Industry metrics and summary

Figure 5.1 UK telecoms industry key statistics

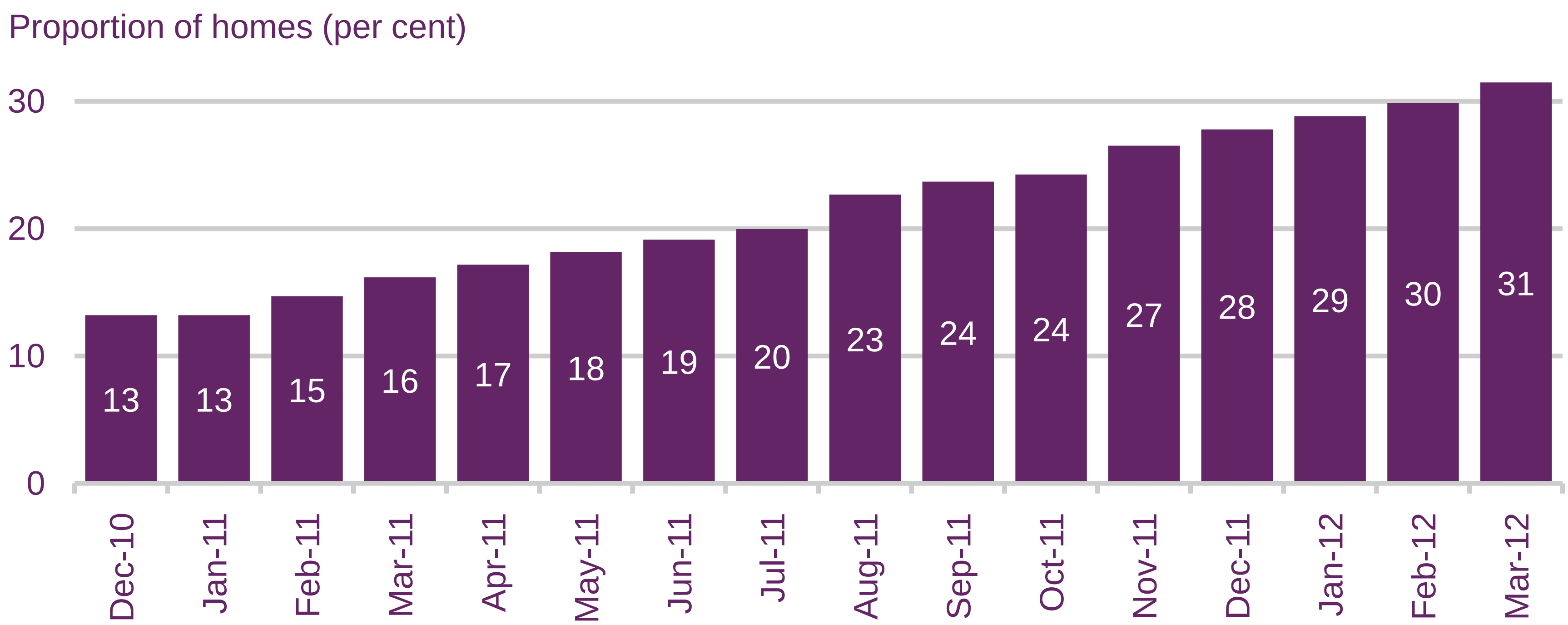
	2006	2007	2008	2009	2010	2011
Total operator-reported revenue (£bn)	40.7	42.0	42.5	41.2	40.5	39.7
Operator-reported retail revenue (£bn)	30.6	31.7	32.0	31.1	30.9	31.0
Operator-reported wholesale revenue (£bn)	10.1	10.3	10.4	10.1	9.6	8.8
Average monthly household telecoms spend (£ 2011 prices)	78.46	76.00	73.04	70.81	68.06	65.04
Fixed access and call revenues (£bn)	10.5	10.4	10.2	9.7	9.4	8.9
Fixed voice call minutes (billions)	154	149	141	132	129	116
BT share of fixed call minutes (%)	47.1	46.6	43.8	40.1	36.5	35.9
Fixed lines (millions)	34.5	34.5	34.2	33.5	33.4	33.2
Fixed internet revenues (£bn)	3.2	3.2	3.2	3.3	3.2	3.4
Fixed internet connections per 100 population	28.0	29.3	29.5	30.3	32.1	33.2
Fixed broadband connections per 100 population	21.3	24.9	27.4	28.7	30.6	32.5
Proportion of premises connected to an unbundled exchange (%)	66.6	80.2	84.2	84.5	89.0	91.9
Mobile retail revenues (£bn)	13.9	15.0	15.5	14.9	14.9	15.1
Mobile voice call minutes (billions)	88	105	115	121	125	124

Key market developments in telecoms

Fibre-to-the-cabinet rollout and take-up of superfast services start to gain momentum

Figure 5.2

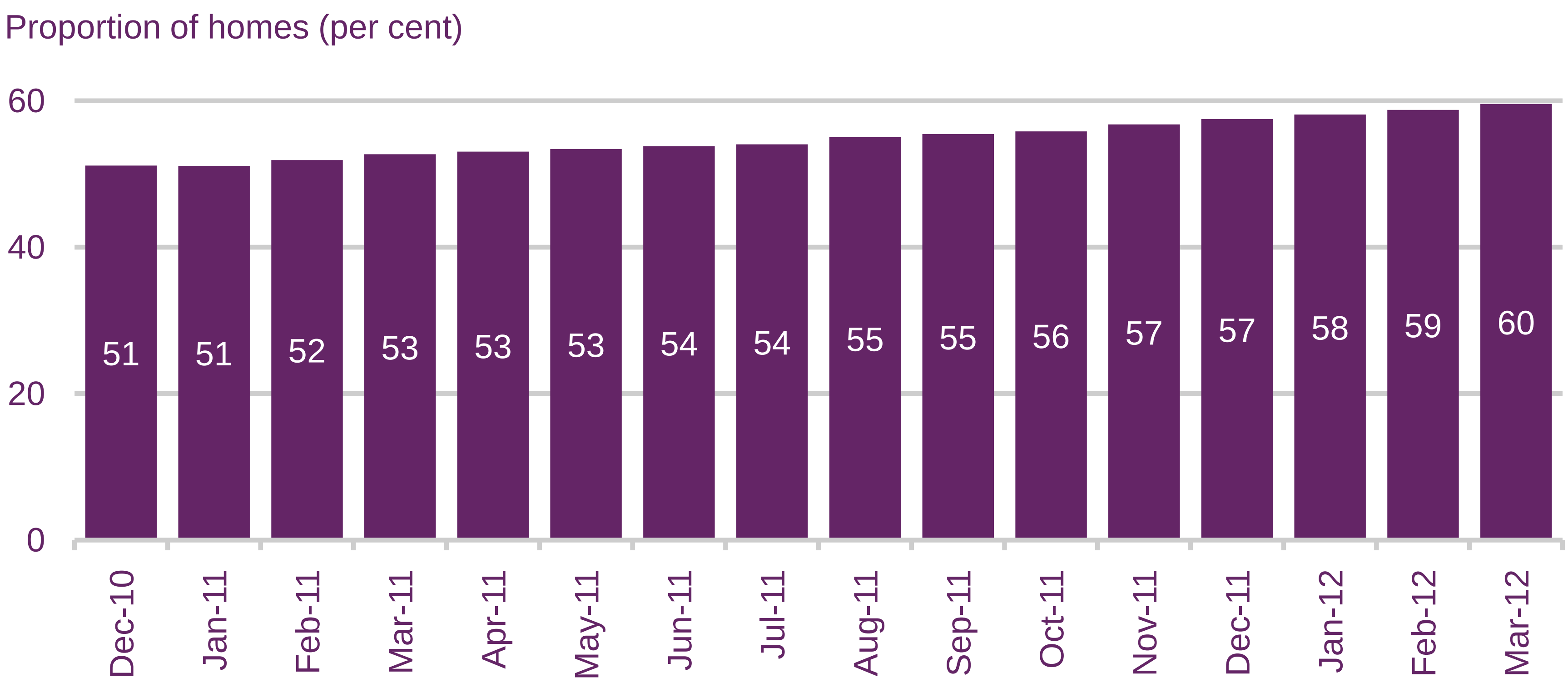
Estimated household availability of BT's fibre-to-the-cabinet network



Source: Ofcom / BT
Note: Includes estimates where Ofcom does not receive data from operators

Figure 5.3

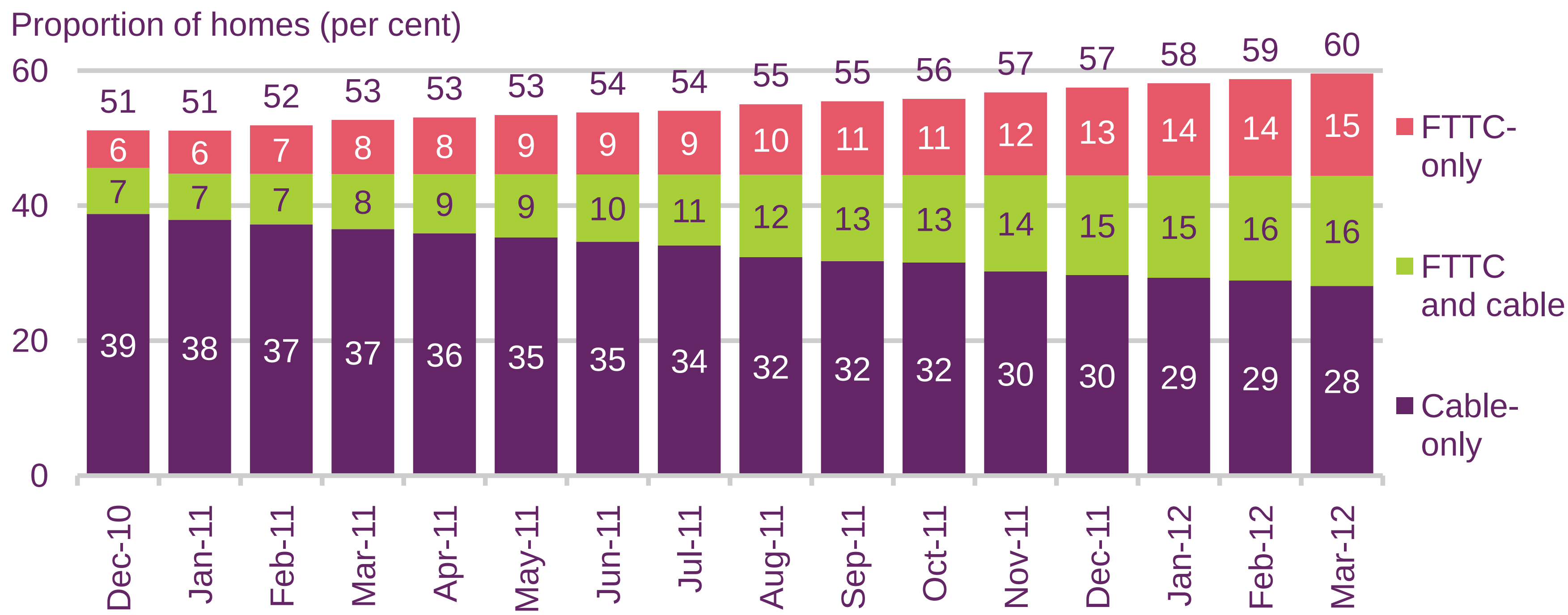
Estimated household availability of superfast broadband services



Source: Ofcom / operators
Note: Includes estimates where Ofcom does not receive data from operators

Figure 5.4

Estimated household availability of superfast services, by technology



Source: Ofcom / operators
Note: Includes estimates where Ofcom does not receive data from operators

Figure 5.5

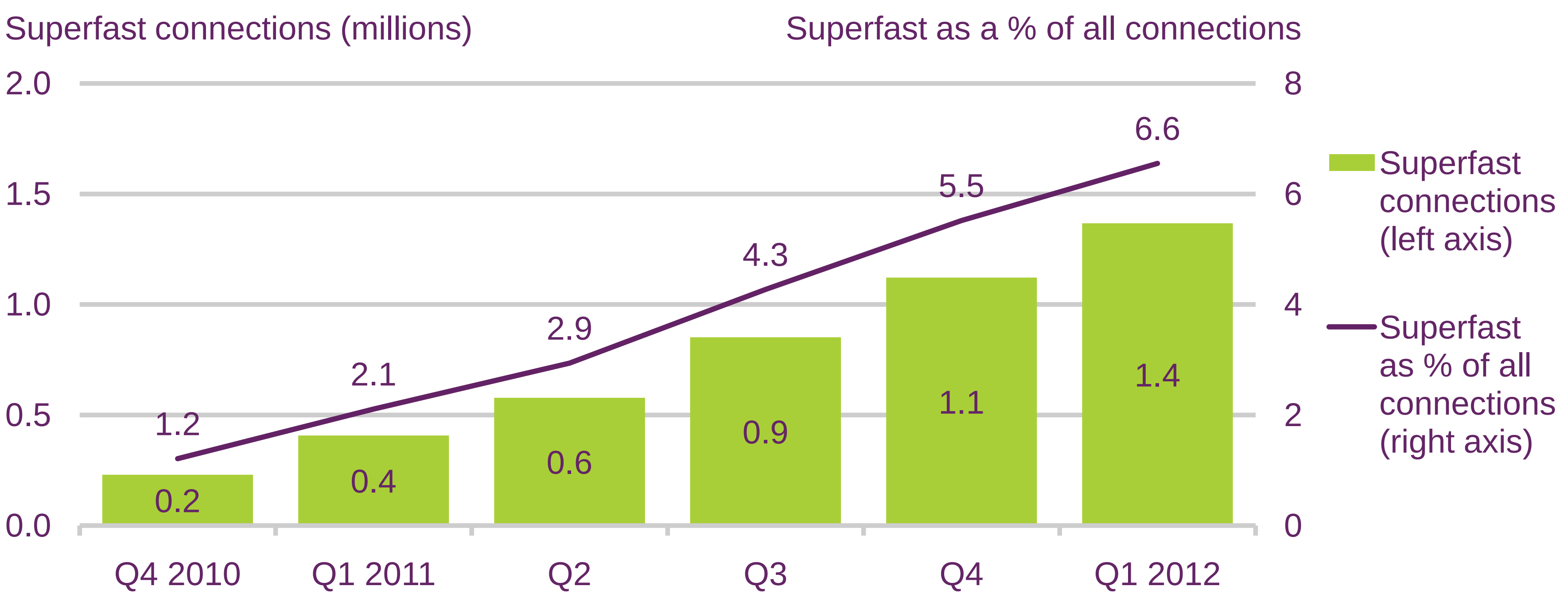
Comparison of major ISPs' superfast and current generation broadband services

		BT	Virgin Media	TalkTalk	Sky	Plusnet
Lowest cost superfast service	**Headline download speed / technology**	38Mbit/s FTTC	30Mbit/s cable	40Mbit/s FTTC	FTTC	38Mbit/s FTTC
	Average actual speed, November 2011	36.0Mbit/s	31.0Mbit/s	-	-	-
	Data allowance	40GB plus unlimited WiFi	Unlimited	40GB	Unlimited	40GB plus unlimited off-peak
	Call allowance	Fixed off-peak	Virgin Media plus fixed weekend	Fixed off-peak	Fixed off-peak	Plusnet plus fixed off-peak
	Monthly cost	£18 plus line rental	£14.50 plus line rental	£16.50 plus line rental	£20 plus line rental	£16.49 plus line rental
Lowest cost current generation service	**Technology / headline download speed**	ADSL2+/ 16Mbit/s	n/a	ADSL2+/ 14Mbit/s	ADSL2+	ADSL2+/ 16Mbit/s
	Average actual speed, November 2011	8.7Mbit/s	n/a	8.0Mbit/s	7.5Mbit/s	8.3Mbit/s
	Data allowance	10GB plus unlimited WiFi	n/a	40GB	Unlimited	10GB plus unlimited off-peak
	Call allowance	Fixed anytime	n/a	Fixed off-peak	Fixed off-peak	Plusnet plus fixed off-peak
	Monthly cost	£13 plus line rental	n/a	£6.50 plus line rental	£10 plus line rental	£6.49 plus line rental
Additional monthly superfast cost		**£5**	**n/a**	**£10**	**£10**	**£10**

Source: Ofcom / Pure Pricing UK Broadband Pricing Briefing, March 2012

Figure 5.6

Take-up of superfast broadband services

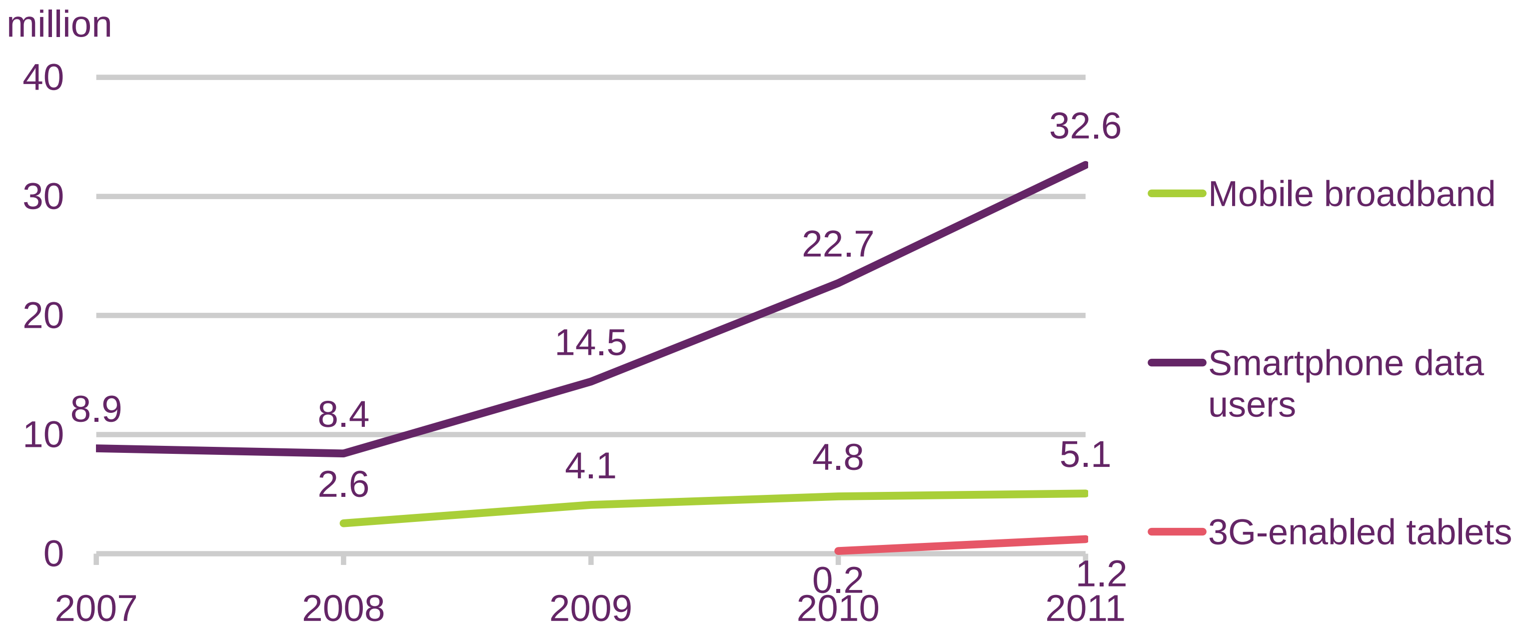


Source: Ofcom / operators
Note: Includes estimates where Ofcom does not receive data from operators

New devices shape an explosion in mobile data use

Figure 5.7

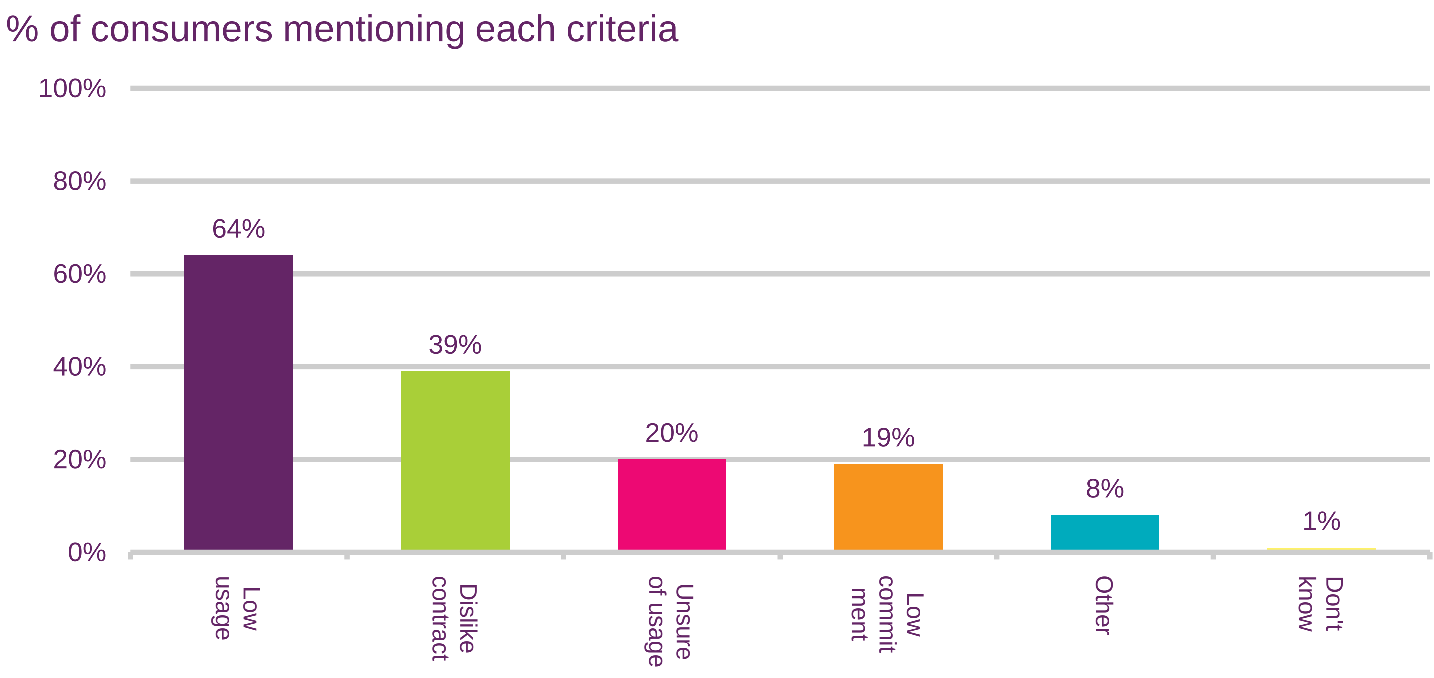
Number of mobile broadband connections, 3G-enabled tablets and users accessing the internet on their mobile device



Source: Ofcom data based on submissions by operators and Ofcom market research. Consumers accessing the internet on their mobile phone and 3G-enabled tablets are estimates based on these data. Mobile broadband figures are for December of the stated year and the other two categories are for the first quarter of the following year.

Figure 5.8

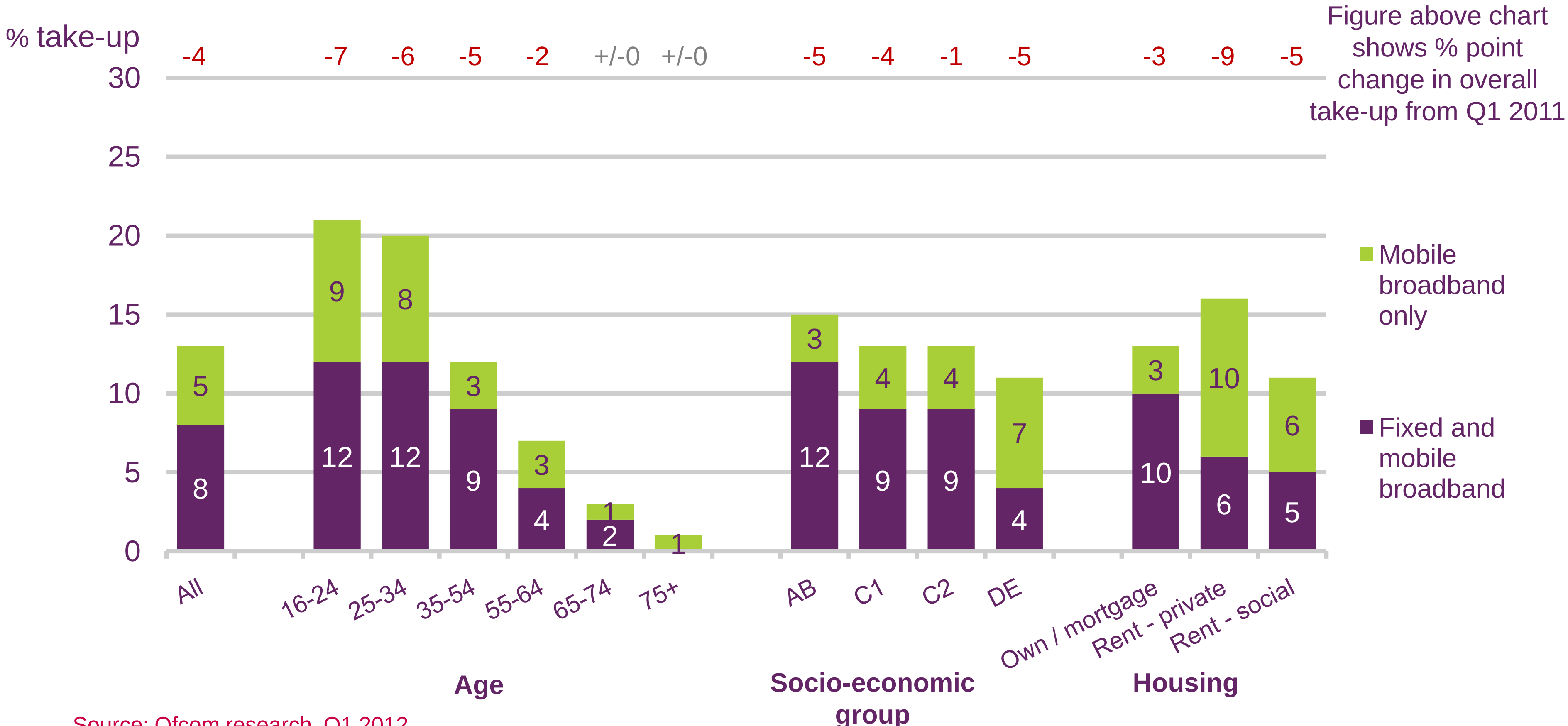
Reasons for choosing pre-pay mobile broadband



Source: YouGov Dongle Track

Figure 5.9

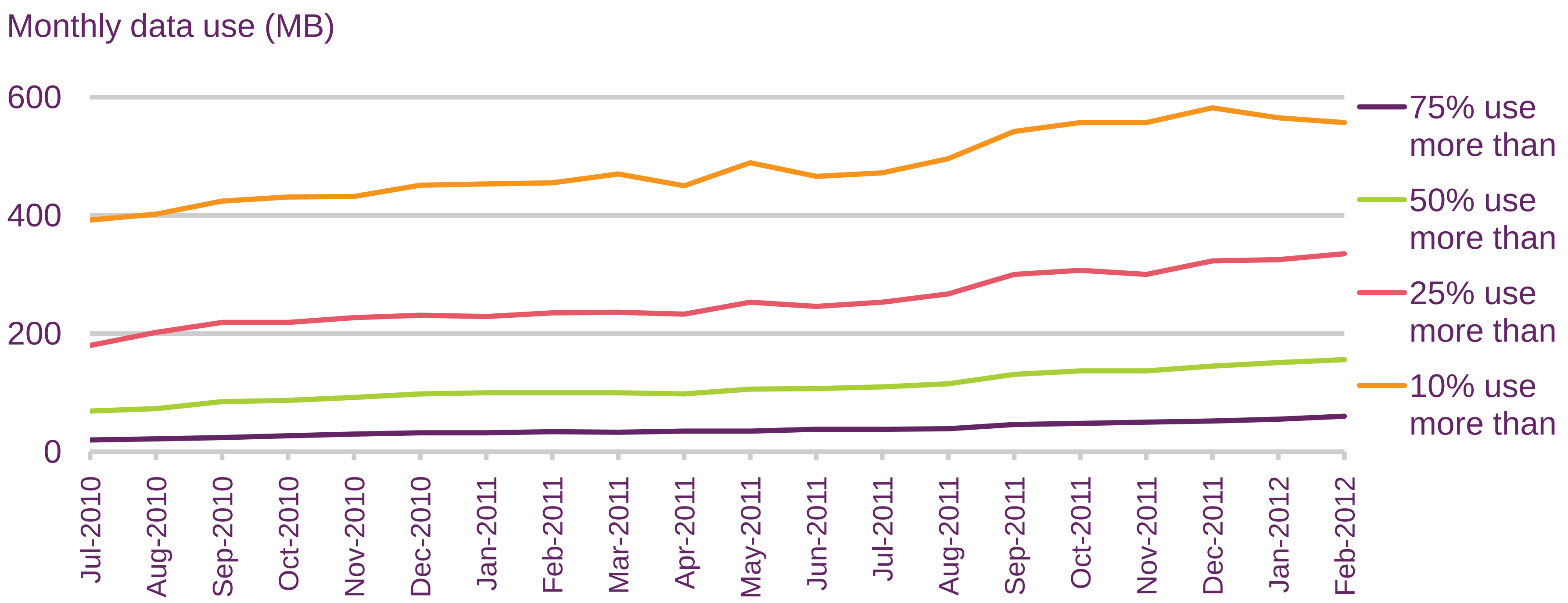
Take-up of mobile broadband by socio-economic group, age and housing type of respondent



Source: Ofcom research, Q1 2012
Base: All adults aged 16+ (n=3772)

Figure 5.10

Smartphone data use

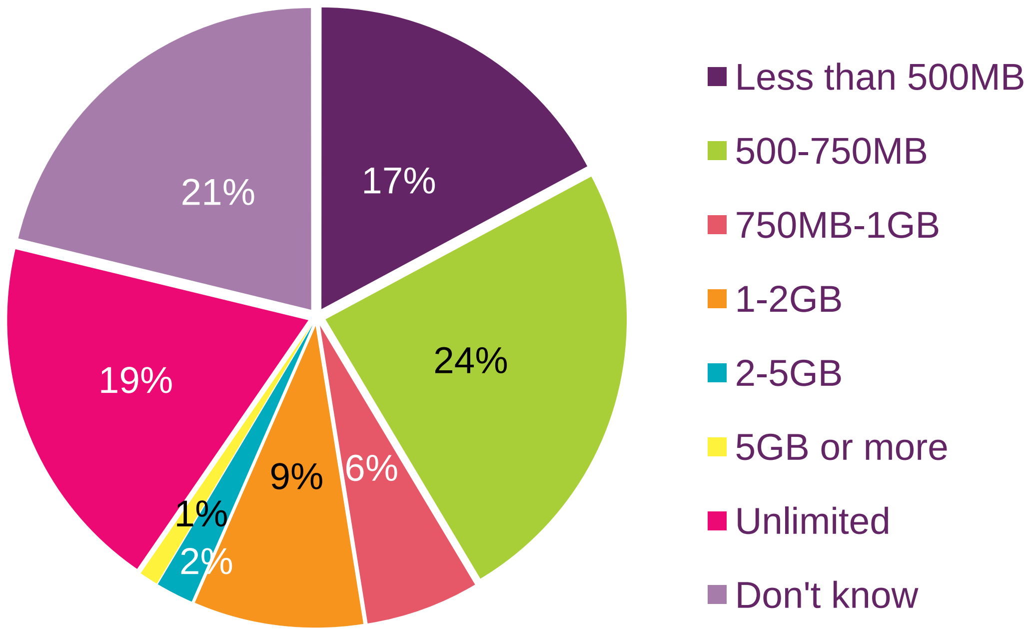


Source: BillMonitor

Figure 5.11

Smartphone data caps

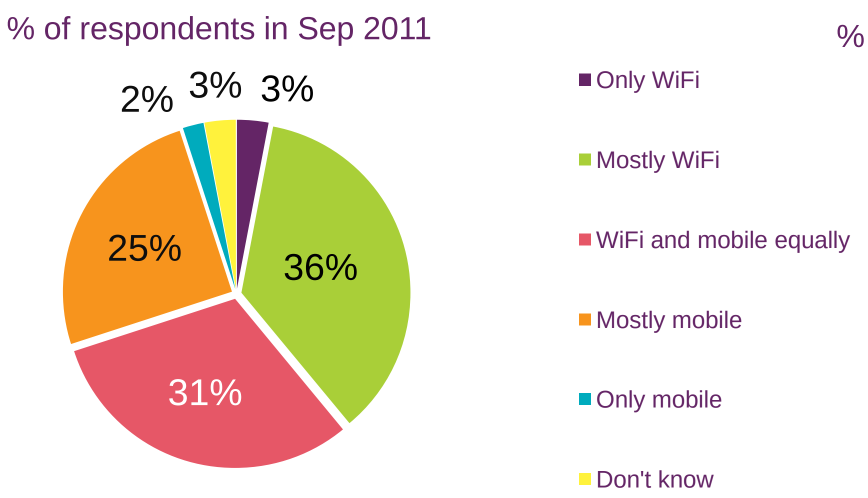
Percentage of respondents using each range of allowance

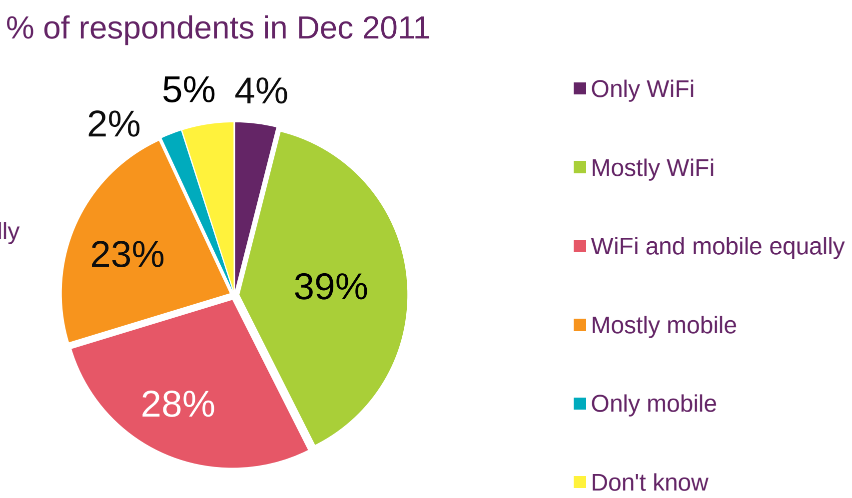


Source: YouGov SMIX

Figure 5.12

Use of smartphone WiFi connection relative to cellular connection

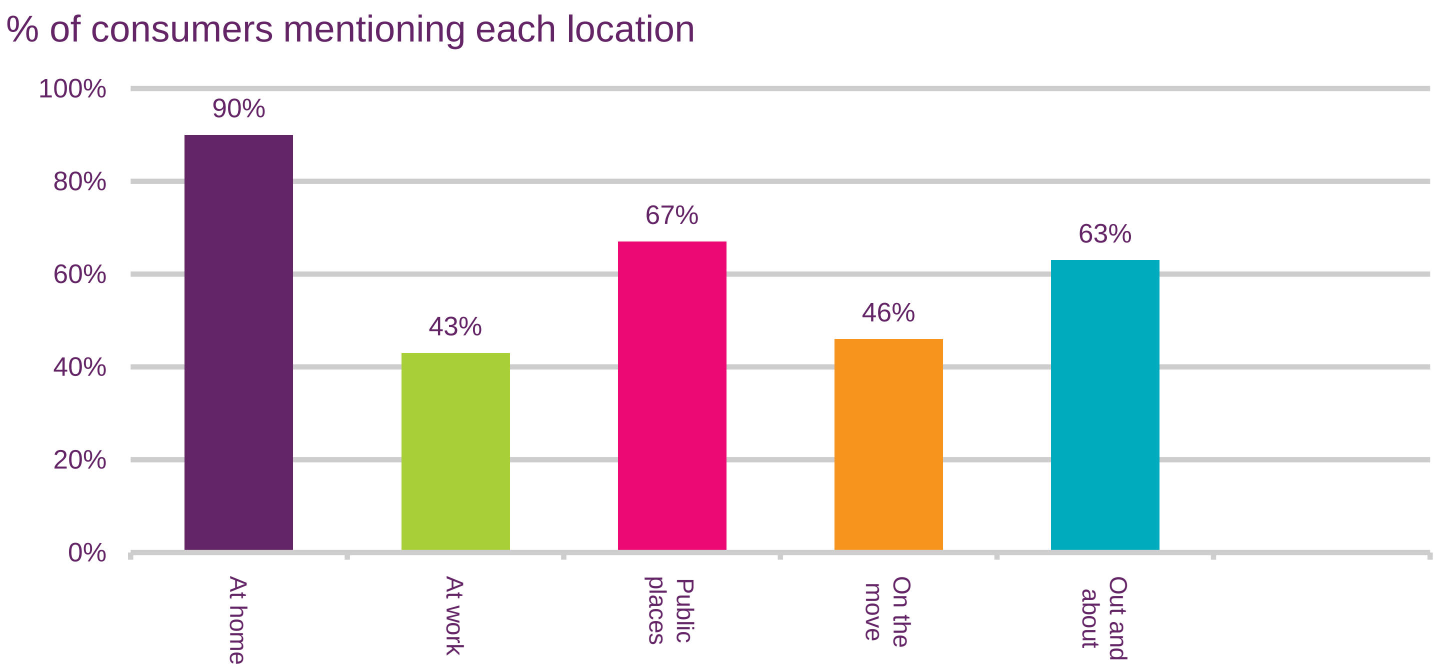




Source: YouGov SMIX

Figure 5.13

Location of Wi-Fi use on a smartphone



Source: YouGov SMIX

After fixed-to-mobile substitution are we seeing voice-to-data substitution?

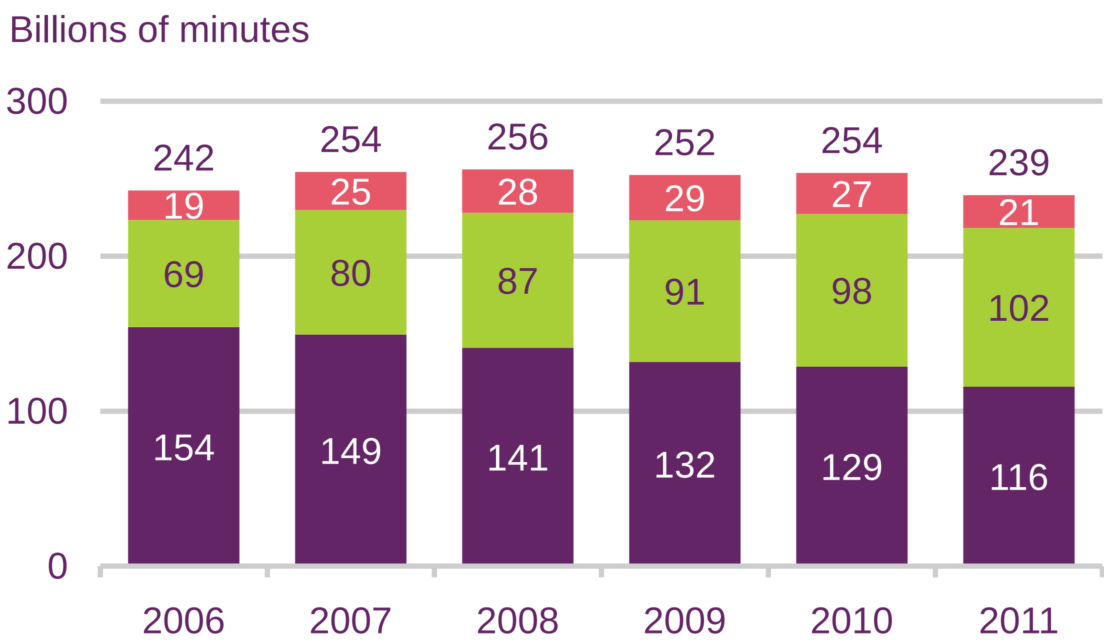
Figure 5.14

Fixed and mobile share of total originating voice call volumes

Source: Ofcom / operators
Note: Includes estimates where Ofcom does not receive data from operators

Figure 5.15

Total fixed and mobile voice call volumes

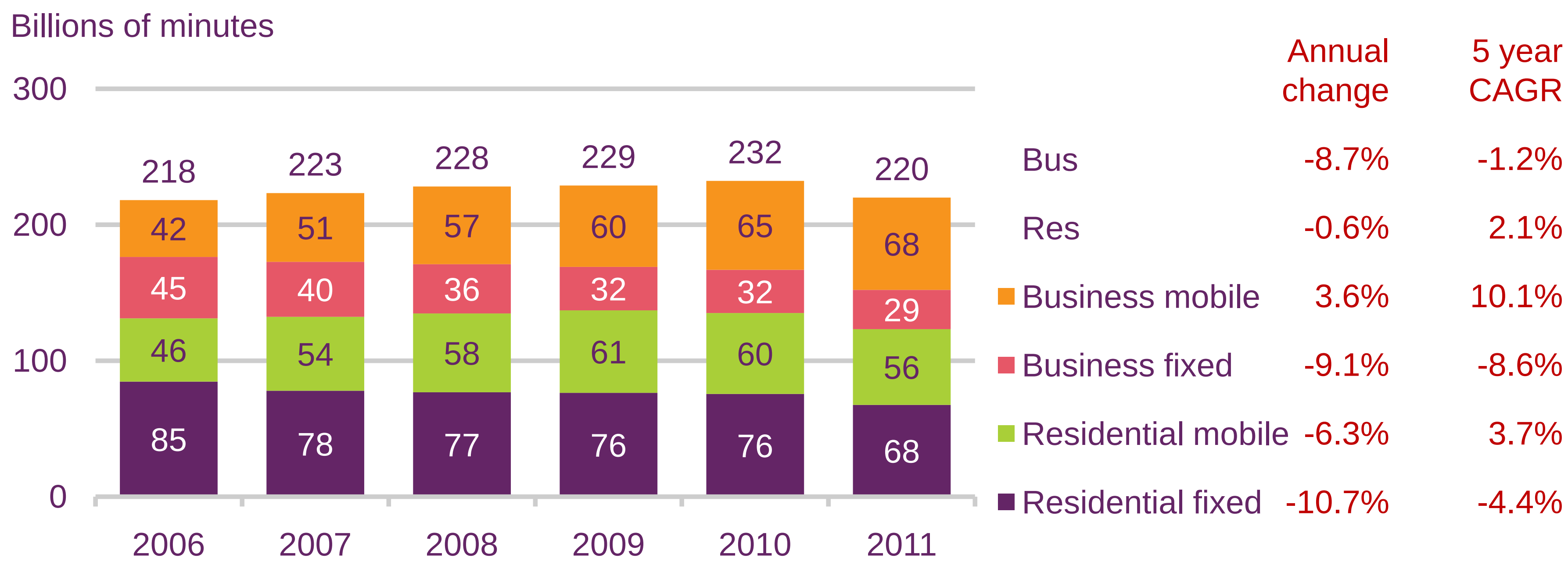


	Annual change	5 year CAGR
Total	-5.6%	-0.3%
Pre-pay mobile	-20.1%	2.2%
Contract mobile	4.0%	8.1%
Fixed voice	-10.0%	-5.6%

Source: Ofcom / operators
Note: Includes estimates where Ofcom does not receive data from operators

Figure 5.16

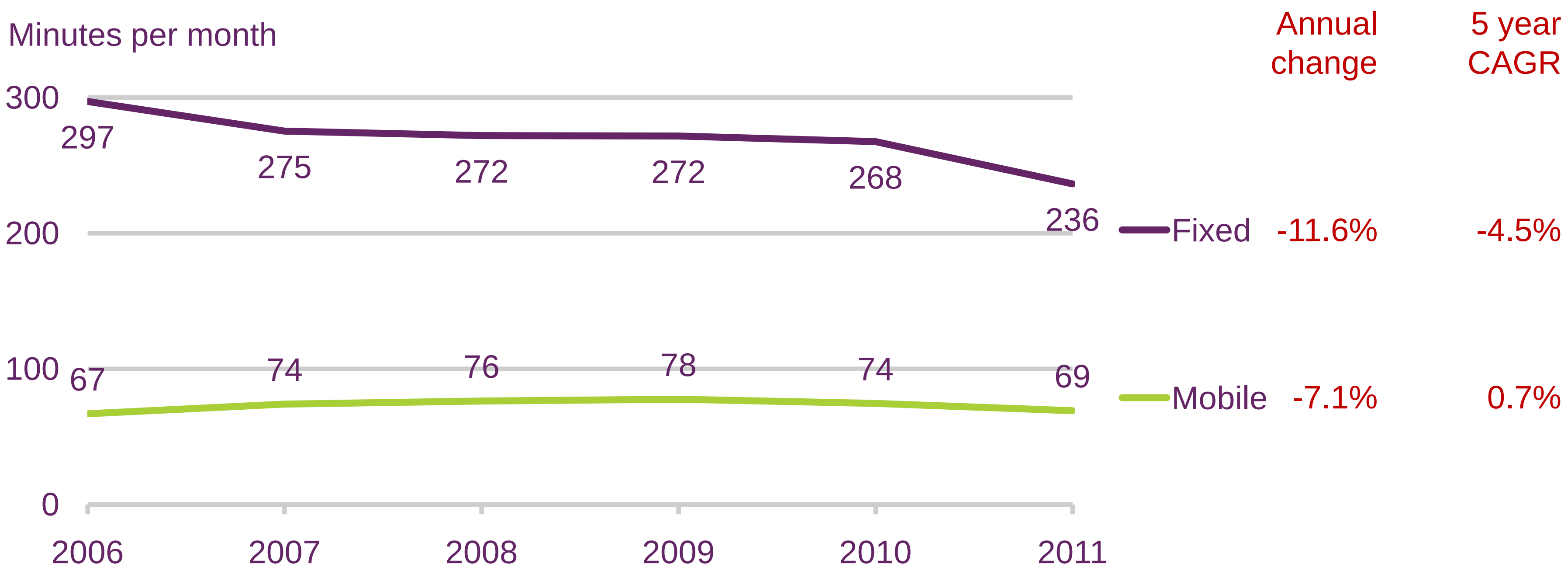
Total fixed and mobile voice call volumes, by customer type



Source: Ofcom / operators
Note: Includes estimates where Ofcom does not receive data from operators; fixed call volumes exclude NTS voice calls.

Figure 5.17

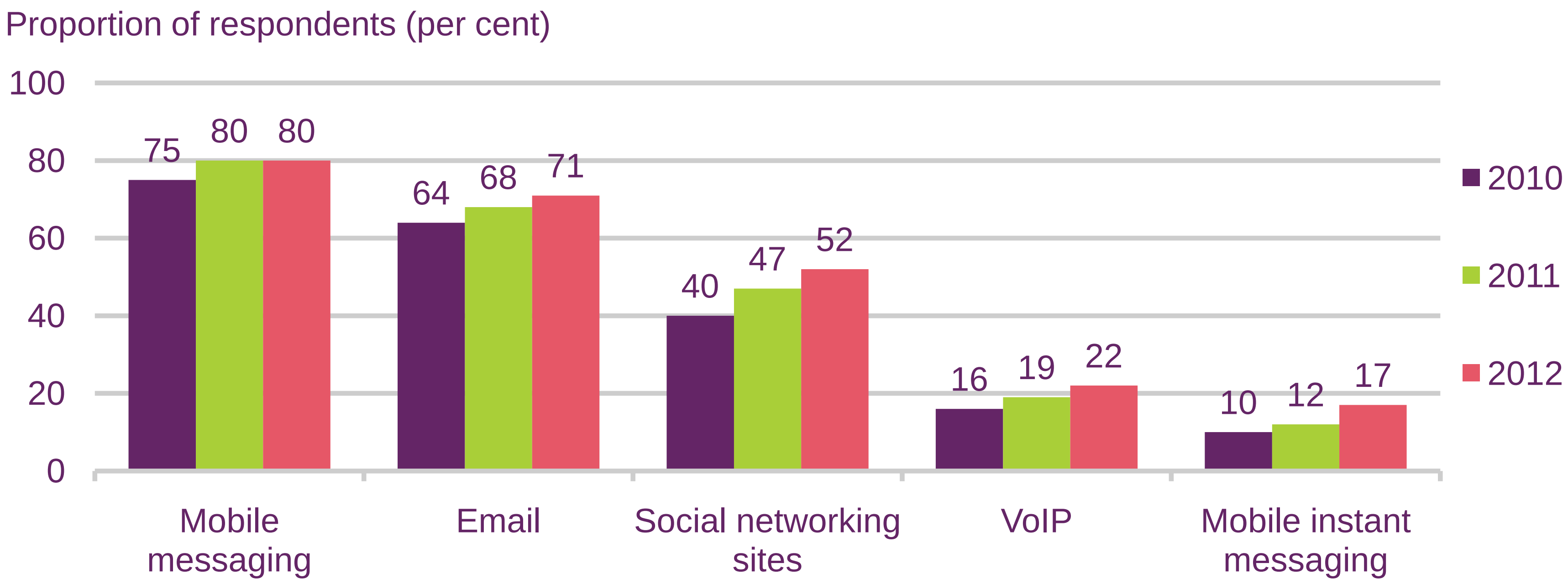
Average monthly call minutes per residential fixed and mobile voice connection



Source: Ofcom / operators
Note: Includes estimates where Ofcom does not receive data from operators

Figure 5.18

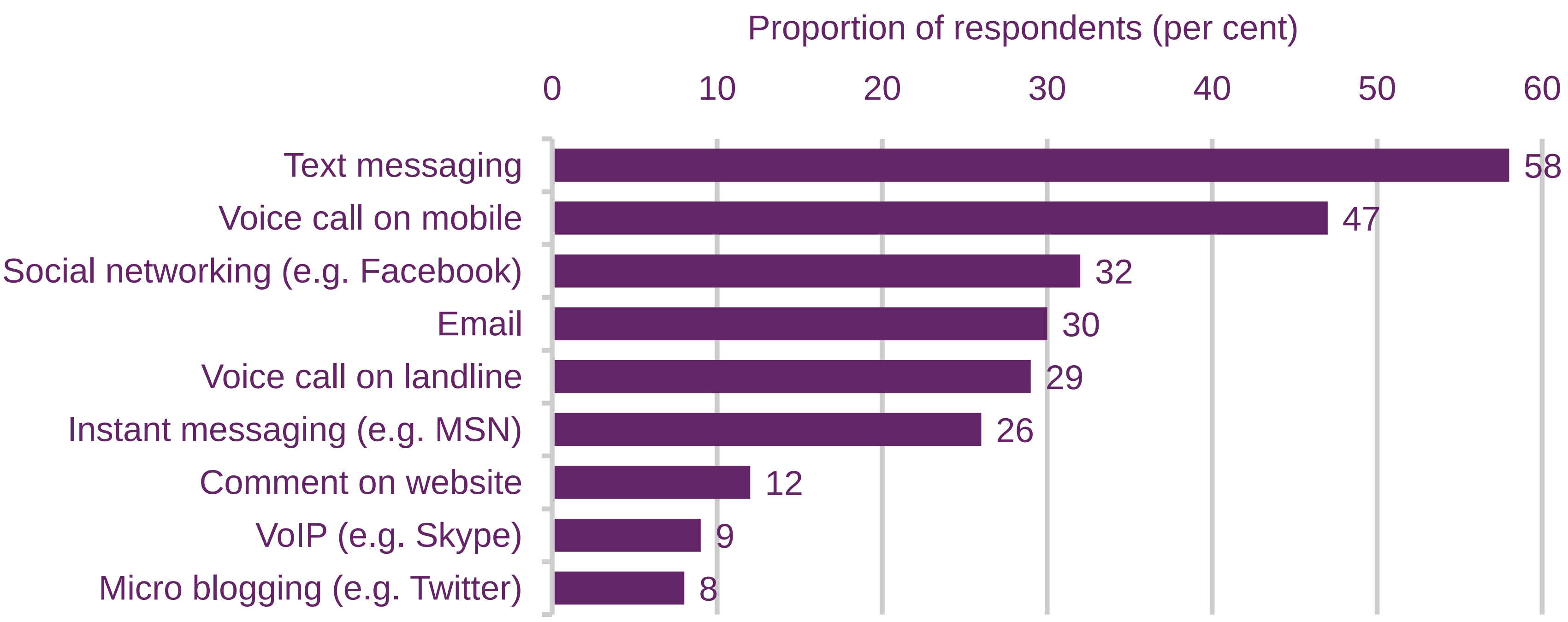
Use of methods of communication other than traditional voice telephony



Source: Ofcom research, data as at Q1 of each year
Base: All adults 16+

Figure 5.19

Means of communicating with friends and family used at least once a day

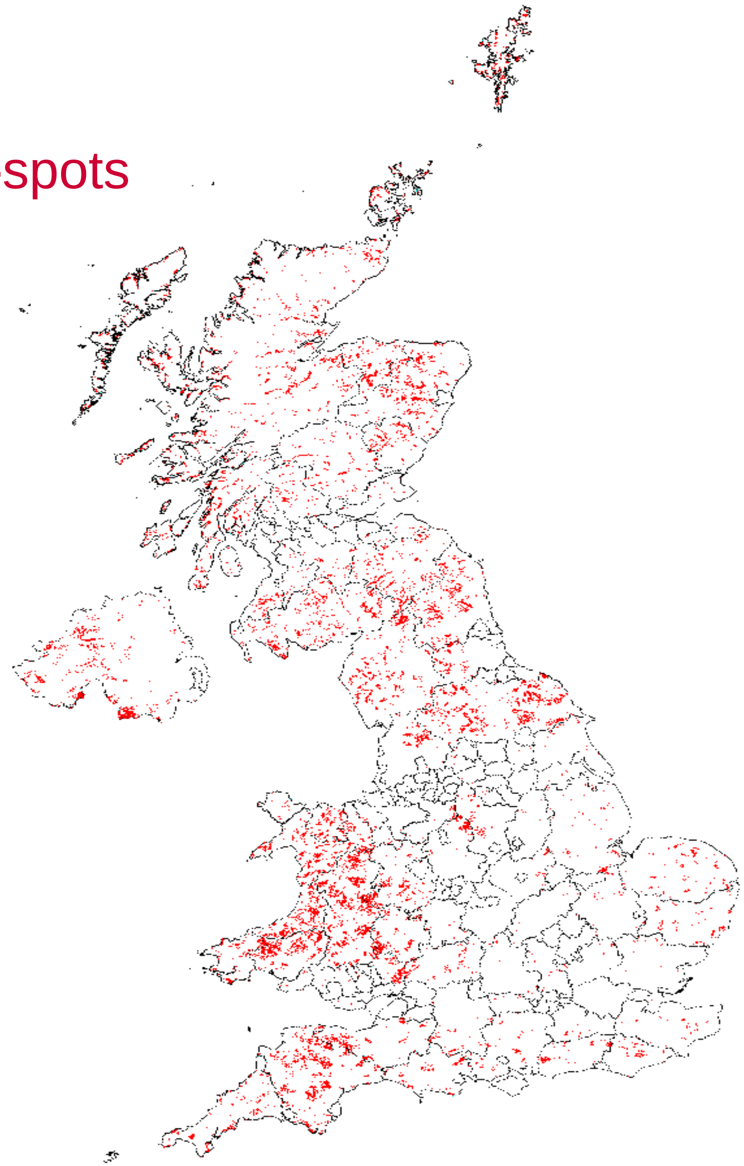


Source: Ofcom research, Q1 2012
Base: All adults 16+

Government announces investment to increase mobile coverage

Figure 5.20

Premises in complete mobile not-spots



Source: Ofcom

Figure 5.21

Roads targeted to benefit from the Mobile Investment Programme

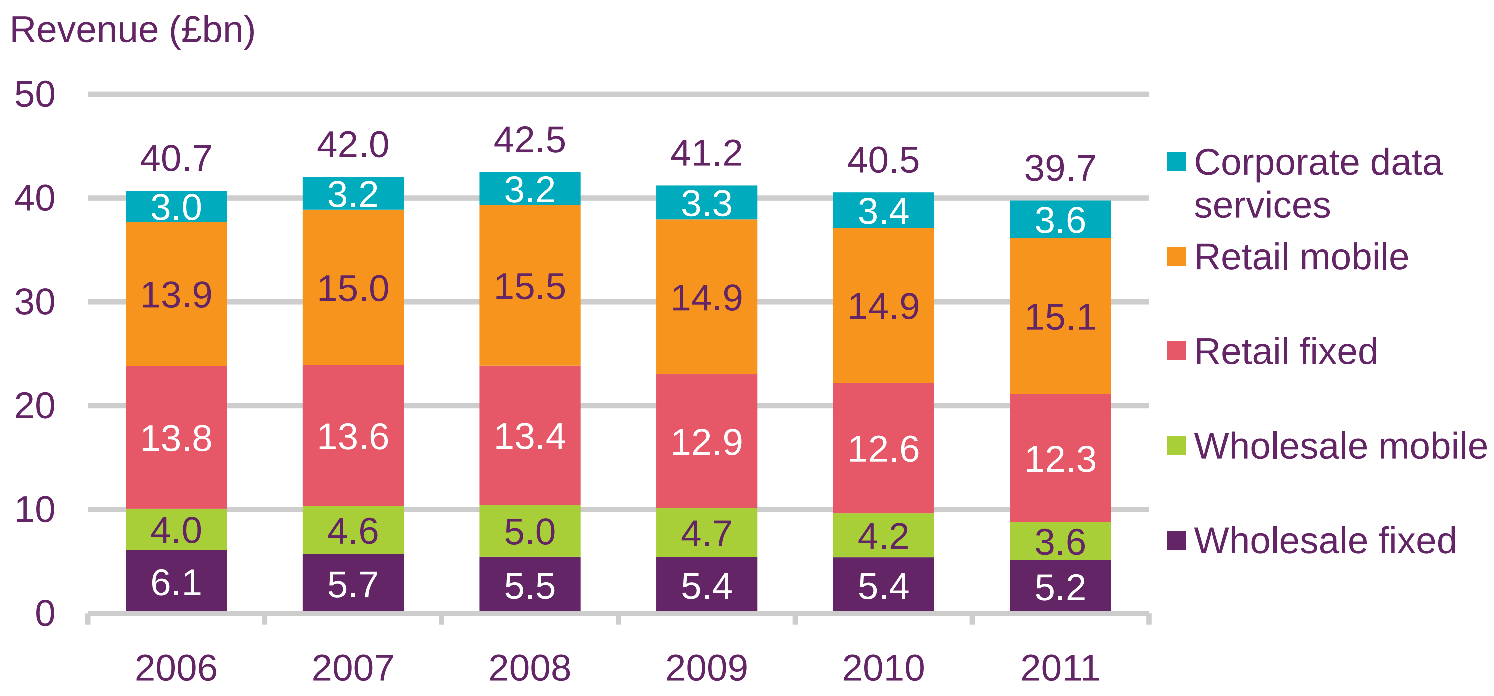
Name of road	Nation	Start	End
A2	Northern Ireland	Derry	Newry
A29	Northern Ireland	Coleraine	Armagh
A591	England	Keswick	Sizergh
A169	England	Whitby	Norton
A57	England	Liverpool	Manchester
A470(T)	Wales	Llandudno	Cardiff
A82(T)	Scotland	Inverness	Glasgow
A360	England	Devizes	Salisbury
A143	England	Great Yarmouth	Haverhill
A352	England	Sherborne	Wareham

Source: Department for Culture, Media and Sport

The telecoms industry

Figure 5.22

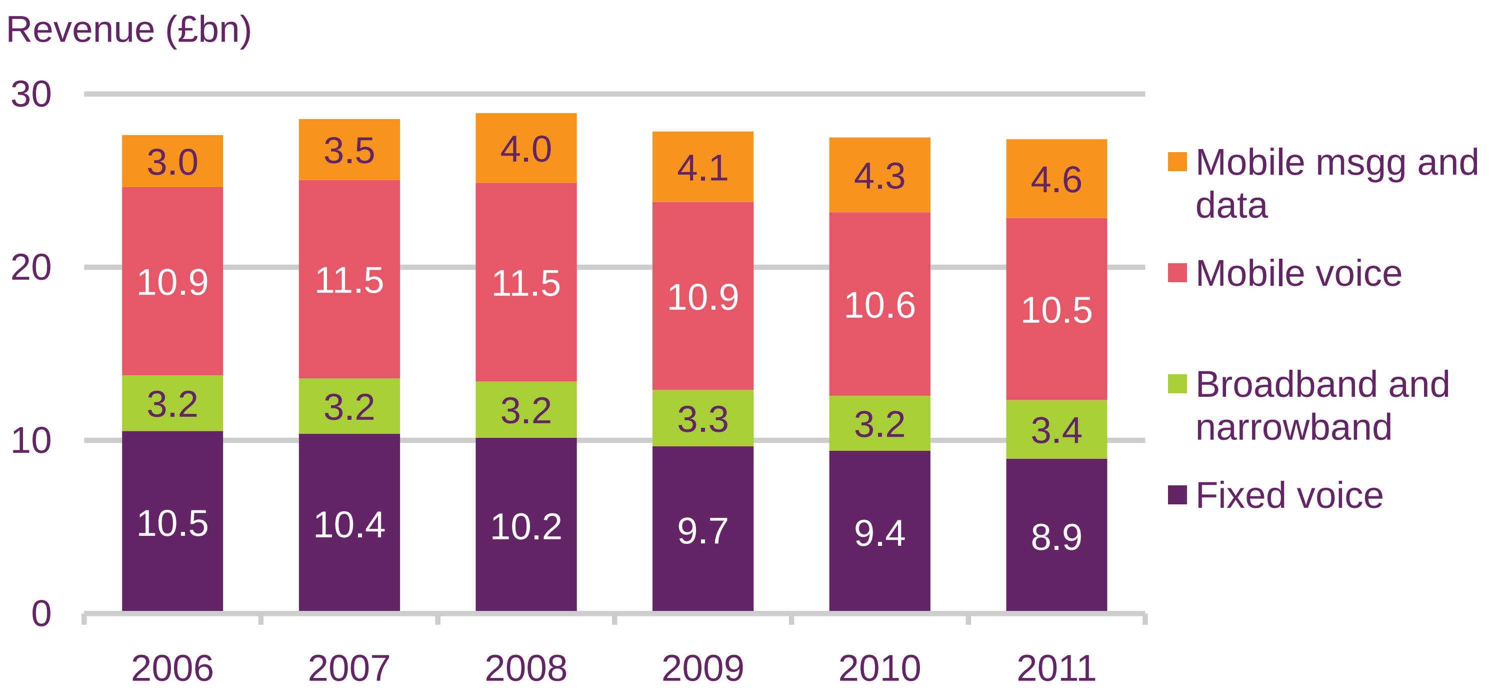
UK telecoms revenue by wholesale and retail, fixed and mobile, and corporate data services



Source: Ofcom/operators (retail and wholesale data); IDC (corporate data services data)

Figure 5.23

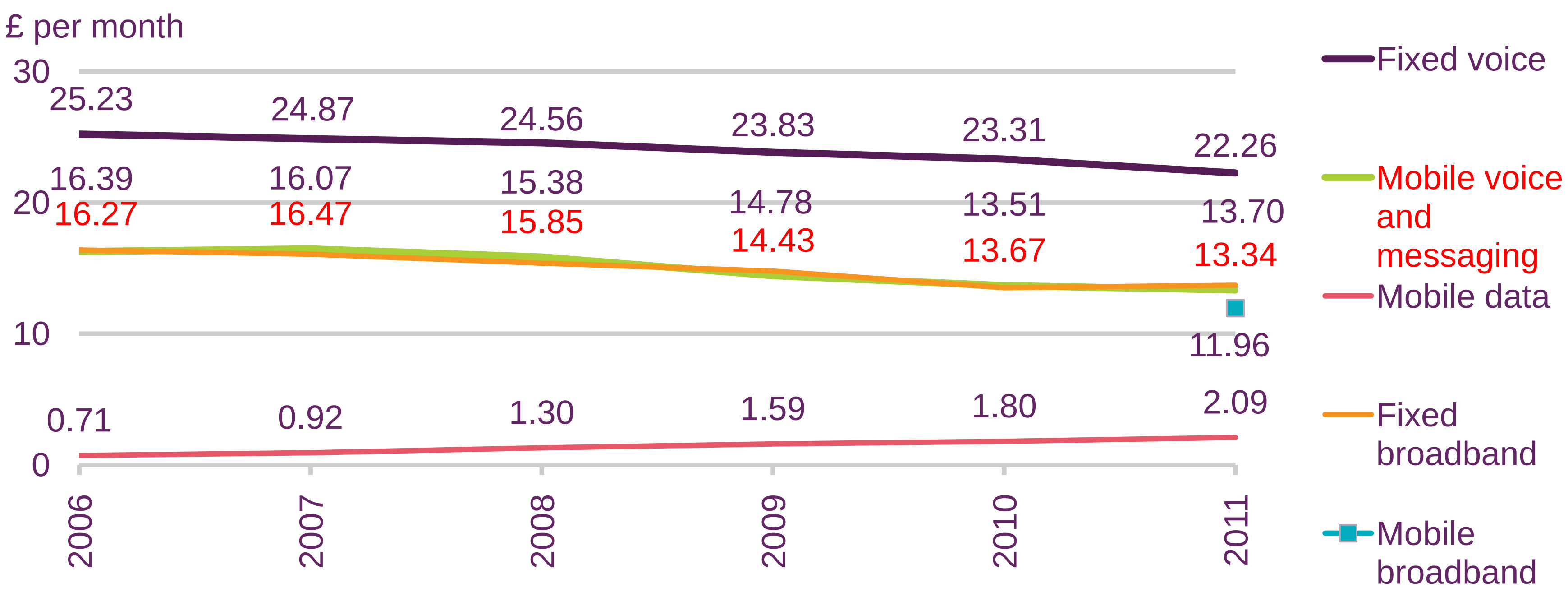
Total retail revenue, by voice and data



Source: Ofcom / operators

Figure 5.24

Average revenue per user (ARPU) per month, by service



Source: Ofcom/operators except for mobile broadband figure which was from YouGov DongleTrack research. In this chart, mobile data refers to handsets only and so excludes mobile broadband.

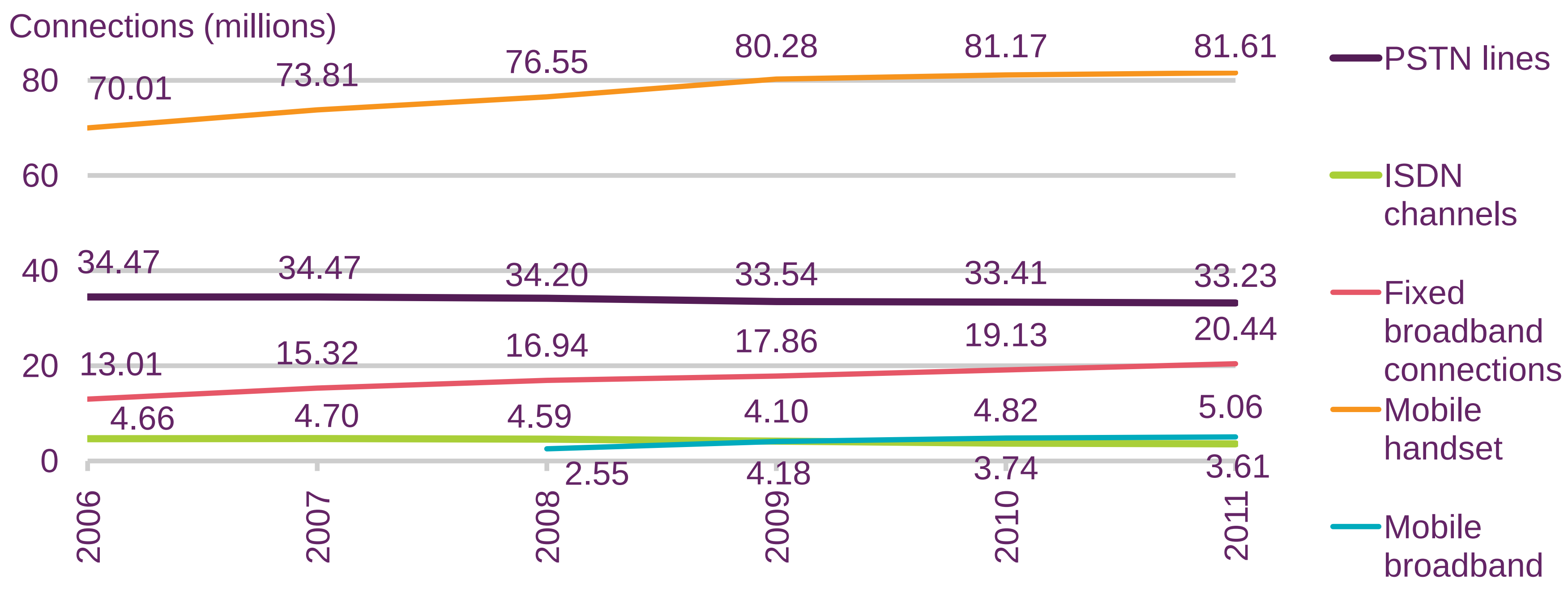
Figure 5.25

Volumes of outgoing fixed minutes and mobile minutes

Source: Ofcom/operators

Figure 5.26

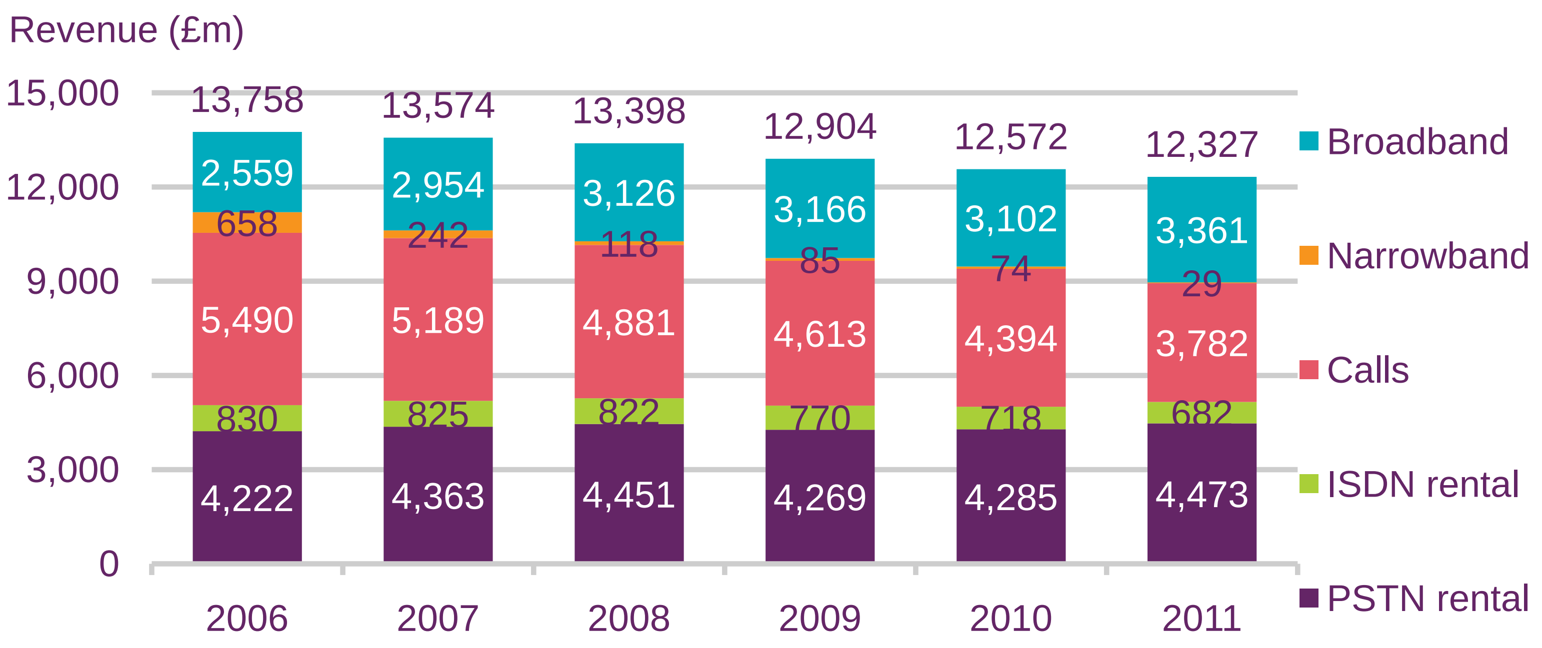
Number of connections, by service



Source: Ofcom/operators. Mobile broadband figures are also included in the total mobile figure.

Figure 5.27

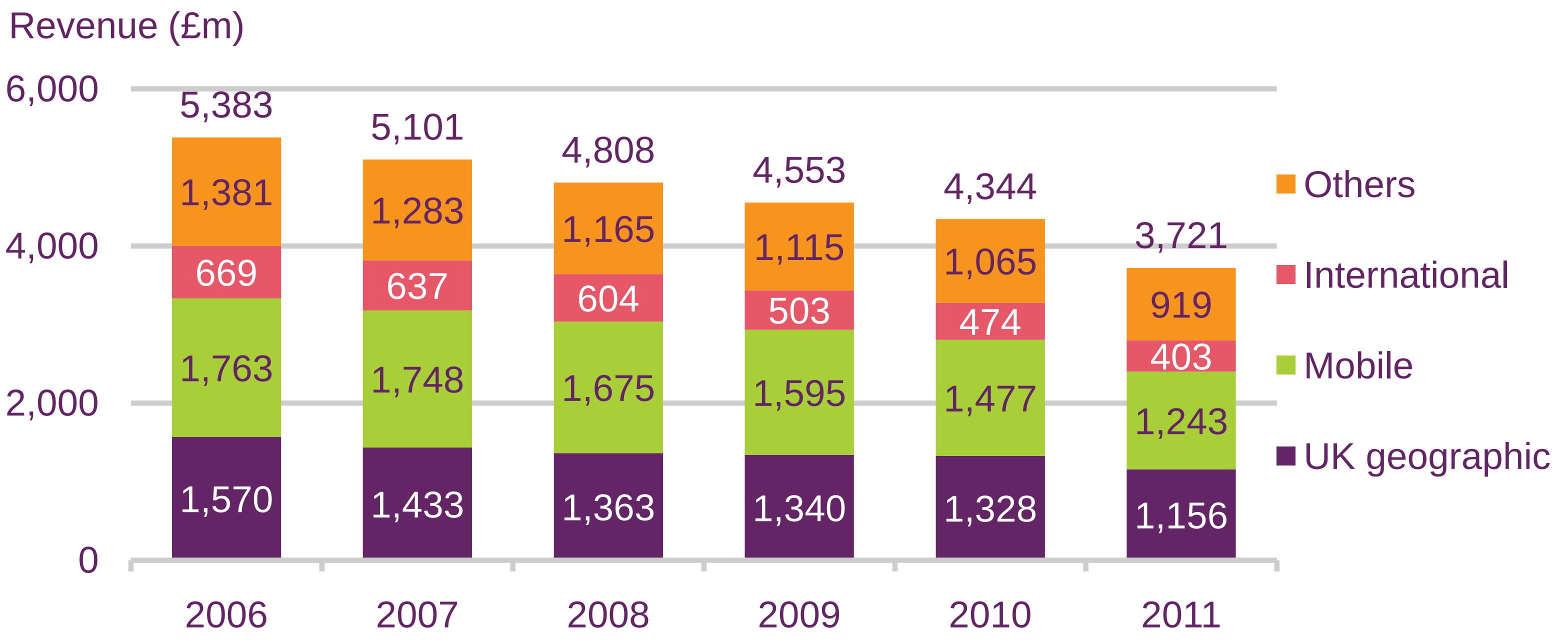
Fixed telecoms revenues, by access technology



Source: Ofcom / operators

Figure 5.28

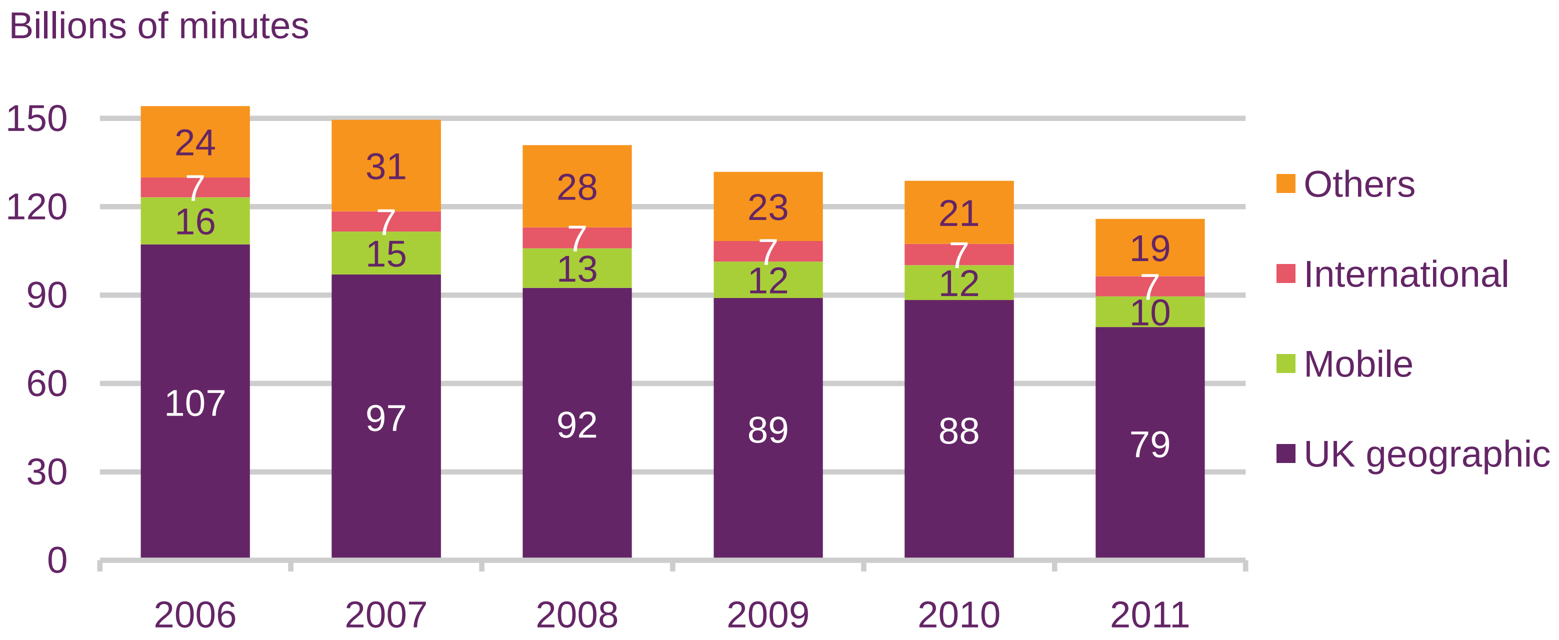
Fixed voice revenues, by type of call



Source: Ofcom / operators

Figure 5.29

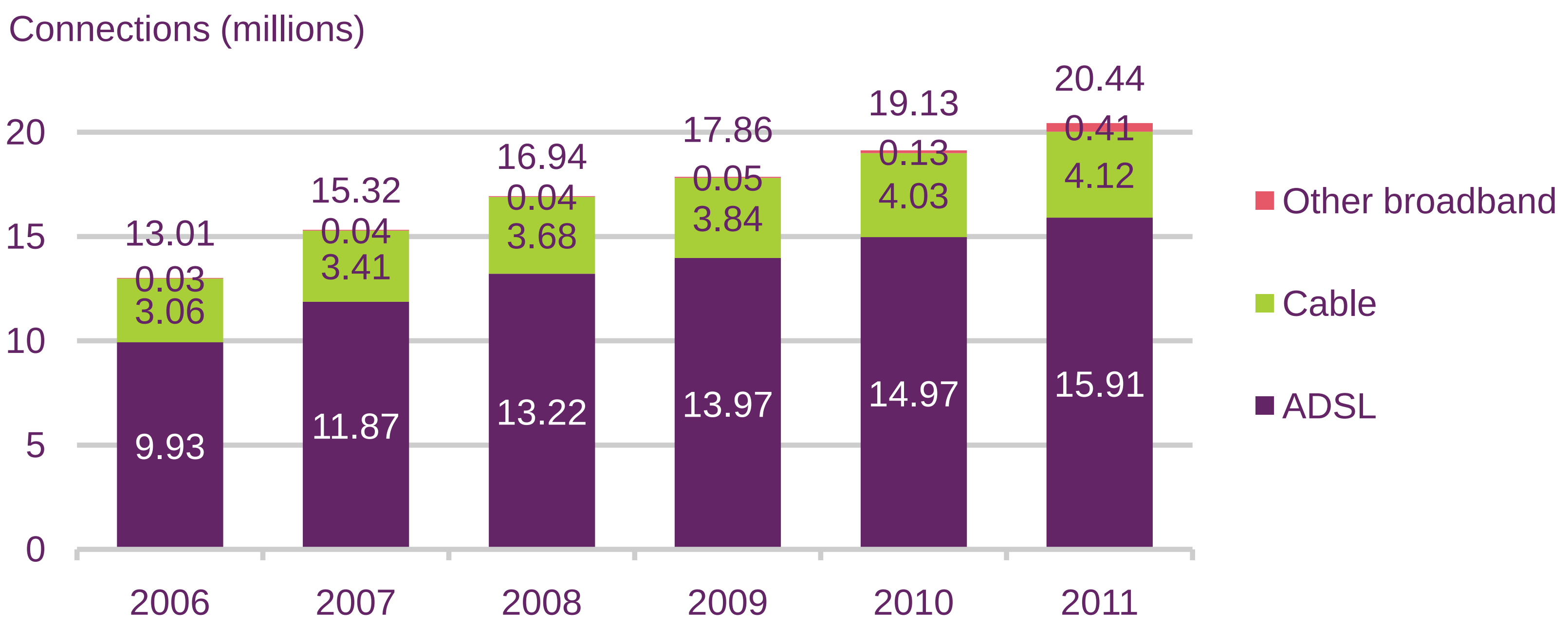
Fixed voice volumes, by type of call



Source: Ofcom / operators

Figure 5.30

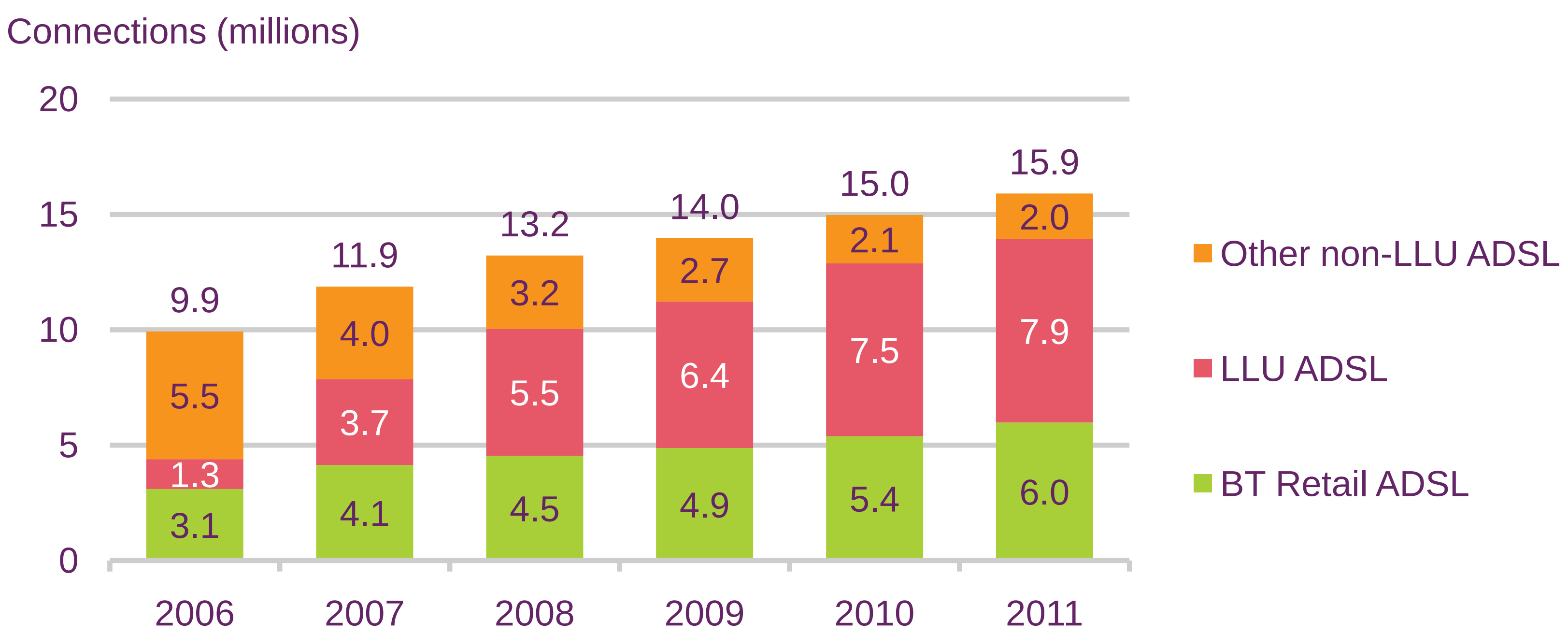
Fixed broadband connections



Source: Ofcom / operators

Figure 5.31

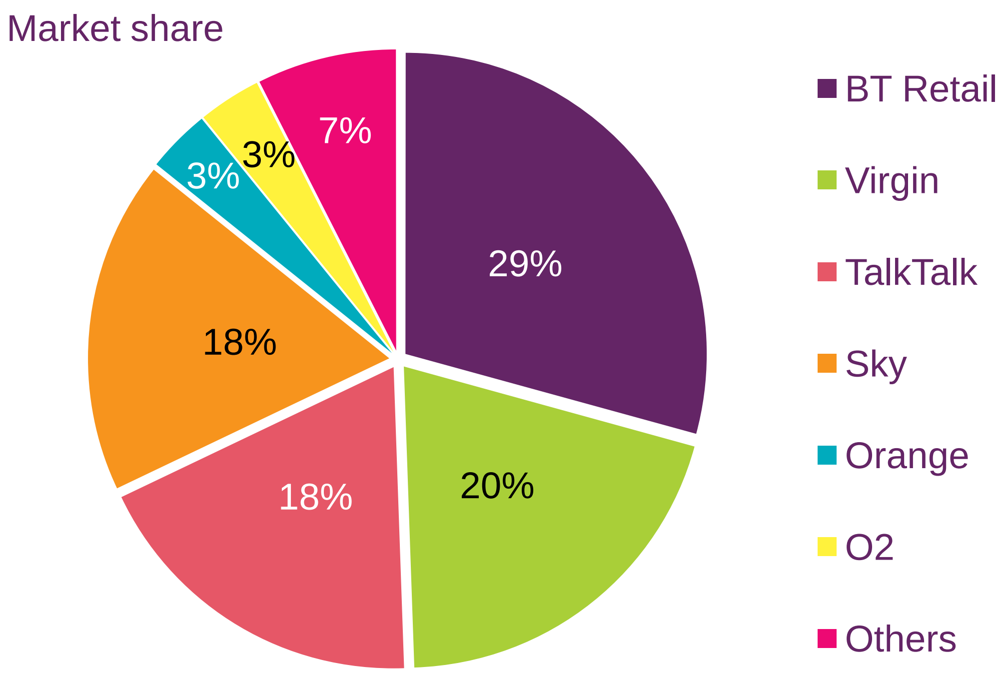
Local loop unbundling connections



Source: Ofcom / operators

Figure 5.32

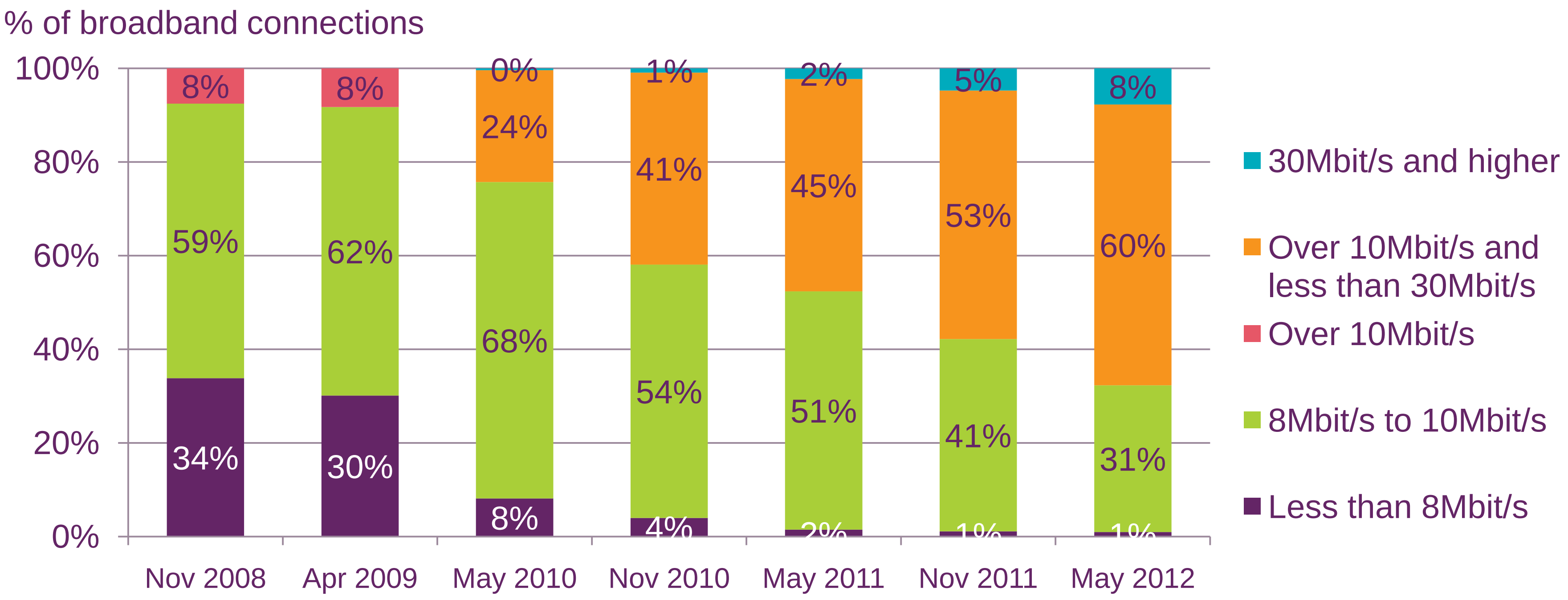
Fixed broadband market share



Source: Ofcom / operators

Figure 5.33

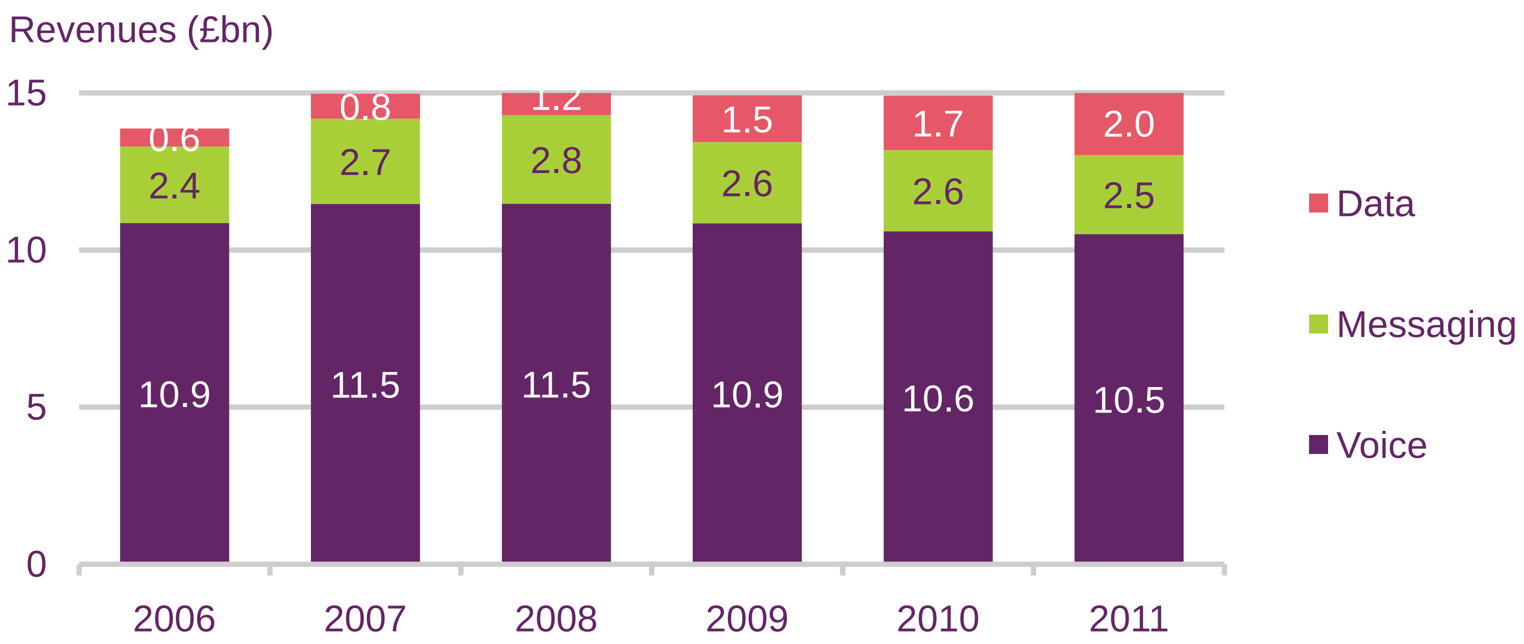
Fixed broadband connections by 'up to' headline speed



Source: Ofcom/operators. Excludes business connections.

Figure 5.34

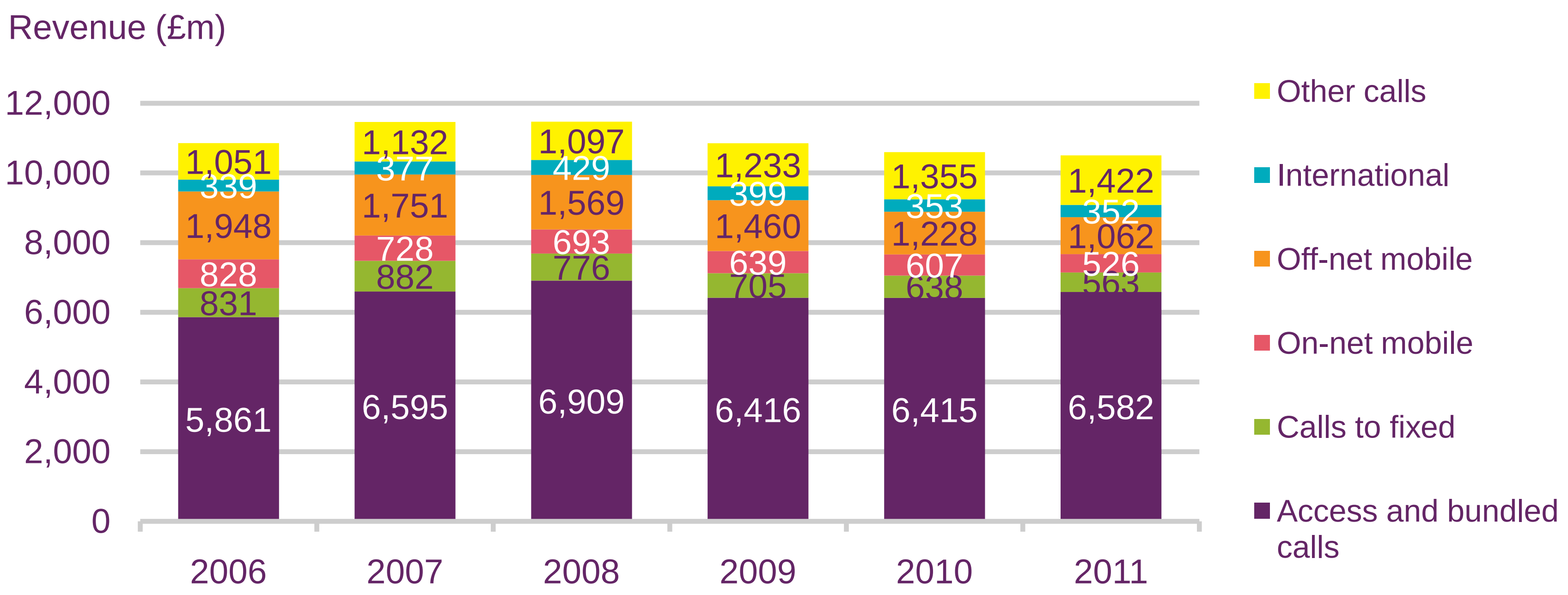
Mobile retail revenue, by voice, messaging and data



Source: Ofcom / operators

Figure 5.35

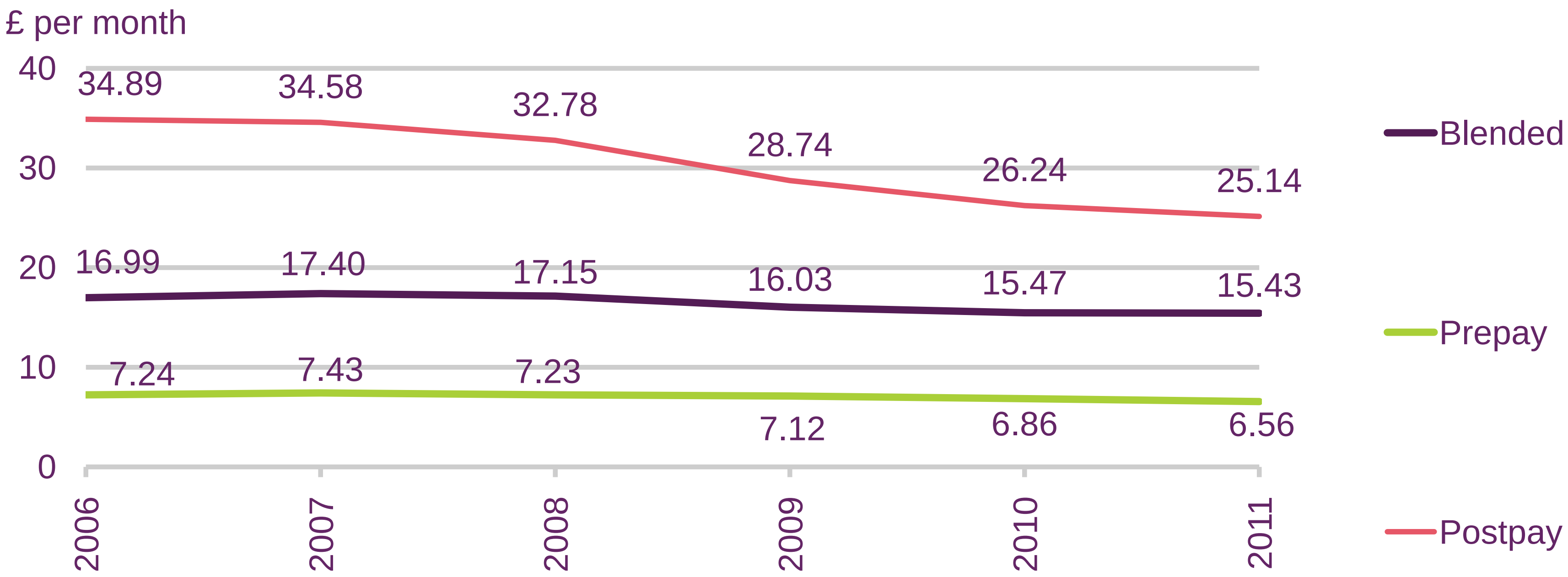
Mobile retail revenues, by type of call



Source: Ofcom / operators

Figure 5.36

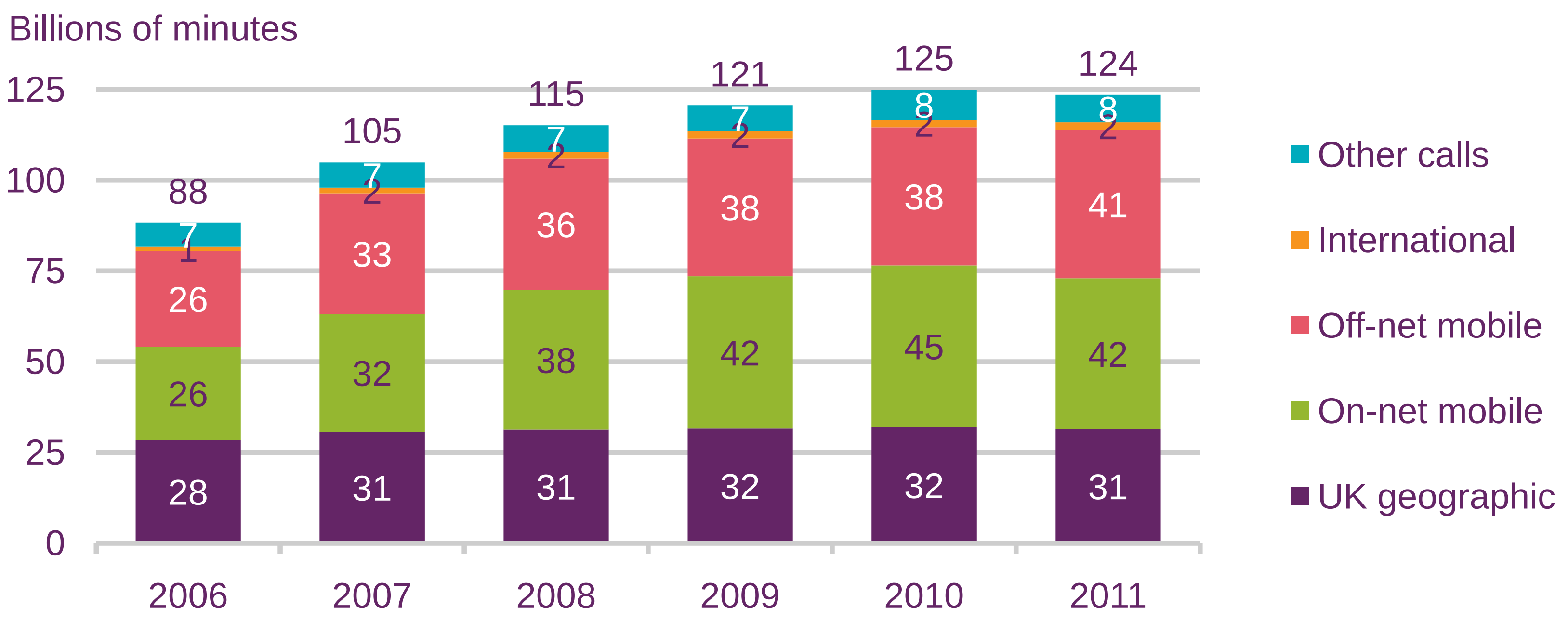
Mobile average revenue per user



Source: Ofcom / operators. Blended refers to all subscribers – prepay and postpay.

Figure 5.37

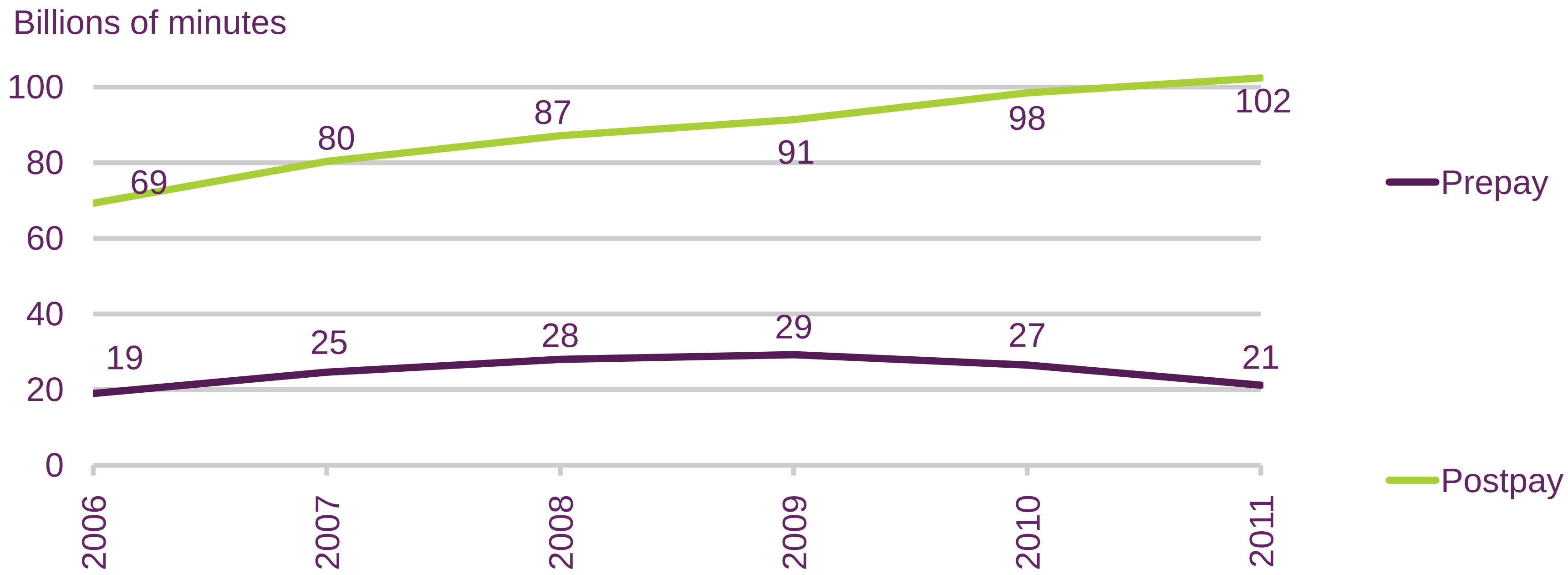
Outgoing mobile minutes, by type of call



Source: Ofcom / operators

Figure 5.38

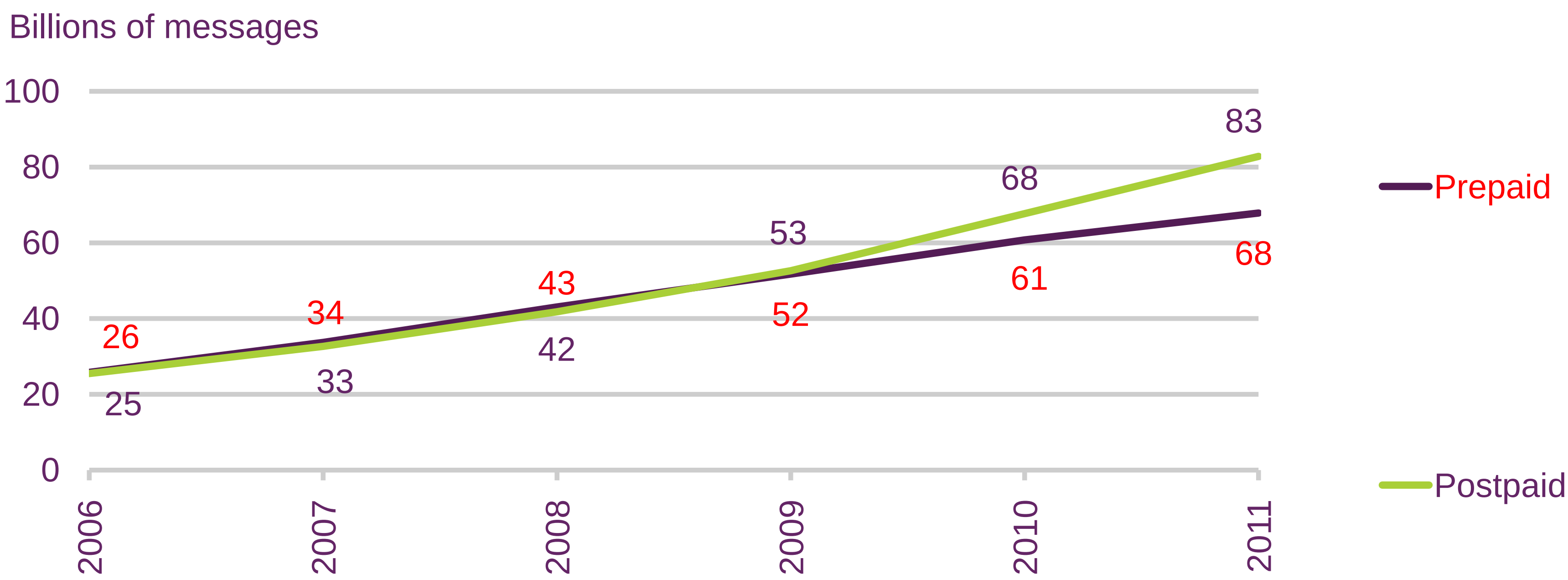
Volume of mobile voice minutes, by pre-pay and post-pay subscribers



Source: Ofcom / operators

Figure 5.39

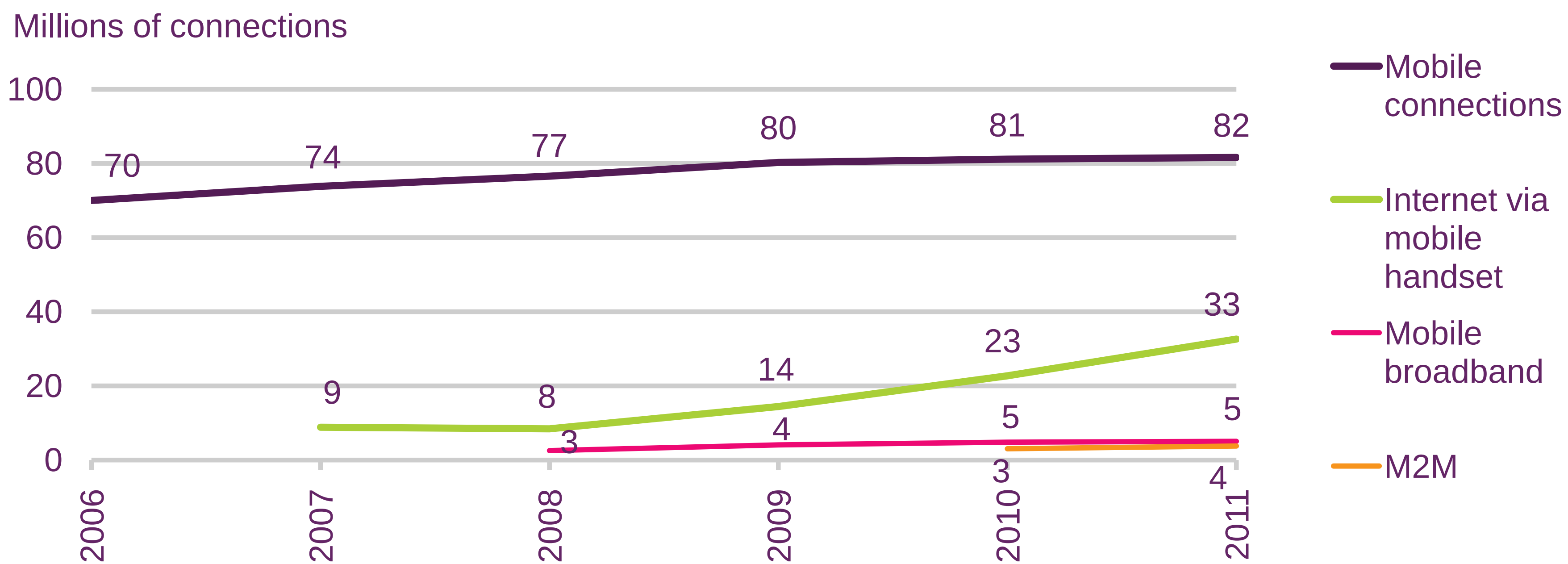
Volume of SMS messages sent



Source: Ofcom / operators

Figure 5.40

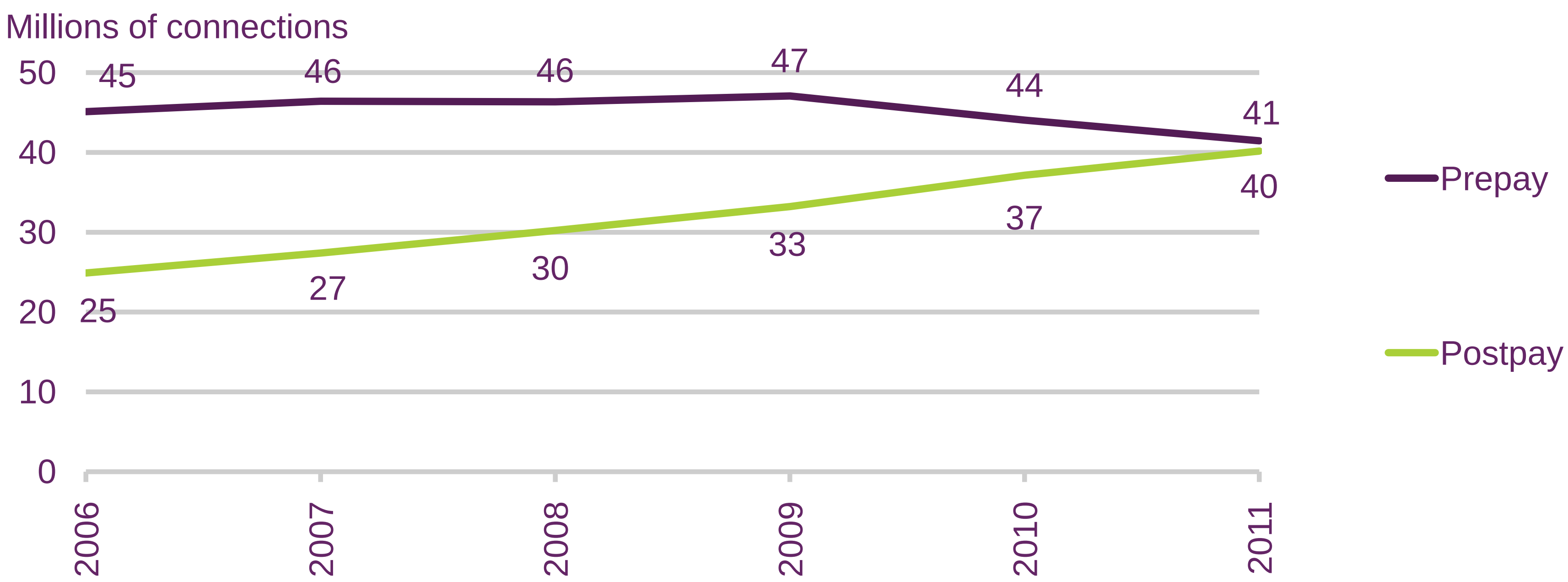
Number of mobile connections



Source: Ofcom/operators and Ofcom market research.
Note: 'Mobile broadband' connections and 'internet via mobile handset' connections are included in the figure for 'Mobile connections'. M2M connections are reported separately. 'Internet via mobile handset' does not count mobile users who access services such as email or social networking via their mobile device but who do not browse the web. Internet via mobile handset figures are collected in the first quarter of the following year. M2M figures are for September of the stated year.

Figure 5.41

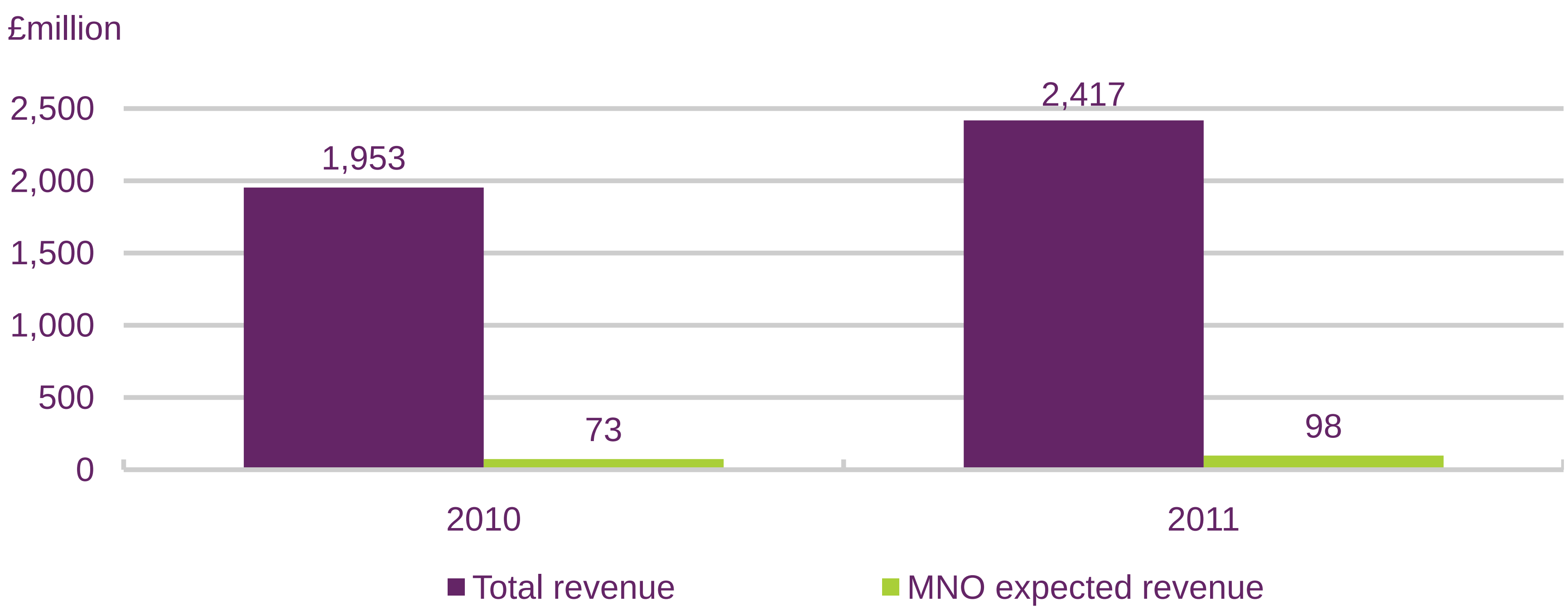
Number of mobile connections, by pre-pay and post-pay



Source: Ofcom / operators

Figure 5.42

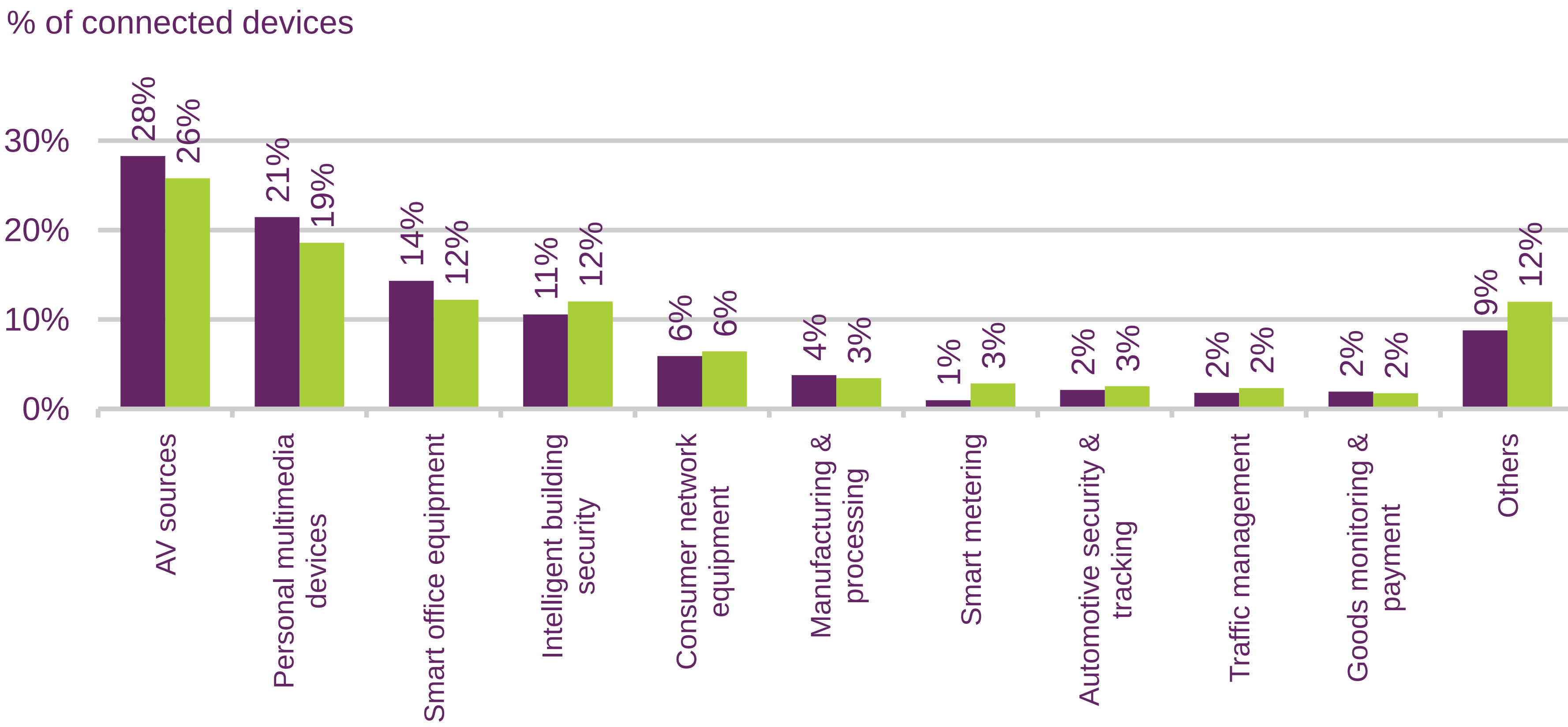
Machine-to-machine (M2M) revenue



Source: Machina Research: M2M Global Forecast and Analysis

Figure 5.43

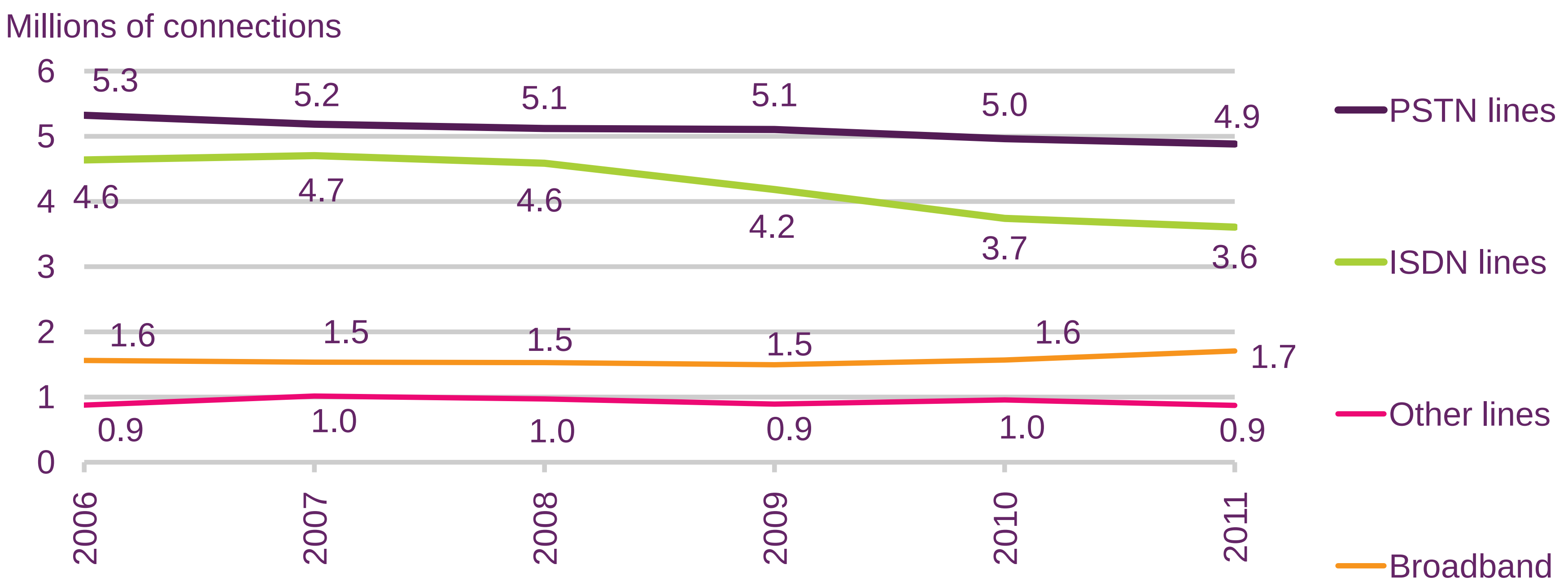
Machine-to-machine (M2M) connections, by application



Source: Machina Research, M2M Global Forecast and Analysis

Figure 5.44

Business fixed voice and fixed broadband connections

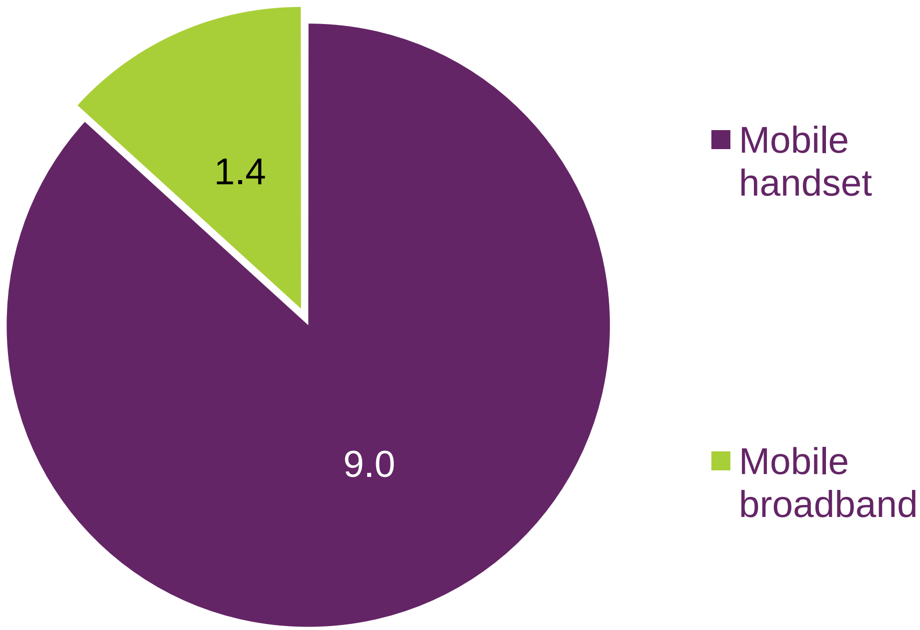


Source: Ofcom / operators

Figure 5.45

Business mobile handset and mobile broadband connections: December 2011

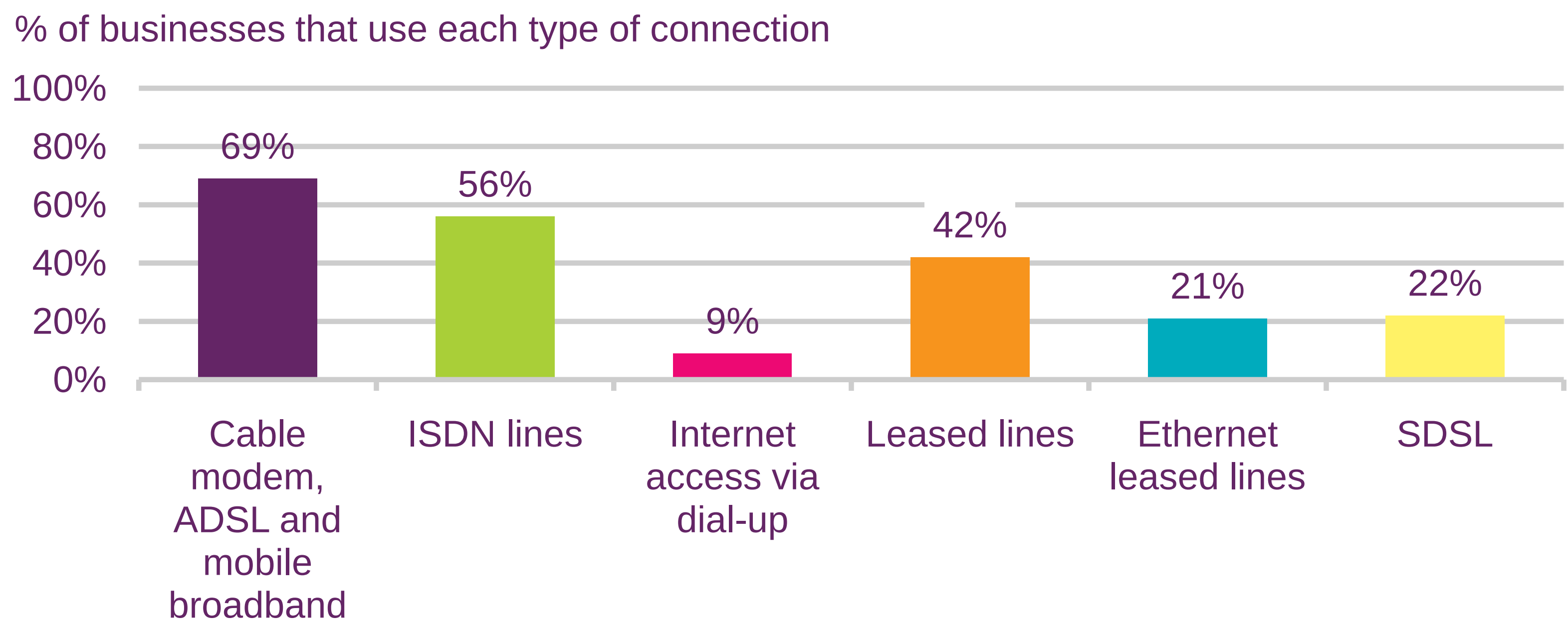
Millions of connections



Source: Ofcom / operators

Figure 5.46

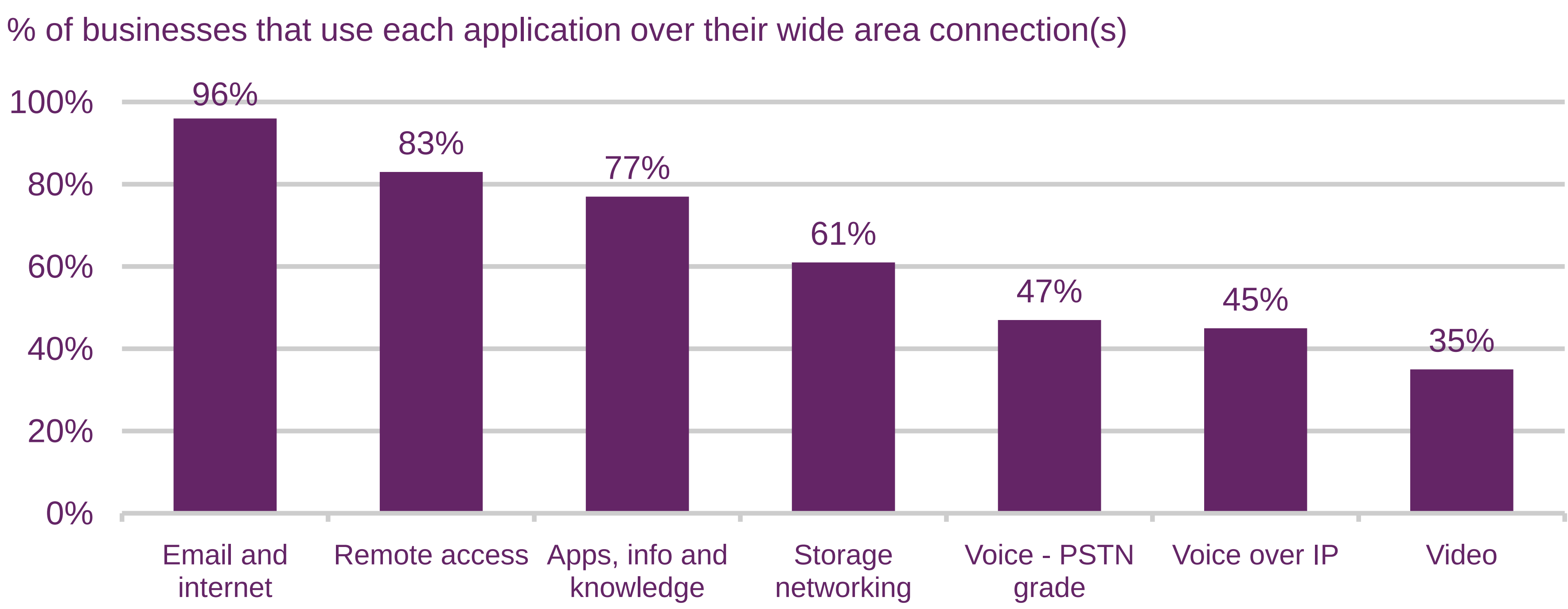
Type of wide-area connectivity used by businesses



Source: Ofcom Business Connectivity Services Review

Figure 5.47

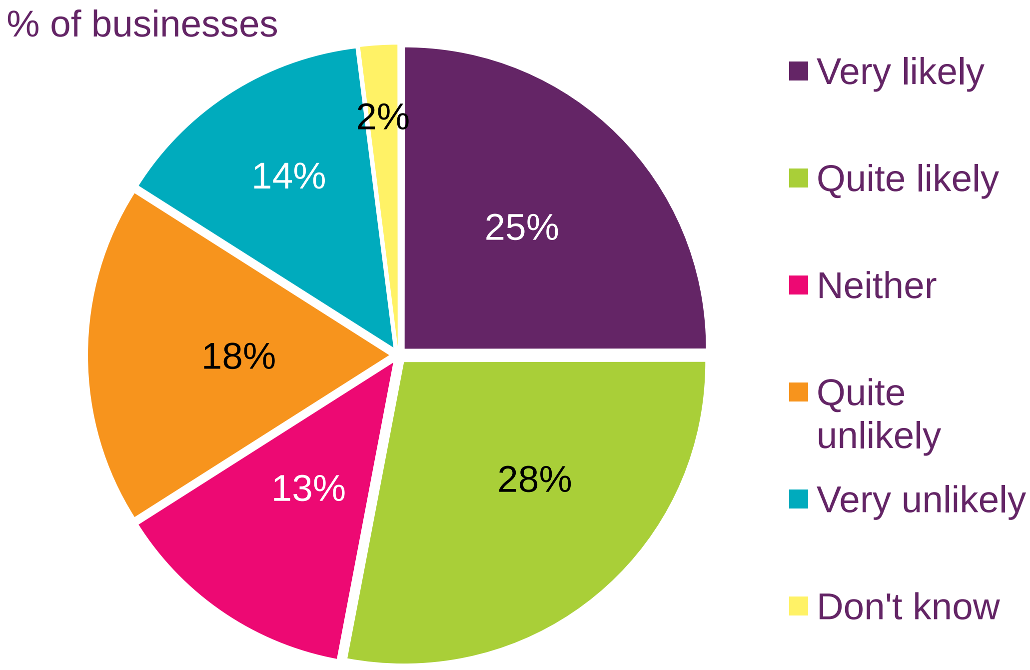
Applications used over businesses' wide area network connections



Source: Ofcom Business Connectivity Services Review

Figure 5.48

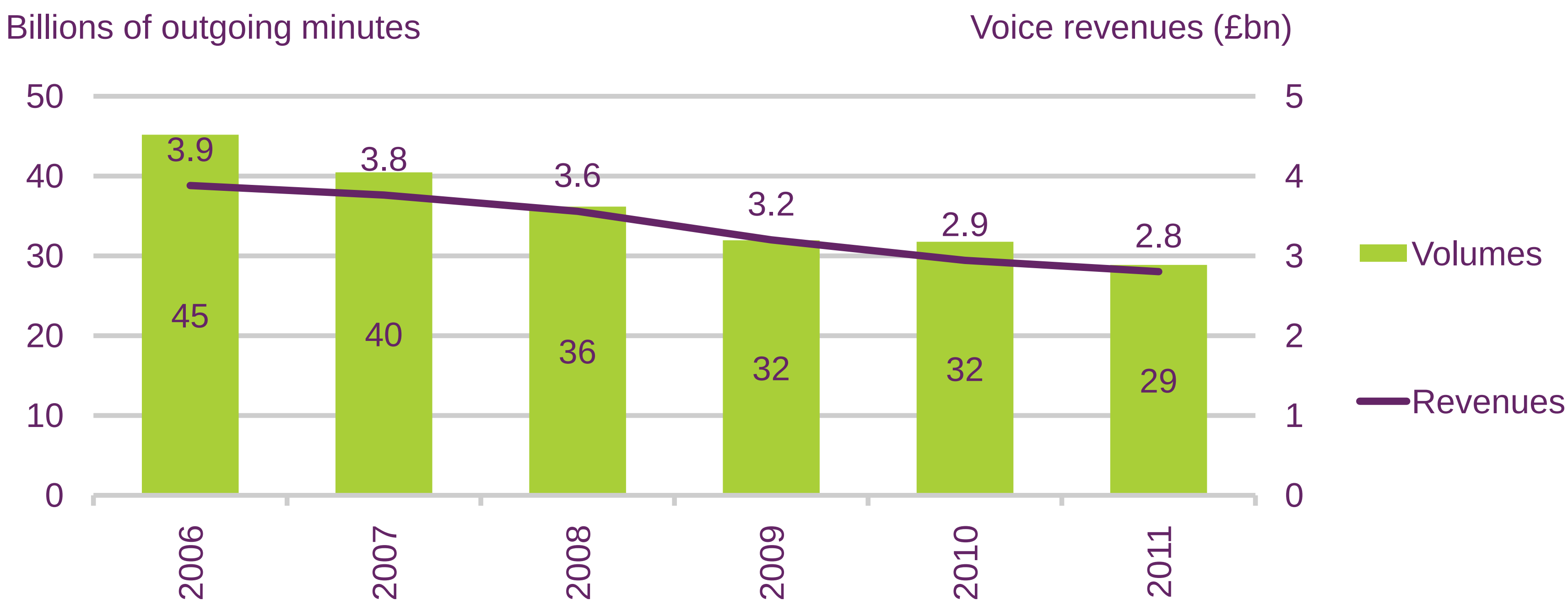
Likelihood of switching to super-fast broadband



Source: Ofcom Business Connectivity Services Review

Figure 5.49

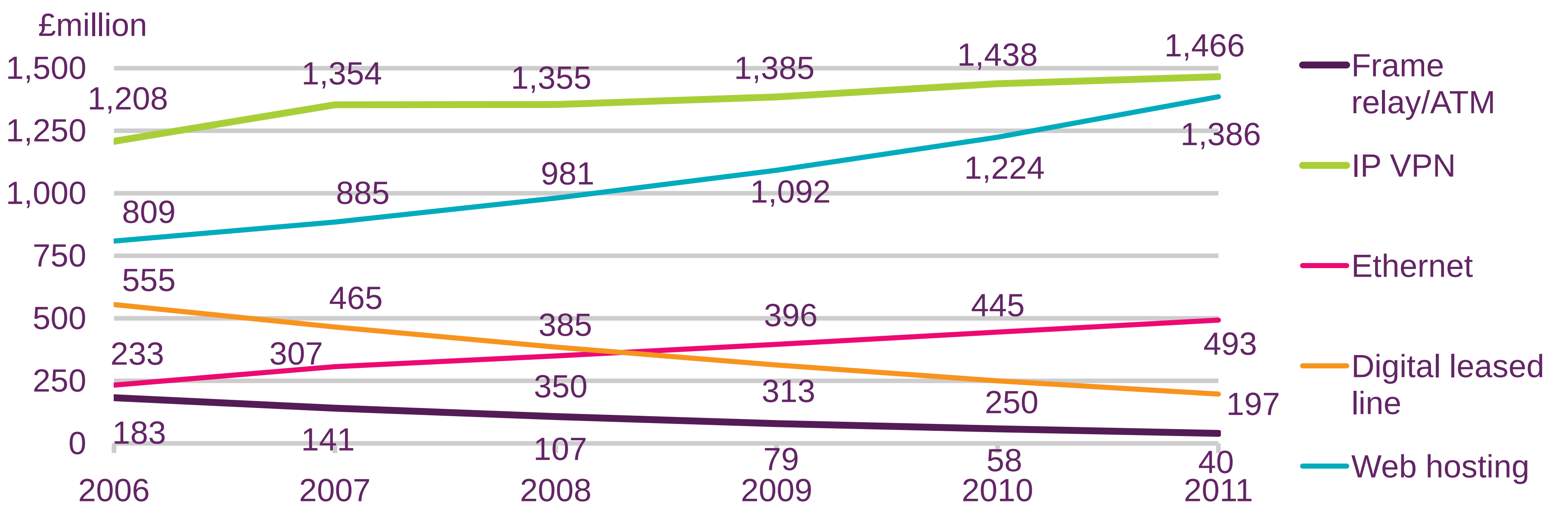
Business fixed voice volumes and revenues



Source: Ofcom / operators. Excludes NTS.

Figure 5.50

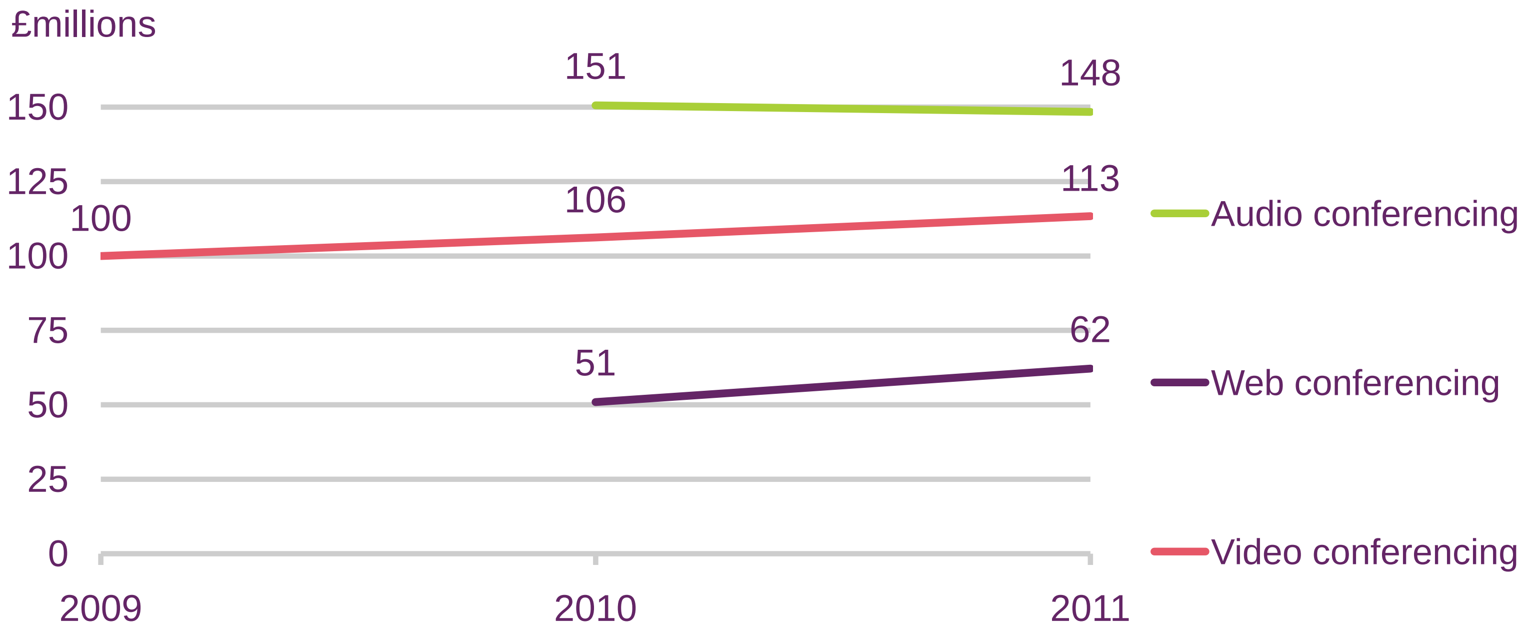
Corporate data services revenue, by type of connectivity



Source: IDC

Figure 5.51

Audio, web and video conferencing revenue

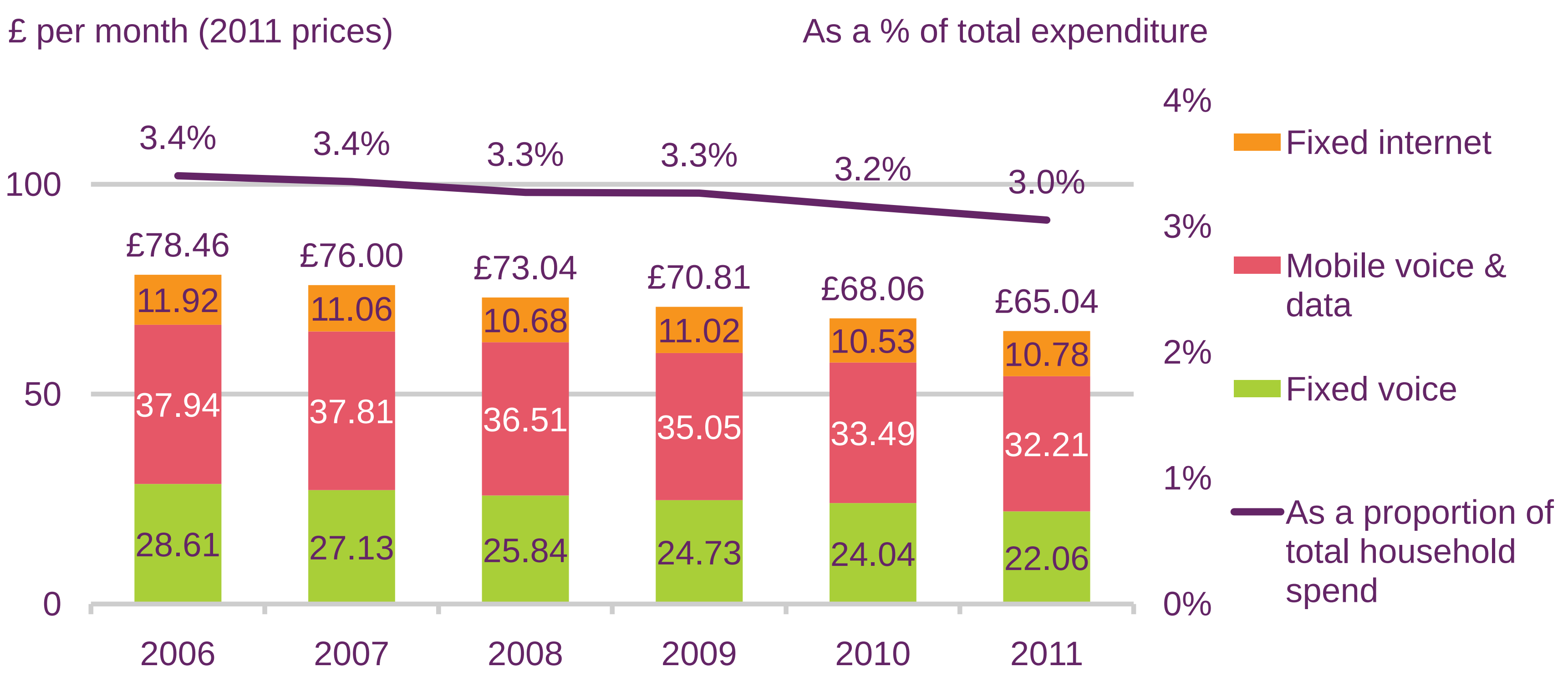


Source: Ovum: *Audio and Web Conferencing Services, Volume and Revenue Forecast* and Ovum: *Enterprise Business Video Forecast.*

The telecoms user

Figure 5.52

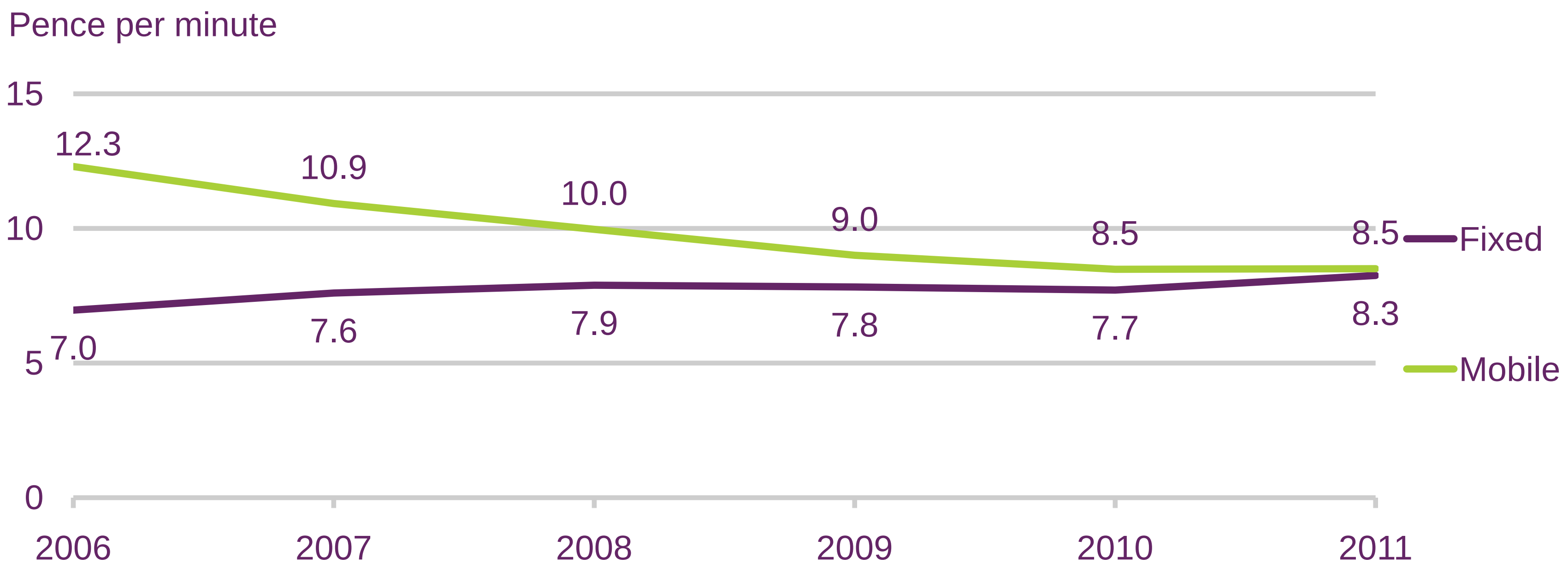
Average household spend on telecoms services



Source: Ofcom / operators / ONS
Notes: Includes estimates where Ofcom does not receive data from operators; adjusted to RPI; includes VAT

Figure 5.53

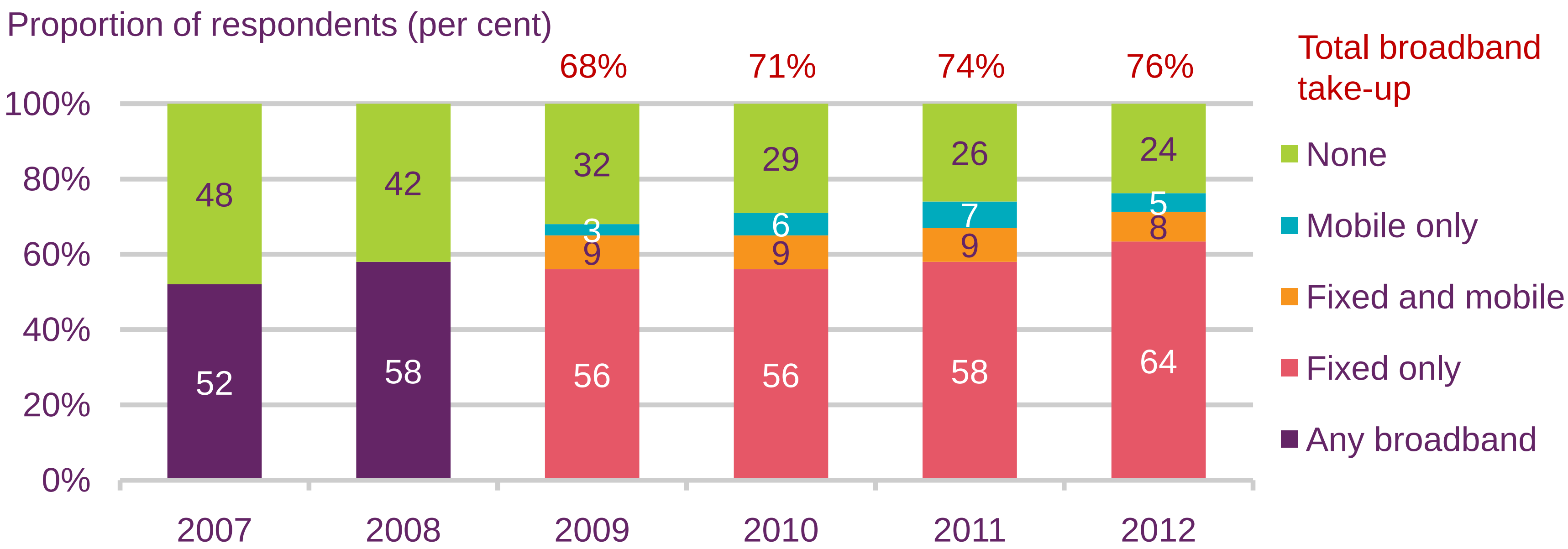
Comparison of average fixed and mobile voice call charges



Source: Ofcom / operators
Note: Includes estimates where Ofcom does not receive data from operators; fixed calculation excludes non-geographic voice calls

Figure 5.54

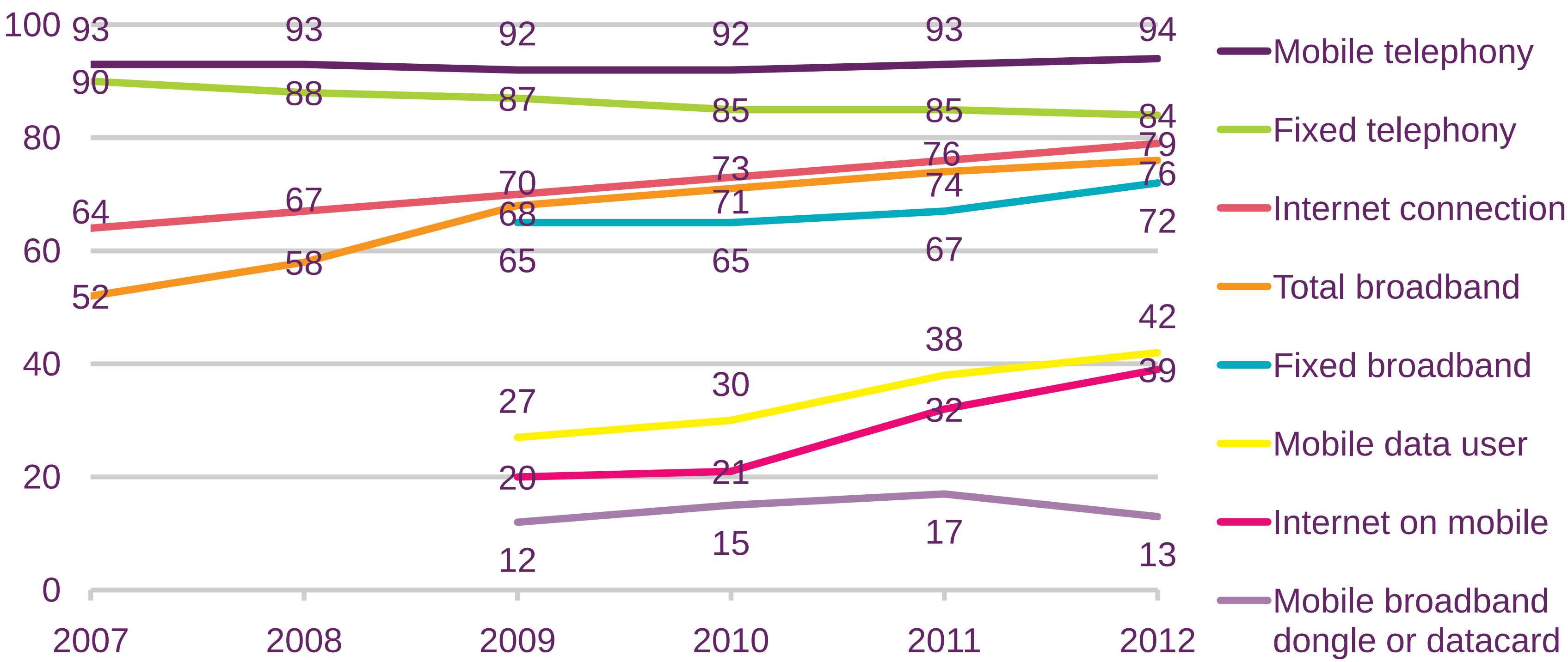
Household penetration of fixed and mobile broadband



Source: Ofcom research, data as at Q1 of each year
Base: All adults aged 16+

Figure 5.55

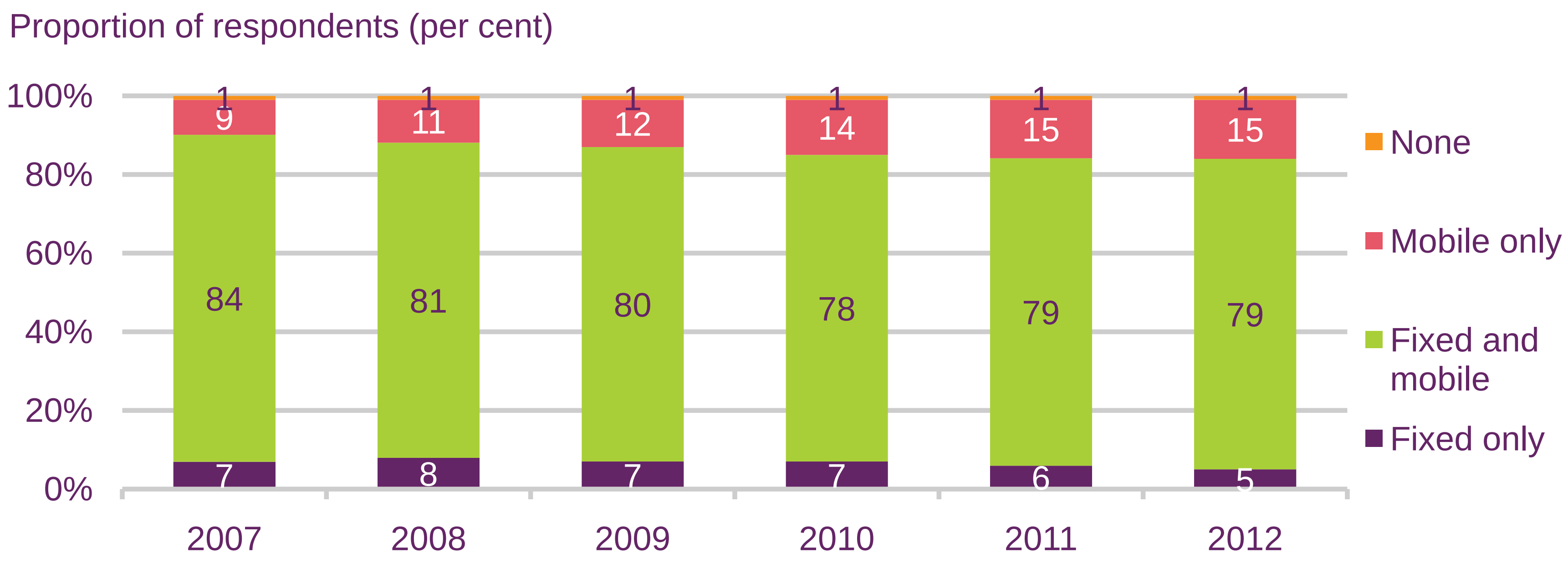
Household penetration of key telecoms technologies



QE1: Does your household have a PC or laptop computer? / QE2: Do you or does anyone in your household have access to the Internet/Worldwide Web at HOME (via any device, e.g. PC, mobile phone etc)? / QE6: Which of these methods does your household use to connect to the Internet at home?
Source: Ofcom research, data as at Q1 of each year
Base: All adults aged 16+

Figure 5.56

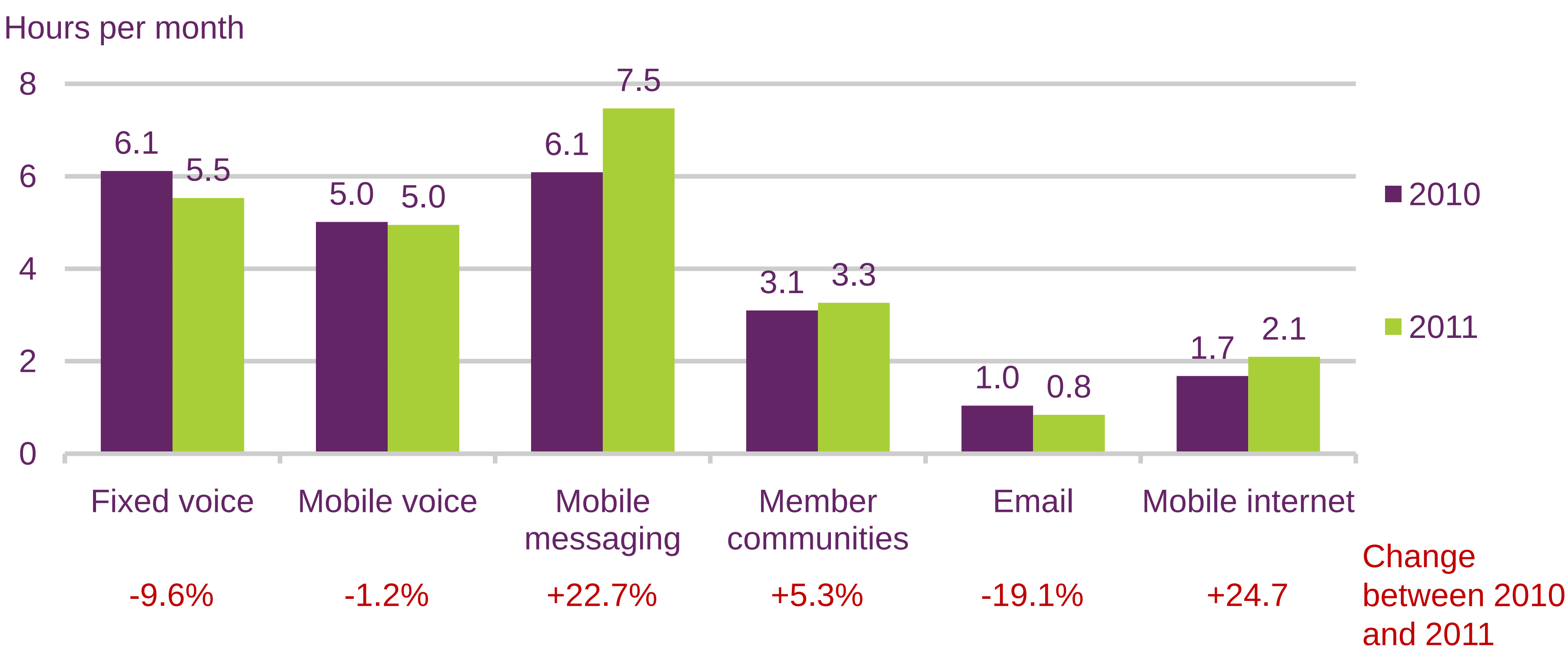
Household penetration of fixed and mobile telephony



Source: Ofcom research, data as at Q1 of each year
Base: All adults aged 16+

Figure 5.57

Average monthly time per person spent using telecoms services

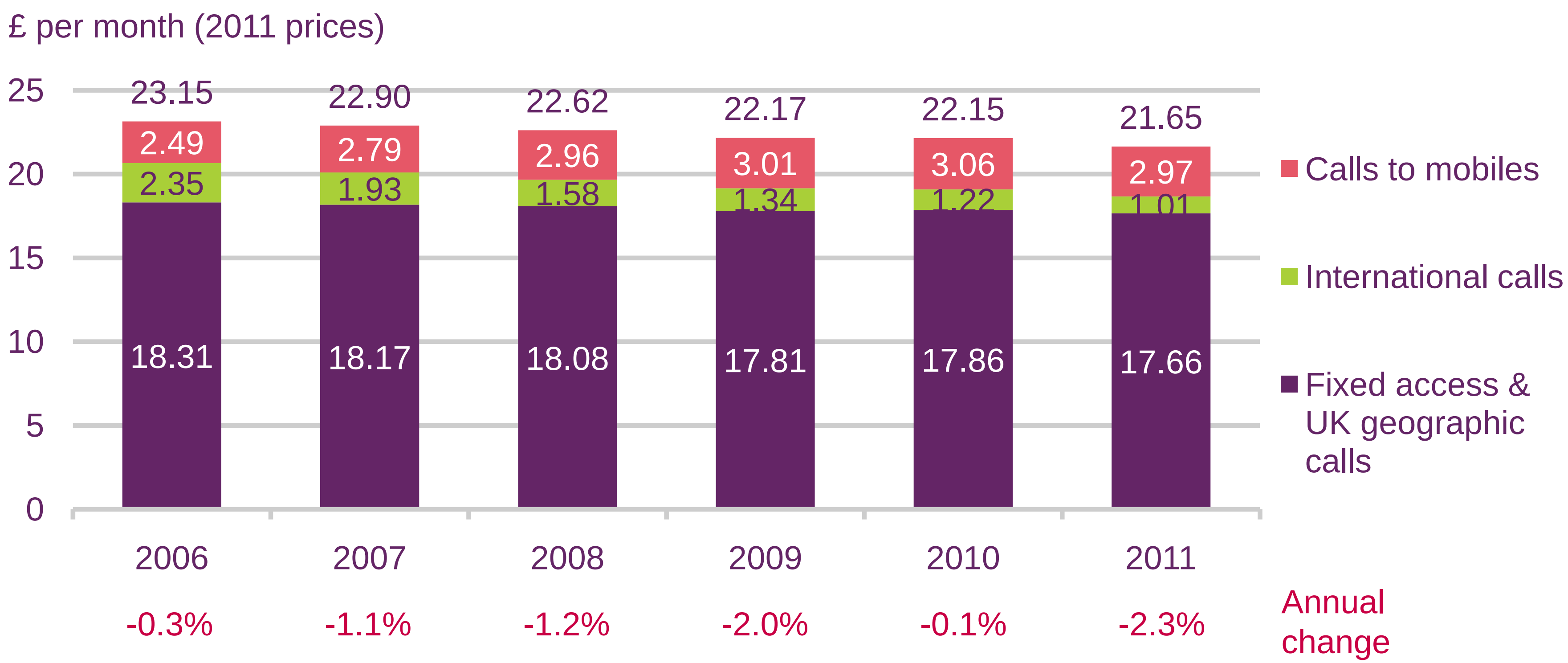


Source: Ofcom / operators / Nielsen / UKOM / Comscore / Strategy Analytics
Note: Includes estimates where Ofcom does not receive data from operators; fixed voice call figures include NTS voice calls; mobile messaging figures are Ofcom estimates based on message volume data and Ofcom Digital Day research conducted in 2010; Ofcom estimate of member communities and email use per person is based on Nielsen's data on the average monthly time spent using these services at home and work on a PC/laptop including the use of applications in March of each year across the online population only.

Fixed voice services

Figure 5.58

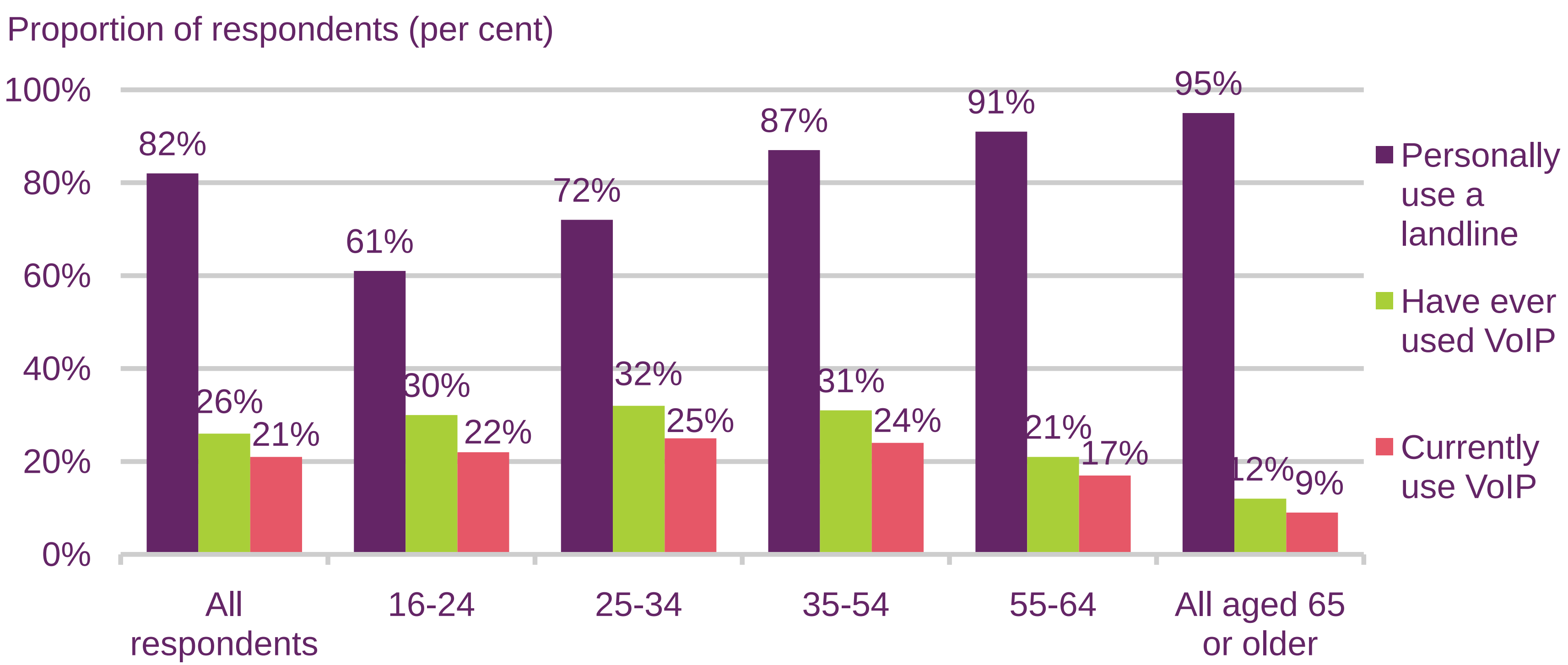
Real cost of a basket of residential fixed voice services



Source: Ofcom / operators
Note: Includes estimates where Ofcom does not receive data from operators; excludes non-geographic voice calls; adjusted for RPI; includes VAT

Figure 5.59

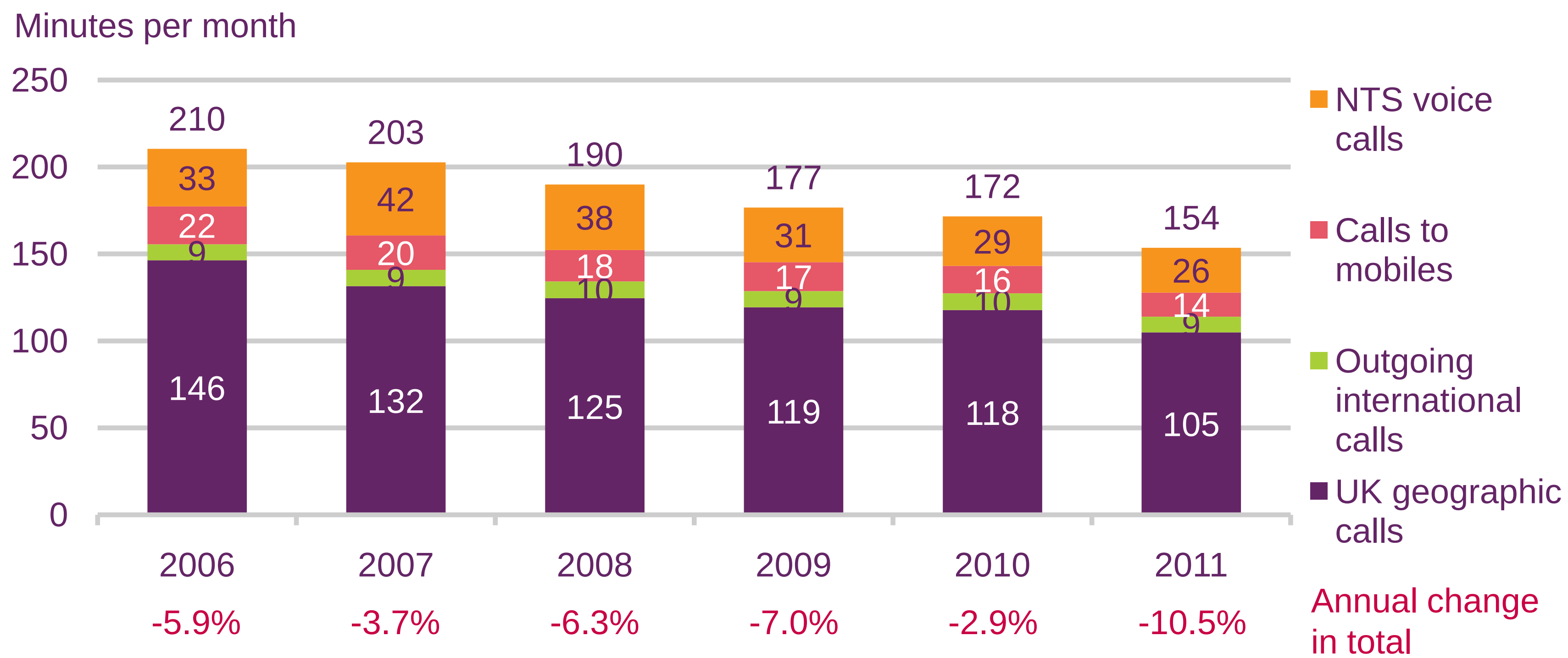
Use of fixed voice communication services in the home



Source: Ofcom research, Q1 2012
Base: All adults aged 16+

Figure 5.60

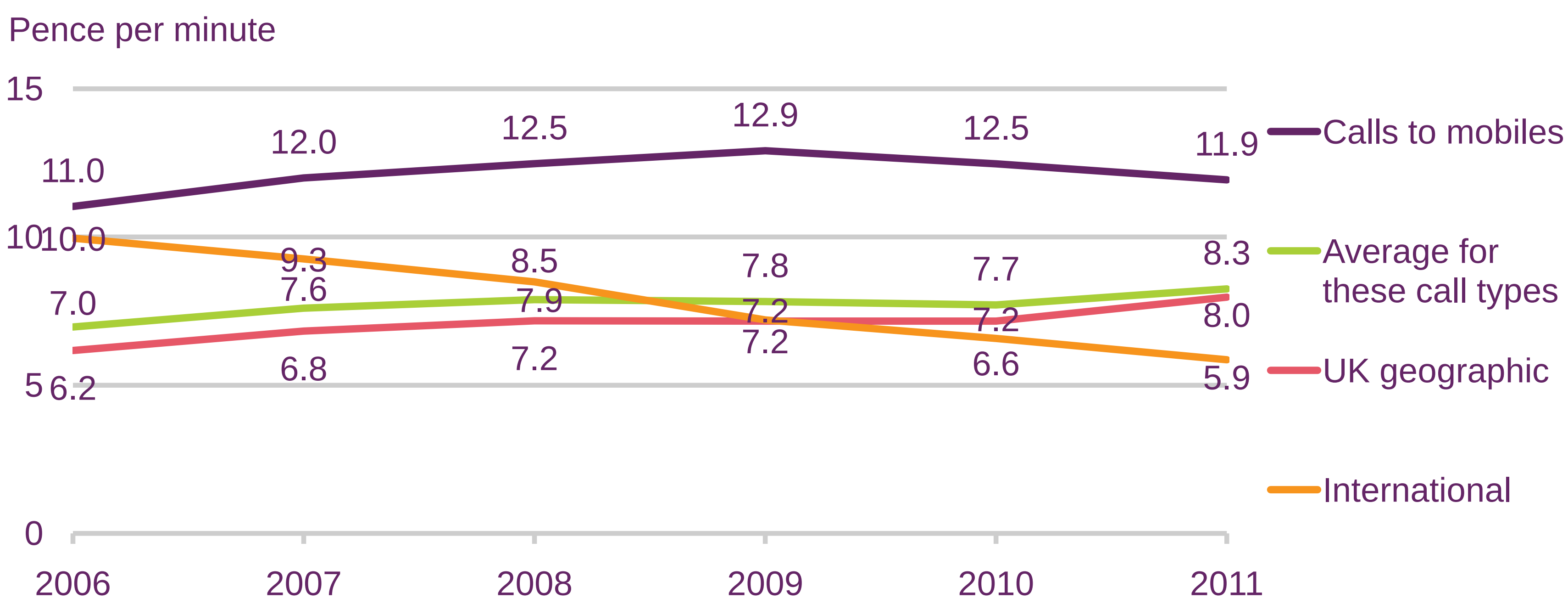
Average monthly outbound fixed voice call volumes per person



Source: Ofcom / operators
Note: Includes estimates where Ofcom does not receive data from operators

Figure 5.61

Average per-minute fixed voice call charges



Source: Ofcom / operators
Note: Includes estimates where Ofcom does not receive data from operators; UK geographic calls calculation includes line rental revenues

Figure 5.62

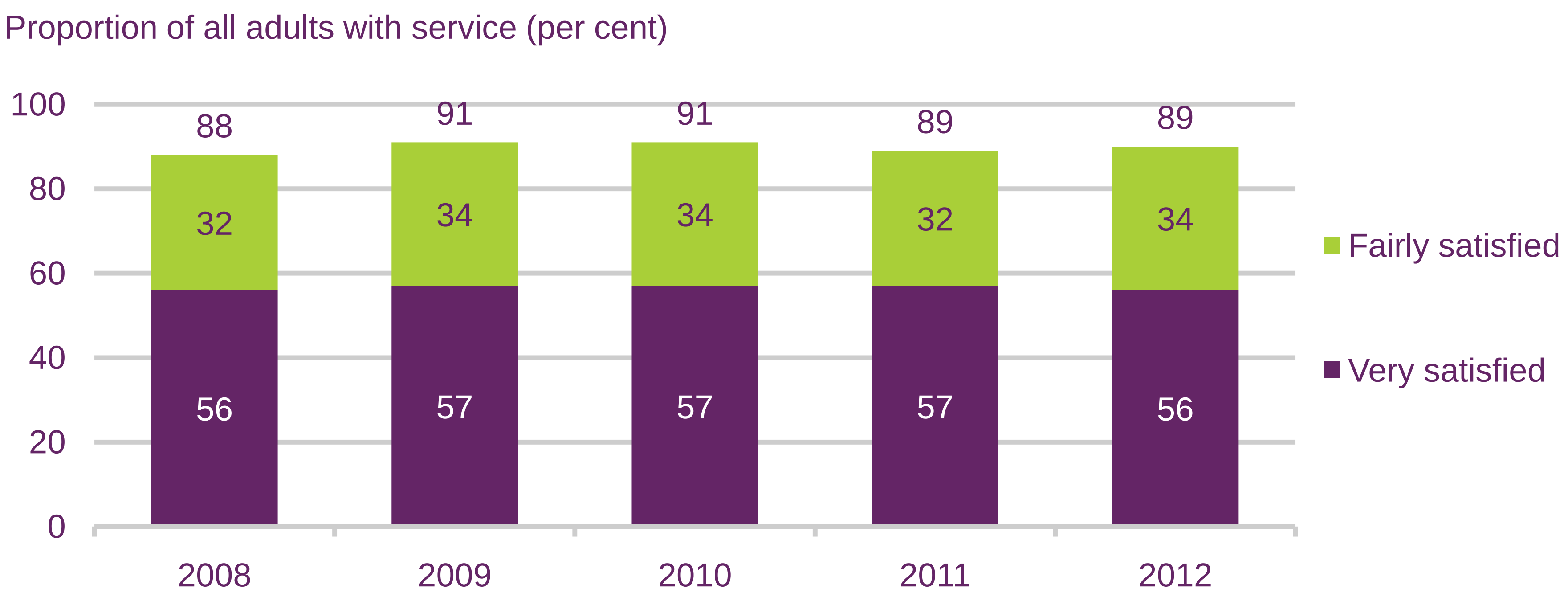
Analysis of standalone fixed-line tariffs

Provider	2011			2012		
	With weekend calls	With evening and weekend calls	With anytime calls	With weekend calls	With evening and weekend calls	With anytime calls
BT	£13.60 (£10.00)	-	£18.60 (£15.00)	£14.60 (£10.75)	£17.75 (£13.90)	£19.50 (£15.65)
TalkTalk	-	£15.91[1]	£18.51	-	£17.41[1] (£13.11)[1]	£20.01 (£15.71)
Virgin	-	£16.99[2]	£20.99[2]	-	£18.50[2]	£21.90[2]

Source: Pure Pricing UK Broadband Pricing Briefing, March 2011 and March 2012
Notes: All tariffs exclude activation charges and promotional discounts and include VAT; all tariffs are the lowest price available; contract lengths vary; figures in brackets require prepayment of twelve month's line rental; [1] also includes anytime calls to TalkTalk landlines; [2] also includes calls to Virgin Mobile mobiles

Figure 5.63

Overall consumer satisfaction with residential fixed-line services

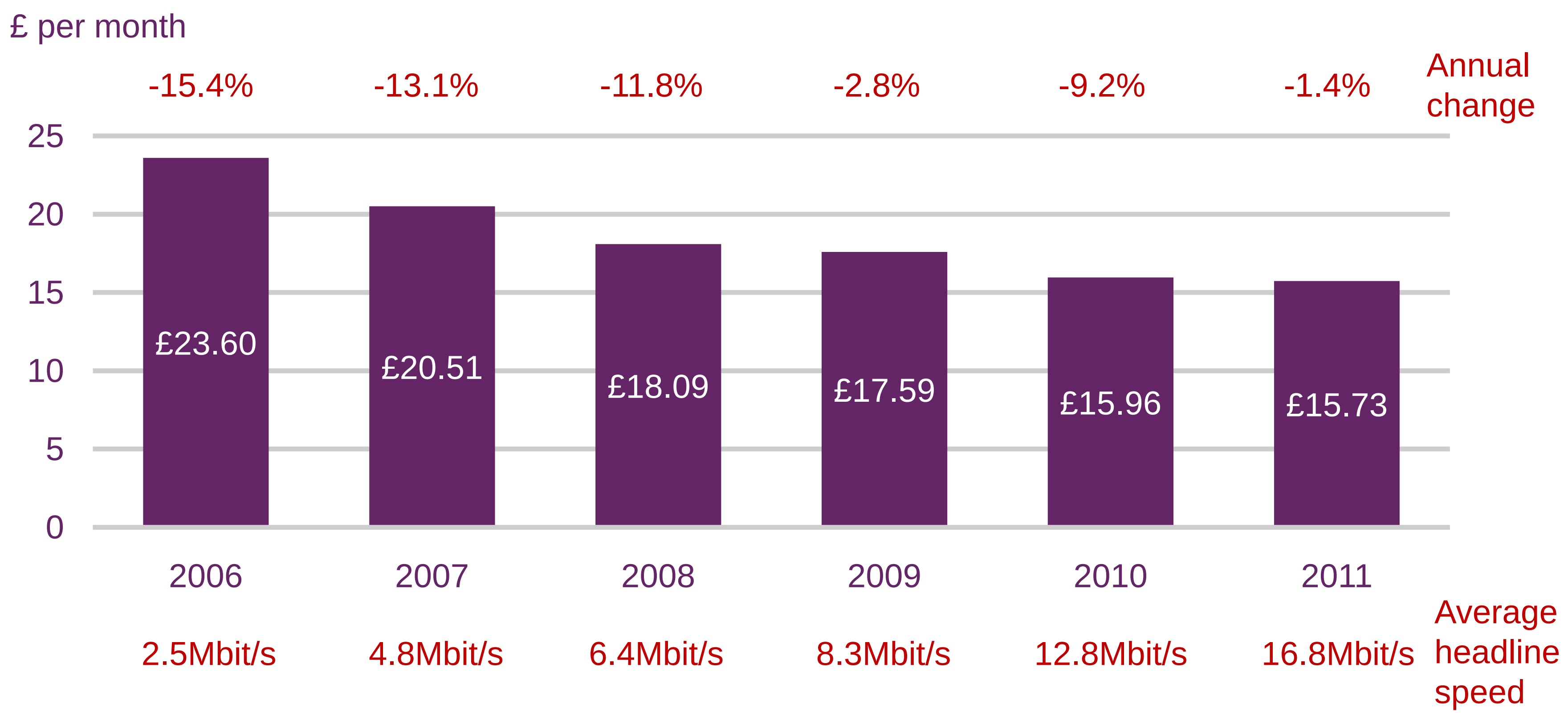


Source: Ofcom research
Base: All adults aged 16+ with a fixed line phone
Note: Includes only those who expressed an opinion

Fixed broadband services

Figure 5.64

Estimated average monthly cost of a residential fixed broadband connection



Source: Ofcom / operators
Note: Data is based on operator allocations of revenues for bundled services and should be treated with some caution; includes estimates where Ofcom does not receive data from operators

Figure 5.65

Lowest cost fixed broadband options from major suppliers

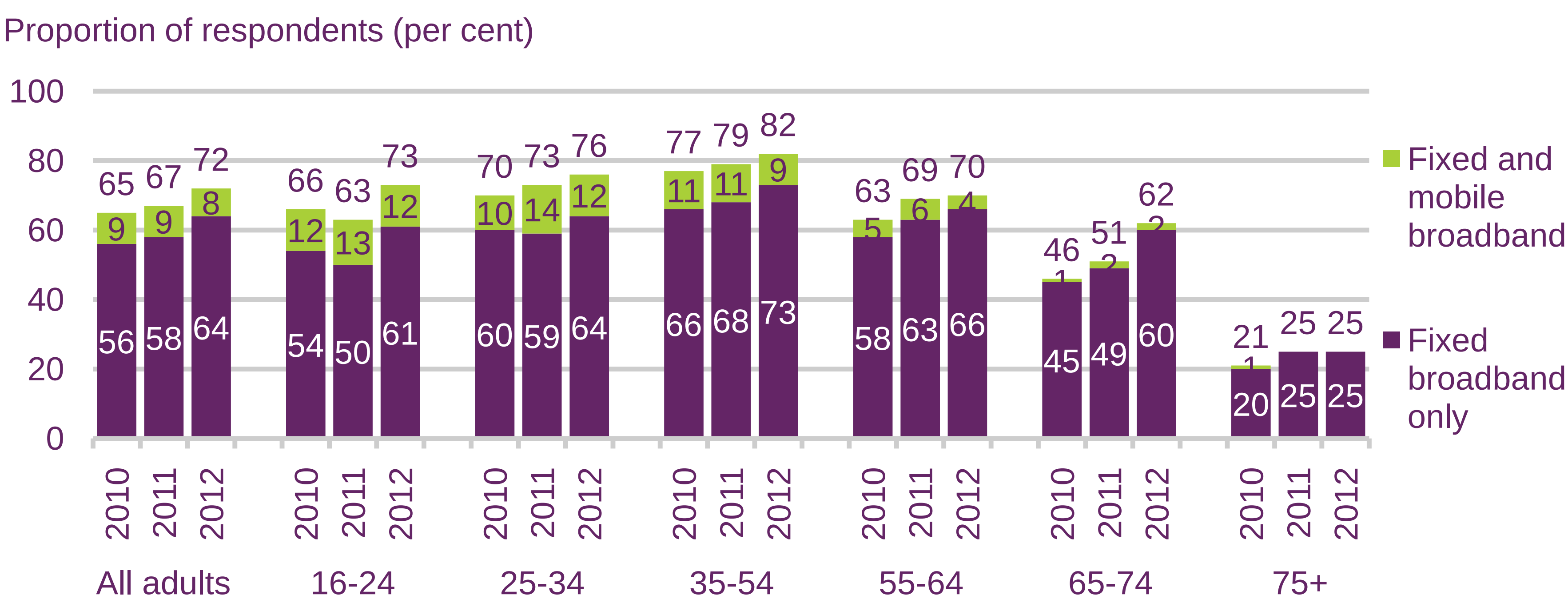
Provider	Fixed broadband only	Fixed broadband and calls	Fixed broadband and fixed line	Fixed broadband and mobile	Fixed broadband and pay-TV	Fixed broadband, fixed line and mobile	Fixed broadband, fixed line and pay-TV
AOL	£15.31[1]	10.20[1]	£20.30	-	-	-	-
BT	-	-	£28.60 (£24.75)	-	-	-	£28.60 (£24.75)
O2	£13.50[1]	-	£26.50	£8.50[1,2]	-	£21.50[2]	-
Orange	-	-	£23.50	-	-	£18.50[2]	-
Plusnet	-	£6.49[1]	£19.48 (£15.98)	-	-	-	-
Sky	-	-	£22.25 (£19.95)	-	-	-	£32.25 (£29.95)
TalkTalk	-	-	£20.30 (£16.00)	-	-	-	-
Virgin Media	£22.50	-	£28.40	£22.50[2]	£36.50	£28.40[2]	£33.90

Source: Pure Pricing UK Broadband Pricing Briefing, March 2012

Notes: All tariffs exclude activation charges and promotional discounts and include VAT; all tariffs are the lowest price available, contract lengths vary; allowances for fixed-line and mobile calls, plus availability of TV channels included within packages may differ by operator and option; figures in brackets require pre-payment of twelve month's line rental; [1] also requires BT fixed line rental at £14.60 a month / £129 pre-payment for a year; [2] plus cost of mobile tariff.

Figure 5.66

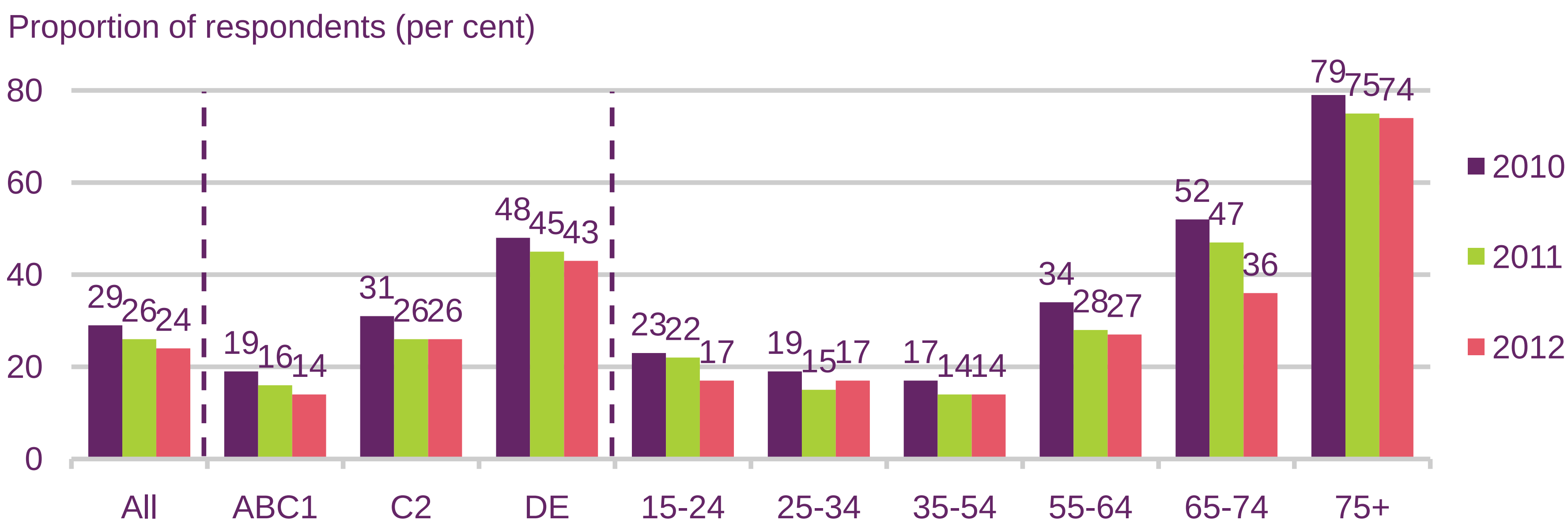
Take-up of fixed and mobile broadband services, by age



Source: Ofcom research, data as at Q1 of each year
Base: All adults aged 16+

Figure 5.67

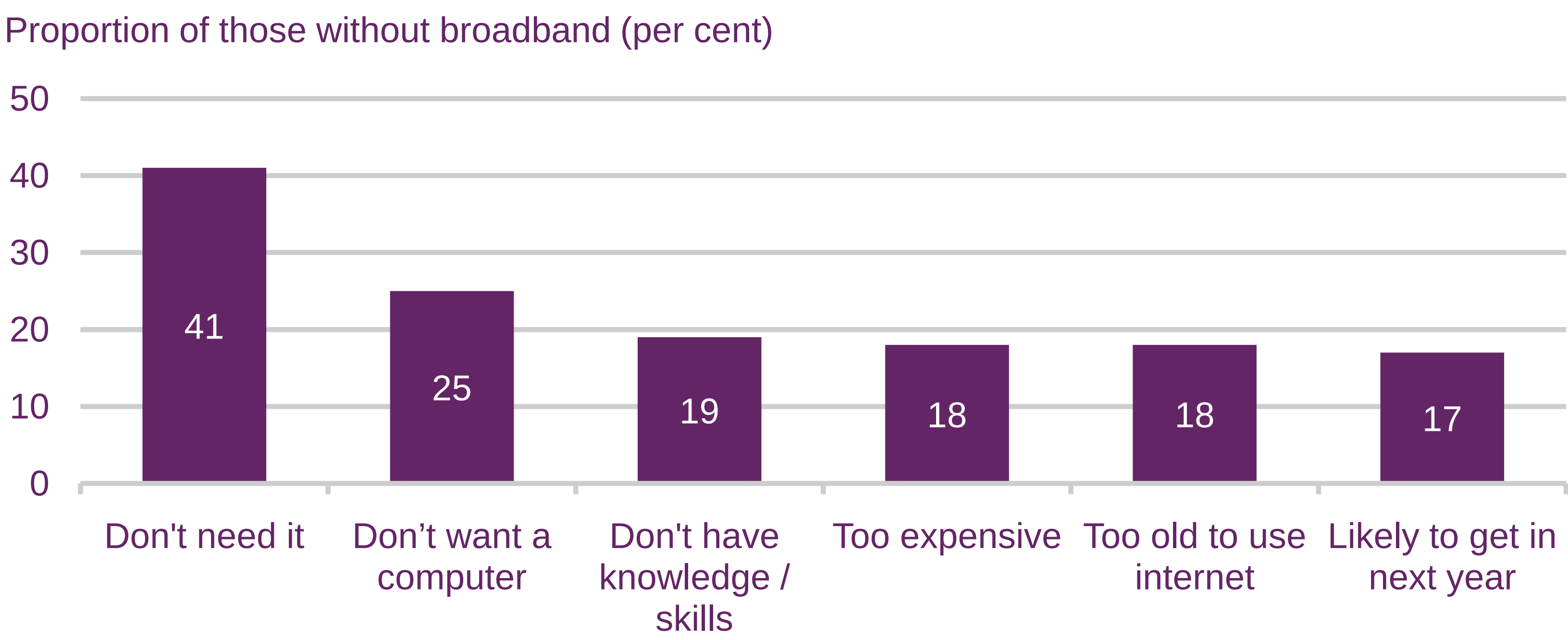
Non-ownership of home broadband, by socio-economic group and age



Source: Ofcom research, data as at Q1 of each year
Base: All adults 16+

Figure 5.68

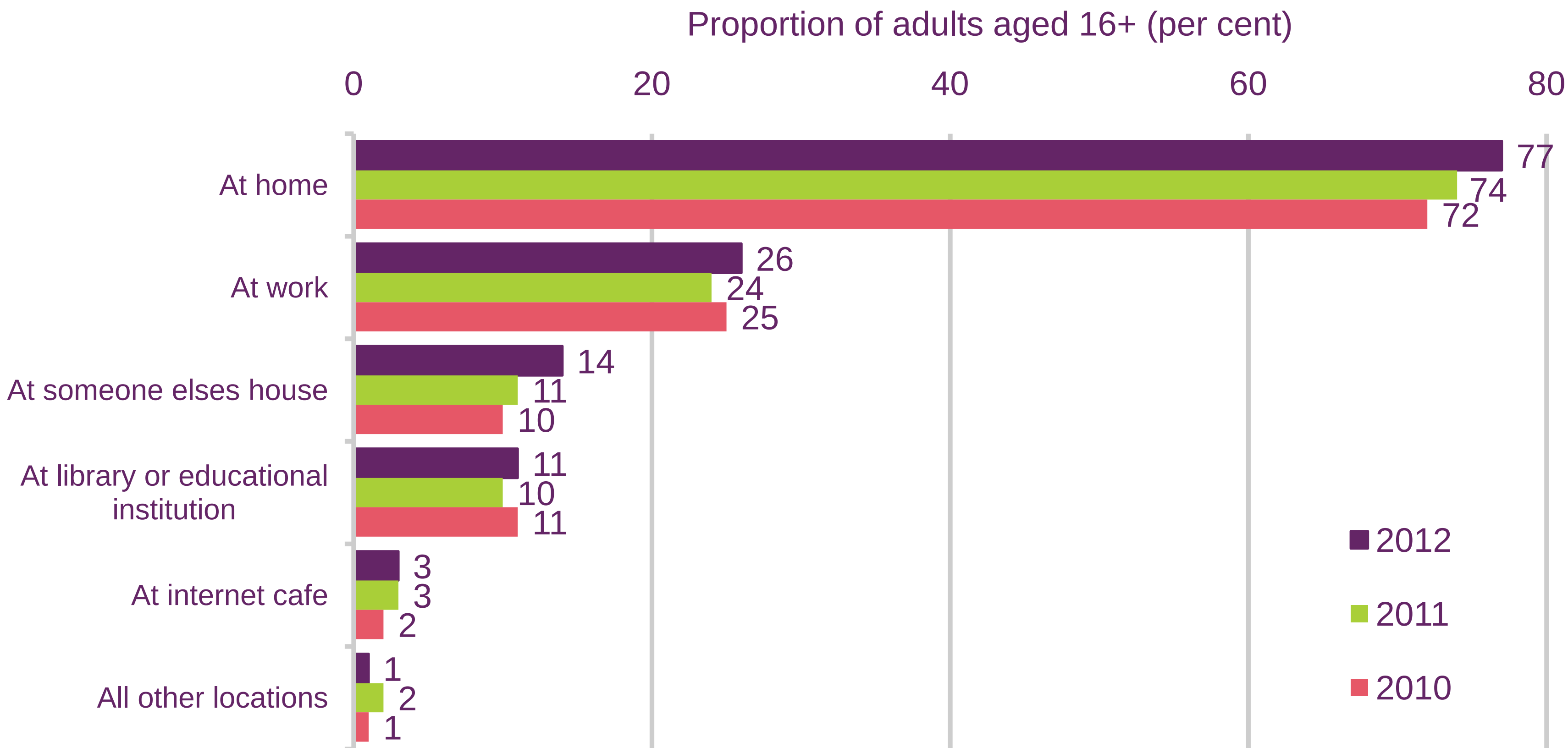
Main reasons for not having a home broadband connection



Source: Ofcom research
Note: 6% of people without the internet did not know what their main reason was or provided an ‘other’ reason
Base: All adults without the internet aged 16+

Figure 5.69

Location of internet access

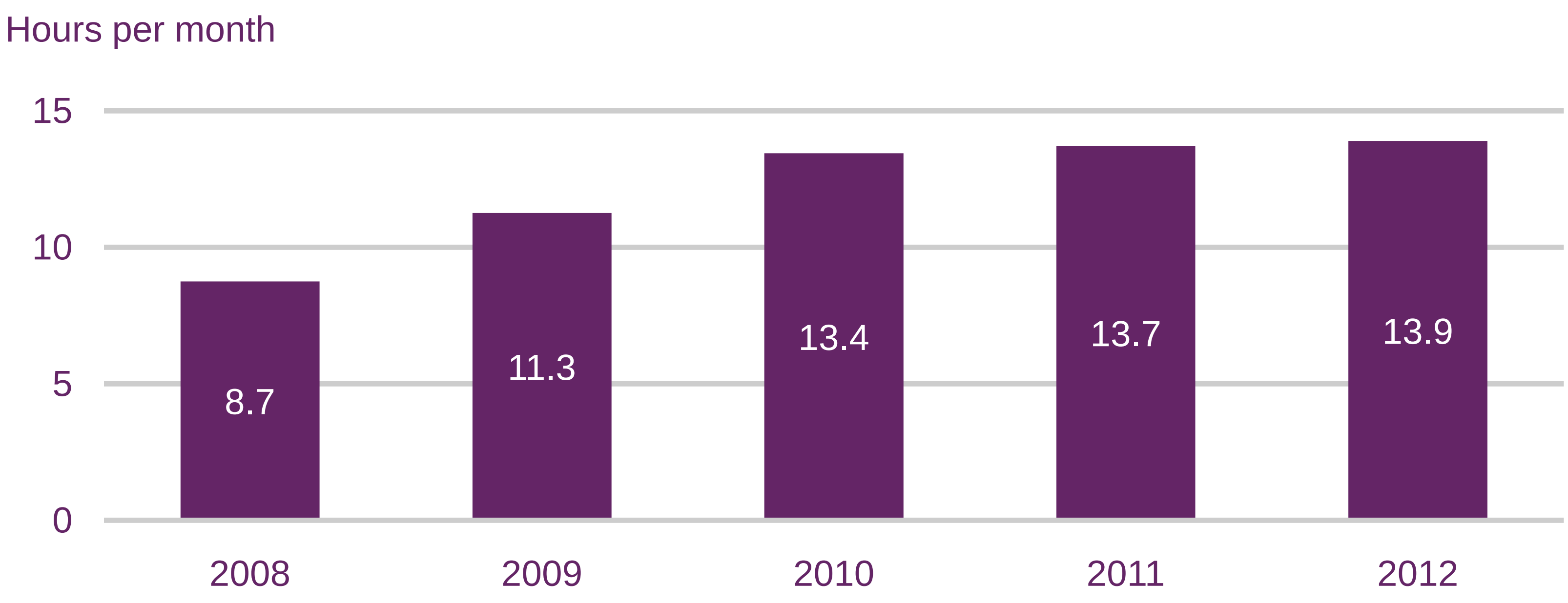


In total 81% of UK adults used the internet in Q1 2012

Source: Ofcom research, data as at Q1 of each year
Base: All internet users aged 16+

Figure 5.70

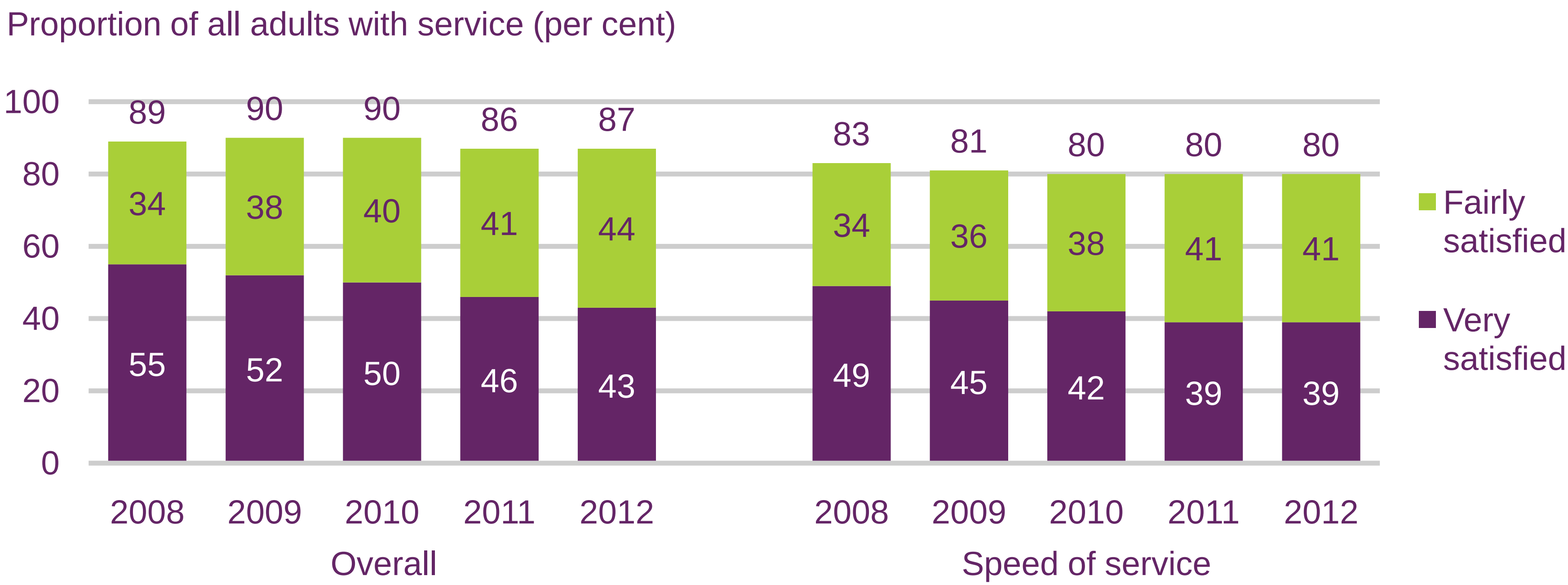
Average time per person spent online using a PC/laptop at home



Source: Ofcom / Nielsen / UKOM
Note: Ofcom estimate of fixed internet use per person is based on Nielsen's data on the average monthly time spent online at home including the use of applications across the online population only; data are for March of each year.

Figure 5.71

Residential consumer satisfaction with aspects of fixed broadband service

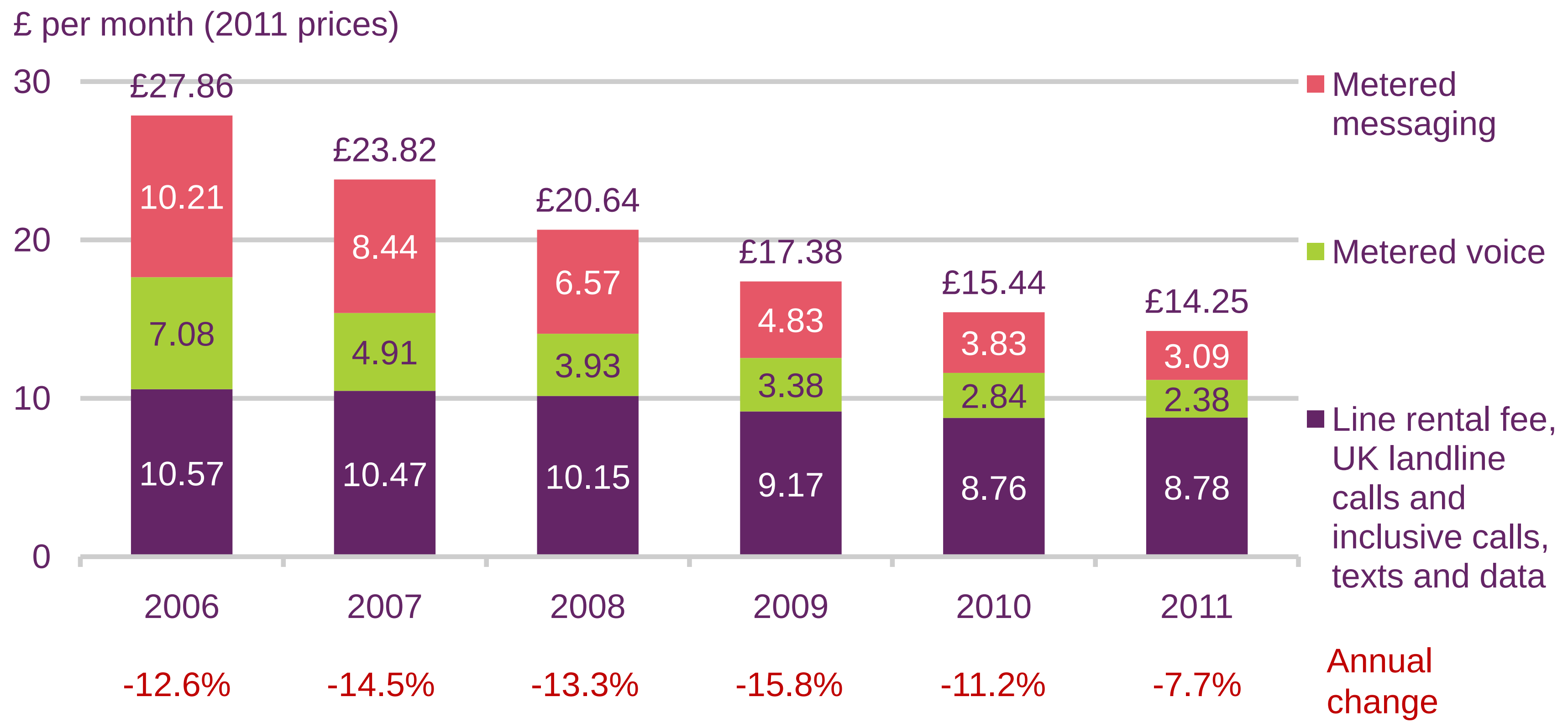


Source: Ofcom research
Base: All adults aged 16+ with a fixed broadband connection
Note: Includes only those who expressed an opinion

Mobile voice and messaging services

Figure 5.72

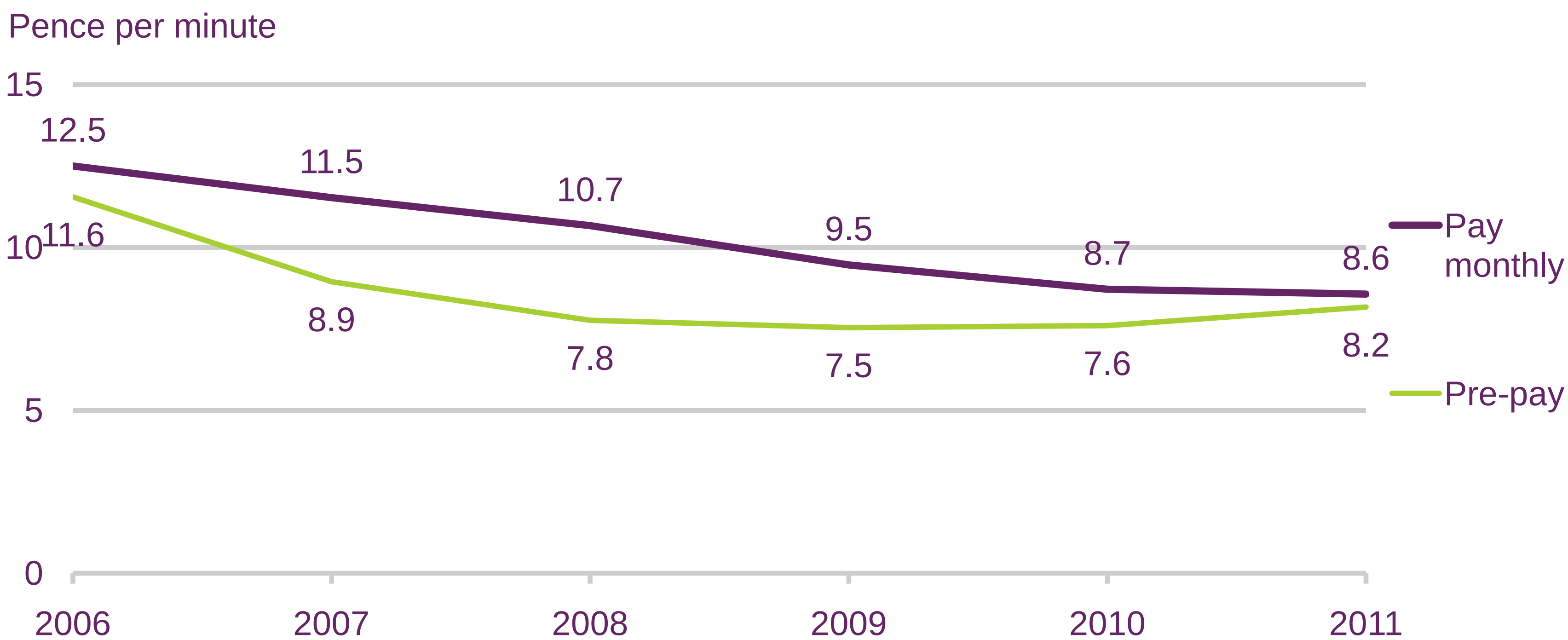
Real cost of a basket of mobile services



Source: Ofcom / operators
Note: Includes estimates where Ofcom does not receive data from operators; excludes non-geographic voice calls; adjusted for RPI; includes VAT

Figure 5.73

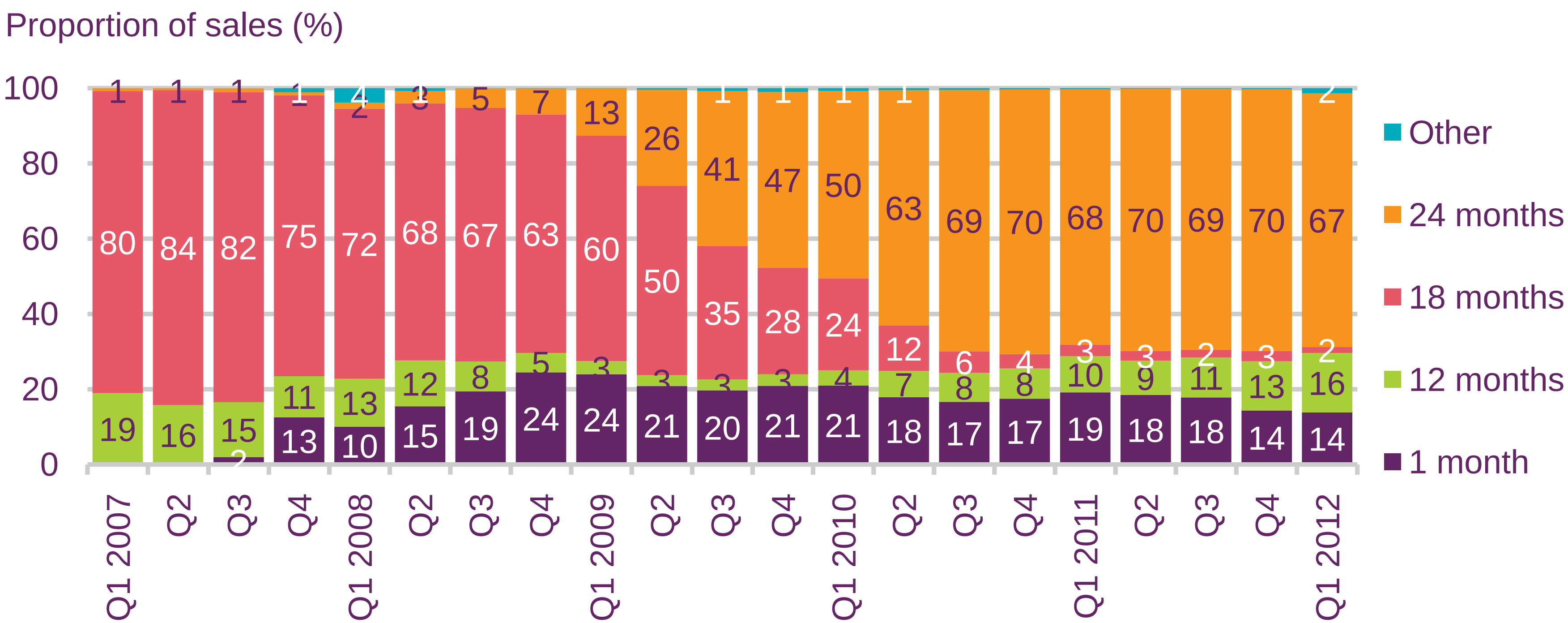
Average cost per mobile voice call minute, by customer type



Source: Ofcom / operators
Note: Includes estimates where Ofcom does not receive data from operators; contract calculation includes rental element which will often includes a number of inclusive messages and data allowance; calculations use actual minutes of usage

Figure 5.74

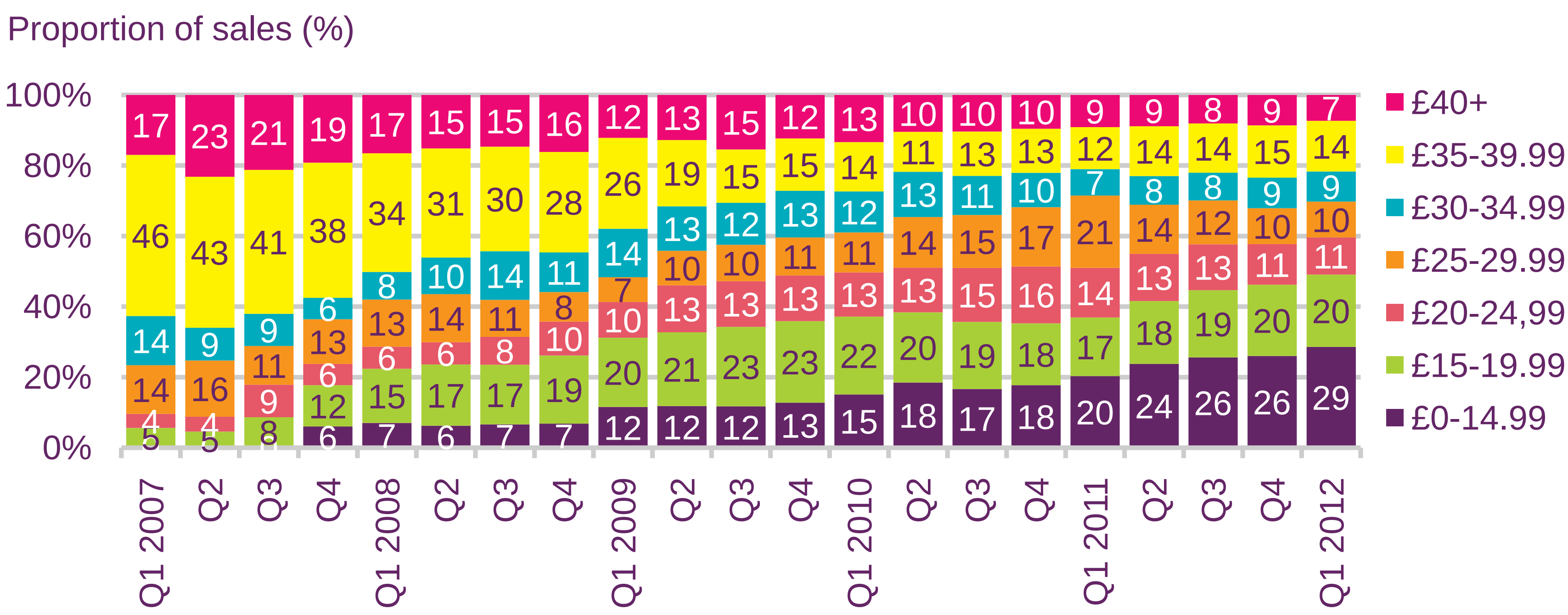
Contract lengths for new post-pay mobile connections



Source: GfK Retail and Technology UK Ltd, Contract Length Sales of new Mobile Connections, Q1 2007 to Q1 2012.
Notes: England, Scotland and Wales only (excludes Northern Ireland); based on GfK's coverage of 94% of the consumer market; based on new post-pay connections; excludes contract renewals; only represents sales through consumer channels (i.e. most business connections are excluded).

Figure 5.75

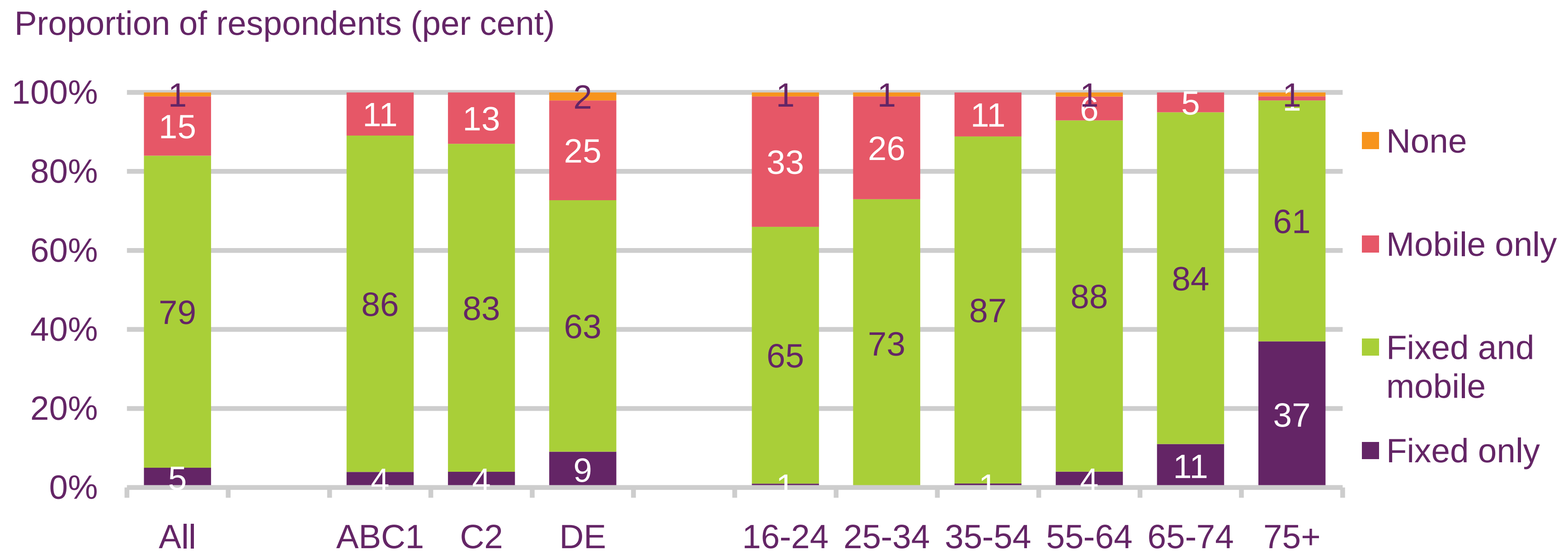
Monthly line rental prices for new post-pay mobile connections



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

Figure 5.76

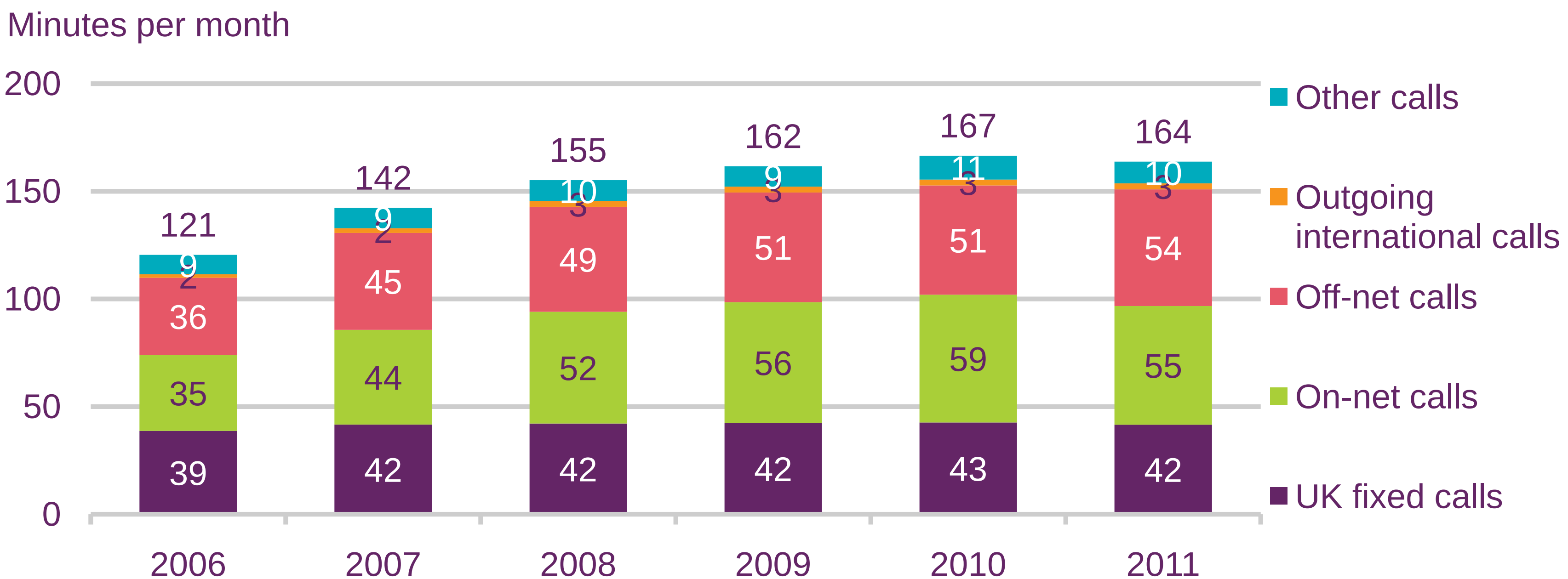
Household penetration of fixed and mobile telephony, by socio-economic group and age



Source: Ofcom research, Q1 2012 data
Base: All adults aged 16+

Figure 5.77

Average monthly outbound mobile voice minutes per person

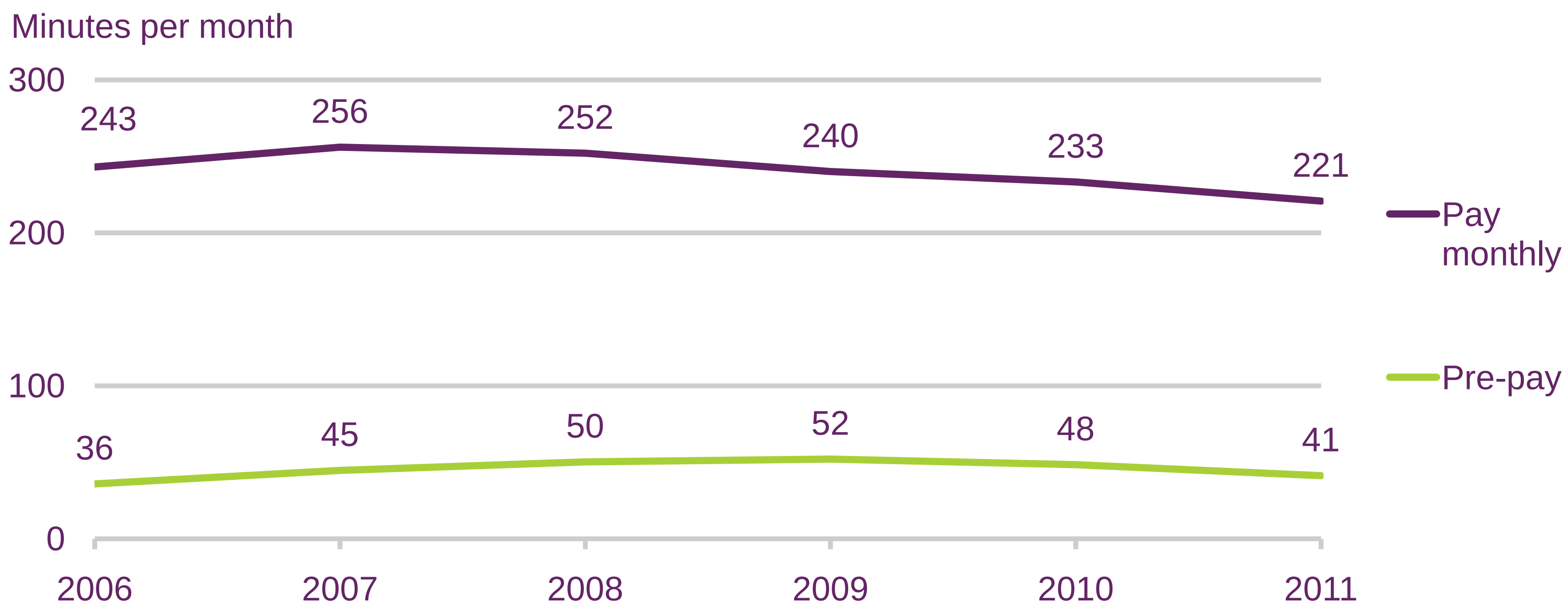


+15%	+28%	+9%	+4%	+3%	-2%	Annual change

Source: Ofcom / operators
Note: Includes estimates where Ofcom does not receive data from operators; calculation excludes mobile broadband connections

Figure 5.78

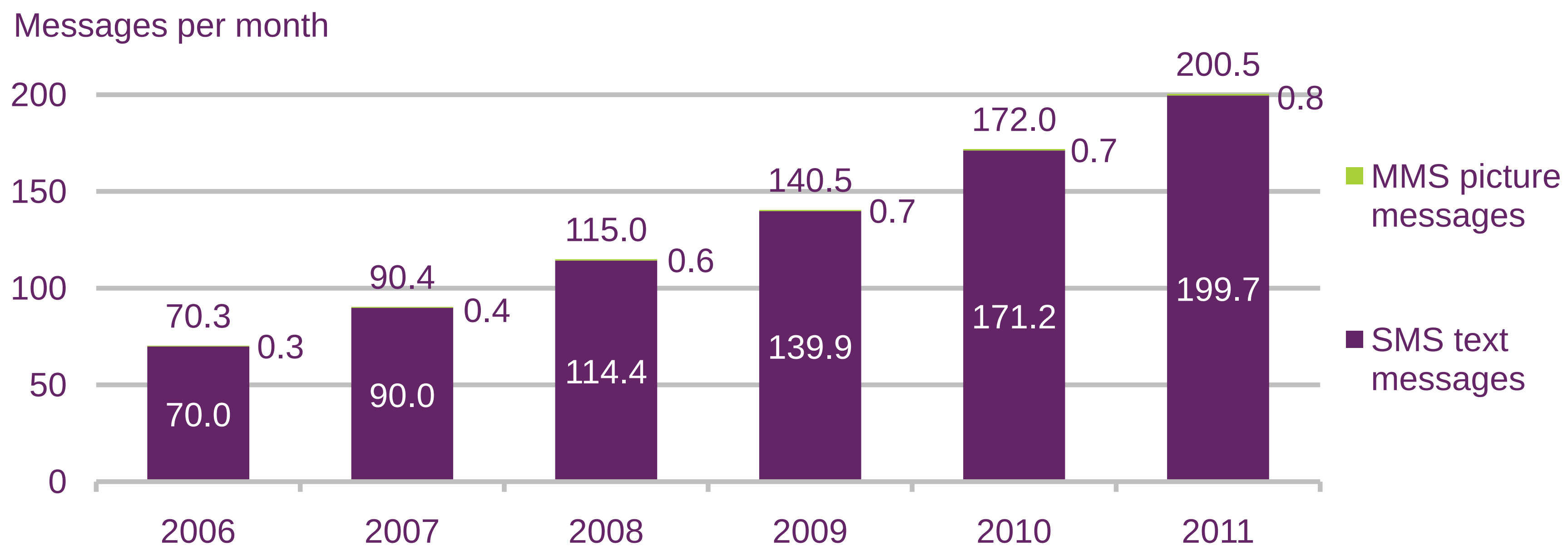
Average monthly outbound mobile call minutes per connection, by subscription type



Source: Ofcom / operators
Note: Includes estimates where Ofcom does not receive data from operators; calculation excludes mobile broadband connections

Figure 5.79

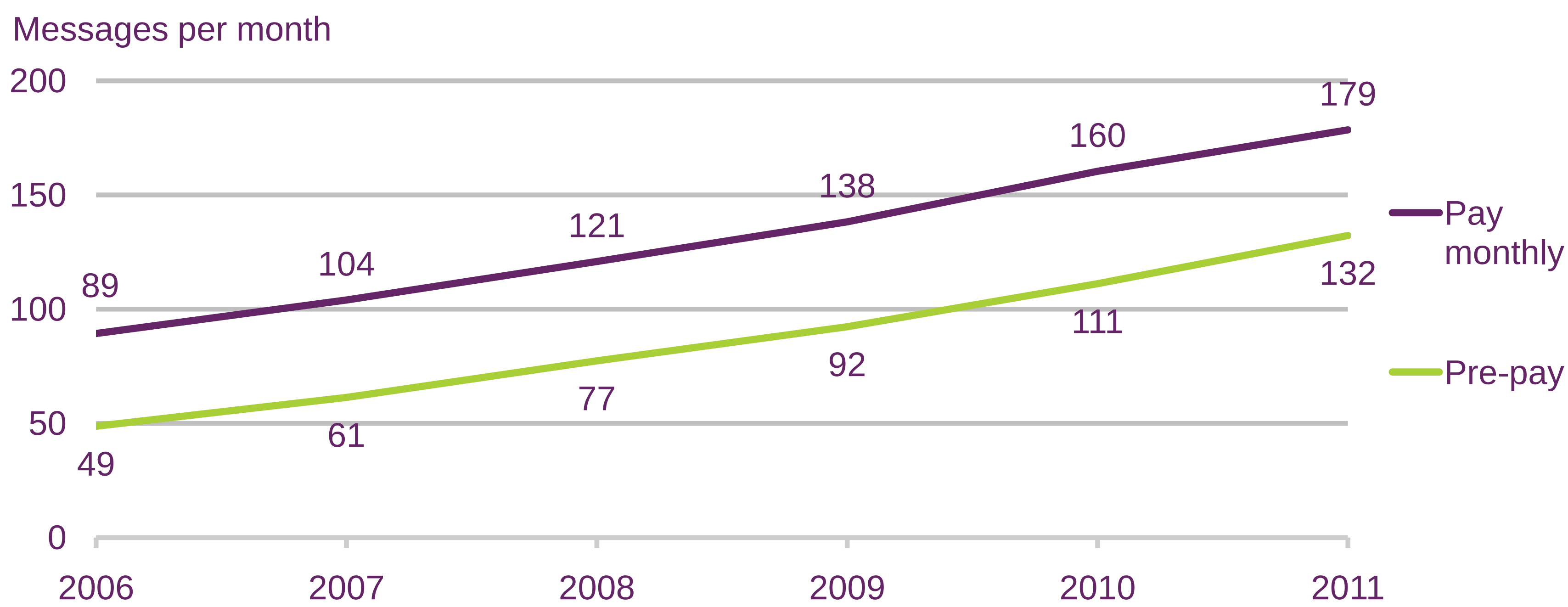
Average monthly mobile messaging volumes per person



Source: Ofcom / operators
Note: Includes estimates where Ofcom does not receive data from operators.

Figure 5.80

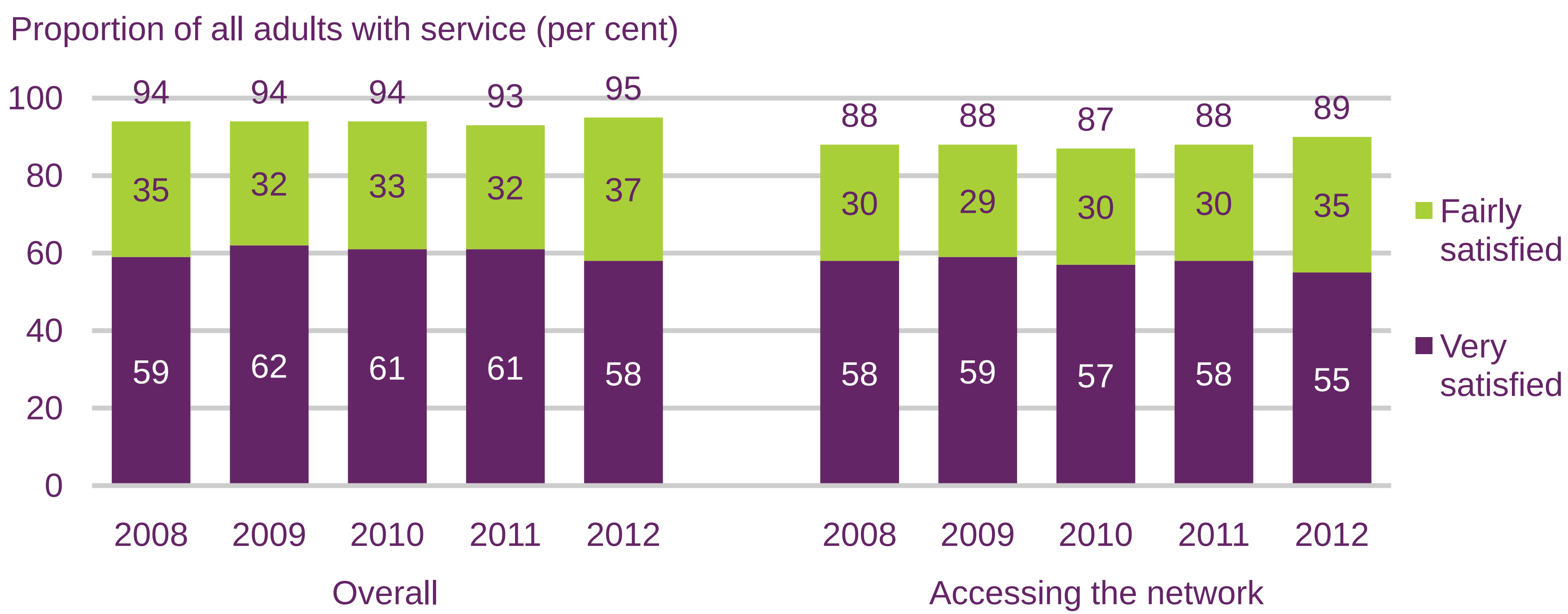
Average monthly messaging volumes by subscription type



Source: Ofcom / operators
Note: Includes estimates where Ofcom does not receive data from operators.

Figure 5.81

Residential consumer satisfaction with aspects of mobile service

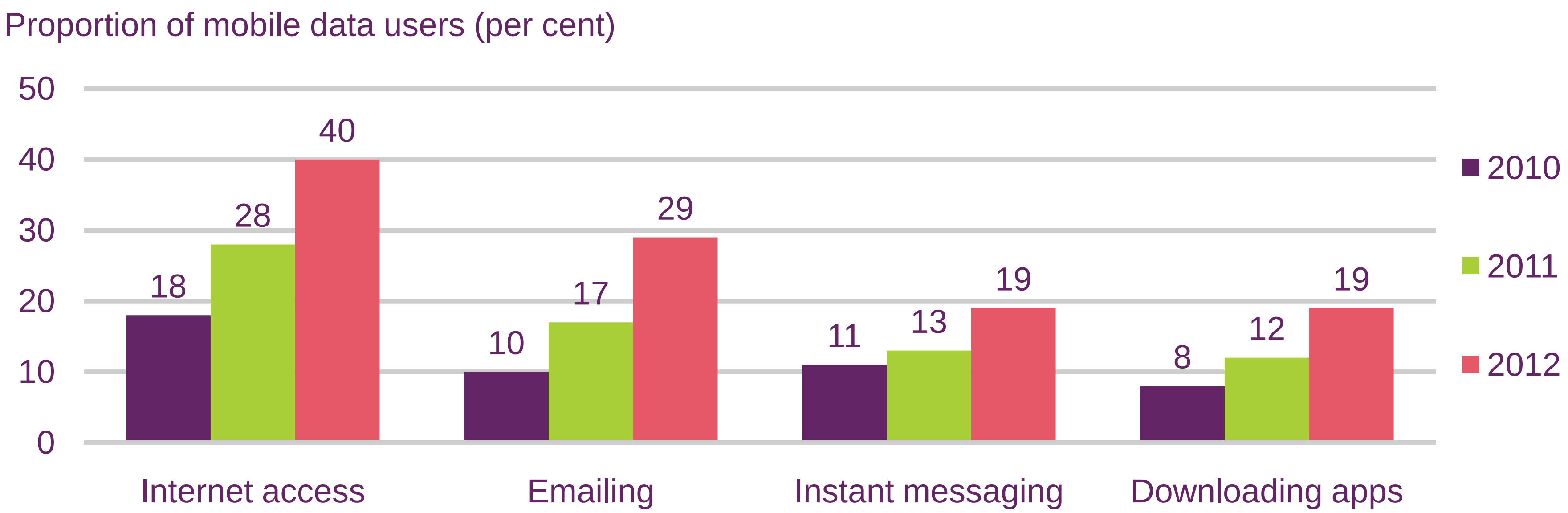


Source: Ofcom research, data as at Q1 of each year
Base: All adults aged 16+ with a mobile phone
Note: Includes only those who expressed an opinion

Internet access on a mobile handset

Figure 5.82

Use of data services on mobile handsets

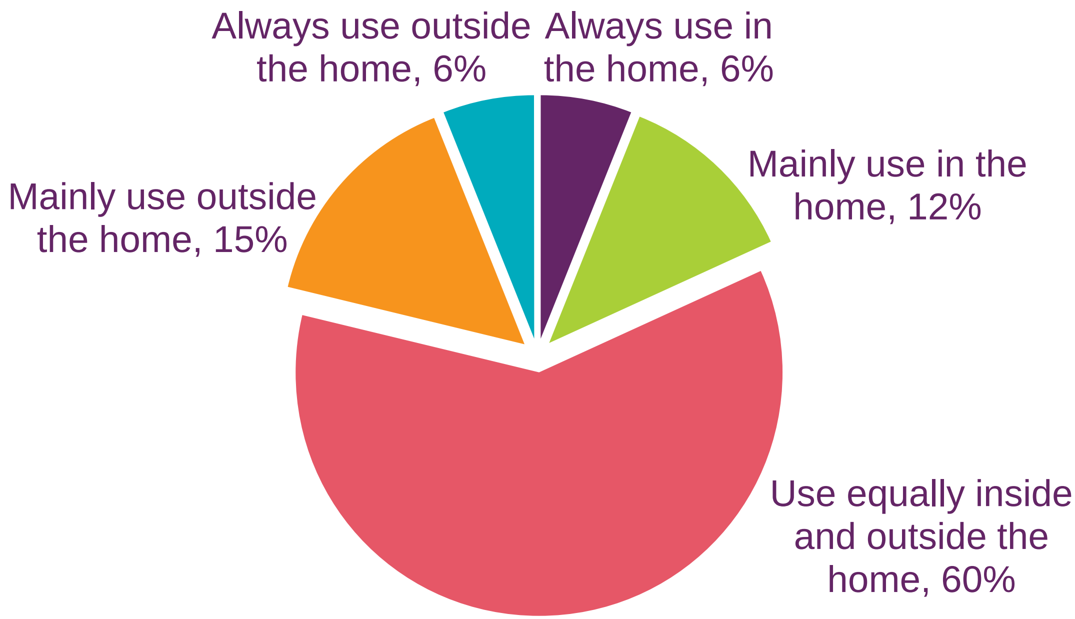


QD9A: Which if any of the following activities, other than making and receiving voice calls, do you use your mobile for?
Source: Ofcom research, data as at Q1 of each year
Base: All mobile users aged 16+

Figure 5.83

Location of internet access using a mobile handset

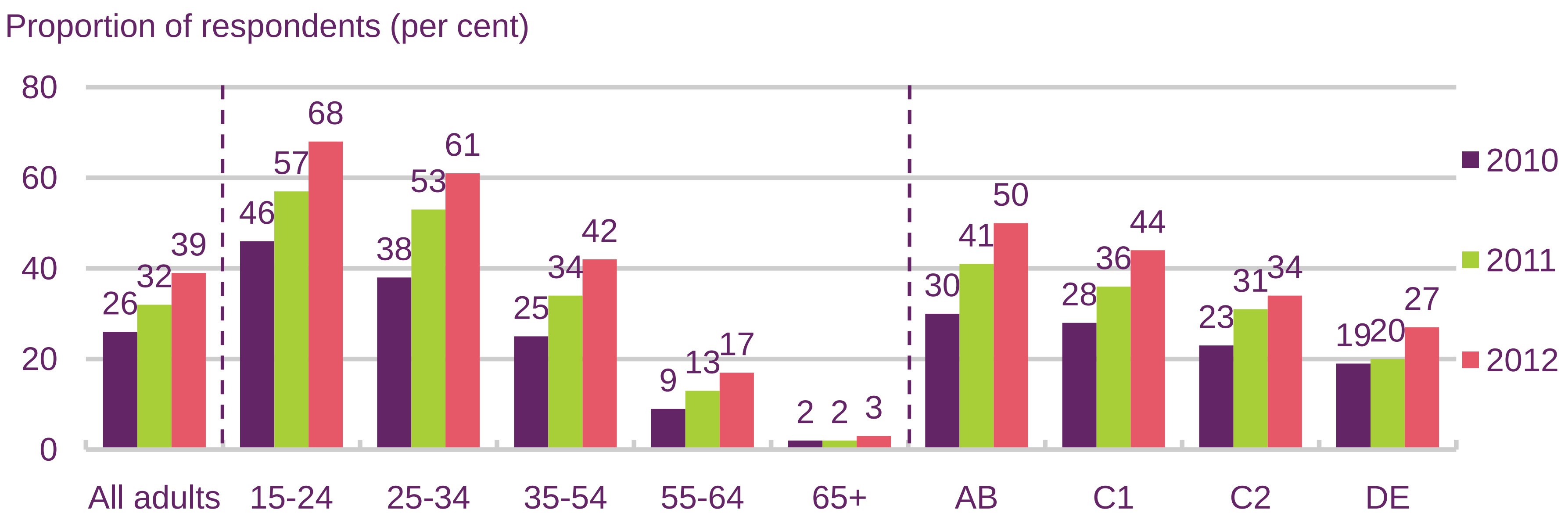
Proportion of mobile data users



Source: Ofcom research, Q1 2012
Base: All adults aged 16+who access the internet on their mobile phone

Figure 5.84

Use of the internet on mobile phones, by socio-economic group

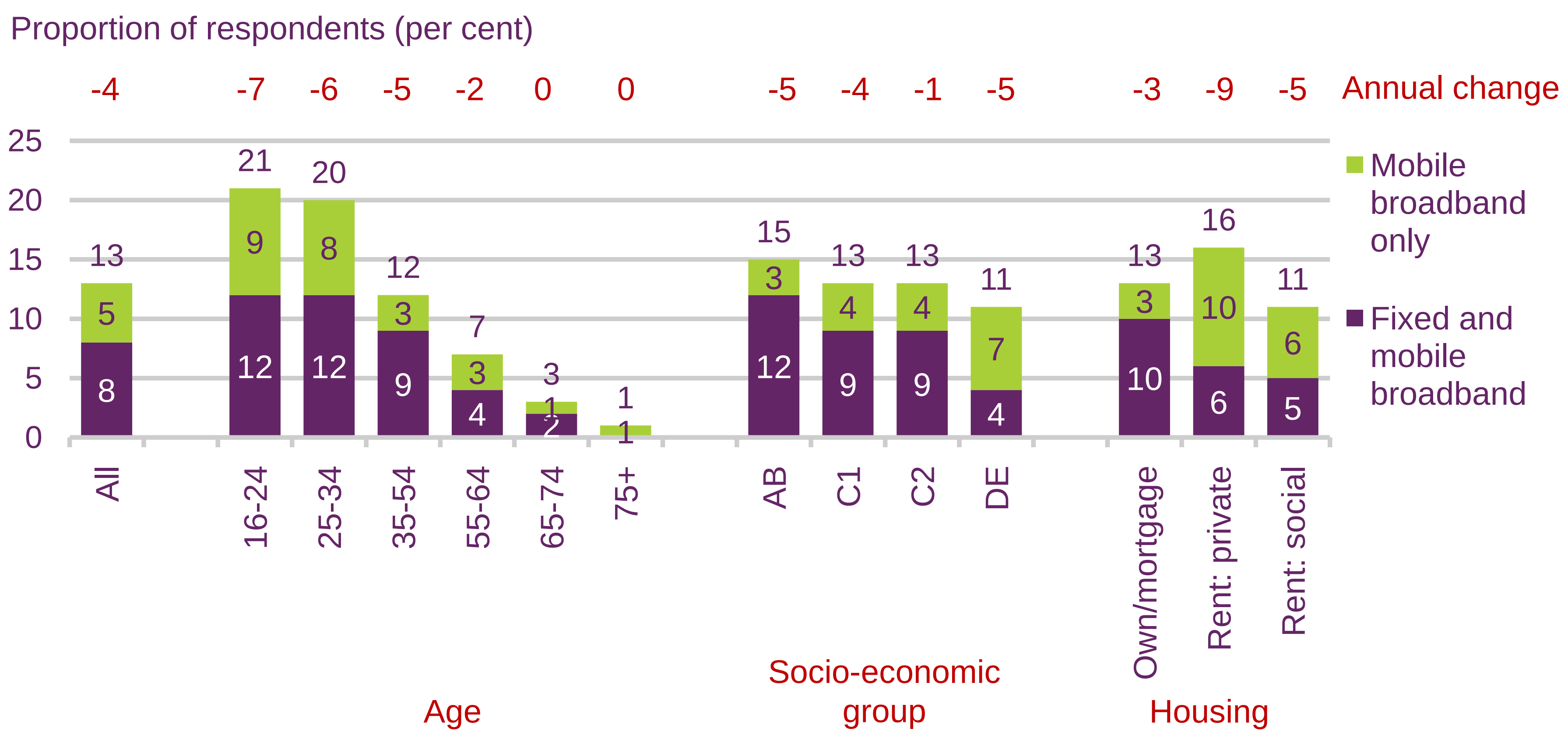


QD28A: Which if any, of the following activities, other than making and receiving voice calls, do you use your mobile for?
Source: Ofcom research, data as at Q1 of each year
Base: All adults 16+
Note: Web/data access includes accessing the internet, downloading and streaming content, connecting using Wi-Fi and using VoIP.

Mobile broadband services

Figure 5.85

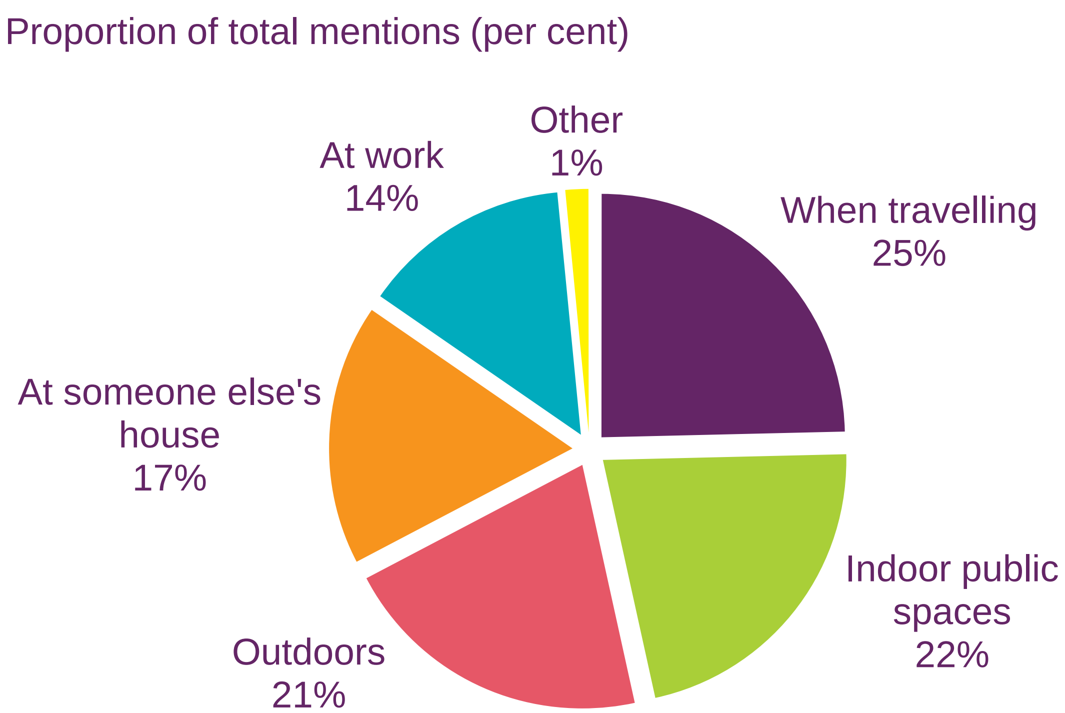
Take-up of mobile broadband, by socio-economic group



Source: Ofcom research, Q1 2012
Base: All adults aged 16+

Figure 5.86

Location of mobile broadband use outside the home



Source: Ofcom research, Q1 2012
Base: All adults aged 16+ who use mobile broadband outside the home

Figure 5.87

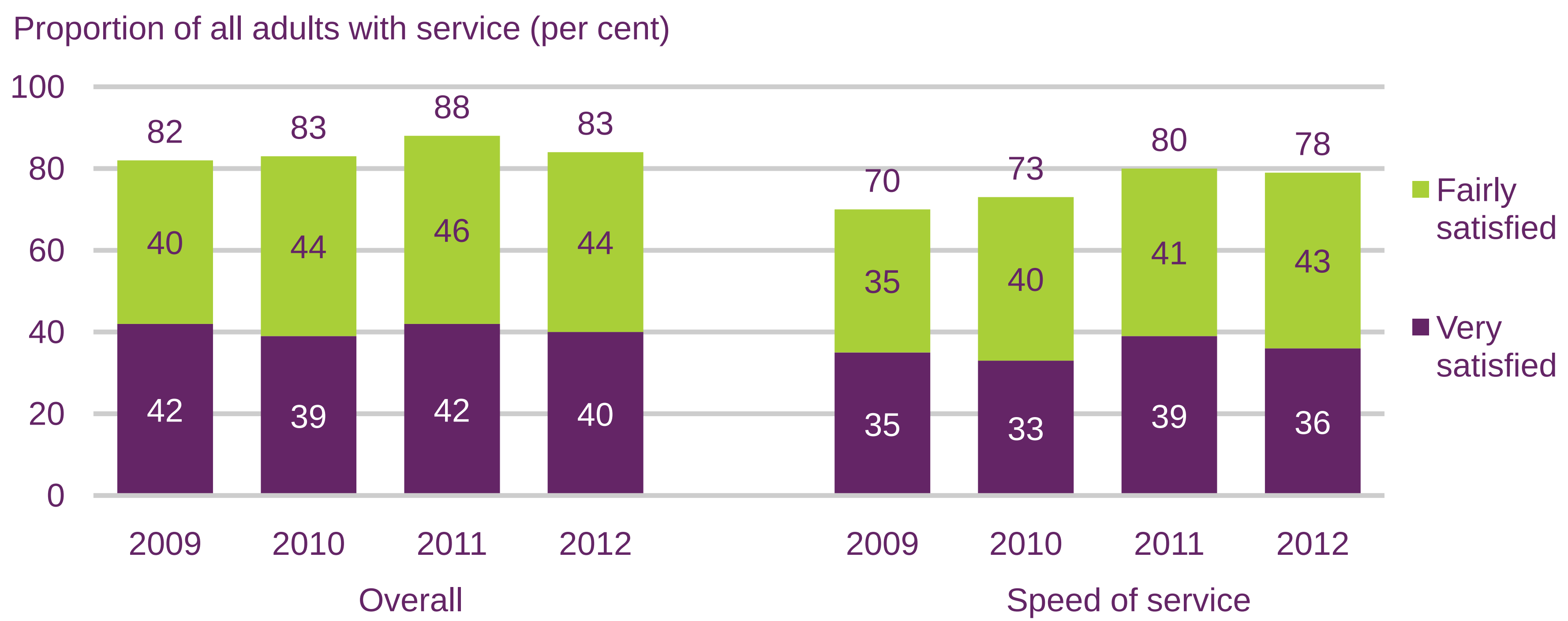
Lowest cost standalone mobile broadband contracts by provider

Provider		Monthly charge	Data allowance	Minimum contract length	Charges above allowance	WiFi hotspot use
Vodafone	2011	£7.50	500MB	1 month	£15/GB	1GB
	2012	£3.00	250MB	1 month	£2/250MB/day	Not included
O2	2011	£5.11	500MB	1 month	2.4p/MB	Unlimited
	2012	£10.21	1GB	1 month	£5.11/500MB or £10.21/GB	Unlimited
T-Mobile	2011	£10.00	1GB fair use	18 months	n/a	Not included
	2012	£10.00	1GB fair use	18 months	n/a	Not included
Orange	2011	£10.00	500MB	1 month	5.1p/MB	Not included
	2012	£10.00	500MB	1 month	5.1p/MB	Not included
3UK	2011	£7.89	1GB	18 months	10p/MB	Not included
	2012	£7.87	1GB	18 months	10.2p/MB	Not included
Virgin Mobile	2011	£10.21	1GB	2 months	1.46p/MB	Not included
	2012	£10.21	1GB	2 months	1.46p/MB	Not included

Source: Pure Pricing UK Broadband Pricing Briefings
Note: Data as at March of each year

Figure 5.88

Residential consumer satisfaction with aspects of mobile broadband service



Source: Ofcom research
Base: All adults aged 16+ with a mobile broadband connection
Note: Includes only those who expressed an opinion