection, which is likely to explain, at least in part, the relative resilience of fixed-line take-up in the UK, compared to the other countries. As a result, whereas in other countries take-up of fixed-line connections can be under threat from alternative broadband, VoIP and mobile services, in the UK the main competitor is mobile services.

While mobile connections exceed the population in the UK (131 connections per 100 people), growth since 2005 is the lowest of all the markets we cover, at an increase of 18 percentage points. In contrast to its relatively low take-up of fixed-line voice, Italy leads in the number of mobile connections (148 connections per 100 people) reflecting high levels of multiple pre-pay SIM card use. Besides the UK and Italy, mobile connections also exceeded populations in Germany (133 per 100 people) and Australia (130).

When fixed-line and mobile connection numbers are combined, across the countries covered the UK has the second-highest number of phone connections, at 184 per 100 people. Germany, at 185, was highest, with Australia, at 180, also relatively high.

**Figure 1.8 Fixed-line voice and mobile connections per head: 2010**

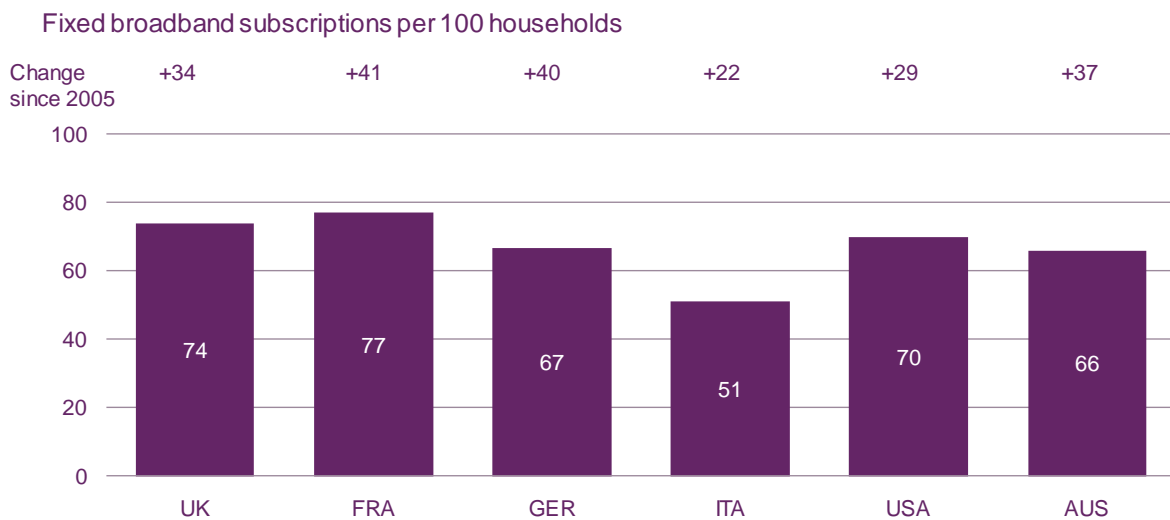


Source: IDATE / industry data / Ofcom

**The UK, at 74%, has the second highest broadband penetration among the countries covered in our consumer research, behind France at 77%**

The UK had the second highest broadband penetration, at 74 subscriptions per 100 households, behind France at 77 (Figure 1.9), with the US not far behind at 70 per 100 households. Since 2005 UK take-up has increased from 40 subscriptions per 100 households, reflecting the steady increase in broadband take-up as a result of the early availability and take-up of DSL and cable services. With 51 connections per 100 households in 2010, broadband penetration was lowest in Italy, reflecting the higher proportion of mobile-only households, as mentioned earlier in this report.

**Figure 1.9 Fixed broadband penetration in 2010**

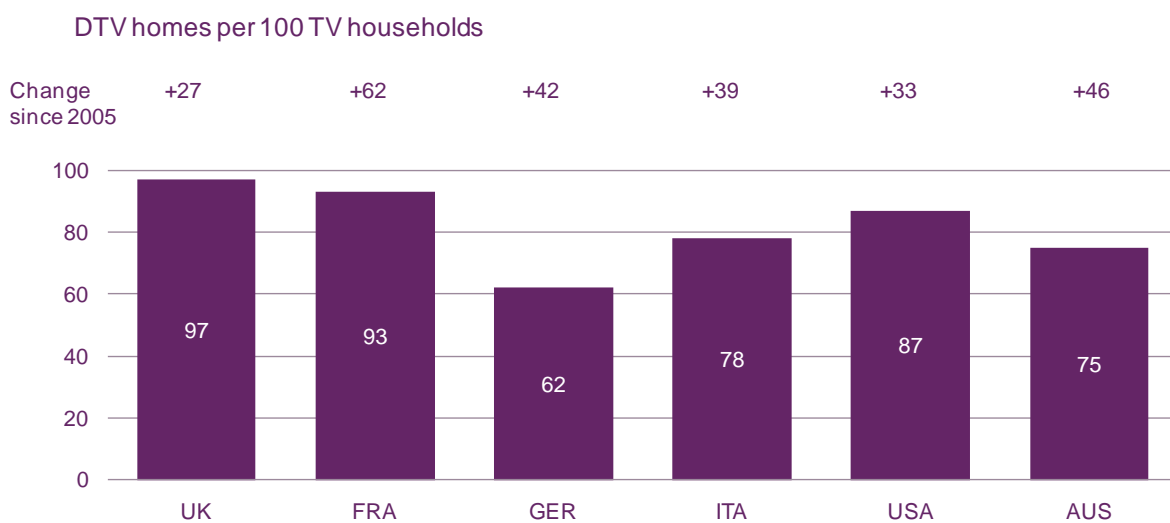


Source: IDATE. Note broadband connections include business connections

**The UK, at 97%, has the highest proportion of digital TV households among the countries covered in our consumer research**

In terms of DTV take-up, the UK, at 97 DTV homes per 100 TV households, has the highest penetration across the countries where we carried out our research (Figure 1.10). France was second highest, at 93, having seen a noteworthy increase from 31 per 100 in 2005 (when penetration in the UK was at 70 per 100 households). Elsewhere, DTV take-up was low in Germany (62 per 100), which may be partly explained by the high levels of analogue cable take-up. In the UK, France and Italy, terrestrial television has traditionally been the largest platform. Digital switchover of terrestrial TV services has been completed in the US and Germany and is under way in the other countries where we carried out our consumer research.

**Figure 1.10 DTV penetration in 2010**



Source: IDATE.

For further information on the penetration of specific communications services across all our comparator countries, please see the relevant section of this report.

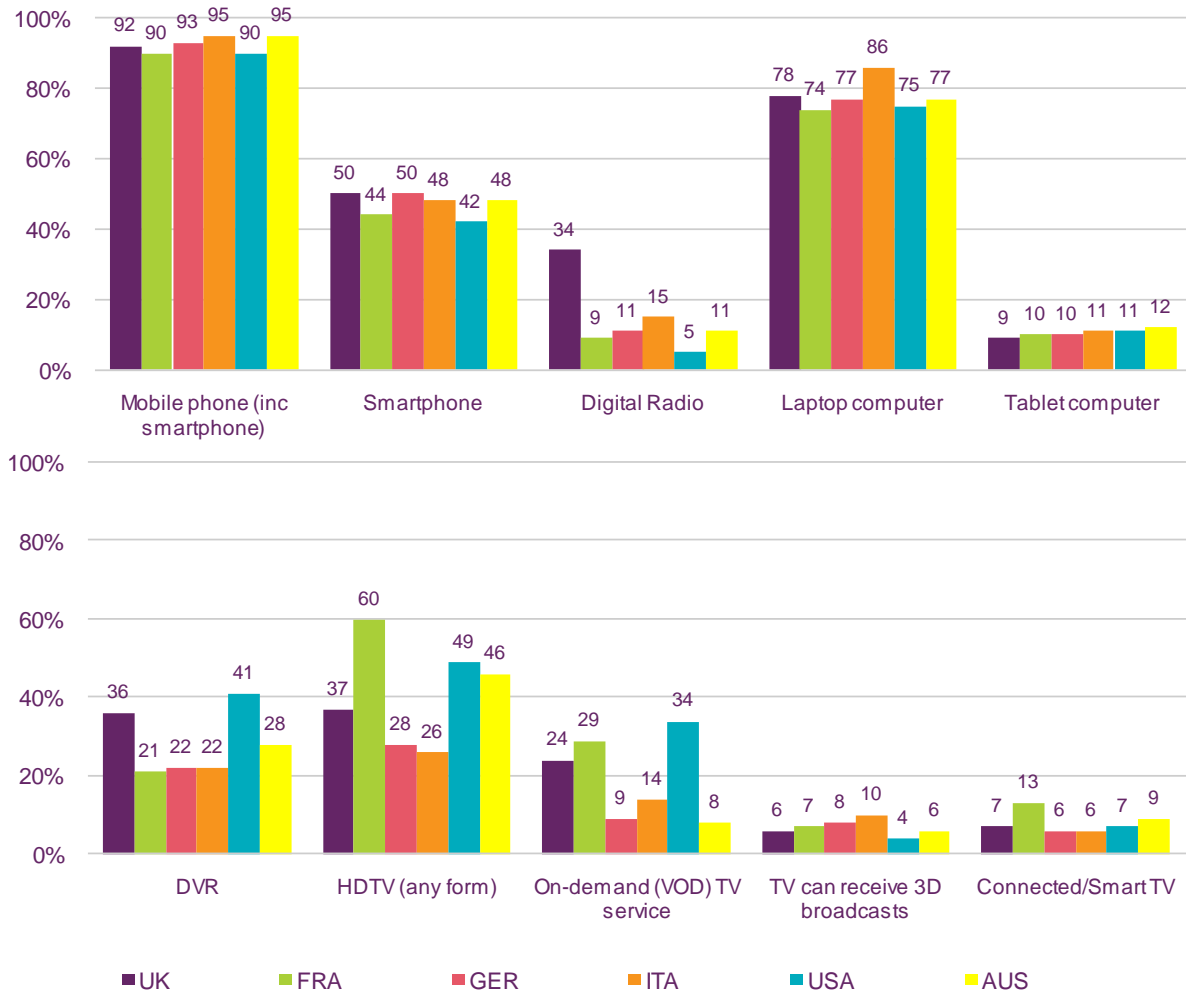
### **Digital radio and smartphone ownership highest in UK**

As part of our consumer research we asked respondents about their ownership and use of a range of devices. The reasons for differences in levels of ownership and use of different communications devices and services are multiple and complex, and may relate to cultural factors, differences in affordability, and local market structures, and also vary by respondents' interpretations of the terminology. We used an online survey, so the results from our consumer research may not fully reflect the behaviours of non-internet users.

The results indicate that ownership of smartphones was highest in the UK and Germany, with one in every two (50%) internet users surveyed claiming ownership (Figure 1.11). More broadly, mobile phone ownership (including smartphones) was 92% in the UK (Italy being the highest at 95%). Relative to ownership of other devices, mobile phone ownership was relatively high across all of our comparator countries, underlining the increasing penetration (and subsequent use) of the devices globally. The UK also has the highest levels of digital radio ownership, at 34%. Italy, at 15%, was the next highest, reflecting a relative advancement of the UK in the digital radio area. Reported ownership of DVRs was also relatively high in the UK, at 36%. This was lower than the highest (41% in the US), but considerably higher than our European counterparts covered in the research (21% in France; and 22% in both Germany and Italy).

In terms of other devices, France, at 60%, leads the way, by some distance, in ownership of (any form of) HDTV, followed by 49% in Australia, with the UK third highest at 37%. Ownership and use of on-demand (VOD) TV services are highest in the US, at 34%, followed by France at 29% and UK again third highest at 24%. Meanwhile, penetration of some of the more recently launched devices - such as tablet computers, TV sets that can receive 3D broadcasts and connected/smart TVs - remain relatively low, with minimal variation across our comparator countries.

**Figure 1.11 Ownership and use of devices**



Source: Ofcom consumer research, October 2011.  
 Base: All respondents, UK=1015, France=1014, Germany=1014, Italy=1045, USA=1002, Australia = 1012.  
 Q: Which of the following devices do you own and personally use?

**People in the UK are leading users of smartphones, with nearly half (49%) claiming to use them at least weekly**

Figure 1.12 charts the levels of reported ‘regular’ use of selected communications services (regular use defined as at least once per week). Our research was conducted among online panellists, who may be more likely than average to use selected communications services (for the example the internet) so data should be treated with this caveat in mind.

In all six countries surveyed, over 90% of consumers surveyed access the internet via a computer/laptop at least once a week on average - the only activity to achieve in the nineties across all countries covered. However, in the UK, watching TV remains the most popular activity, at 93%, marginally ahead of the 91% who access the internet via a computer or laptop. With the exception of France, at 89%, 90% or more respondents in all other countries claimed to watch TV on a weekly basis. Watching TV has historically been the most popular media activity; for internet use to achieve parity of popularity is a particularly noteworthy development.



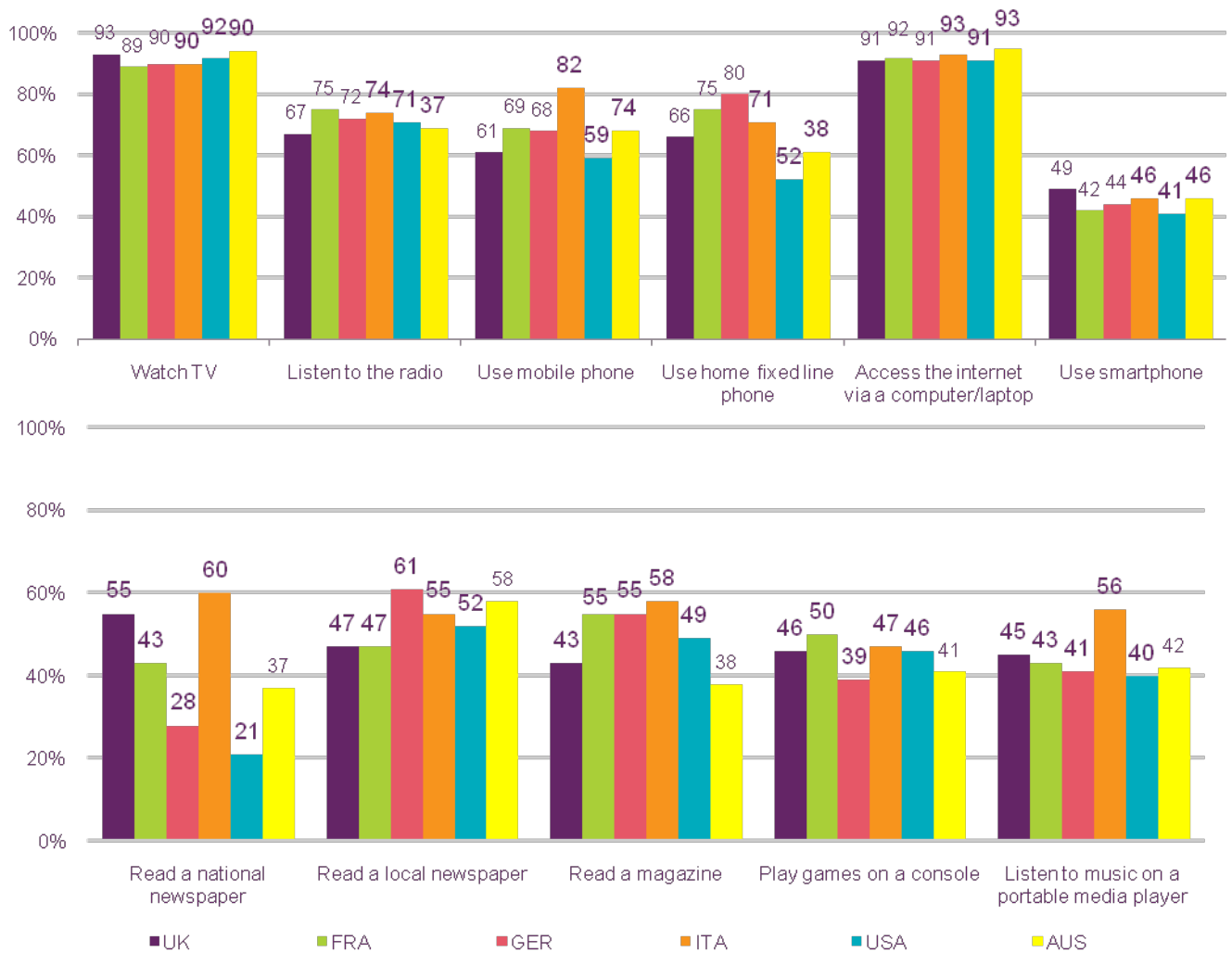
As stated earlier in the report, the UK reported the highest claimed ownership of smartphones (50%); unsurprisingly, the UK also leads in the proportion claiming weekly use of a smartphone (49%), followed by Italy and Australia at 46% each.

In terms of other media activities, more than two in every three (67%) UK consumers said they listened to the radio at least once a week – lower than in all other countries covered. This figure may be particularly low because our research was conducted among internet users, and it is possible that many radio listeners are non-internet users who were excluded from our research.

Over half (55%) of UK consumers stated that they read a national newspaper at least once a week, the second highest proportion behind Italy, at 60%. Levels in Germany (28%) and Australia (37%) were noticeably lower than the other countries covered, although these countries report relatively high numbers for readership of local newspapers – Germany is the highest at 61%. This compares to the UK's 47%, which was joint lowest with France across the countries covered. The UK also reported relatively low levels of magazine readership; at 43% much lower than our European counterparts and the second lowest overall after Australia (38%). (Figure 1.11)

National variations in newspaper/magazine markets may explain some of the differences in readership between countries. In some countries, including France, and in particular the US, newspapers are, broadly speaking, published on a local/regional basis, and include international and national news stories in addition to those about the local/regional area. In other markets, including the UK, the news stories carried by national and regional/local titles tend to be more distinct.

**Figure 1.12 Regular use of selected communications services / media**



Source: Ofcom consumer research, October 2011.

Base: Allrespondents, UK=1015, France=1014, Germany=1014, Italy=1045, USA=1002, Australia = 1012.

Q; Which of the following do you regularly do (at least once a week)?

# 1.3 International regulatory context and models

## 1.3.1 Introduction

### **The relationship between market developments and the regulatory landscape**

The communications sector is becoming globalised, and Ofcom's activities and those of the industries we regulate are increasingly influenced by international developments. The regulatory environment can be an important influence on communications markets, by introducing requirements on market players in order to help achieve specific public policy goals. Equally, market developments and technology/consumer trends help to determine the evolution of the regulatory framework.

For these reasons, this section provides some regulatory context to the analysis of international communications markets elsewhere in this report. It does not aim to be a comprehensive examination of regulatory frameworks across the comparator countries. Rather, it is an overview of the main regulatory and policy developments over the past year, structured around the five strategic purposes set out in our 2011-12 Annual Plan<sup>5</sup>. Before looking at specific developments, we introduce the relevant regional and international regulatory institutions.

## 1.3.2 Regulatory authorities

### **Converging markets have led to converging regulatory authorities at the national level...**

Converging technologies allow the same content and services to be delivered over a range of digital distribution networks and devices, and IP-based delivery has revolutionised how consumers receive and make use of text, audio and audio-visual content. For national regulatory authorities (NRAs), this has required an increasingly joined-up approach across the communications sector. In terms of our comparator countries, converged regulators that span both networks and content now exist in the US, the UK, Italy, Australia, Canada and Japan. Other countries with converged telecoms and broadcasting regulators include Finland, Hungary, Israel, Malaysia, Slovenia, South Africa, South Korea and Switzerland.

Technology and market convergence has not always led to full institutional convergence. There are still many instances of separate regulators for broadcast and telecommunications (e.g. France, Ireland, Poland, Sweden and the Netherlands), and the challenges of convergence have been met through increased cooperation between these separate authorities. NRAs also have some spectrum responsibilities in countries including the UK, Italy, US, Germany, Sweden, Brazil, Hungary, Iceland, Egypt and Turkey.

The fast-moving pace of new media markets has strengthened the need to develop flexible tools, and to involve both consumers and market players in the process of regulatory design. This has led to the development of new self- and co-regulatory instruments. For example, the Australian converged regulator, ACMA, has for some years operated a co-regulatory system that spans content and internet services. The German content regulators are also

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<sup>5</sup> Promote effective and sustainable competition; Promote the efficient use of public assets; Help communications markets to work for consumers; Provide appropriate assurances to audiences on standards; Contribute to and implement public policy defined by Parliament.  
<http://www.ofcom.org.uk/about/annual-reports-and-plans/annual-plans/annual-plan-2011-12/>

very supportive of the benefits of self- and co-regulatory approaches, and the UK regulator (Ofcom) has a duty to consider self-regulatory approaches in lieu of formal regulation.

### **...while regional frameworks and authorities have retained distinct sectoral remits...**

At the European level, NRAs work through separate bodies for telecoms, spectrum and broadcasting:

- Body of European Regulators for Electronic Communications ([BEREC](#));
- Radio Spectrum Policy Group ([RSPG](#));
- European Platform of Regulatory Authorities ([EPRA](#)); and
- European Conference of Postal and Telecommunications Administrations ([CEPT](#)).

There is also a growing number of regional bodies in other parts of the world which share experiences and develop common regulatory guidelines and principles, particularly in the area of electronic communications. This reflects the fact that - with content and services increasingly delivered across borders by satellite and internet - national regulators are increasingly dealing with companies legally established outside their jurisdictions, or tackling cross-border issues that span national jurisdictions. Such bodies include [ATRC](#), [REGULATEL](#), [AREGNET](#), WATRA, [CRASA](#) and [ECTEL](#), which respectively represent telecoms regulators in the Southeast Asian, Latin American, Arab, West African, Southern African and East Caribbean regions.

### **...and international bodies play a key role in standardisation and policy development**

In addition to NRAs and regional groups, several international institutions can influence regulatory regimes. Their role is becoming increasingly important as the development of common approaches grows around technology standards, spectrum use, internet governance, international mobile roaming, intellectual property and content standards.

The [International Telecommunication Union](#) is the UN's specialized agency for information and communication technologies (ICT). It is unusual among UN bodies in that it was founded on the principle of cooperation between governments and the private sector. Its membership encompasses telecommunication policy-makers and regulators, network operators, equipment manufacturers, hardware and software developers and regional standards bodies. The ITU has three 'sectors': the Radiocommunication Sector ([ITU-R](#)) allocates spectrum at the global level and has been pivotal in harmonising spectrum for applications; the Telecommunications Standardization Sector ([ITU-T](#)) establishes worldwide standards for telecommunications and ICT equipment; and the Development Sector ([ITU-D](#)) delivers technical assistance to developing countries. In the coming year, ITU-R and ITU-T will hold conferences to define their priorities and review the international treaties: the Radio Regulations and the International Telecommunication Regulations.

The Organisation for Economic Cooperation and Development has an Information, Computer and Communications Policy ([ICCP](#)) Committee which incorporates work on the communications sector. It contributes to the development of the regulatory and economic policies of its member countries through producing reports of analysis and policy recommendations, and holding multi-stakeholder events. It also collects and publishes relevant data, notably in its biennial *Communications Outlook*. In June 2011, the OECD held a high-level two-day meeting to advance the debate on internet governance, which resulted in a communiqué on [Principles for Internet Policy-Making](#).

### 1.3.3 Key developments in the European regulatory and legislative framework

Before discussing specific areas of policy development, it is worth noting that 2011 saw significant changes to the regulatory and legislative electronic communications framework in Europe.

The [EU Electronic Communications Framework](#) applies to all electronic communications networks and services, retail and wholesale, as well as associated facilities and services. It aims to ensure effective competition and consumer protection as well as constituting the basis for a consistent regulatory environment across the communications markets of all 27 Member States. It was revised in 2009; key changes including the removal of superfluous regulation, strengthening of consumer protection and further liberalisation of spectrum markets.

A key aim of the revised Framework is to strengthen the consistency of regulation across the EU. To that end, the **Body of European Regulators for Electronic Communications (BEREC)** formally came into existence in January 2010, replacing the previous collaborative group, the European Regulators Group (ERG). BEREC now plays an important role in the revised EU Regulatory Framework, by promoting co-operation among NRAs and between NRAs and the Commission; identifying and disseminating best regulatory practice; and providing advice on regulatory matters to the EU institutions, either on request or at its own initiative. The European Commission and NRAs are both required to take the utmost account of BEREC opinions.

BEREC has, in particular, a very important role to play in reviewing and reporting on individual national regulatory decisions, in cases where the Commission has expressed 'serious doubts' about a particular measure. In 2011, the BEREC Office, based in Latvia, became operational and was able to begin providing professional and administrative support to BEREC. BEREC's priorities in 2011 included net neutrality, regulatory remedies for NGA and the promotion of competition in superfast broadband and mobile roaming, many of which will continue during 2012.

The following sections consider key policy areas in which there have been significant developments in 2011, grouped according to Ofcom's strategic priorities.

### 1.3.4 Helping communications markets work for consumers

#### Traffic management and net neutrality

The 'net neutrality' debate (whether, and where, there should be a principle of non-discrimination of internet traffic across networks) has continued to occupy regulators across the world, with the focus particularly on questions of discrimination and transparency.

In **Europe**, the revised EU Regulatory Framework identified net neutrality as a policy objective, in that end-users should be able to access and distribute information, and run applications and services of their choice. Transposition of the revisions into national laws in 2011 introduced requirements for greater transparency and gave NRAs a discretionary power to impose 'a minimum quality of service on the internet'.

In April 2011, the European Commission published a [Communication on the Open Internet and Net Neutrality](#), following its [2010 consultation exercise](#). It concluded that the rules on transparency, switching and quality of service within the Revised Framework should contribute to producing competitive outcomes, and it would be premature to intervene before seeing how the new rules will operate in practice. This was a view echoed in May 2011 in a study commissioned by the European Parliament: [Network Neutrality: Challenges and Responses in the EU and the U.S.](#)

In parallel, the Commission asked BEREC to look into a number of issues that surfaced in the course of its consultation; in particular, barriers to switching and practices of blocking and throttling. The Commission will consider the BEREC findings and the implementation of the new rules before deciding in 2012 whether it needs to issue any additional guidance. If significant and persistent problems are substantiated, the Commission may assess the need for more stringent measures to achieve the necessary competition and choice for consumers.

Net neutrality was a major priority for BEREC in 2011, with much of the work continuing into 2012. In September 2011, BEREC consulted on [Guidelines on Net Neutrality and Transparency: best practices and recommended approaches](#). As set out in its [2012 Work Programme](#), BEREC will produce guidance on when and how to impose minimum quality of service requirements on ISPs, and report on competition issues related to net neutrality. BEREC will also provide the Commission with a report on the traffic management practices of ISPs, analysing how competition and technological developments in the IP interconnection market - including peering and transit agreements between parties – affect net neutrality.

There have also been developments at the national level. In Europe, the Dutch parliament has proposed to prohibit differentiation of internet data traffic and prevents operators from charging consumers separately for the use of certain services and applications while using an internet access service. Revisions to the law would set out the limited circumstances in which traffic management may be used, including for managing congestion, and dealing with spam and viruses. The measure was adopted with a broad majority in the lower house of the Dutch parliament but, at the time of writing, must still pass through the Senate before becoming law.

Looking beyond Europe, there have been significant recent developments in the United States. In December 2010, the FCC adopted three enforceable net neutrality [regulations](#) which introduced new rules on transparency as well as clarifying the types of blocking permitted for fixed and mobile broadband. The restrictions on fixed broadband providers are more detailed than for mobile broadband. Fixed providers are not permitted to block lawful content, services, non-harmful devices or applications, including those competing with their own voice or video telephony services, whereas mobile broadband providers are prevented from blocking lawful websites and VoIP or video-telephony applications which compete with their own voice or video telephony services.

In April 2011, the FCC took a first step to implement these regulations, establishing an Open Internet Advisory [Committee](#) “to track and evaluate the effects of the ... Open Internet net neutrality rules and to provide any recommendations the Committee deems appropriate to the FCC regarding policies and practices related to preserving the open Internet”. The regulations were formally approved in September 2011, clearing the way for full implementation by the end of 2011. However, the regulations may continue to face significant opposition from Republican lawmakers as well as lawsuits on behalf of ISPs calling for the rules to be overturned, which will play out in 2012.

### **International mobile roaming**

The [2007 EU Roaming Regulation](#) aims to ensure that consumers travelling in the EU are not charged excessive prices for making phone calls. In 2009, the Regulation was [extended](#) to cover roaming SMS and data services. In particular, it requires operators to offer all consumers a voice call tariff (the ‘Eurotariff’) and an SMS tariff (the ‘Euro-SMS’) for roaming within the EU, which may be priced up to a maximum cap. The Regulation also places average price caps on the wholesale rates applicable between any pair of operators for voice, SMS and data services. The Regulation has had a significant impact on prices. For

example, regulated voice prices fell by up to 60% when the 2007 Regulation came into force, and SMS prices fell by about the same amount on introduction of the 2009 Regulation.

The EU Regulation also requires operators to provide consumer information on voice, SMS and data roaming prices, and enables consumers of data services to control the amount they spend by setting an upper limit on spending per month, after which the service will no longer be provided or charged for, unless the consumer re-authorises access.

The Commission's 2010 [Digital Agenda](#) included a goal of looking for durable solutions to voice and data roaming by 2012, with the target that the "difference between roaming and national tariffs should approach zero by 2015".

In July 2011, the European Commission published [proposals](#) for a revised roaming regulation to take effect from June 2012, the date when the 2009 regulation is due to expire. This followed findings, supported by [analysis](#) from BEREC, of ongoing weak competition, market failures and unreasonable prices compared to costs at the wholesale and retail levels. Negotiations are currently underway to agree a final text.

In order to increase competition and provide a lasting solution to high roaming prices, the draft Regulation includes "structural solutions". In addition to a wholesale access obligation, consumers would, by 2014, be able to select a different provider for roaming from their domestic carrier, and switch for roaming only. The Commission's proposal also includes price caps until 2022 at the wholesale level and 2016 at the retail level, for voice, SMS and now for data as well.

In August 2011, BEREC published an [analysis](#) which largely supported the Commission's approach. BEREC also stressed that retail price regulation should be removed only when it is demonstrated that market forces are sufficient to deliver reasonable prices, and that the technical means of offering roaming services from a separate provider should not be specified in the Regulation itself, so that it is future-proof. BEREC also suggested that the monthly retail data limit should be extended to cover roaming outside Europe as well.

Roaming regulations have gone furthest within the EU, but over the past two years there have also been bilateral and multilateral initiatives in other parts of the world.

In April 2011, the **Singaporean and Malaysian governments** announced a mutual agreement to bring down roaming prices between their two countries. Under the agreement, roaming charges for voice calls and SMS were reduced by 20% and 30% respectively, with the reduction set to rise to up to 30% (voice) and 50% (SMS) in May 2012.

In May 2010, the **Australian and New Zealand governments** published a joint discussion paper on 'Trans-Tasman mobile roaming'. The preliminary conclusions of the paper were that in both New Zealand and Australia price transparency appeared inadequate and consumer awareness low, while roaming prices seemed relatively high. Discussions are under way at governmental level on how best to reduce roaming charges between the two countries.

Other regional and international organisations that are considering the level of roaming prices, pricing transparency and/or possible regulatory solutions include the **Arab Regulators' Network (AREGNET)**, the **ITU** and the **OECD**. In June 2011, the OECD published a [report](#) which analysed data roaming charges of 68 operators in 34 OECD countries and called on regulators and policy makers to boost competition to reduce the high prices.

### 1.3.5 Promoting effective and sustainable competition

#### Next-generation access networks

Telecoms operators in Europe, Asia and North America have been facing a common challenge: upgrading networks to make use of more efficient technologies, including fibre optic cables, and migrating from traditional transmission standards, designed in the world of the public switched telephony network (PSTN) to standards used to route data via internet protocol (IP). Many operators have now migrated their backbone networks to next-generation core networks (NGNs) by overlaying and upgrading their legacy backbone PSTN networks with a single IP-based network. Developments in other regions, such as Latin America, Africa and the Arab States, have been slower but are following a similar trend. The introduction of next-generation access (NGA)<sup>6</sup>, typically, though not universally, based on fibre optic technology, has been more uneven.

In Europe, Asia and North America, there is a broad consensus that the accelerated roll-out of NGA networks is a desirable goal, but there is a variety of approaches to reaching that goal. In most countries outside the EU, NGA regulatory frameworks are being designed as part of the process of deciding how much public funding to invest in NGA networks. In Europe, public investment remains largely the responsibility of EU Member State governments, although the European Commission has a role to play in promoting the consistency of regulatory approaches across Member States.

With that goal in mind, the European Commission published in September 2010 an [NGA Recommendation](#) so as to bring regulatory certainty for industry and encourage investment while fostering competition in broadband markets. This supports the Commission's ambitious Digital Agenda targets that, by 2020, every EU citizen should have access to 30 Mbps, and 50% should have access to 100 Mbps.

BEREC agrees that regulatory certainty and consistency are crucial in order to foster a competitive environment for long-term investment in NGA, and provided input at various stages to the development of the Commission's NGA Recommendation. In October 2011, BEREC published a [report](#) looking at how the Recommendation had been implemented in Member States by the end of its first year in place. The report concluded that it was still too early to make an assessment; fewer than half of the NRAs had so far notified decisions on NGA, and even once notified, it takes a while until new NGA wholesale products are implemented in the markets. It found that operators in different Member States follow different NGA deployment strategies, involving different degrees of the use of their own infrastructure or of active or passive wholesale products. BEREC committed to further work in 2012 to analyse the effects of the different sets of remedies in order to formulate best practice.

In Europe, public funding of NGA has been provided by regional and local authorities to cover specific areas. These schemes have had to be carefully tailored to satisfy [European state aid rules](#) and are therefore generally based on arguments around market failure and digital inclusion. The Commission has announced a review of the state aid guidelines by September 2012 to ensure they reflect ongoing regulatory, market and technological developments. To this end, the Commission carried out an initial public [consultation](#) in 2011.

Many governments in other parts of the world have published national broadband plans, as detailed in the June 2011 OECD [report](#) on National Broadband Plans. Most of these include

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<sup>6</sup> NGA can be understood as new physical infrastructure relying on new access network technologies enabling a significant improvement in the broadband experience for end-users, through combinations of: higher bandwidths; more equal upstream and downstream bandwidths; and more reliable, higher quality services



targets related to levels of geographic coverage, adoption and minimum or average transmission speeds.

In Australia, Brazil, Luxembourg, New Zealand, Singapore and South Africa, governments have become more directly involved in the construction of broadband networks. Some countries, such as Chile and Norway, have used public private partnerships (PPPs) as a vehicle for interventions. Most OECD countries, however, have chosen not to become involved in the direct supply of telecommunications, preferring to set the regulatory framework and to provide targeted economic support through a variety of forms of public investment.

Australia and New Zealand have both reconsidered their legal and regulatory frameworks in order to meet their NGA goals. The Australian Parliament passed the Telecommunications Legislation Amendment (Competition and Consumer Safeguards) Act in November 2010 to facilitate the achievement of its National Broadband Network project. In New Zealand, a number of measures have been introduced by the government and by the Commerce Commission to support the deployment of fibre to the premises, including the continuing use of operational separation.

The Japanese and South Korean governments have developed national strategies for the provision of high speed broadband, involving nationwide NGA roll-out. These involve a mixture of incentives for operators, including some public support such as seed funding and soft loans. They have also encouraged infrastructure-based competition, which has been particularly successful in South Korea, where there are now three competing providers of broadband internet with nation-wide NGN / NGA networks. However, other circumstances and characteristics of the Japanese and South Korean markets have also proved very favourable to NGA roll-out.

Singapore has ambitious plans to be one of the first countries in the world to deliver a metropolitan fibre network to the home – with the aim of achieving speeds of up to 1Gb by the end of 2012. The government, with the support of the regulator IDA, is progressing with their programme to develop a next generation national broadband network (Next Gen NBN), to support new digital industries as key engines of growth for Singapore's economy. An in-depth analysis of some of these issues can be found in the June 2011 OECD report: [Next Generation Access Networks and Market Structure](#).

### **Cloud computing**

Although not directly within the remit of communications regulation, cloud computing is of increasing interest to regulators and policy-makers. It is not a new concept - forms of it, such as webmail, have existed across the majority of the internet's history. Cloud-based software, platform and infrastructure services are available for use by businesses and governments, and, with the launch of cloud-based content services from Amazon, Google and Apple, cloud computing was propelled into the consumer limelight in 2011.

Cloud-based applications offer a number of advantages to users. Businesses and governmental bodies can benefit from lower costs and greater innovation by using cloud services rather than installing and maintaining software and computing equipment of their own. And with files stored remotely, access is typically available from any internet-enabled device.

While many administrations are keen to foster the growth of cloud computing to realise these benefits, questions about privacy and security, including how easily these new services fit with the existing regulatory regimes, must be considered. For example, how will cloud

services that transfer data between servers based in different continents respect data protection regulations that vary between different jurisdictions?

At the 2011 Davos Economic Forum, the European Commission [said](#) that it wanted Europe to be not just cloud-friendly, but cloud-active. It will present a European Cloud Computing Strategy in 2012, and in support of that, the Commission launched a [consultation](#) in May 2011, seeking views on issues such as data protection and liability, in particular in cross-border situations, and standardisation and interoperability.

In the United States, the Cloud Computing Act, a bipartisan bill, was put before Congress in April 2011. It encourages the US government to negotiate with other countries to establish consistent laws related to online security and cloud computing. If adopted, it would form new civil and criminal enforcement tools to investigate and prosecute hackers, and would require all federal agencies to create a 'cloud-computing plan' and monitor progress towards more secure policies.

### 1.3.6 Providing appropriate assurance to audiences on standards

In Europe, the [Audiovisual Media Services \(AVMS\) Directive](#) is the common framework for the regulation of television and video-on-demand (VOD) content (but not for radio). The Directive sets out common minimum rules for television content, with a focus on the protection of minors, incitement to hatred, advertising, and the promotion of European works. It also ensures that pan-European broadcasters have only to comply with a single set of rules, those of the country in which they are established (the country of origin).

EPRA is one forum where regulators are able to discuss certain themes around implementation, such as:

- The scope of VOD: which video delivery services should and should not be regulated?
- Jurisdiction: which regulatory authority is responsible for regulating audio-visual services, and how should concerns about services received in one country but regulated elsewhere (EU or beyond) be addressed?

In Europe and elsewhere in the world, two major challenges for public authorities in terms of content regulation are child online protection and connected TV.

#### Child online protection

In recent years, child online protection<sup>7</sup> has moved higher up the international policy-making and regulatory agenda. In some cases, the starting point has been to ask whether to extend 'broadcast content' rules to new digital content, regardless of the delivery platform. New policy challenges are emerging in approaches to the protection of minors for the non-broadcast regulated content available online. In addition, emphasis is placed on the development of media literacy<sup>8</sup> as a tool for children and parents to be empowered to avoid harmful content or behaviour. There is also an emerging debate, in the context of internet governance, about the role that various participants in the internet value chain should be

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<sup>7</sup> The term child online protection in this case relates to the protection of minors (traditionally meaning, in regulatory terms, broadcast content-related rules for the protection of young viewers) in the online space. In many countries, the broadcast-related rules for minors are only applicable to broadcast-like services online and not all video and content services online.

<sup>8</sup> Ofcom defines media literacy as: "the ability to access, understand and create communications in a variety of contexts".

asked to play in preventing access to harmful activities. There have been a number of developments in 2011 in terms of child online protection.

The European Commission continues to pursue approaches to protecting children online through a number of measures including research, education, media literacy and programmes such as the [Safer Internet Programme](#).

In September 2011, the Commission published a report (Protecting Children in the Digital World) analysing the implementation of the 1998 and 2006 [Protection of Minors and Human Dignity Recommendations](#) in the Member States. The report called for more reporting points for problematic content on social networks and for 'privacy by default' settings for children. The report also recommended the wider use of age-rating systems (like [PEGI](#)) for online games.

The Commission has announced its intention to launch a strategy in this area and, in parallel, there have been a series of cross-industry workshops to develop industry codes of conduct. Meanwhile, the ITU continues to implement its [Child Online Protection](#) initiative, which was launched in 2008. In [its latest phase](#), the ITU is investigating the possibility of developing international telecommunications standards, the widespread application of which it is hoped would help protect children from online threats.

Trade associations and industry players are increasingly lending their weight to international campaigns and agencies promoting online child safety. Examples are the [Family Online Safety Institute](#) (FOSI), which launched a [First Ladies Initiative for Online Safety](#); [Childnet International](#), which manages the [Digizen](#), [KnowITAll](#), [Kidsmart](#) and [chatdanger.com](#) online safety advice websites; and the [UK Safer Internet Centre](#).

National regulatory authorities are also playing a more active and strategic role in these fields.

In media literacy:

- **US:** The [National Broadband Plan 2010](#) includes substantial proposals for facilitating and coordinating child online safety and literacy work. The FCC has recently launched [Parents' Place](#) and consulted on filtering and blocking technologies. The FTC has re-launched its [OnGuardOnline.gov](#) website, including a "Net Cetera" [toolkit](#), giving advice on children's online safety.
- **Nordic countries:** The regulators in Sweden, Norway, Finland, Denmark and Iceland play a leading role in national campaigns for child online safety, including providing advice and education on internet safety and privacy and facilitating various national initiatives on young people's security on the internet<sup>9</sup>.
- **UK:** In October 2011, Ofcom published new [research](#) on children and parents' media use and attitudes online as part of its media literacy research programme.

Regarding content and standards regulation and parental controls:

- **UK:** Autumn 2011 saw the launch a website called [ParentPort](#), which brings together communications regulators to provide advice to parents concerned by potentially explicit audio-visual material. In addition, the UK Council for Child Internet Safety - in conjunction with regulators - has achieved an agreement from the top four ISPs that

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<sup>9</sup> See: <http://surfalugnt.se/>, [www.nettvett.no/](http://www.nettvett.no/), [www.mll.fi/en/projects/fias/](http://www.mll.fi/en/projects/fias/), [www.netsikker.dk/](http://www.netsikker.dk/) and [www.saft.is/](http://www.saft.is/)

all customers will receive an active choice at the point of purchase over whether they want to block adult content on their home internet PC or laptops. Lastly, Ofcom published new consumer research [guidance](#) on programmes shown before 9pm.

- **Germany:** Providers of content that is potentially harmful to minors are subject to protection obligations under the German Inter-State Agreement on Young People in the Media. Providers may meet these obligations by providing parental controls for their content. In May 2011, KJM, the co-regulator for online media, issued criteria for the approval of such systems by the regulator.
- **Italy:** In July 2011, the Italian NRA, AGCOM, adopted a co-regulatory code on parental controls, aimed at preventing access by minors to adult content. The controls are opt-out, using a PIN code. Providers must also provide consumer information about the controls and content classifications. AGCOM envisages the establishment of an industry technical board to develop specific rules relevant to connected TV and web TV.
- **France:** In December 2010, the French audiovisual regulator, CSA, adopted rules on on-demand AVMS established in France. These established an age classification system with associated scheduling restrictions and signing. Content for over-18s must also now be subject to technical blocks.

## Connected TV

A connected TV is a television that is broadband-enabled, to allow viewers to access internet content.<sup>10</sup> It may offer a closed environment, allowing users to access certain internet applications only, or an open environment, allowing users to access the whole internet.

The advent of connected TV raises many questions for regulators. In the connected-TV environment, different types of service are subject to different regulatory regimes, but the consumer may no longer be able to distinguish between them. Technological developments also raise questions of how consumers should be protected, both from potentially harmful content and in terms of their data security, and how to regulate third-party material (i.e. from outside national jurisdictions). For the broadcasters, questions arise around ensuring non-discriminatory access to infrastructure, and around technical standards and the presentation of content. Protecting the integrity of content from the alteration of display, or from the insertion of additional advertising, also becomes of crucial importance to broadcasters. Debates have begun over the impact such developments could have on how television content is funded in the future.

In 2006 in Japan, ARIB (the Association of Radio Industries and Businesses) published a series of [recommendations](#), covering advertising and avoiding third-party overlays in the connected-TV environment.

In November 2010, all French free-to-air providers signed an agreement to increase control over their linear content. Under the agreement, no-one can add any services to the screen (on top of the linear service) without prior approval from the channel. In April 2011, the CSA hosted an international conference to explore the regulatory challenges of connected TV and the debate is ongoing.

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<sup>10</sup> Ofcom CMR 2011 definition: Connected TV is different from IPTV (internet protocol television), which is television or video signals delivered to subscribers using internet protocol (IP), the technology that is also used to access the internet.

There have also been significant discussions in Germany, where there are regulations in place around the integrity of programmes, preventing the insertion of additional advertisements or alteration of the screen display.

Finally, in April 2011, the European Broadcasting Union (EBU) published its [principles](#) for internet connected and hybrid television in Europe. Considering the interests of consumers, users, broadcasters and manufacturers, the principles focus on six key areas: links between broadcast and broadband, content integrity, access to broadcasters' content, preserving a safe viewing environment, copyright/piracy, and data protection.

### **1.3.7 Promoting the efficient use of public assets**

The radio spectrum does not recognise international borders and therefore a formal framework of co-operation between countries has been put in place. This minimises cross-border interference between a diverse range of wireless services such as mobile telephony, broadcasting and civil aviation, and can also help countries achieve seamless wireless services at a European or even global level. Harmonisation can also help to create economies of scale which translate to lower prices for citizens and consumers.

As noted in 1.4.2 above, the key international structures which co-ordinate spectrum at the European and international levels are the EU, supported by the [Radio Spectrum Committee](#) and the [RSPG](#); the [CEPT/ECC](#) which has a broader membership (than the EU) of 48 member states, and the ITU.

In 2011, the key developments in European spectrum policy were focused on the release of spectrum for mobile broadband services. A number of countries (Italy, Spain and Sweden) joined Germany - which conducted its award in 2010 - in releasing spectrum in the 800MHz band. Some awards also included the release of spectrum in the 2.6GHz bands, thereby meeting the obligations set out in European Commission Decisions to make these bands available for mobile broadband.

The new Radio Spectrum Policy Programme (RSPP) - proposed by the European Commission in 2010 and subject to negotiation between the European Parliament and European Council - is likely to be adopted in early 2012. This, among other things, will create deadlines for the release of the 800MHz and 2.6GHz bands to ensure a swifter roll-out of high speed mobile broadband services. These initiatives will, in turn, be a key contributor to the goal set out in the European Commission's Digital Agenda programme of high-speed broadband for all by 2020. The RSPP is also likely to lay the foundations for a spectrum inventory to help identify how increased demand for wireless services could best be met in the future.

The focus in 2011 in regional and global spectrum matters has been on preparing for the forthcoming [WRC12](#). This will take place in Geneva in January/February 2012. The agenda will include:

- spectrum allocations for aeronautical and maritime services;
- discussions on future spectrum arrangements for aeronautical mobile satellite communications;
- facilitating the deployment of the new European global navigation system, GALILEO; and
- a forward-looking decision on how to identify spectrum to meet growing mobile broadband demand (which is likely to be added to the agenda for WRC15).

The CEPT, which is mandated by the ITU to represent the European region at the WRC, finalised its position on all of the WRC12 agenda items in November 2011.

### 1.3.8 Contributing to, and implementing, public policy defined by Parliament

#### Online copyright infringement

The creation and distribution of online content and the associated regulatory challenges are at the forefront of debates on content regulation in many countries. Tackling online copyright infringement is a particular challenge.

At the EU level, the European Commission has various initiatives in this area. In May 2011, it published a comprehensive [IPR Strategy](#), which set out a strategic vision to create a single market for intellectual property through a package of measures to be taken forward over the next few years. The strategy included a number of proposals related to online copyright infringement, the main one being a review of the IPR Enforcement Directive. The Commission is expected to launch the review in the first half of 2012, looking at ways to create a framework for more effective enforcement against online copyright infringement. The focus will be on tackling infringements “at their source” by fostering the cooperation of intermediaries, such as internet service providers, while being mindful of broadband policy goals, the interests of end-users and fundamental rights.

Alongside the efforts to tackle enforcement issues, the European Commission has a range of proposals aimed at increasing the amount of legal content that can be accessed online. It is hoped that proposals to reform collecting societies will facilitate cross-border licensing and enable the emergence of rights brokers to license works on a multi-territorial basis. The Commission will also take forward discussions in 2012 on possible codification of the current EU Copyright Directive.

At the multilateral level, an Anti-Counterfeiting Trade Agreement ([ACTA](#)), which had been under negotiation for several years, was adopted by a number of countries in October 2011. The treaty defines common standards on IPR enforcement and increases international cooperation, including in the area of online copyright infringement. It was signed by Australia, Canada, Japan, Morocco, New Zealand, Singapore, South Korea and the United States. The EU, Mexico, and Switzerland, which were parties to the negotiation, also attended the signing ceremony and indicated their intention to “sign the Agreement as soon as practicable”.

In parallel, a number of national legislative and non-legislative initiatives have focused on online copyright infringement.

**UK:** the Digital Economy Act (DEA) 2010 requires Ofcom to make a Code to regulate the process of notifying subscribers when someone using their internet connection appears to have infringed copyright. The final Code is expected to be published in early 2012. In August 2011, the government set out its [next steps](#) for implementation of the DEA. This included a decision - following [advice](#) from Ofcom - not to pursue DEA provisions under which ISPs could be required to prohibit access to internet sites found to be infringing copyright. Instead, the government will look to ISPs to implement voluntary measures in this area.

**France:** two 2009 laws<sup>11</sup> establish a ‘graduated response’ regime targeting online copyright infringement, administered and enforced by an independent public body, HADOPI (High Authority for the Dissemination of Works and the Protection of Rights on the Internet).

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<sup>11</sup> Law promoting the dissemination and protection of creations on the internet (‘HADOPI I’) June 2009 and Law on the criminal protection of literary and artistic property on the internet (‘HADOPI II’), Sept. 2009

HADOPI receives reports of suspected infringements from rights-holders, may send up to two notifications to subscribers, and may then refer cases of repeat infringement to the judiciary for sanctions. It also has a monitoring and reporting role, and a duty to promote the development of legal offers. HADOPI's [2011 Annual Report](#) revealed that 470,935 first notices and 20,598 second notices were sent between January 2010 and June 2011. A government advisor will visit people with a third strike to assess whether they should be prosecuted, with those found guilty [reportedly](#) facing a €1,500 fine or a one-month suspension of the subscriber's internet account.

**Spain:** the March 2011 Sustainable Economy Law created an administrative authority (an Intellectual Property Commission within the Ministry of Culture) empowered to order the suspension of a website or the withdrawal of infringing website content, as well as to conduct dispute resolution between ISPs, rights-holders and broadcasters. The responsible authorities may require providers of information society services to provide the necessary data to identify copyright infringers. The prior authorisation of a judge would be necessary to carry out the measures adopted by the administration when these measures might violate fundamental rights and freedoms. The Ministry of Culture is currently developing secondary legislation to establish the IP Commission and set out the detail of the blocking process, before the law can come into effect, probably in early 2012.

**United States:** The Pro-IP Act of 2008 was passed to address file-sharing; it increased civil and criminal penalties for online copyright infringement, and gave the government powers to intervene. The June 2010 'Operation In Our Sites' initiative targets websites used to distribute copyrighted materials; over 120 websites have since been seized, including sites that link to, but do not directly host, infringing content. In a separate development, a Protect IP Act was proposed in May 2011; this would allow the government and rights-holders to obtain injunctions to effectively block websites that are registered outside the US and are dedicated to infringing activities. It also contains provisions targeting internet intermediaries such as payment processors, and in some circumstances, search engines. The Act is still under consideration by Congress.

**New Zealand:** the Copyright (Infringing File Sharing) Amendment Act came into effect in September 2011 for fixed networks (due in 2013 for mobile networks). It provides for a 'three notice regime' under which ISPs must notify subscribers when rights-holders present evidence of file-sharing infringements via that subscriber's account. Once the subscriber has received three notifications, a rights-holder may seek compensation of up to NZ\$15,000. A separate provision to allow the rights-holder to request that the ISP suspends the account is not currently in force and requires secondary legislation to come into effect, which will not happen unless it is deemed to be necessary. The Act also includes notice and takedown requirements under which, at the request of the rights-holder, ISPs must remove or block access to infringing material stored on networks within New Zealand. ISPs received the [first round](#) of notifications from a music industry group in November 2011.

**South Korea:** Changes to the Korean Copyright Law in 2009 introduced a three strikes-based notice and takedown scheme that targets commercial websites offering unauthorised content as well as individuals who are heavy uploaders of content to these sites. In March 2011, 19 sites with 2-4 million users were shut down and 1000 TB of data were seized.

In 2011, legislative proposals to tackle online copyright infringement were introduced in **Canada, Italy and Norway.**

# 1.4 Broadband Best in Europe Scorecard

## 1.4.1 Ofcom to publish Broadband Best in Europe Scorecard in summer 2012

### Scorecard to measure against aim to have best superfast broadband network in Europe by 2015

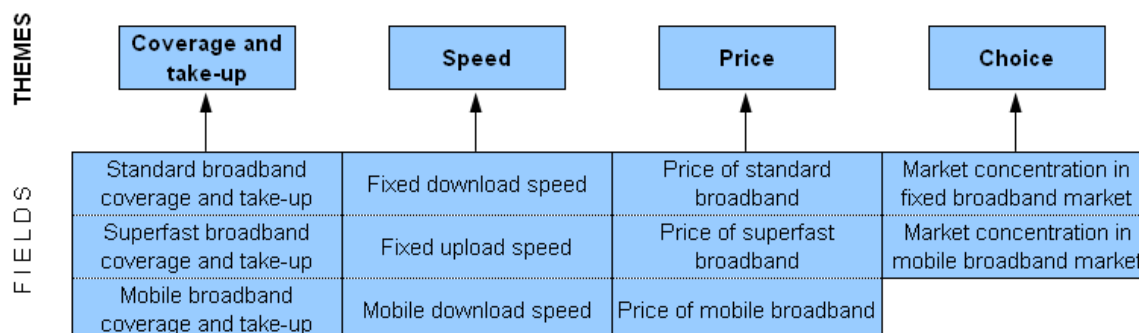
In December 2010 the UK government set out the UK's ambition to have the best superfast broadband network in Europe by 2015.<sup>12</sup> In order to measure this, it said that it would adopt a scorecard based on four headline indicators: coverage and take-up, speed, price and choice.

Ofcom has agreed that it will identify and collate the best data available from European countries in order to compile this scorecard. This data will draw on those collected by the European Commission, the OECD and other agencies. Wherever possible we will use data that is in the public domain; however, in order to have the most robust and up-to-date data it may be necessary to conduct specific data collection or commission specific research.

We plan to publish the first dataset in summer 2012, alongside the next update of the *Broadband Communications Infrastructure Report*.

Figure 1.13 details the proposed indicators that Broadband Delivery UK (BDUK), which is part of the Department of Culture, Media and Sport (DCMS) has identified to be included in the Broadband Best in Europe Scorecard.

**Figure 1.13 Proposed measures to be included in the Broadband Best in Europe Scorecard**



Source: Broadband Delivery UK

Any feedback on proposed measures, or proposals for data sources, should be sent to [market.intelligence@ofcom.org.uk](mailto:market.intelligence@ofcom.org.uk).

### Data in this report provide some comparison of UK broadband against other European countries

Of course, this report is also concerned with benchmarking the UK's communications sector, including broadband networks, against those in other countries. We include eight other EC countries in our comparison: France, Germany, Italy, Spain, Sweden, the Netherlands, Ireland, and Poland. However, the data sources we use are not necessarily the same as

<sup>12</sup> BIS and DCMS, *Britain's Superfast Broadband Future* (December 2010), <http://www.culture.gov.uk/images/publications/10-1320-britains-superfast-broadband-future.pdf>



those we will use for the Best in Europe Broadband Scorecard (for example, for this report we use sources that also allow comparison with the US, Japan, Canada and Australia and are not concerned about the availability of data for all EU countries), and this report does not contain any data on some of the metrics (the price of superfast broadband, fixed broadband upload speeds and market concentration in mobile broadband markets, for example).

Nevertheless, the data in this report do allow us to draw some initial conclusions about how the UK compares against the nine other European countries across these measures:

- **Coverage and take-up.** With 99.9% of UK homes connected to an ADSL-enabled exchange, basic broadband coverage compares favourably to the other European countries in the report (although we do not have comparable data on quality of service; for example, the proportion of households able to access services at 2Mbit/s and above). In terms of the availability of superfast services (i.e. services above 24Mbit/s), the UK also compares favourably, with 48% of households passed by Virgin Media's cable service in June 2010 and around 20% passed by BT's fibre-to-the-cabinet services. Around 4% of UK households subscribed to superfast services in June 2011 (the majority to Virgin Media's 'up to' 30Mbit/s cable service) – this was significantly below Sweden (13%), but level or ahead of our other European comparator countries, including Germany, France, Italy and Spain. In terms of mobile broadband, comparisons of coverage are difficult due to a lack of a common methodology, but HSPA roll-out has extended to 99% of the UK population, further than in many European countries. However, the UK trails in the roll-out of HSPA+ services and LTE services, which potentially offer higher speeds in other countries.
- **Speed.** There is currently no reliable data providing comparison of actual broadband speeds (the European Commission is currently undertaking a project with UK company SamKnows, so data should be available in 2012). Comparing headline 'up to' speeds has limited meaning, but among the eight EC countries in our report at the end of 2010 the UK had the lowest proportion of consumers with fixed broadband headline speeds of 'up to' 2Mbit/s or below (1%), and the fourth highest proportion of consumers with headline speeds of 10Mbit/s and above (45%) - below the Netherlands (57%), France (55%) and Sweden (48%).
- **Price.** Our comparative international pricing compares the prices available in the UK with those in France, Germany, Italy and Spain. It finds that the UK has the lowest prices for basic standalone fixed-line broadband, and also (along with Italy) for mobile broadband. 'Bundled' voice and broadband prices also generally compare favourably in the UK to in other countries, although the availability of 'naked DSL' with voice services delivered by voice over IP means that for some types of consumers lower prices are available for bundled broadband services in France and Germany.
- **Choice.** The widespread availability of LLU services (available to 89% of UK households at the end of 2010) and cable services (48%), means that UK consumers have a wider choice of broadband services than consumers in most other European countries. In all eight EC countries covered in our report, the incumbent operator has the largest retail share of broadband customers, but BT's share (28%) is significantly lower than the incumbent in all other countries. The combined retail share of the UK's three largest providers increased from 54% to 71% between 2005 and 2010, but remains lower than the share of the three largest providers in five of the other seven countries; by this metric, Germany (70%) and Poland (57%) have less concentrated broadband markets.

# 1.5 Use of and attitudes towards social networking sites

## 1.5.1 Introduction

Although social networking sites have been available since the mid-90s they did not become widely used until around a decade later. Generally, they enable users to build a profile, and provide links and other services to use on the site. Users can interact with each other, using these features and a variety of other online methods such as instant messaging and email. Within the market place there are a broad variety of social networking sites catering for a wide amount of needs; some are country-specific sites such as Mixi in Japan and Copains d'Avant in France, while others are global sites that dominate the marketplace, most notably Facebook and to a lesser extent Twitter.

Until recently, social networking sites have mainly been accessed via a computer (laptop/desktop PC) but with the growth of smartphones and the introduction of other devices such as tablet computers, consumers can now access social networking sites in a variety of ways and in more places than ever before.

The research in this section provides a detailed snapshot of who is using social networking sites, how often they access their profile page and what activities they are doing. We also look at people's attitudes to a variety of issues such as privacy, trust and engagement with their community.

## 1.5.2 Summary of key findings

- **Among the markets interviewed in our consumer research the majority of consumers have visited a social networking website.** Just under eight in ten (79%) UK consumers claim to have visited a social networking website. Consumers in Italy are the most likely to have done this, at 91%.

**The majority of consumers with a social networking profile visit it on a daily basis.** Seventy-one per cent of those interviewed in the UK with a social networking profile claimed to visit a social networking site at least once a day. This includes 20% who visit a social networking website five times a day or more.

This level of use, among those with a profile page, is replicated across the other markets interviewed; consumers in Italy are the most likely to visit a social networking site most often (83% visit on a daily basis, of which 24% claim to visit five times a day or more).

**Between 30% and 40% use a mobile phone to access their profile page.** UK consumers are the most likely to access a social networking website via a mobile phone, with just over four in ten (43%) accessing their profile page via an app or the web browser on their mobile phone.

Among the other markets interviewed, 41% of consumers in Australia said they used a mobile phone to access their profile page. Those interviewed in Germany and Italy were the least likely to access their profile page using a mobile phone (30%).

Despite this, laptop and desktop computers are the devices consumers are most likely to use to access their social networking profile page.

**On average, consumers with a social networking profile page have over 100 'friends'** Sixty-four per cent of UK consumers claim to have over 50 connections or 'friends' on their main social networking profile page, including 27% who stated they have over 200. On average, UK consumers have 168 'friends'.

Across the other markets interviewed there is a mixed picture; Australian consumers were most similar to those in the UK. Consumers in both France and Germany were likely to have fewer connections on average (108 and 137 respectively), while US and Italian consumers had on average the most connections or 'friends' (198 in the US and 216 in Italy).

**Over 60% of consumers have concerns about their personal privacy online and how their personal data are used by social networking websites** Just under seven in ten consumers (69%) in the UK with a social networking profile page agreed with the statement "I have concerns about how my personal data is being used by social networking sites"; this is lower than any of the other countries surveyed.

Sixty-four per cent of those interviewed in the UK agreed that they had concerns about their personal privacy online; this was the second lowest level of concern among the countries interviewed, behind Germany (59%).

The markets with the highest level of concern about personal privacy online and how social networking sites are using personal data were in the US (76% and 78%) and France (77% and 76%).

**A minority of consumers do not adjust the default privacy settings on their social network profile** Although just under two-thirds (63%) of UK consumers interviewed claim they do change their privacy settings on their social networking profile page, a minority keep the default privacy settings (30%).

Among the other markets surveyed, between six and seven in ten claimed they do change their privacy settings. Social networkers in France are the most likely to change their settings (75%) with those in Italy the most likely to leave the settings unchanged (37%).

- **Women and younger age groups with a social networking profile are the most likely to discover breaking news stories via social networking websites** Forty-three per cent of women in the UK agreed that they often find out about new breaking stories first via social networking sites; this compares to just over a quarter of men (27%) who agreed with this statement. The UK has the second greatest gender difference, after France (54% female versus 37% male) although, across all the markets interviewed, there was a marked difference by gender in agreement with this statement.

Just over half (51%) of 18 to 24 year-olds in the UK with a social networking profile agreed that they often find out about breaking news stories first via a social networking website. This figure is lower among 45 to 64 year-olds, with just under a quarter (23%) agreeing with this statement.

The highest level of agreement with this statement in the other markets interviewed was among 18 to 24 year-olds in France and Italy (61%), with the lowest level of agreement being among consumers in Germany (30%).

### 1.5.3 Methodology

Please refer to Appendix A for details and information on the methodology.

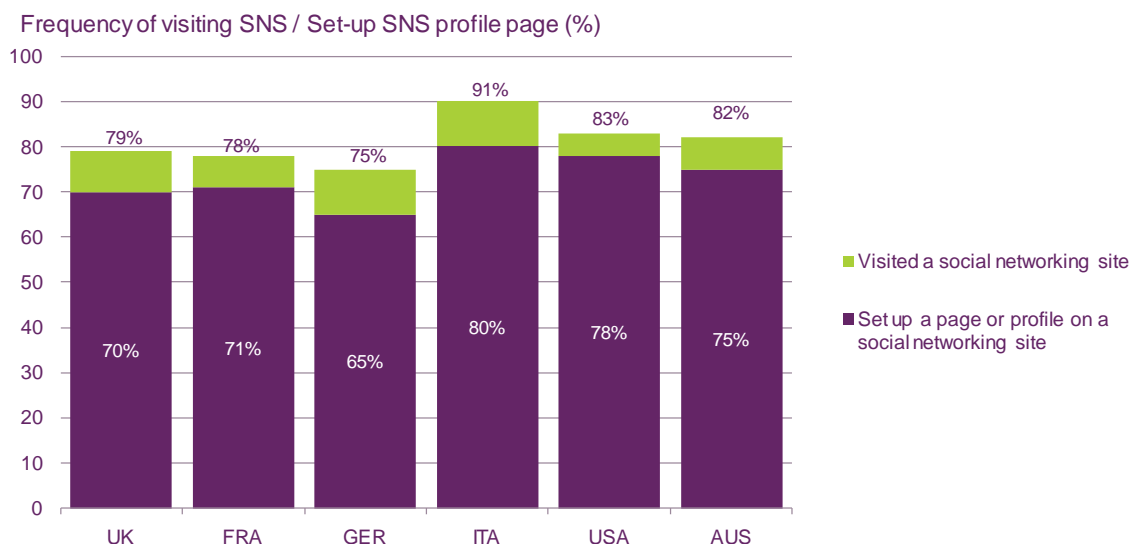
### 1.5.4 Consumer take-up of social networking

**Among the markets interviewed the majority of consumers have visited a social networking website**

Just under eight in ten (79%) UK consumers claim to have visited a social networking website. Consumers in Italy are the most likely to have done this, at 91%. (Figure 1.14)

Of those who have visited a social networking site, around seven in ten have set up a profile page. Germany has the lowest number of consumers with a profile page (65%) while Italy is the highest with 80%. Consumers in the US are the most likely to have both viewed a social networking page and have a profile (83% and 78% respectively).

**Figure 1.14 Consumers who have ever visited a social networking website and have a social network profile page**



Source: Ofcom consumer research, October 2011.

Base: All those who use the internet, UK=1015, France=1014, Germany=1014, Italy=1045, US=1002, Australia=1012

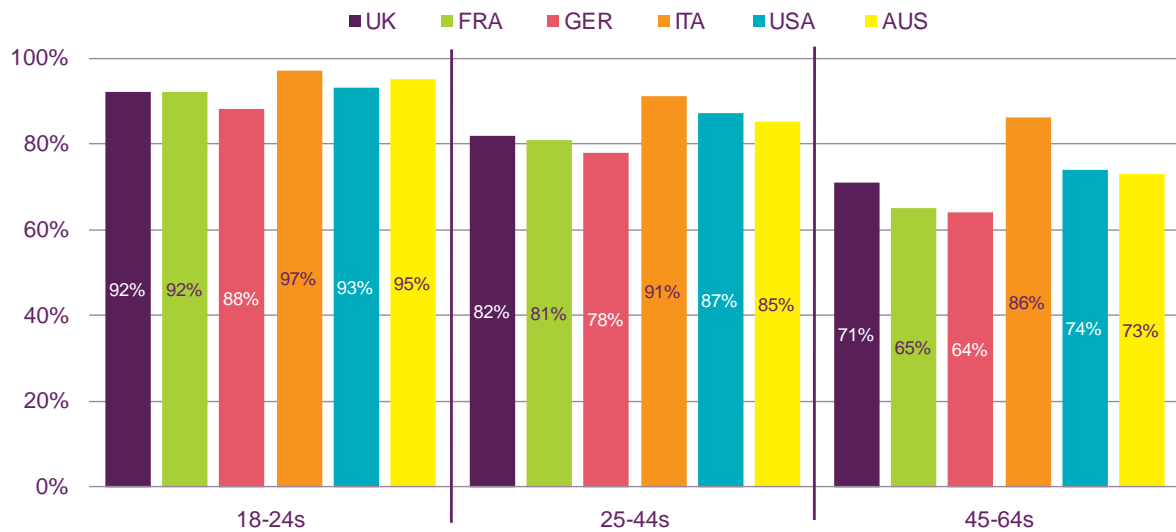
Q: "Have you ever visited a social networking site e.g. Facebook, Myspace, Bebo?" "Have you set up your own page or profile on any of the following social networking sites?"

**In all the markets interviewed 18-24 year olds were the most likely to have visited a social networking website**

Age seems to play a key role in terms of the likelihood of accessing a social networking website. Over nine in ten consumers aged between 18 and 24 claim to have visited a social networking website in the UK, and this figure is consistent across all the other markets interviewed. This figure drops to 71% among UK consumers aged 45 to 64, a pattern which is reflected in the other markets interviewed (Figure 1.15).

Only in Italy does age seem to be less of a distinguishing factor; here, 86% of 45 to 64 year olds claim to have visited a social networking website.

**Figure 1.15 Consumers who have visited a social networking website, by age**



Source: Ofcom consumer research, October 2011.

Base: For each country - all those with SNS profiles (18-24s, 25-44s, 45-64s): UK=144,474,397; France=197,506,311; Germany= 192,486,336; Italy=201,534,310; US=147,189,366; Australia=152,480,380.

Q: "Have you ever visited a social networking site e.g. Facebook, Myspace, Bebo?"

**Among those with a social networking profile, consumers are most likely to have a profile page on Facebook**

Across all the markets, consumers who have a social networking profile page are most likely to have it on Facebook, at just over eight in ten (Figure 1.16). Only in Germany does this figure drop slightly; to one in seven.

The nearest competitors to Facebook, among those with a social networking profile page, are Twitter (22%) and Friends Reunited (21%). These proportions are reflected across all the other markets surveyed.

Twitter is the second most common social networking site, after Facebook, in four of the six markets. In France Windows Live is the second most popular (17%), Stayfriends (22%) in Germany and Myspace (18%) in Australia.

Across the markets interviewed, a variety of social networking sites take third and fourth place, including some market-specific websites such as Copains d'Avant in France.

**Figure 1.16 Consumers who have visited a social networking website and have a profile (Top four sites with a profile page)**

	UK	FRA	GER	ITA	USA	AUS
<b>1<sup>st</sup> most popular site</b>	Facebook 83%	Facebook 83%	Facebook 72%	Facebook 84%	Facebook 89%	Facebook 88%
<b>2<sup>nd</sup></b>	Twitter 22%	Windows Live 17%	Stayfriends 22%	Twitter 14%	Twitter 24%	Myspace 18%
<b>3<sup>rd</sup></b>	Friends Reunited 21%	Copains d'Avant 13%	Wer-kennt-wen 21%	Google+ 14%	Myspace 23%	Twitter 16%
<b>4<sup>th</sup></b>	Myspace 12%	Twitter 8%	VZ Netzwerke 20%	LinkedIn 12%	LinkedIn 20%	LinkedIn 12%

Source: Ofcom consumer research, October 2011

Base: All those who have visited a social networking site. Sample sizes: UK=715, France=717, Germany=658, Italy=841, US=778, Australia=755

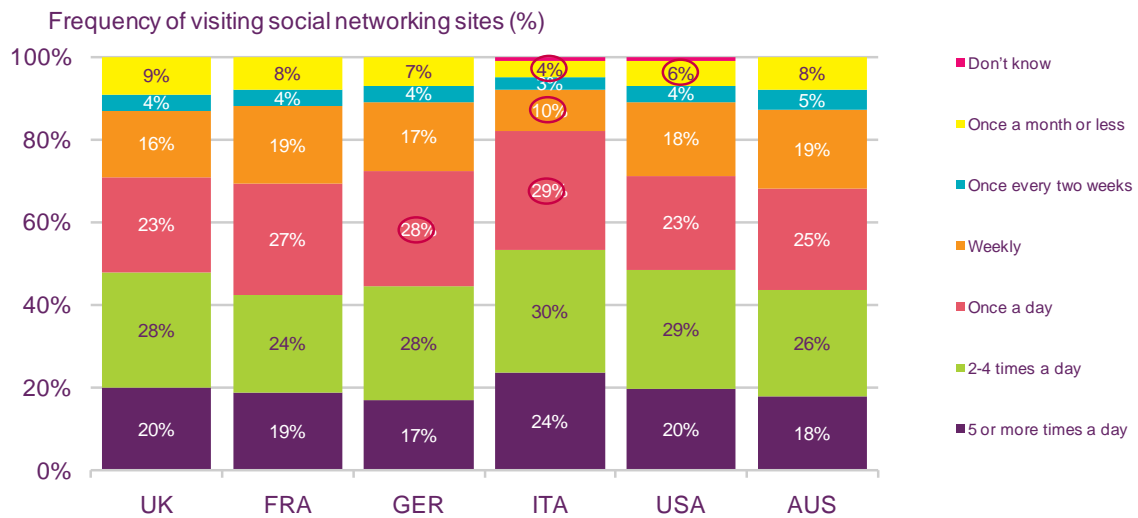
Q: "Have you set up your own page or profile on any of the following social networking sites?"

### **Seven in ten consumers with a social networking profile visit it on a daily basis**

Seventy-one per cent of consumers with a social networking profile in the UK stated they visited a social networking website at least once a day. This frequency of visiting social networking websites was consistent across markets, with Italian consumers the most likely (83%) to visit a social networking website on a daily basis (Figure 1.17).

One in five of UK consumers with a social networking profile said they visited a website five times a day or more. Again, consumption levels of social networking sites in Italy were higher, with just under a quarter (24%) stating they visited a site five times a day or more. Consumers with a social networking profile in Germany were the least likely to say they visited a social networking website five times or more a day (17%) although 73% did say they visited social networking websites on a daily basis.

**Figure 1.17 Frequency of visiting social networking websites, among those with a profile page**



Source: Ofcom consumer research, October 2011

Base: All those who have ever visited a social networking site. Sample size: UK=802, France=791, Germany=753, Italy=946, US=830, Australia=832

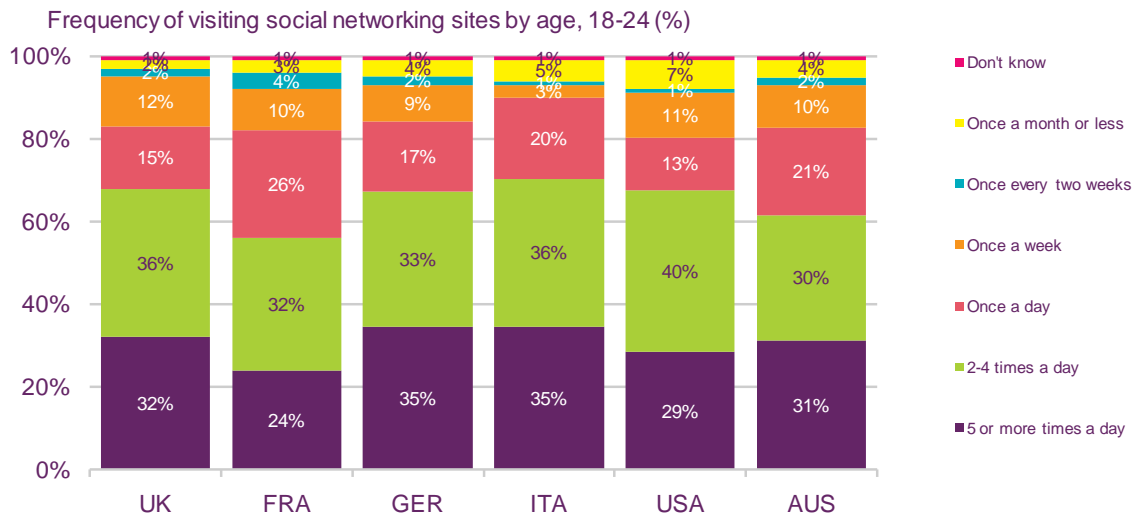
Q: "How often do you visit social networking sites, please think of the site(s) you visit most often?"

### Younger consumers visit social networking websites more frequently

Around eight in ten consumers between the ages of 18 and 24 visit a social networking website on a daily basis (Figure 1.18); this compares to just under half of consumers aged between 45 and 64 (Figure 1.19).

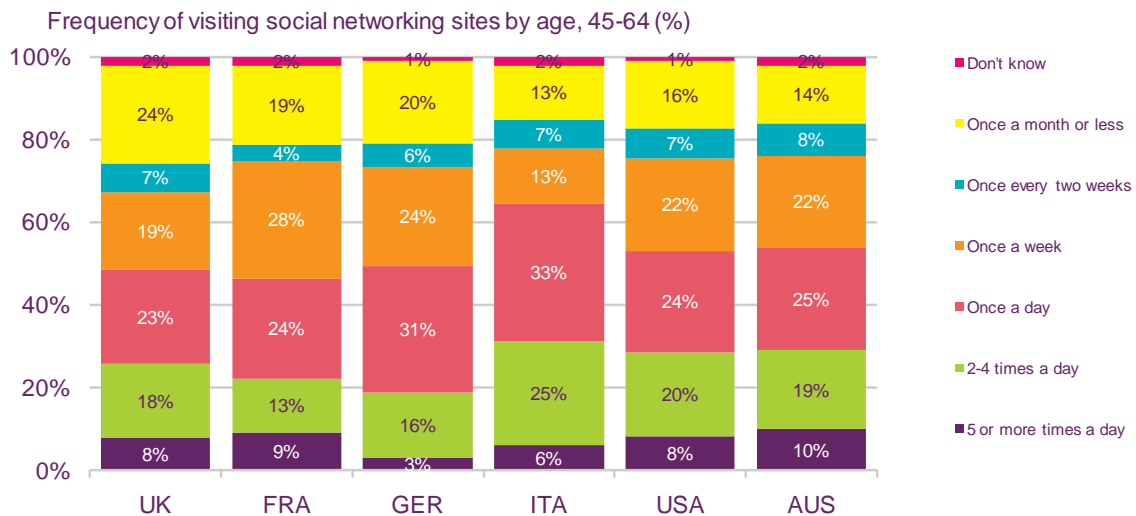
Thirty-two per cent of 18 to 24 year-olds in the UK visit a social networking website five times a day or more; this frequency of visits reduces with age. Just under one in ten (8%) of those aged between 45 to 64 in the UK claim to visit a social networking site five times a day or more. These patterns of frequency are reflected across all the markets in which we interviewed.

**Figure 1.18 Frequency of visiting social networking websites, by age: 18-24**



Source: Ofcom consumer research, October 2011.  
 Base: All those who have ever visited a social networking site. Sample size: UK=802, France=791, Germany=753, Italy=946, US=830, Australia=832  
 Q: "How often do you visit social networking sites, please think of the site(s) you visit most often?"

**Figure 1.19 Frequency of visiting social networking websites, by age: 45-64**



Source: Ofcom consumer research, October 2011.  
 Base: All those who have ever visited a social networking site. Sample size: UK=802, France=791, Germany=753, Italy=946, US=830, Australia=832  
 Q: "How often do you visit social networking sites, please think of the site(s) you visit most often?"

**Between 30% and 40% of consumers use a mobile phone to access their social networking profile page, although laptop and desktop computers remain the most common way of accessing social networking sites**

UK consumers are the most likely to access a social networking website via a mobile phone, with just over four in ten (43%) accessing their profile page via either an app or the web browser on their mobile phone. Just over four in ten (41%) of those interviewed in Australia



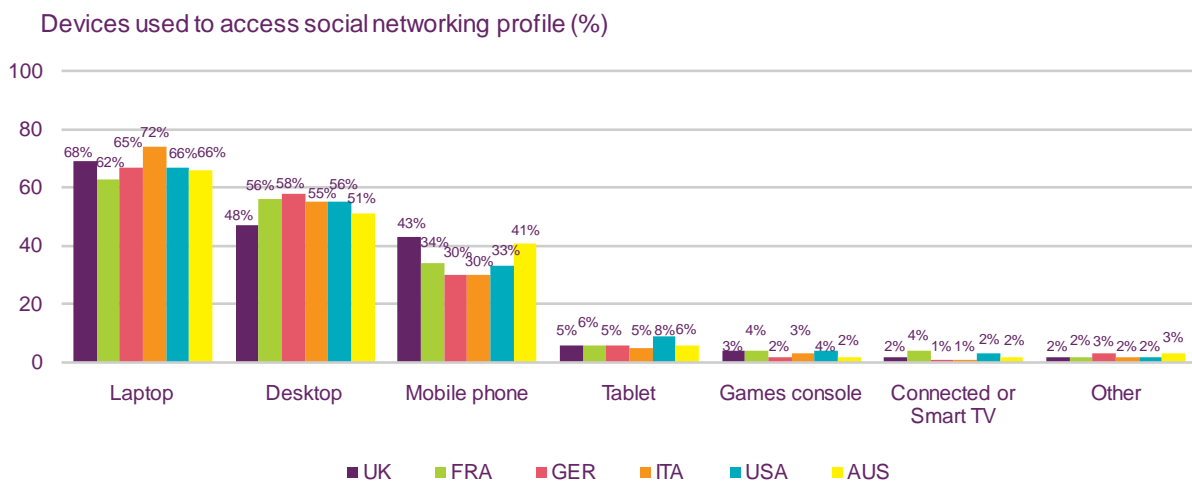
also accessed their profile page in this way. The third highest group who accessed their profile page in this way were French consumers (34%) (Figure 1.20)

Although there has been growth in the number of consumers accessing their social networking profile page via a mobile phone, laptop and desktop computers are still the devices consumers are most likely use.

Just under seven in ten UK consumers (68%) said they used a laptop to access their social networking profile; this is the second highest score, behind Italy (72%).

However, UK consumers were the least likely to access their profile using a desktop computer. At 48%, this is only just ahead of the proportion using a mobile phone to access a profile page. In Germany, consumers with a social networking profile were most likely to access their profile using a desktop computer, at just under six in ten (58%).

**Figure 1.20 Devices used to access social networking profile page**



Source: Ofcom consumer research, October 2011

Base: All those who have a page or profile on a social networking site. Sample sizes: UK=715, France=717, Germany=658, Italy=841, US=778, Australia=755

Q: "Which of the following do you use to access social networking sites?"

Note: Mobile phone includes both "mobile phone via an app" and "Mobile phone via the web browser"

**On average, consumers have over 100 connections / 'friends'**

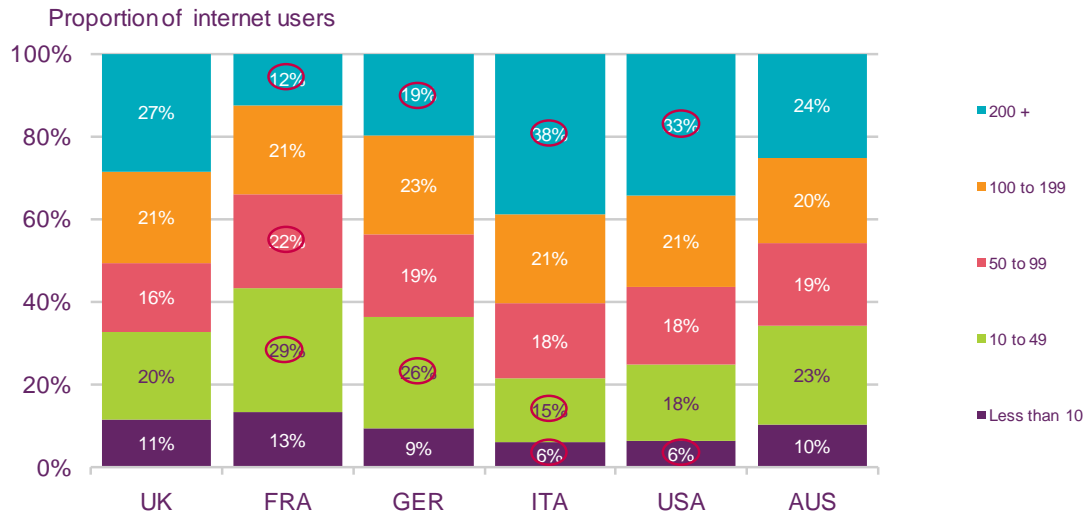
Just under two in three consumers interviewed in the UK (64%) stated they had 50 or more connections or 'friends', with 27% claiming to have over 200. This distribution is very closely reflected in Australia, and is also shown in the average number of 'friends' / connections claimed by those interviewed in the UK (168) and Australia (160) (Figure 1.21 and Figure 1.22).

Consumers with a social networking profile, interviewed in France and Germany, are more likely to have fewer 'friends'. For example, in France 29% of those with a profile page have between 10 and 49 connections; this compares to one in five in the UK. And just over one in ten (12%) of those interviewed in France with a social networking profile claim to have over 200 connections on their main social networking profile, compared to 27% in the UK. Again, this distribution is reflected in the average number of connections in France (108) and Germany (137).

The markets in which users are most likely to have the highest number of connection or 'friends' are Italy and the US. One in three in the US, and just under four in ten (38%) in Italy

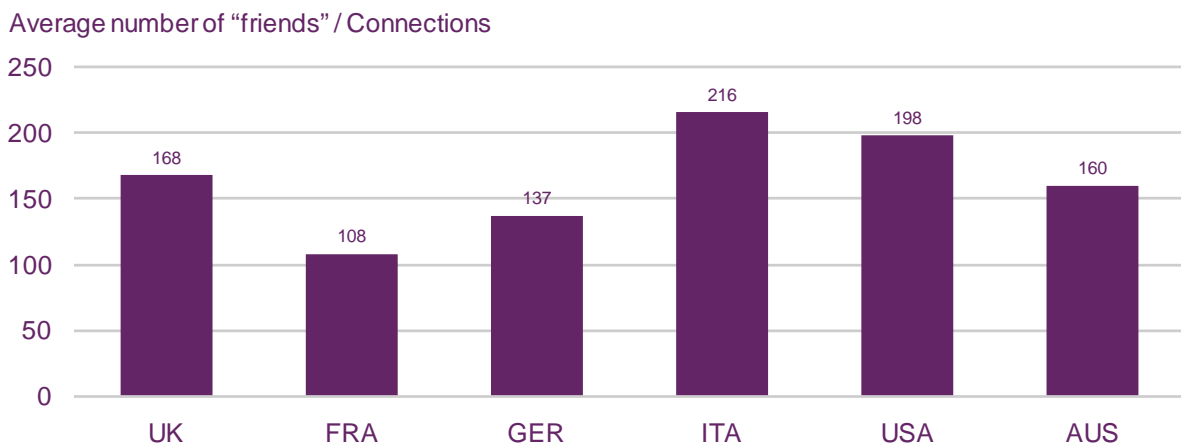
with a social networking profile claimed to have 200 or more ‘friend’s on their main social networking profile page. Only 6% said they had fewer than ten.. Both markets have a higher average number of connections, compared to the UK, with US consumers having just under 200 (198) and those interviewed in Italy claiming to have on average 216 ‘friends’.

**Figure 1.21 Number of connections / ‘friends’ on main social networking profile**



Source: Ofcom consumer research, October 2011  
 Base: (All Adults who have a page or profile on a social networking site): UK=715, France=717,  
 Q: How many connections or “friends” do you have for your social network profile(s) (on average), please use the site you visit most often?  
 Note: Circled data points indicate statistically significant differences to the UK

**Figure 1.22 Average number of connections / ‘friends’ on main social networking website**



Source: Ofcom consumer research, October 2011  
 Base: (All adults who have a page or profile on a social networking site): UK=715, France=717, Germany=658, Italy=841, US=778, Australia=755  
 Q: How many connections or “friends” do you have for your social network profile(s) (on average), please use the site you visit most often?

### 1.5.5 Activities carried out on social networking sites

#### The most popular function used on social networking sites is communication with friends and family

Eighty-five per cent of those interviewed in the UK with a social networking profile use it to communicate with existing friends and family. This is also the single highest activity across all the other markets. Around half also use social networking websites to look at comments, photos, other information shared by 'friends/connections' (52%) and to reconnect with people they have lost contact with (49%). The fourth most common activity conducted by those with a social networking profile in the UK is to upload pictures (44%) (Figure 1.23)

Among the other markets interviewed, only in Australia do activities appear in the same order of popularity as in the UK. France, Germany, Italy and the US all have "reconnect with people you've lost contact with" as the second most frequent activity, followed by "looking at comments, photos and other information". "Reconnecting with people you've lost contact with" is particularly popular in both Germany (61%) and Italy (58%).

Figure 1.23 Activities carried out on social networking sites

	UK	FR	GER	ITA	USA	AUS
Communicate with existing friends and family	85%	84%	69%	84%	90%	89%
To look at comments, photos, other information shared by 'friends/connections'	52%	45%	50%	48%	59%	58%
To reconnect with people lost contact with	49%	46%	61%	58%	61%	57%
To upload pictures	44%	21%	32%	40%	49%	40%
Communicate with people with similar interests and hobbies	27%	25%	30%	44%	28%	25%
For information on what's happening in my local area	26%	18%	38%	33%	27%	19%
For entertainment news and information	23%	29%	23%	20%	21%	21%
To upload videos	17%	13%	9%	23%	18%	14%
For information about national and global events	16%	13%	19%	30%	15%	21%
To look at campaigns and petitions	16%	10%	13%	26%	10%	13%
To network with business or professional contacts	13%	13%	24%	27%	17%	14%
Advertise to promote business	7%	5%	5%	12%	8%	9%

Source: Ofcom consumer research, October 2011.

Base: All those who have a page or profile on a social networking site. Sample sizes: UK=715, France=717, Germany=658, Italy=841, US=778, Australia=755

Q: "Which of the following activities do you use social networking sites for?"

### 1.5.6 The impact of social networking on use of other media

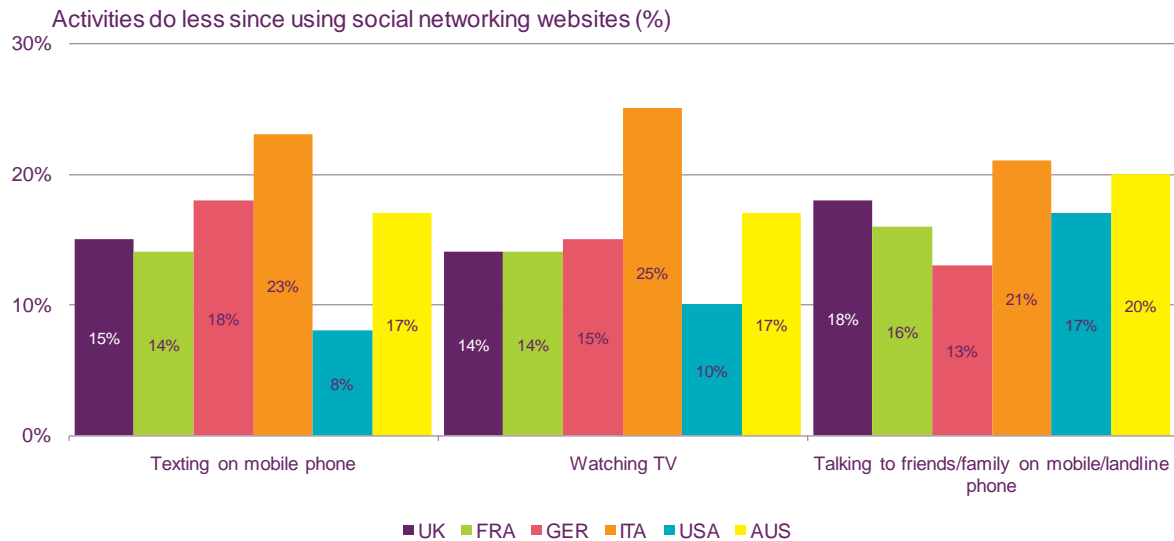
#### A minority of those visiting social networking sites claim to have reduced the amount of texting, TV viewing and talking on the phone

Eighteen per cent of those interviewed in the UK claimed that they talk to friends and family on a mobile phone or landline phone less often since using social networking websites. This number is similar across the other markets surveyed (Figure 1.24).

UK consumers also claimed to be watching less TV (by 14%) and texting on their mobile less (by 15%) since using social networking websites.

Around a quarter of those visiting a social networking website in Italy claimed that they had been texting (23%) and watching TV (25%) less. Consumers in the US were the least likely to claim that they were reducing these activities due to social networking (8% texting less, 10% watching TV less).

**Figure 1.24 Activities do less since using social networking websites**



Source: Ofcom consumer research, October 2011.

Base: All those who have visited a social networking site. Sample sizes: UK=804, France=792, Germany=760, Italy=946, US=833, Australia=832

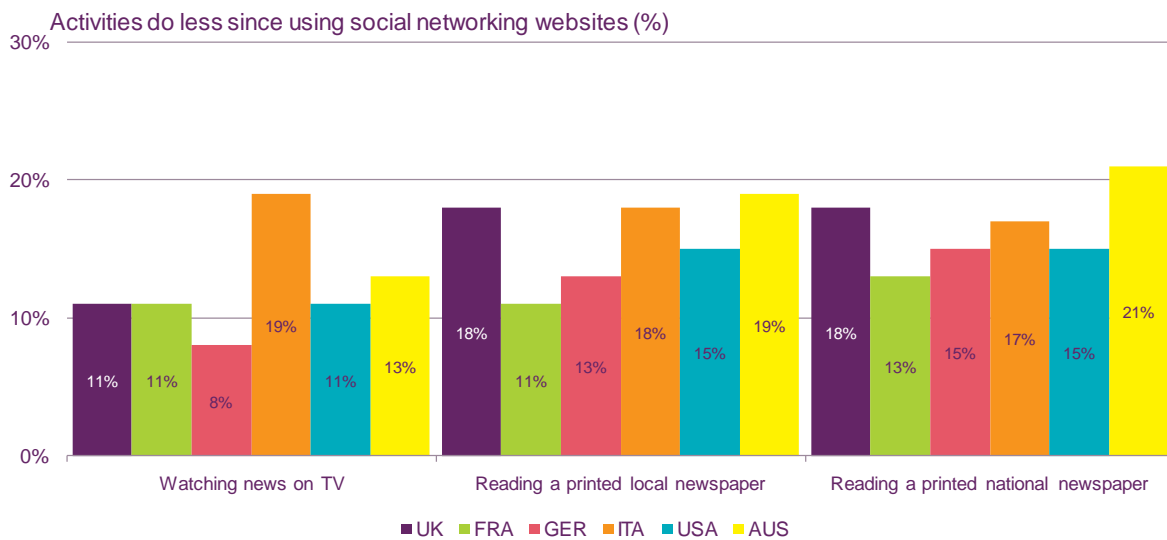
Q: "Since you've used social networking websites, which of the following activities do you now take part in MORE or LESS than you used to?"

### Just under one in five UK consumers who have visited a social networking website claim to read printed newspapers less

Eighteen per cent of UK consumers who have visited a social networking website claimed that they read printed local and national newspapers less often than before they used social networking sites; this claimed behaviour is higher than all other countries, with the exception of Australia (19% local newspaper and 21% national newspaper) (Figure 1.25).

Just over one in ten (11%) of those interviewed said they watched less news on TV since using social networking websites; this is slightly lower than the 14% claiming to watch TV less. This is consistent with the results across the other countries surveyed, with the exception of Italy, where just under one in five (19%) claimed that they watch news on TV less since using social networking websites; again, this is lower than those claiming to watch less TV (25%).

**Figure 1.25 Media used less since using social networking websites**



Source: Ofcom consumer research, October 2011

Base: All those who have visited a social networking site. Sample sizes: UK=804, France=792, Germany=760, Italy=946, US=833, Australia=832

Q: "Since you've used social networking websites, which of the following activities do you now take part in MORE or LESS than you used to?"

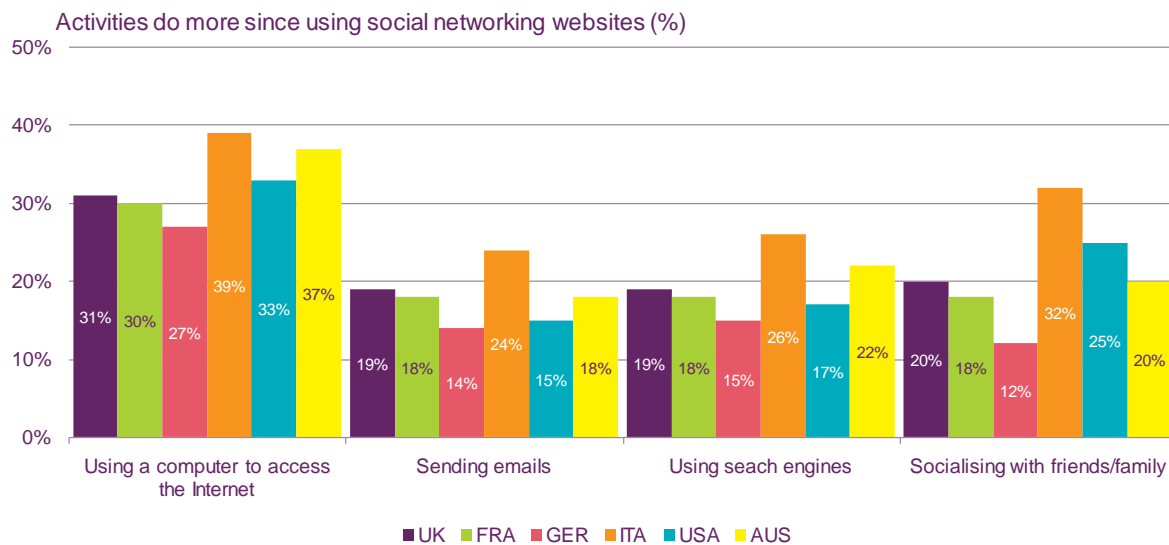
**Over three in ten in the UK who have visited a social networking website claim to use a computer more to access the internet**

Thirty-one per cent of those in the UK who have visited a social networking website said they use a computer to access the internet more since using social networking websites. With the exception of Germany, over three in ten said they used a computer to access the internet more than they did previously. The most likely groups to say this were users in Italy and Australia (39% and 37% respectively) (Figure 1.26).

Around one in five (19%) of those in the UK who have visited a social networking website also said that they were sending more emails, and using search engines more, than they did before. Among the other markets, those interviewed in Italy were the most likely to do these activities more, with around a quarter claiming to do so.

Another activity that social networkers claimed to do more often was socialising with friends and family. In the UK one in five stated they did this more, and the picture was similar in the other countries surveyed, and highest in Italy, at 32%.

**Figure 1.26 Activities done more since using social networking websites**



Source: Ofcom consumer research, October 2011.  
 Base: All those who have visited a social networking site. Sample sizes: UK=804, France=792, Germany=760, Italy=946, US=833, Australia=832  
 Q: "Since you've used social networking websites, which of the following activities do you now take part in MORE or LESS than you used to?"

### 1.5.7 Consumers attitudes to privacy when using social networking sites

#### Privacy in social networking – regulatory context

Privacy remains a prominent policy issue, including in the area of social networking, and there have been several recent noteworthy developments in this area.

The main piece of European Union legislation governing the conditions for the processing of personal data online and offline is the EU Directive on Data Protection. The European Commission considered the need to review the Directive in 2010, and is planning to present proposals to adapt it in the light of technological changes, and the development of new ways of processing data, including social networking sites. Some issues under consideration are:

- ways to strengthen the principle of data minimisation, the right to access and to correct, the right to be forgotten, and data portability (e.g. when switching to another social network);
- a general obligation to notify adverse personal data breaches to the competent national authority and individuals; and
- clarification and strengthening of conditions to guarantee informed consent.

In June 2011, the Commission published an independent report on the implementation of the Safer Social Networking Principles for the EU, a self-regulatory agreement brokered by the Commission in 2009. The report found that the majority of social networking sites give minors age-appropriate safety information, respond to requests for help and prevent minors' profiles from being searched via external search engines. However, most sites lacked default settings to make minors' profiles accessible only to their approved list of contacts.

Separately, the Commission's 2011 *Protecting Children in the Digital World* report called for 'privacy by default' settings for children (see child protection online in section 1.4.6).

In France, a framework law on national security, Loppsi 2, was adopted in 2011. Among other things, the law criminalises the fraudulent use of another person's identity or personal data in electronic communications, disturbing their peace, and harming their honour or reputation, including on social networking sites. And in Germany, the Federal Ministry of the Interior announced in 2011 its intention to develop a self-regulatory code for social networks, with a focus on data security, consumer protection and the protection of minors.

In the United States, a number of Congress and Senate Bills were introduced during 2011, covering areas as diverse as location-based services (The Location Privacy Protection Act 2011), 'Do Not Track' in relation to behavioural advertising, and the gathering and processing of data about minors on social networks. These all combine statutory duties with a prescribed role for self-regulation. In addition, an anticipated White House white paper on consumer protection online is expected to propose a broad, baseline 'bill of rights' for online privacy, based on which companies would develop 'enforceable' codes of conduct.

### **Over 60% of consumers have concerns about their personal privacy online and how their personal data are used by social networking websites**

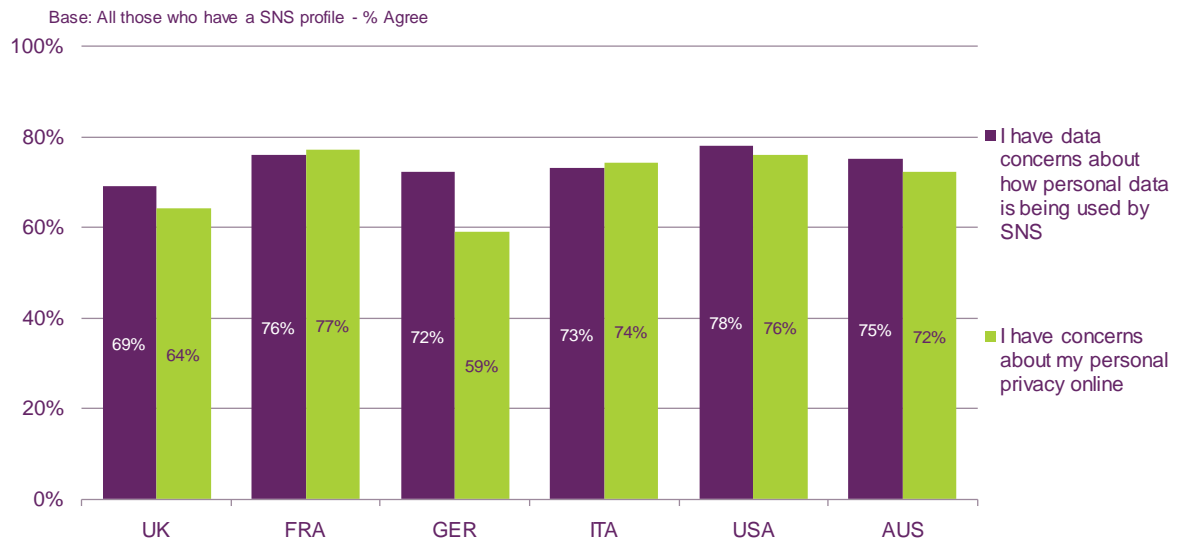
Between six and eight in ten of those interviewed agreed that they had some concerns about personal privacy online, and also how their personal data are used by the social networking websites (Figure 1.27).

Of those interviewed in the UK, just under seven in ten consumers (69%) agreed with the statement: "I have concerns about how my personal data is being used by social networking sites"; fewer than in any of the other countries surveyed.

Around two in three (64%) of those interviewed in the UK agreed that they had concerns about their personal privacy online; this was the second lowest level of concern among the countries interviewed, behind Germany (59%).

The consumers who were most likely to have concerns around personal privacy online and how social networking sites are using personal data were in the US (76% and 78%) and France (77% and 76%).

**Figure 1.27 Those who agree they have concerns about privacy online and how personal data are used by social networking sites**



Source: Ofcom consumer research, October 2011.

Base: For each country - all those with SNS profiles/Base: Total sample size: UK=715, France=717, Germany=658, Italy=841, US=778, Australia=755

Q: "From the statements below can you please confirm how much you agree or disagree with them...." [Respective statements as charted]

Scale of 1-5 used where 1 = Strongly disagree, 3 = neither agree nor disagree, 5 = Strongly agree.

Total 'agree' charted (all those saying 4 or 5)

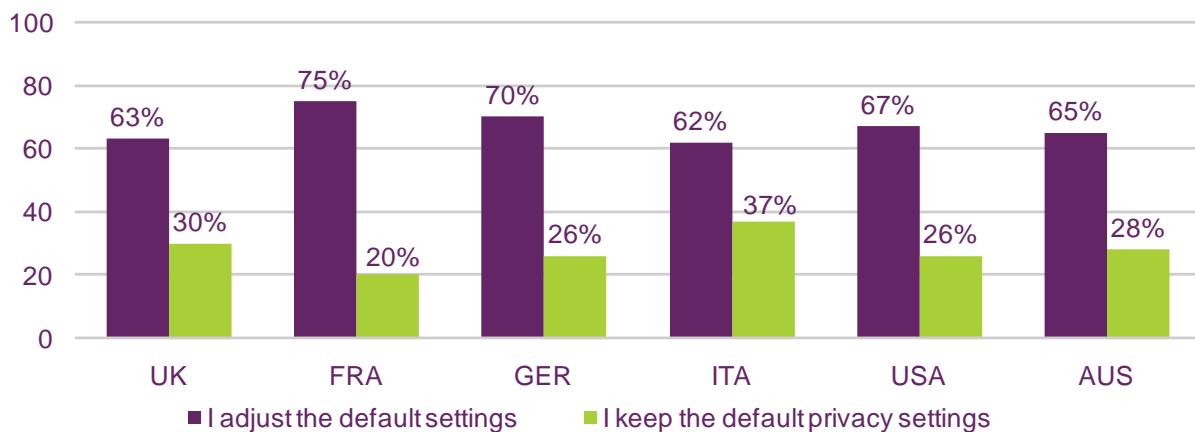
### **Just under a third (30%) of UK consumers do not adjust the privacy settings on social networking sites**

Although just under two-thirds of UK consumers interviewed (63%) said they had changed the privacy settings on their social networking profile page, a sizable minority have kept the default privacy settings (30%) (Figure 1.28)

Across the other markets interviewed a similar level have changed their default settings, with between six and seven in ten claiming that they do change them. Those in France are the most likely to do this, with three in four (75%) stating that they adjust the privacy settings. Conversely, those with a profile page in Italy are the most likely to leave the settings unchanged, with just under four in ten (37%) stating they do not adjust them from the default settings.



**Figure 1.28 Privacy settings on social networking websites**



Source: Ofcom consumer research, October 2011.

Base: All those who have a page or profile on a social networking site. Sample size: UK=715, France=717, Germany=658, Italy=841, US=778, Australia=755

Q: "Do you generally amend your privacy settings when using social network sites or do you keep the default settings?"

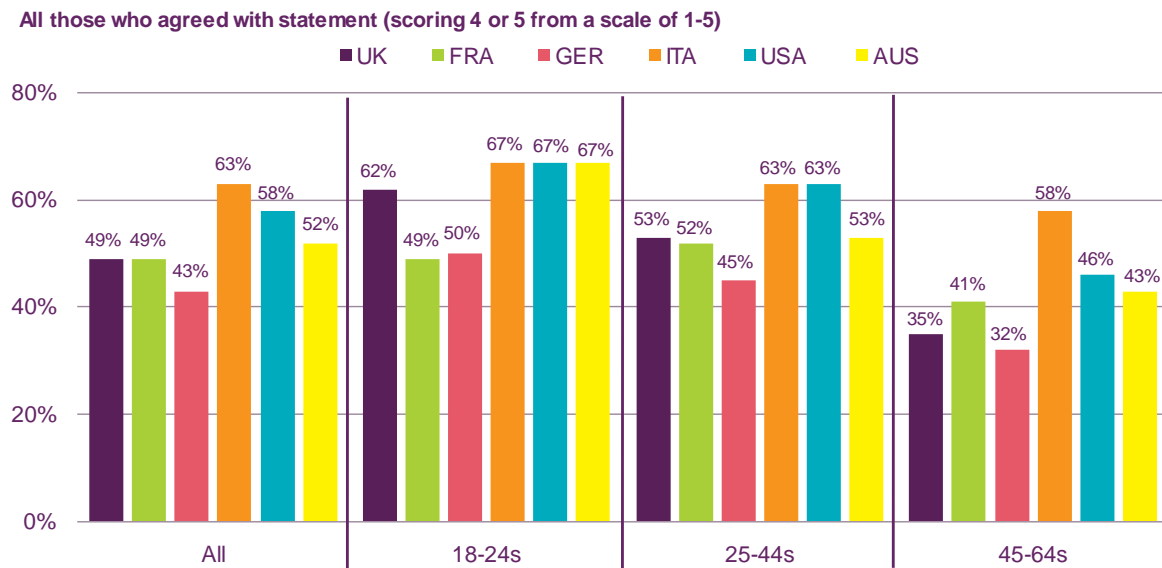
### 1.5.8 Consumers' attitudes towards social networking

**Just under half those in the UK with a social networking profile say these sites have significantly changed the way they communicate with people**

Forty-nine per cent of those with a social networking profile in the UK agreed that social networking had significantly changed the way they communicate with people. This rises to over six in ten (62%) among those aged between 18 and 24. This level of agreement is reduced with age, to 35% of those aged between 45 and 64 (Figure 1.29).

This pattern of level of agreement with the statement is reflected across all the markets, although there is a greater level of agreement among those interviewed in Italy than the other markets, across all age groups.

**Figure 1.29 Those who agree “social networking has significantly changed the way they communicate with people” by age**



Source: Ofcom consumer research, October 2011.

Base: For each country - all those with SNS profiles Base: Total sample sizes (All, 18-24s, 25-44s, 45-64s): UK=715,130,361,224; France=717,175,370,172; Germany= 658,151,334,173; Italy=841,180,431,230; US=778,130,410,238; Australia=755,136,379,240.

Q: “From the statements below can you please confirm how much you agree or disagree with them: Social networking has significantly changed the way I communicate with people”. Scale of 1-5 used where 1 = Strongly disagree, 3 = neither agree nor disagree, 5 = Strongly agree. Total ‘agree’ charted (all those saying 4 or 5)

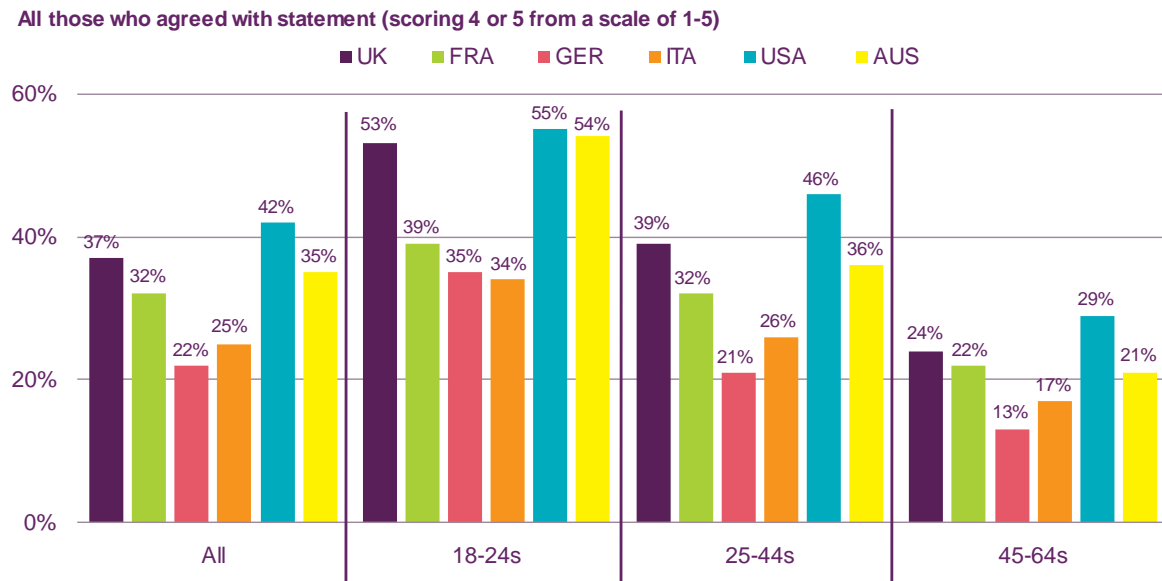
### Over half of 18-24 year olds in the UK would feel out of touch without social networking sites

Fifty-three per cent of those aged between 18 and 24 in the UK with a social networking profile agreed that they would feel out of touch without social networking sites. The number of those with a profile in the UK that agree with this statement reduces with age; just under one in four (24%) of those interviewed between the ages of 45 and 64 agreed that they would feel out of touch without social networking sites (Figure 1.30).

Alongside the UK, over half of those aged between 18 and 24 in the US (55%) and Australia (54%) said they would feel out of touch without social networking websites.

In the US just under half (46%) of those with a social networking profile between the ages of 25 and 44 agreed with this statement, compared to 39% in this age group in the UK (the second highest level of agreement among the other markets).

**Figure 1.30 Those who agree “I would feel out of touch without social networking sites”, by age**



Source: Ofcom consumer research, October 2011.

Base: For each country - all those with SNS profiles. Base: Total sample sizes (All, 18-24s, 25-44s, 45-64s): UK=715,130,361,224; France=717,175,370,172; Germany= 658,151,334,173; Italy=841,180,431,230; US=778,130,410,238; Australia=755,136,379,240.

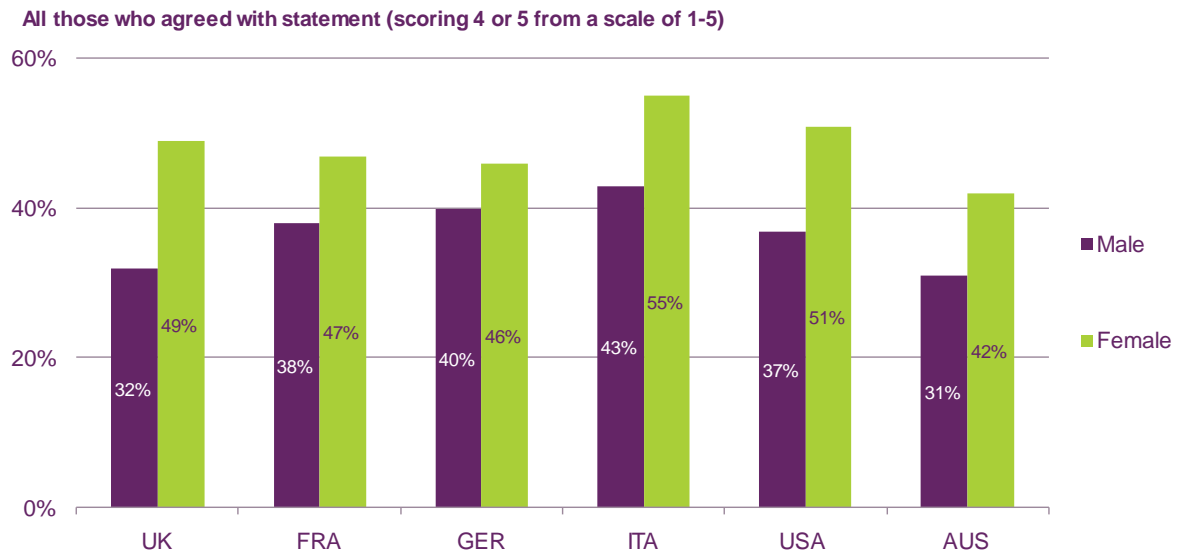
Q: “From the statements below can you please confirm how much you agree or disagree with them: I would feel out of touch without social networking sites”. Scale of 1-5 used where 1 = Strongly disagree, 3 = neither agree nor disagree, 5 = Strongly agree. Total ‘agree’ charted (all those saying 4 or 5)

**Around half of all women regularly update their social networking profile page, compared to just under a third of men**

Forty-nine per cent of women in the UK with a social networking profile agreed that they update it on a regular basis. This compares to just under one in three (32%) men who agreed with this statement (Figure 1.31).

Across the other markets there is the same pattern; women are more likely than men to update their status, although the difference in level of agreement between genders in the UK is the largest among the markets surveyed.

**Figure 1.31 Those who regularly update social networking profile, by gender**



Source: Ofcom consumer research, October 2011.

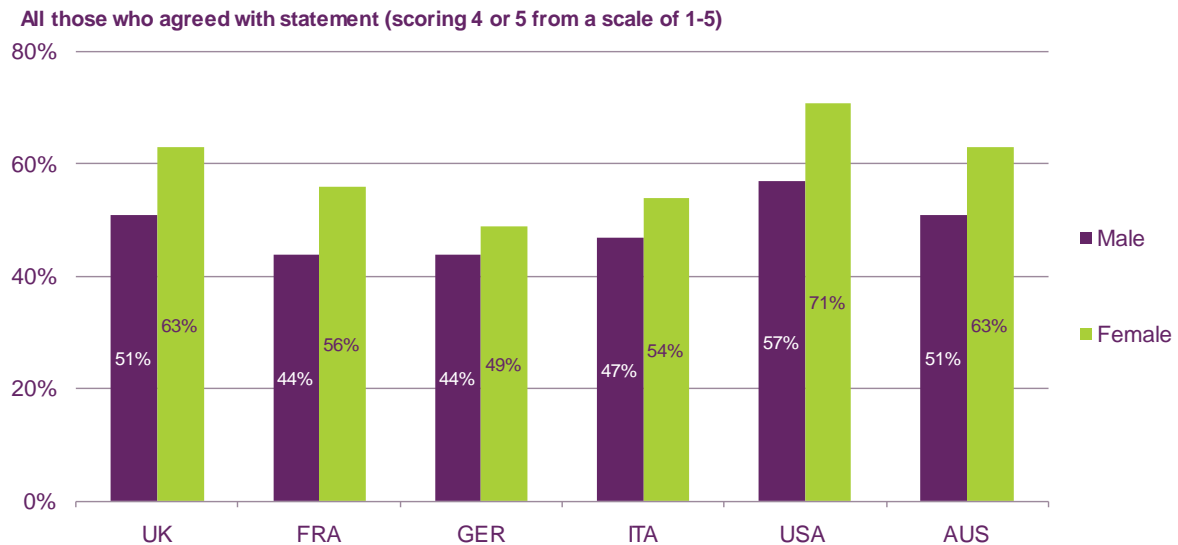
Base: For each country - all those with SNS profiles. Base: Total sample size (Male, Female): UK=345, 370; France=369,348; Germany= 353,304; Italy=426,415, USA=357,421, Australia=365,390.

Q: "From the statements below can you please confirm how much you agree or disagree with them: I regularly update my Social networking site(s)". Scale of 1-5 used where 1 = Strongly disagree, 3 = neither agree nor disagree, 5 = Strongly agree. Total 'agree' charted (all those saying 4 or 5)

### **Almost two in three women use social networking sites to see what other people are saying and doing**

Sixty-three per cent of female social networkers in the UK agreed that they use social networking sites to see what other people are saying and doing. This compares to just over half (51%) of males who agreed with this statement. The pattern is repeated across the other countries surveyed (Figure 1.32); the greatest difference by gender is in the US, where just over seven in ten (71%) women agreed with this statement, compared to 57% of men.

**Figure 1.32 Those who mainly use social networking sites to see what other people are saying and doing, by gender**



Source: Ofcom consumer research October 2011.

Base: For each country - all those with SNS profiles. Base: Total sample size (male, female): UK=345,370; France=369,348; Germany=353,304; Italy=426,415, USA=357,421, Australia=365,390.

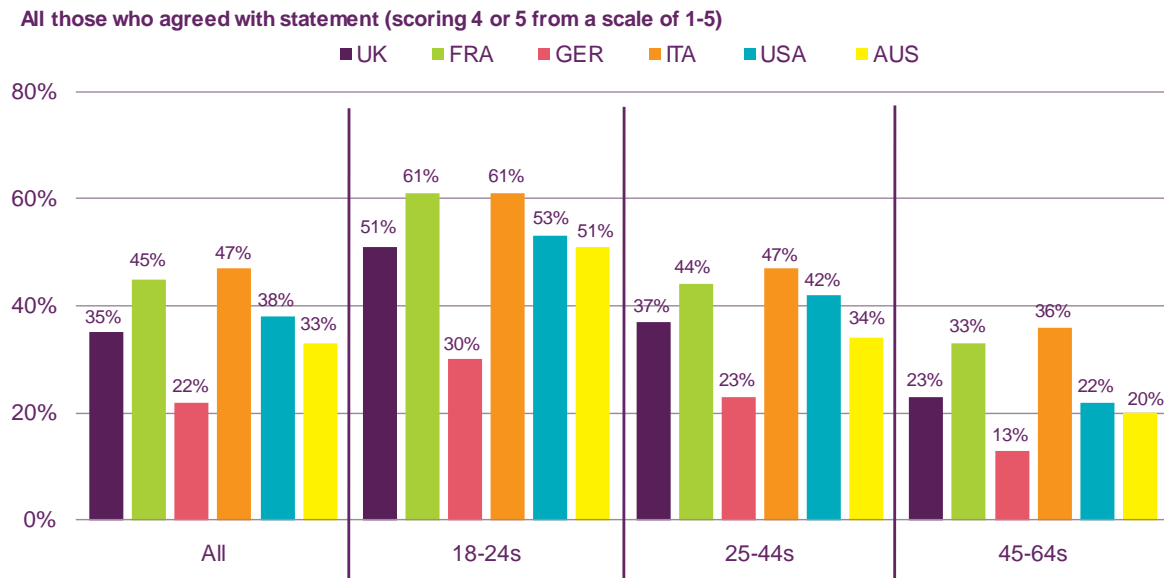
Q: "From the statements below can you please confirm how much you agree or disagree with them: I mainly use Social networking sites to see what other people are saying and doing". Scale of 1-5 used where 1 = Strongly disagree, 3 = neither agree nor disagree, 5 = Strongly agree. Total 'agree' charted (all those saying 4 or 5)

### **Just over half of 18-24 year olds find out breaking news stories first via social networking websites**

Fifty-one per cent of 18 to 24 year olds in the UK with a social networking profile agreed that they often find out about breaking news stories first via a social networking website. This compares to just under a quarter (23%) of those aged between 45 and 64 (Figure 1.33).

The highest levels of agreement with this statement were in France and Italy, where just over six in ten (61%) of 18 to 24 year olds agreed. The figure was lowest in Germany, where 30% in this age group agreed with this statement. And Germany had the lowest levels of agreement with this statement across all age groups.

**Figure 1.33 Use of social networking sites for breaking news by age**



Source: Ofcom consumer research, October 2011.

Base: For each country - all those with SNS profiles. Base: Total sample sizes (All, 18-24s, 25-44s, 45-64s): UK=715,130,361,224; France=717,175,370,172; Germany= 658,151,334,173; Italy=841,180,431,230; US=778,130,410,238; Australia=755,136,379,240.

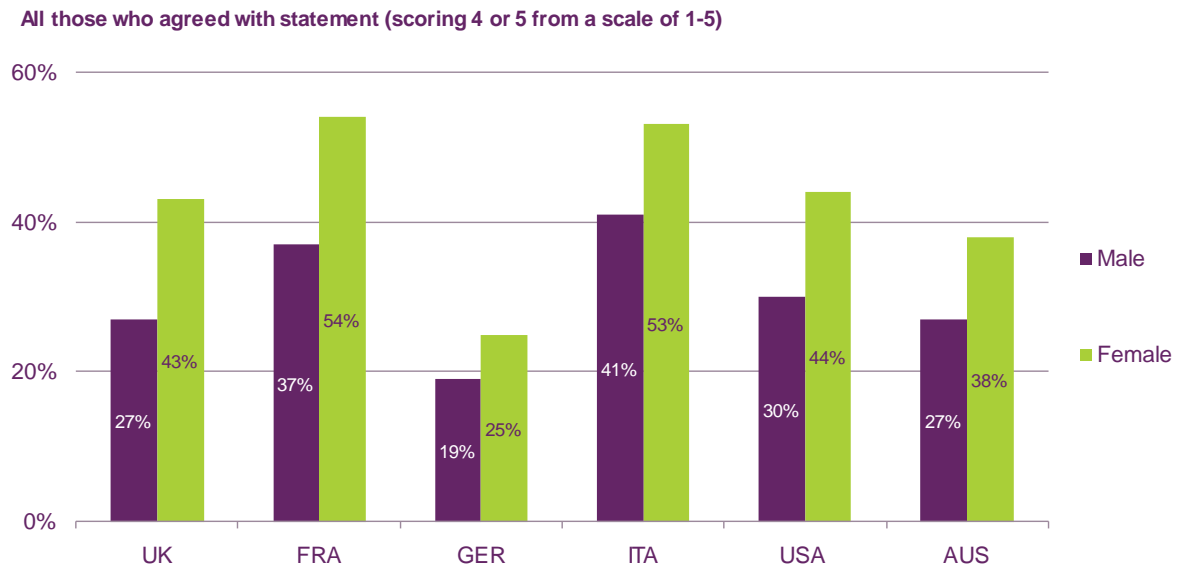
Q: "From the statements below can you please confirm how much you agree or disagree with them: I often find out about new breaking stories first via social networking sites". Scale of 1-5 used where 1 = Strongly disagree, 3 = neither agree nor disagree, 5 = Strongly agree. Total 'agree' charted (all those saying 4 or 5)

### Women are more likely than men to discover breaking news stories via a social networking site

Just over four in ten women with a social networking profile (43%) in the UK agreed that they often find out about breaking stories first via social networking sites. This compares to just over a quarter of men (27%) who agreed with this statement (Figure 1.34).

With the exception of France (54% female versus 37% male) this is the largest difference in agreement by gender for this statement among the countries surveyed.

**Figure 1.34 Use of social networking sites for breaking news, by gender**



Source: Ofcom consumer research, October 2011.

Base: For each country - all those with SNS profiles. Base: Total sample size (Male, Female): UK=345, 370; France=369,348; Germany= 353,304; Italy=426,415, USA=357,421, Australia=365,390.

Q: "From the statements below can you please confirm how much you agree or disagree with them: I often find out about new breaking stories first via Social networking sites". Scale of 1-5 used where 1 = Strongly disagree, 3 = neither agree nor disagree, 5 = Strongly agree. Total 'agree' charted (all those saying 4 or 5)

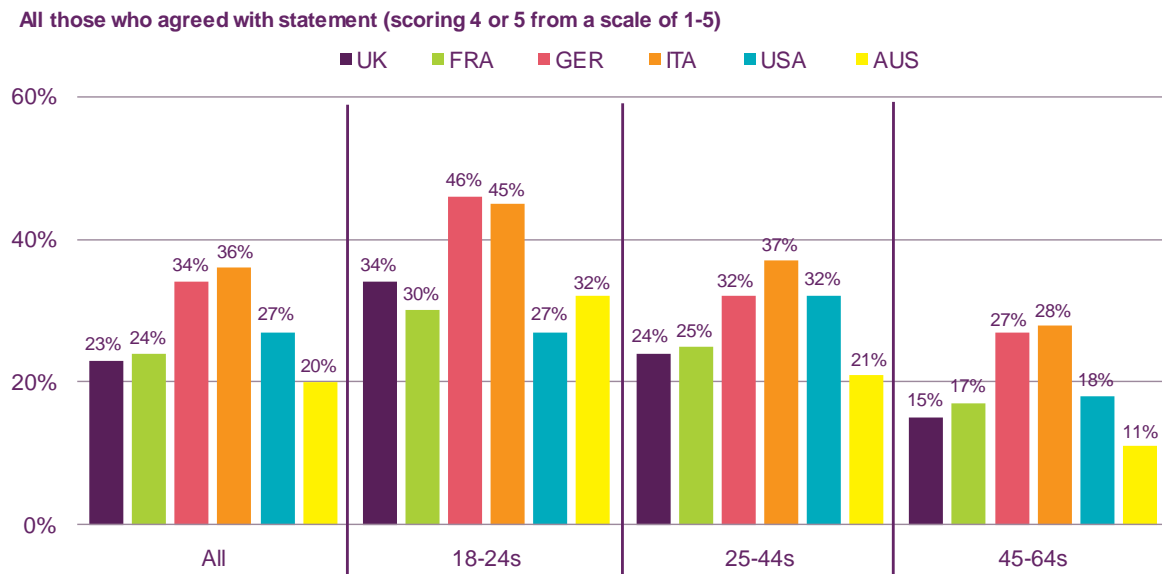
**Just under a quarter of those with a social networking profile engage more with their community since using a social networking site**

Twenty-three per cent of those interviewed in the UK with a social networking profile agreed with the statement that they engage more with their local community as a result of social networking sites. Younger age groups are the most likely to agree; over one in three (34%) of 18 to 24 year-olds agreed with this statement. Consumers aged between 45 and 64 were the least likely, at 15%, to agree (Figure 1.35).

This pattern of engagement across the age groups is reflected across the other markets interviewed. In both the German and Italian markets it is more prevalent among the 18 to 24 year-olds, with 46% and 45% respectively agreeing, higher than any of the other countries surveyed.

Over one in four of those with a social networking profile in both Germany (27%) and Italy (28%) between the ages of 45 and 64 agreed that they engaged more with their local community, this compares to 15% of those in this age group in the UK.

**Figure 1.35 Those who agree “I engage more with my local community as a result of social networking sites”, by age**



Source: Ofcom consumer research, October 2011.

Base: For each country - all those with SNS profiles. Base: Total sample sizes (All, 18-24s, 25-44s, 45-64s): UK=715,130,361,224; France=717,175,370,172; Germany= 658,151,334,173; Italy=841,180,431,230; US=778,130,410,238; Australia=755,136,379,240.

Q: “From the statements below can you please confirm how much you agree or disagree with them: I engage more with my local community as a result of social networking sites”. Scale of 1-5 used where 1 = Strongly disagree, 3 = neither agree nor disagree, 5 = Strongly agree. Total ‘agree’ charted (all those saying 4 or 5)

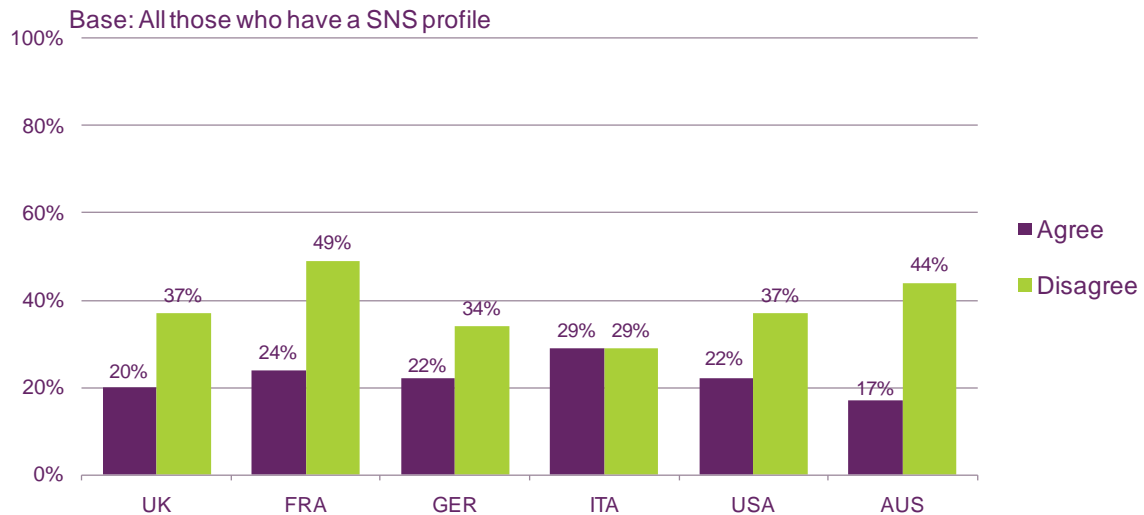
### One in five UK consumers trust the information they see on social networking websites

Twenty per cent of consumers in the UK with a social networking profile agreed that they trust the information on social networking websites. This compares to just under two in five (37%) who disagree with this statement (Figure 1.36).

Within the other markets interviewed there is a similar level of agreement with this statement, although just under half (49%) of those with a social networking profile in France disagreed with this statement.



**Figure 1.36 Those who agree / disagree “I trust the information on social networking sites”**



Source: Ofcom consumer research, October 2011.

Base: All those with SNS profiles : UK=715, France=717, Germany=658, Italy=841, US=778, Australia=755

Q: “From the statements below can you please confirm how much you agree or disagree with them...  
“I trust the information on social networking sites”

Scale of 1-5 used where 1 = Strongly disagree, 3 = neither agree nor disagree, 5 = Strongly agree.

Total ‘agree’ (all those saying 4 or 5) and ‘disagree’ (all those saying 1 or 2)

### **Younger consumers are more likely to trust the information they see on social networking websites**

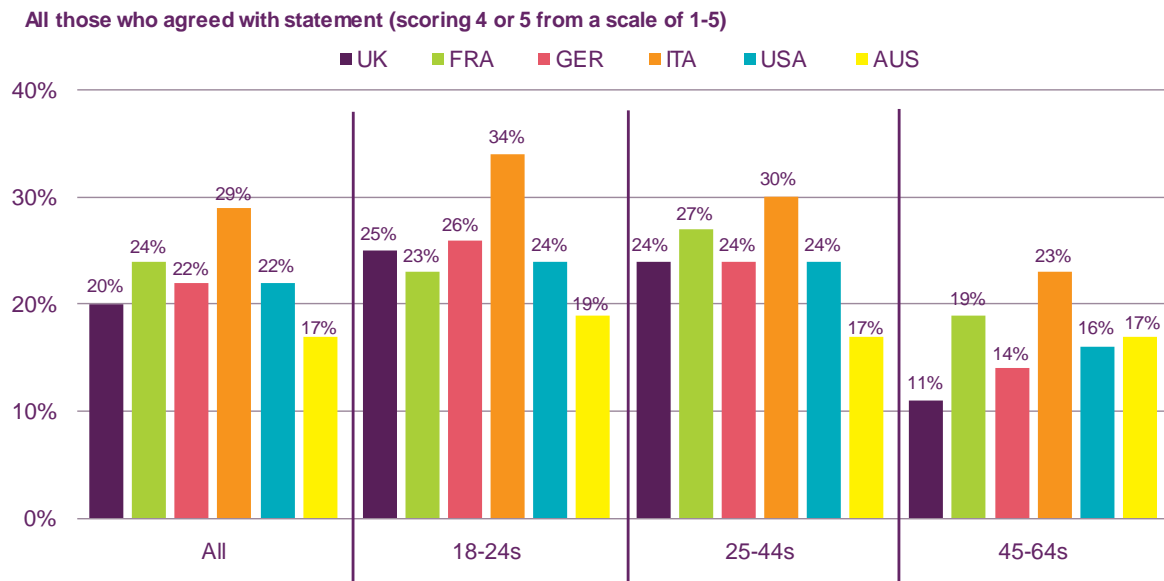
One in four of those aged between 18 and 24 years old with a social networking profile in the UK agreed that they trusted the information they see on social networking sites, compared to just over one in ten (11%) of those aged between 45 and 64 (Figure 1.37).

Among those aged 25 to 44, the number of consumers who agree with the statement “I trust the information on social networking sites” is consistent with the 18 to 24 age group; for example, 24% of those aged 25 to 44 with a profile page in the UK agreed with this statement, compared to 25% of 18 to 24 year-olds.

This pattern of reduced trust in the information on social networking sites in the 45 - 64 age group is shown across all the markets interviewed. But consumers in France with a social networking profile were slightly more likely to agree with the statement if they were aged between 25 and 44 (27%) than if they were aged 18 to 24 (23%). Consumers interviewed in the US with a social networking profile were also as likely to agree with the statement if they were either 18 to 24 or 25 to 44 years old (24%).

With these levels of trust in the information that is shown on social networking websites there still appears to be a potential role for mainstream media sources to act as trusted sources of information.

**Figure 1.37 Those who agree “I trust the information on social networking sites”, by age**



Source: Ofcom consumer research, October 2011.

Base: For each country - all those with SNS profiles. Base: Total sample sizes (All, 18-24s, 25-44s, 45-64s): UK=715,130,361,224; France=717,175,370,172; Germany= 658,151,334,173; Italy=841,180,431,230; US=778,130,410,238; Australia=755,136,379,240.

Q: “From the statements below can you please confirm how much you agree or disagree with them: I trust the information on Social networking sites”.

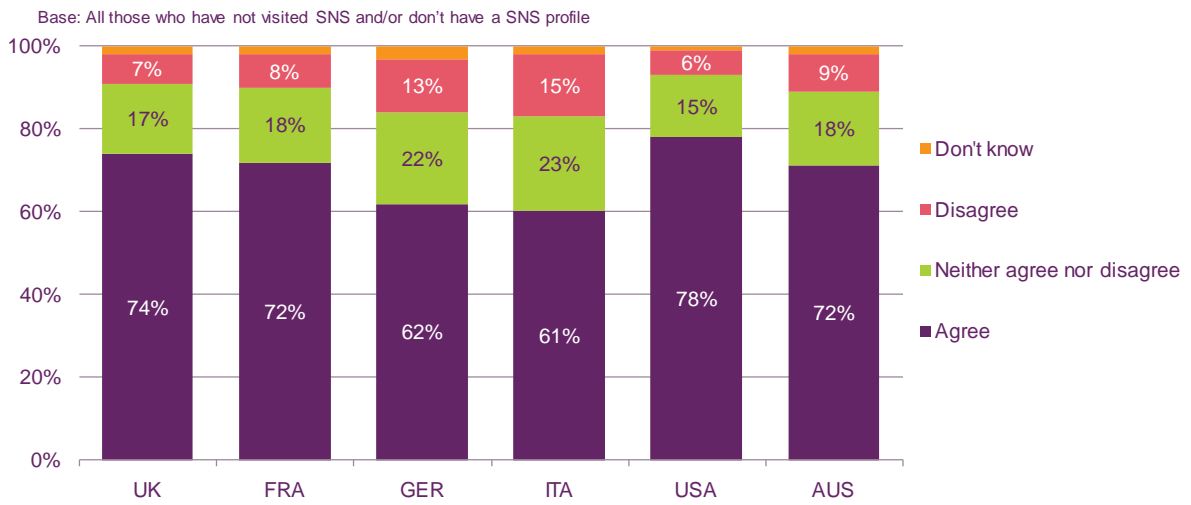
Scale of 1-5 used where 1 = Strongly disagree, 3 = neither agree nor disagree, 5 = Strongly agree. Total ‘agree’ charted (all those saying 4 or 5)

### Three-quarters of those who have not visited a social networking website, or do not have a profile, are not interested in social networking websites

Seventy-four per cent of those in the UK either without a social networking profile, or who have not visited a social networking website, agreed that they are not interested in social networking websites. Seven per cent disagreed with this statement (Figure 1.38).

Although this pattern is repeated in the French, US and Australian markets, there is some variation in both Germany and Italy, where 13% and 15% respectively disagree with the statement that they are not interested in social networking websites.

**Figure 1.38 Consumers without a social networking profile: attitude towards statement “I don’t have any interest in social networking sites”**



Source: Ofcom consumer research, October 2011.

Base: All those who have not visited SNS and/or don't have a SNS profile. Sample sizes: UK=300, France=297, Germany=356, Italy=204, US=224, Australia=257

Q: “From the statements below can you please confirm how much you agree or disagree with them: I don’t have any interest in social networking sites”. Scale of 1-5 used where 1 = Strongly disagree, 3 = neither agree nor disagree, 5 = Strongly agree.