Communications Market Report

Scotland Published 3 August 2017

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The Kelpies

Communications Market Report

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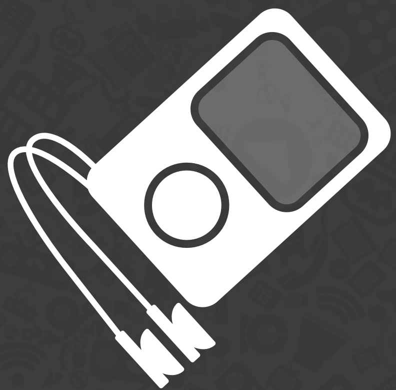


Introduction

Welcome to Ofcom's annual Communications Market Report for Scotland.

The report provides an overview of the take-up and use of communications services across the nation. It highlights a number of developments that have taken place in Scotland over the past year, as well as showing differences in consumers' use, take-up and engagement with media and communications services.

At 79%, satisfaction with fixed broadband speeds in Scotland is comparable to the UK as a whole, with no significant change in this measure between 2016 and 2017. However, fixed broadband users in urban Scotland are more likely than rural users to say they are 'very' or 'fairly' satisfied with their overall service. Our analysis of broadband take-up in Glasgow maintains the finding in our 2016 report, that the percentage of adults with access to the internet through a fixed or mobile connection is on par with the UK average. However, take-up of *fixed* broadband in Glasgow has gone up by a significant extent (12 percentage points).

The increase in smartphone take-up for Scotland reported in recent years has stabilised at 70%, which is below the UK average. Indeed, the take-up of several communications services is lower in Scotland than the UK average, and we look forward to discussions with our stakeholders about the possible reasons for this.On a more positive note, last year we reported that 4G take-up in Scotland was also lower than the UK average, but this year the proportion of 4G users in Scotland has increased significantly (by 18 percentage points) since 2016. This brings the measure for Scotland into line with the UK.

People in Scotland are generally satisfied with specific aspects of Royal Mail's service.

The report shows that 86% of small and medium-sized enterprises in Scotland are 'very satisfied' or 'fairly satisfied'- higher than the overall UK figure (78%).

This year we commissioned research on video on demand (VoD). It shows that in Scotland, live TV is still the main viewing choice for keeping up to date with the news and current events. This emphasises the important role live TV continues to play in keeping us informed and up to date, something that fewer people in Scotland feel is offered by on-demand services. Nevertheless, more people in Scotland are taking advantage of VoD, with 57% using the BBC iPlayer and three in ten adults watching programmes and films on YouTube.

The information set out in this report does not represent any proposal or conclusion by Ofcom in respect of the current or future definition of markets. Nor does it represent any proposal or conclusion about the assessment of significant market power for the purpose of the Communications Act 2003, the Competition Act 1998 or any other relevant legislation.

The full dataset and charts are available in a searchable resource, which can be found at **www.ofcom.org.uk/cmr-scotland**. Companion reports for the UK and each of the nations can be found at **www.ofcom.org.uk/cmr**

Access to high quality fixed and mobile internet services is vital to our increasingly online social and economic lives. It is also closely linked to the levels of satisfaction and take-up discussed in this report. Please note that we will be publishing data on the availability and coverage of communications services in Scotland in our *Connected Nations* report later this year.

Setting the scene

Key facts about Scotland

Figure	Scotland	UK
Population	5.40 million (mid-2016 estimate)	65.65 million (mid-2016 estimate)
Age profile	Population aged <16: 16.9% Population aged 65+: 18.5%	Population aged <16: 18.9% Population aged 65+: 18.0%
Population density	60 people per square kilometre	271 people per square kilometre
Language	1.7% of the population aged 3+ have some Gaelic language skills (2011)	n/a
Unemployment	4.7% of economically active population, aged 16 and over	4.6 % of economically active population, aged 16 and over
Income & expenditure	Weekly household income: £720 Weekly household expenditure: £481.70	Weekly household income: £781 Weekly household expenditure: £527.70

Source: Office for National Statistics: Population Estimates for UK, England and Wales, Scotland and Northern Ireland, mid-2015; Office for National Statistics: Regional Labour Market, June 2016; Office for National Statistics: Family Spending 2015 edition; National Records of Scotland, Statistical Bulletin, September 2013; 2011 Census, 2011 Census: Key Results; The Effects of Taxes and Benefits on Household Income, 2015/16; http://www.bbc.co.uk/news/uk-scotland-scotland-business-39278524

A note on our Technology Tracker survey research

We conducted a face-to-face survey of 3,743 respondents aged 16+ in the UK, with 510 interviews conducted in Scotland. Quotas were set and weighting applied to ensure that the sample was representative of the population of Scotland in terms of age, gender, socio-economic group and geographic location.

Technology Tracker data in this report are cited as from 2017, with the fieldwork taking place in January and February of this year.

Respondents were defined as urban if they lived in a settlement with a population of 2000 or more and rural if they lived in areas with smaller populations. The survey sample in Scotland has error margins of approximately +/- 3-6% at the 95% confidence level. In urban and rural areas; survey error margins are approximately +/-4-7%.

Unlike previous years, the interviewing conducted in 2017 used the CAPI (Computer Assisted Personal Interviewing) method of interviewing.

Because of this change in method differences between 2017 and 2016 have been tested at the 99% confidence level.

In addition to the survey data, this report refers to information from a range of other sources, including data provided to Ofcom by stakeholders. Tables summarising the data collected in our survey are published on Ofcom's website.

1 Scotland's communications market

1.1 Scotland: fast facts

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

Significance testing against Ofcom Technology Tracker figures:

↑/↓ Figure has significantly increased / decreased compared to Half 1 2016

+/- Figure is significantly higher / lower for nation's urban than rural, and vice versa

Significant differences between the UK and the nations have not been highlighted in the table. Please refer to the chapters for this information.

Source: Ofcom Technology Tracker H1 2017, and RAJAR

Base for Ofcom Technology Tracker: All adults aged 16+ (n = 3743 UK, 495 Wales, 510 Scotland, 493 Northern Ireland, 258 Scotland urban, 252 Scotland rural)

1. From 2017 the calculation of bundle take-up has changed – previously it was based on consumers who said they had a bundle. It is now based on those who have two or more services with the same supplier, therefore includes those previously unaware of being in a bundle

2. Radio figures taken from RAJAR data

1.2 The changing TV landscape

1.2.1 Introduction

Our TV landscape is evolving. We are no longer confined to the broadcasters' schedules.

Our TV landscape is evolving. We are no longer confined to the broadcasters' schedules. Instead we are scheduling our own viewing to fit in with our lives, supplementing live broadcast TV[1] viewing with broadcasters' on-demand and streaming services, recorded TV and subscription on-demand and streaming services like Netflix and Amazon Prime Video, which are becoming increasingly mainstream. Combined with the increase in take-up of fixed broadband (78% of households in Scotland in 2017, compared to 64% in 2012) and portable devices (70% and 56% of people used a smartphone and tablet in 2017 compared to 32% and 11% in 2012).[2]

This has given us the freedom to watch what we want, when we want, wherever we want to watch it.

But it is not a simple shift from live broadcast TV to on-demand and streaming. Live broadcast TV remains a central component of this, but increasingly people are using different services and types of content to meet different needs. This section is designed to explore the needs these different services are meeting, and the benefits and disadvantages of this new approach to TV consumption.

1.2.2 Highlights from the research

- More than nine in ten (89%) people in Scotland like the ability to watch what they want, when they want. Seven in ten (70%) of people in Scotland said they like to watch TV programmes and films on-demand to avoid adverts, or because there are no adverts.
- "Binge watching" is now commonplace with 38% of people in Scotland saying they do it at least weekly.
- Only 22% of people in Scotland said they sat together with family members to watch the same TV programme or film on the same device every day.
- A third (34%) said that at least once a week, members of their household sit together in the same room while watching different programmes on different screens.
- Almost half (47%) of people in Scotland say they watch programmes and films by themselves ***every day***.
- Over half (57%) of people in Scotland say they prefer to watch big national events on live broadcast TV instead of on-demand because it's good to know everyone is watching at the same time. Nearly half of respondents (45%) said the same for sports programmes.

Methodology

This section draws on new Ofcom research carried out between 27 April and 9 May 2017, conducted by Populus. This research was conducted via an online survey comprising 2,356 interviews among adults aged 16+, and 505 interviews among 12-15 year olds. There were a total of 202 adult interviews in Scotland.

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

[2] Ofcom Technology Tracker

1.2.3 The services people use

On-demand and streaming is becoming more mainstream

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

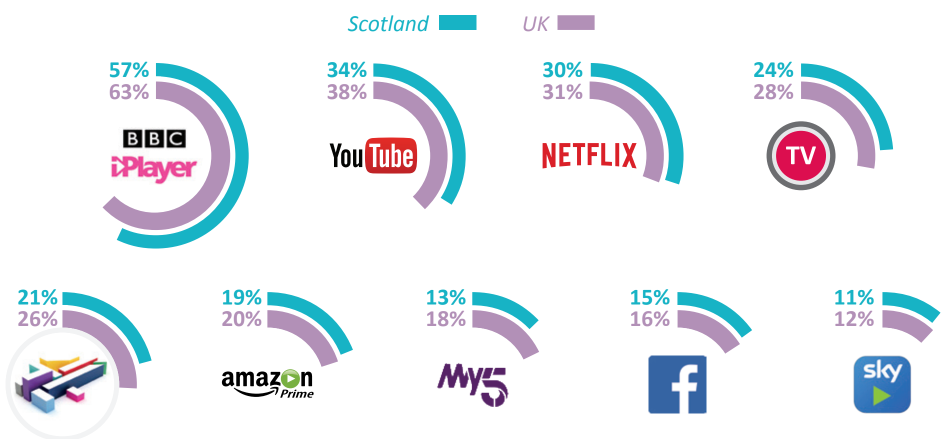
The numbers watching on-demand and streaming services have remained stable in Scotland. Ofcom's Digital Day research[1] conducted last year showed that between 2014 and 2016 the proportion of people in Scotland who said they watched any video-on-demand content was constant at 50%. There was a small increase in the reach of paid on-demand (for example, Netflix or Amazon Prime), from 19% to 20%, while free on-demand (for example, iPlayer or YouTube) remained the same (41%). There has been an increase of 20 minutes in the average amount of time spent watching paid on-demand TV over the same period (from 42mins to 62mins), while watching free on-demand decreased from 33 minutes in 2014 to 26 minutes in 2016.

Given this shift towards a wider range of services being used to watch programmes, Ofcom conducted research to investigate the drivers behind the use of these different services, and people's perceptions of the benefits and disadvantages of watching on-demand and streaming services (such as BBC iPlayer, ITV Hub, Netflix, Amazon Prime Video, YouTube, Facebook).

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

When asked what on-demand and streaming services they used to watch TV programmes and films, BBC iPlayer was the most popular among adults in Scotland, with 57% of people saying they use it. This was similar across all nations and the UK as a whole. A third (34%) of people in Scotland said they use YouTube for TV programmes/films, while a similar proportion (30%) said they used Netflix.[2]

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



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

[2] STV was not specifically asked about in the research

1.2.4 Reasons for using different services

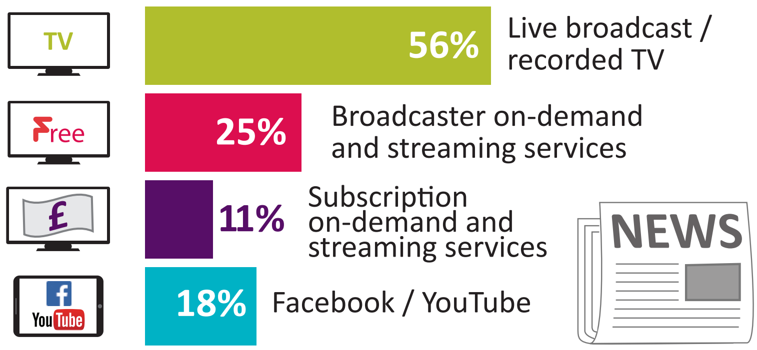
Live broadcast TV is most popular among people in Scotland for keeping up to date with the news

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

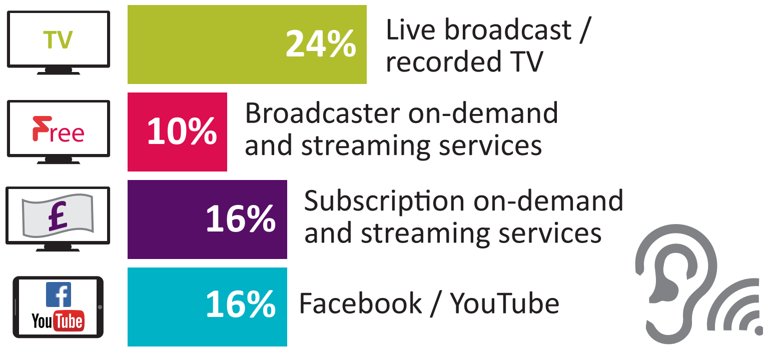
Live broadcast TV is still the main viewing choice for keeping up to date with news and current events. When we asked live-TV users in Scotland why they used live broadcast TV, 56% said it was for 'keeping up to date with the news and what's happening around us', the most popular answer. This compares to 25% of users of iPlayer, All4 or other broadcaster on-demand and streaming services, who said the same, and 11% of users of Netflix, Amazon Prime or other subscription on-demand and streaming services. This emphasises the important role live broadcast TV continues to play in keeping us informed and up to date.

Keeping up to date with the news is not the only reason for watching live broadcast TV. It is the most likely service to be used to provide 'background noise'. Of the respondents in Scotland who watch live broadcast TV, a quarter (24%) do so for background noise. Among respondents who watch subscription on-demand and streaming services, the figure is 16%; for broadcaster on-demand and streaming services it is 10%. Even though all these services are being used for background noise to a degree, live broadcast TV is more popular than other services for fulfilling this purpose.

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



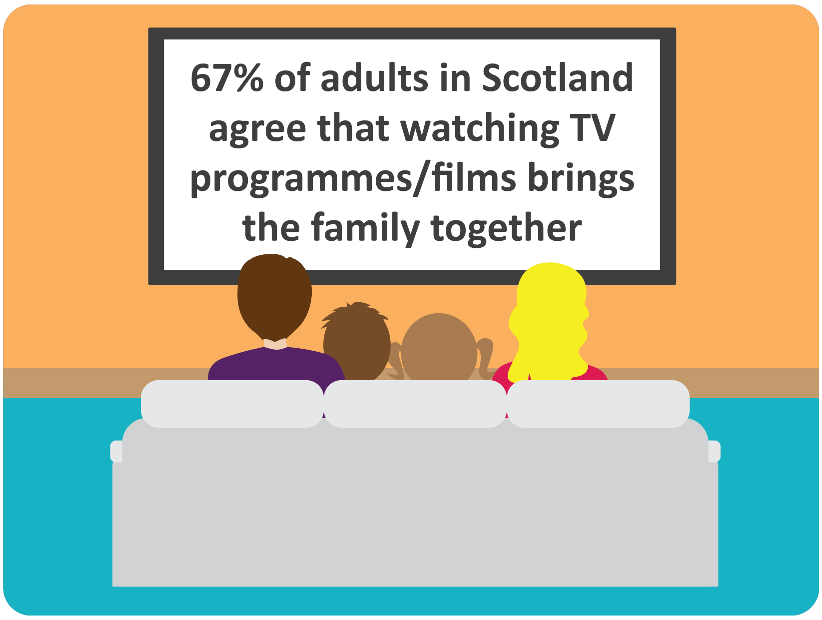
Services used by people in Scotland 'for background noise'



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

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

Supporting these findings around the use of services for 'alone time', when asked how often, if at all, they watched TV programmes and films by themselves on any device, around half (47%) of people in Scotland said they did so every day. Three in ten (31%) said they did this several times a week. However, six in ten (61%) people in Scotland agreed with the statement "people spend too much time watching by themselves on their tablets and smartphones nowadays".



TV is also the way many people unwind and de-stress; 44% of people in Scotland who watch live broadcast TV, said they do so to de-stress. Similar proportions of broadcaster on-demand and streaming service users, subscription services such as Netflix and Amazon prime and Facebook/ YouTube users said the same.

Three quarters (76%) of people in Scotland agree with the statement that being able to watch on-demand means they can make sure they don't miss an episode. In line with this, keeping up to date with a storyline is another important reason for watching; 42% of people in Scotland say they watch TV programmes and films for this reason. Viewers in Scotland are most likely to use live broadcast TV (43%) and broadcaster on-demand and streaming services for this (42%), with fewer (29%) using paid-for on-demand and streaming services and Facebook/ YouTube (13%).

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

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

Although live broadcast TV clearly has an important role to play, and is the preferred destination for much of our viewing, people in Scotland also perceive a range of benefits of on-demand and streaming services. Nearly nine in ten (89%) people in Scotland agree that they enjoy the ability to watch what they want, when they want. Flexibility is valued not only in terms of choice of when and where to watch content, but also to be selective in exactly what to watch. Seven in ten (70%) people in Scotland said they like to watch TV programmes and films on-demand to avoid adverts, or because there are no adverts. On-demand and streaming allows people to tailor what they're watching in a way that gives them control over their own personal viewing experience.

[1] There is no statistically significant difference between these two figures, due to low base sizes.

1.2.5 Changing viewing behaviours

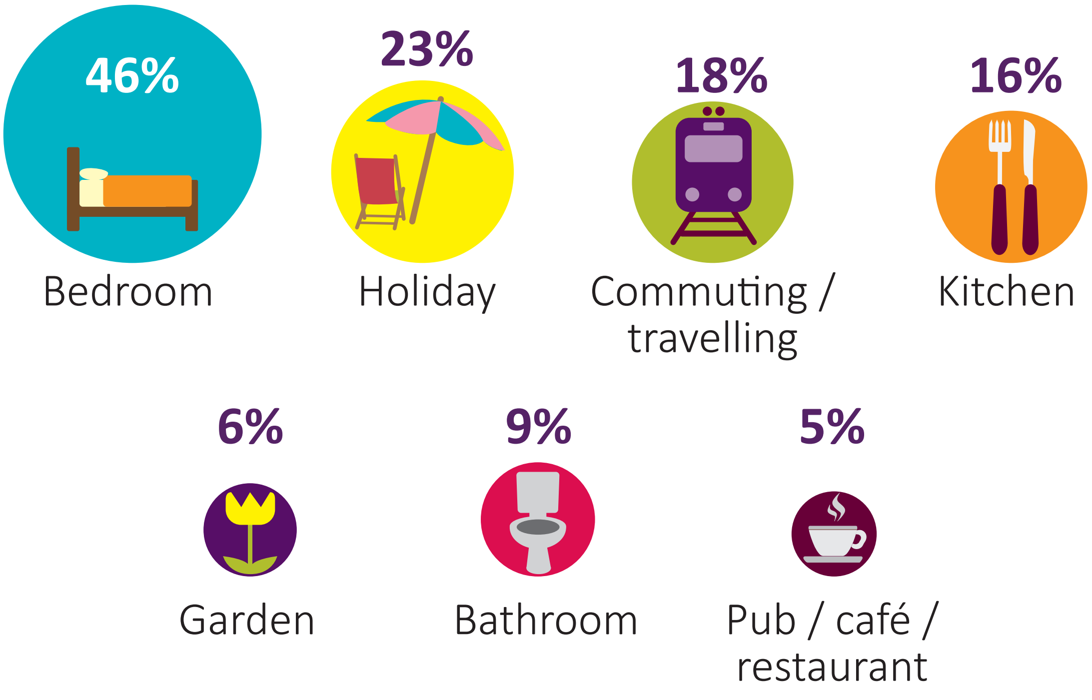
Eighteen per cent of people in Scotland make the most of time spent commuting by watching programmes and films

The availability of different services to watch TV programmes and films, coupled with the proliferation of portable devices, has changed not just what people are watching, but when and where they are watching it. Half (53%) said they liked the freedom of being able to watch content when and where they wanted on their tablet or smartphone.

Despite this, home-based viewing is still most popular, with 46% saying they watch at home in their bedroom, and 16% saying that they watch in their kitchen. However, many are watching while out and about, with 23% saying they watch when on holiday/breaks away from home, and 18% saying that they watch programmes/ films while travelling/commuting.

Watching content has become an experience that can be tailored to suit the individual's location as well as their mood. This flexibility is enhancing people's portfolio approach to content; they are watching at the times and in the places that suit them most, and using online TV and video services to 'fill time' and stave off boredom.

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



A third of people in Scotland said members of their family frequently sit in the same room together and watch different programmes

The proliferation of new viewing options is clearly changing behaviour. As we have seen, this brings many benefits, but establishing a new viewing etiquette can sometimes be challenging.

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

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

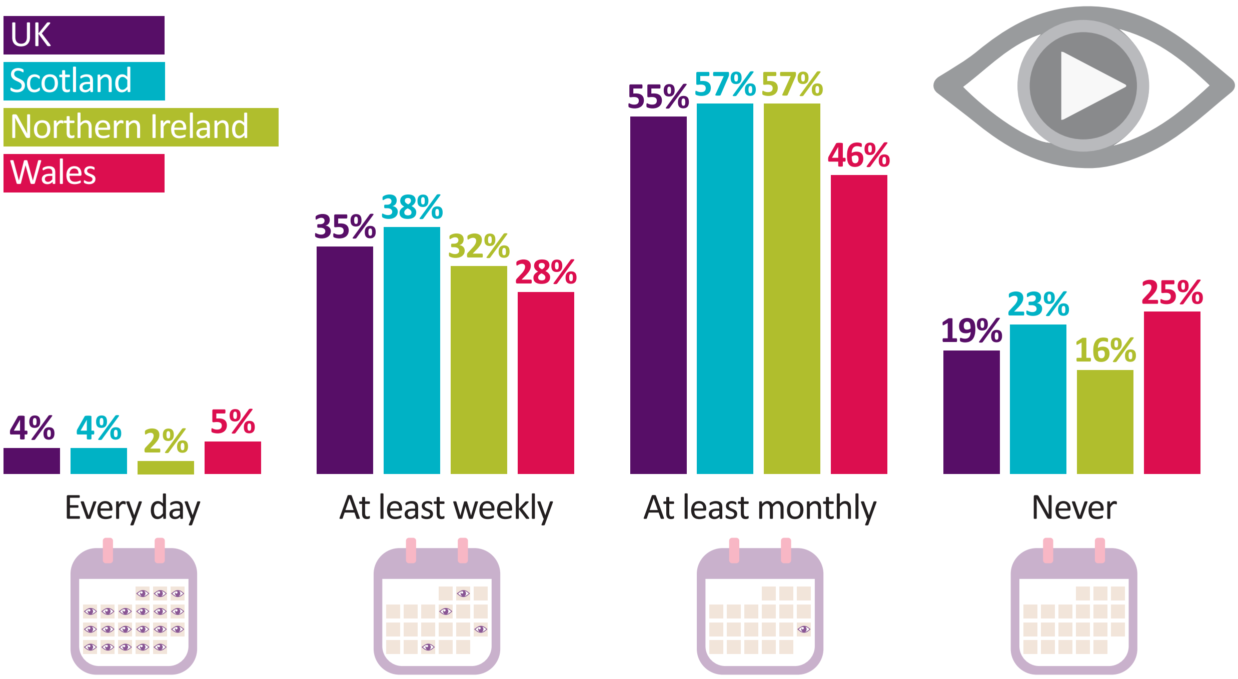
However, it can also cause tension; one in five (19%) said it made talking to people in the room difficult – again, 12% said it disrupts face-to-face communications and a small proportion (3%) even said it makes them angry.

This suggests that despite feeling that watching TV together brings the family closer, the use of multiple screens can sometimes be frustrating. But this doesn't mean people no longer have family TV time; 22% of people in Scotland living with family members said they sat together with family to watch the same TV programme or film on the same device every day, while 63% said they did this at least once a week.

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

Another feature of the new TV landscape that on-demand and streaming services has created is the ability to watch multiple episodes back-to-back, sometimes referred to as "binge watching". As the reach of subscription on-demand and streaming services has increased, so has the availability of entire series. It is no longer necessary to wait a whole week to find out what happens after the cliff-hanger, and many people in Scotland are taking advantage of this, with 74% 'ever' watching back-to-back episodes, 38% saying they do it at least weekly and 57% saying they do it at least monthly.

How often people watch multiple episodes of the same programme back-to-back in one sitting



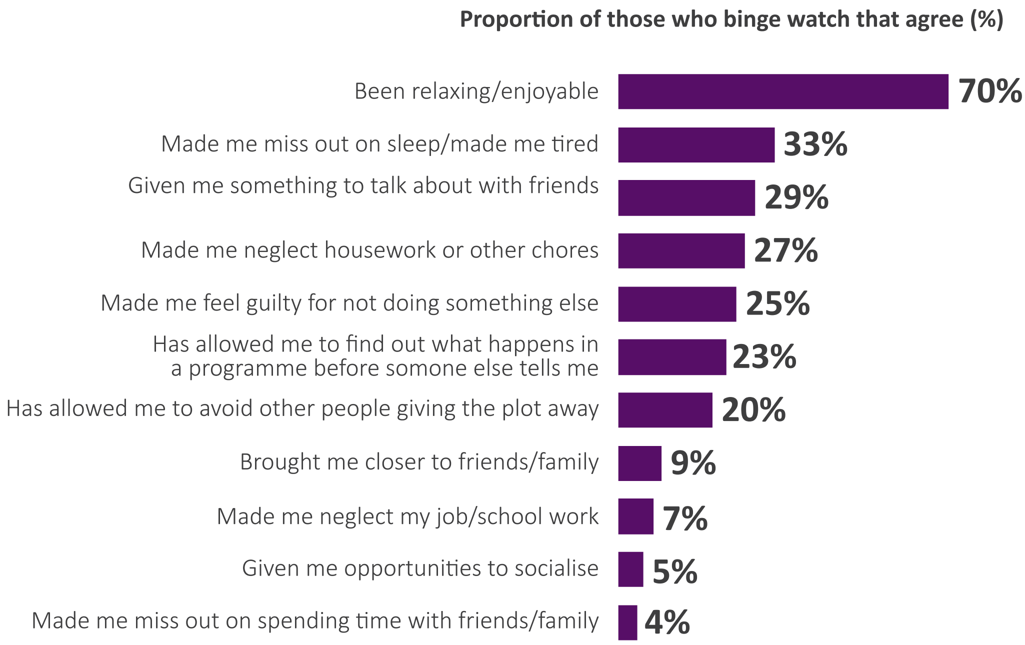
Some of this back-to-back watching is likely to be due to the availability of high quality content. Several subscription on-demand and streaming services are now putting original content at the forefront of their branding. Netflix's popularity is linked to its original content, with programmes such as *House of Cards* and *The Crown* getting a lot of media attention. The same is true of Amazon Prime with series like *The Grand Tour* and *The Man in the High Castle*.

When asked about why they binge-watch programmes, seven in ten (70%) people in Scotland who had binge-watched in the last month said that they found the experience relaxing and enjoyable. Having the ability to choose how many episodes to watch in one sitting is giving people autonomy over their viewing time and thus making it enjoyable. Binge-watching also provides a chance for people to spend time with others; a quarter (25%) said they did it with a partner, 16% with a family member, while 9% said it had brought them closer to friends/ family. Three in ten (29%) said it gave them something to talk about with friends and 5% said it gave them opportunities to socialise.

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

On the other hand, it seems that sometimes the content can be too good; 22% of respondents who binge-watch at least once a month in Scotland said that they always watched more episodes of the same programme in one sitting than they had intended to. And 72% said that they sometimes watched more episodes than they intended. This binge-watching can sometimes have unfortunate side-effects. For instance, a third (33%) said that binge-watching had made them miss out on sleep, or made them tired the next day. The tendency to watch more episodes of a programme than intended also seems to be becoming a source of procrastination. Nearly three in ten (27%) said it had made them neglect housework or other chores, a quarter (25%) said it made them feel guilty for not doing something else, 7% said it made them neglect their job/school work, and 4% said it made them miss out on spending time with friends/family.

Figure 1.1: Effects of binge watching on people in Scotland



Source: Ofcom research 2017
Q23. Watching lots of episodes of the same programme in one sitting is sometimes called binge watching. Thinking about when you have done this, do any of the statements below apply?
Base: All respondents who binge watch at least once a month (UK 1301, Scotland 117, Northern Ireland 85, Wales 74)

…and some have decided to act in order to change their binge-watching behaviour

Overall, 40% of respondents in Scotland who said they had binge-watched in the last month had considered changing their behaviour and had tried to cut down on this behaviour. Eighteen per cent of people said they had 'rationed' the amount of TV they watched, 8% said they had found an alternative activity/hobby, 10% said they now watched more live broadcast TV and 9% had gone so far as to cancel a subscription service.

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

People are changing the way they view, by turning to different services for different needs and drawing heavily on the flexibility and choice offered by online TV and video services, which can be watched anywhere at any time. However, traditional live broadcast TV is still at the heart of this new viewing experience. When asked ***what*** they would do first when wanting to watch a TV programme or film, the top answer was 'switch on the TV and see what's airing on live broadcast TV'. This response was chosen by half (51%) of people in Scotland. The second-ranked answer was 'go straight to Netflix, Amazon Prime, Now TV or other on-demand services that you pay a monthly subscription for' (16%).

As we saw above, live broadcast TV is not just background noise; it still dominates as the place to keep up with what's going on in the world and to share important moments with friends, family and the nation. BARB data demonstrates this.

The ***Wimbledon 2016 Men's Singles Final*** was the most-watched programme at the time of broadcast among adults in Scotland, rather than being watched later on a DVR or catch-up. The UEFA European championships featured in five of the top ten most-watched programmes at the time of broadcast. ***Still Game, Only an Excuse?***, ***Hogmanay Live*** and the ***England versus Scotland World cup qualifier*** completed the top ten programmes watched live in 2016[1].

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

2 Television and audio-visual content

2.1 Recent developments in Scotland

STV

On 24 April 2017, STV launched its STV2 network, encompassing its local TV services and featuring the integrated Scottish, UK and international news programme, STV News Tonight. The network comprises the new local services for Aberdeen, Ayr and Dundee and the existing services for Glasgow and Edinburgh.

BBC

In February 2017 the BBC announced that in autumn 2018 it will start broadcasting a new TV channel, BBC Scotland; it will invest £19m a year in this channel and in digital developments.

The channel will be subject to a formal approval process by Ofcom. The BBC also announced that it would commit a further £1.2m annually to BBC Alba. The BBC said it was making investments in Scottish programming across the BBC's Network TV output, with a particular focus on commissioning drama and factual programmes. Compared to 2015/16, it will be spending around £20m extra, per year, over the three years to March 2019.

Production Growth Fund

In December 2016 the Scottish Government and Creative Scotland announced that they would provide an additional £1.25m to incentivise film and high-end TV production in Scotland.[1] This funding, sourced from the Scottish Government and the National Lottery, and routed through Creative Scotland, takes the total allocated to the Production Growth Fund to £3 million since it was set up in September 2015. The fund provides an incentive for major film and TV producers to base their work in Scotland, employing Scottish talent, providing skills development, supporting local economies and benefiting the creative and tourism industries.

In June 2017 it was revealed that the fund had generated £17.5m for the economy – returning £10 for every pound spent. At the same time, the Scottish Government announced it was putting in an additional £250,000.

Producers based outside Scotland may apply if they can demonstrate their estimated Scottish spend, through committing to employ a significant number of cast and crew based in Scotland, and using Scotland-based production facilities companies. Producers based in Scotland may apply if they can demonstrate that by accessing the Production Growth Fund they can carry out the majority of the shoot and/or post-production of their project in Scotland.

Proposal for screen unit

A report published in January 2017 by the Scottish Screen Leadership Group supported a proposal for the creation of an enhanced screen unit within Creative Scotland.[2]

The report said the unit should have an expanded remit across the sector; to include all broadcast content including drama, factual/entertainment programmes and Gaelic content.

It would help film and TV production companies to explore and generate digital and interactive content (including gaming, web and mobile) to complement conventional screen content production.

Channel 4 commissioning in the nations

Channel 4 has an obligation to commission 3% of its output, measured by value and volume, from producers in the UK outside of England. This figure will rise to 9% in 2020.

In 2016 Channel 4 spent 8.5% of its commissioning budget in the devolved nations. The breakdown by nation was Scotland (5.2%), Wales (2.8%) and Northern Ireland (0.5%).

By volume of programming, Channel 4 commissioning in the devolved nations amounted to 9.2% of the total number of hours broadcast in 2016. The breakdown by nation was Scotland (6.3%), Wales (2.4%) and Northern Ireland (0.5%).

1 http://www.creativescotland.com/what-we-do/latest-news/archive/2016/12/funding-to-boost-film-and-tv-production

2 http://www.parliament.scot/S5_European/General%20Documents/CTEER_2017.02.13_SSLG_Final_Report_January2017.pdf

2.2 Television platform take-up in Scotland

Freeview and satellite television are the most widely-used main TV platforms in Scotland

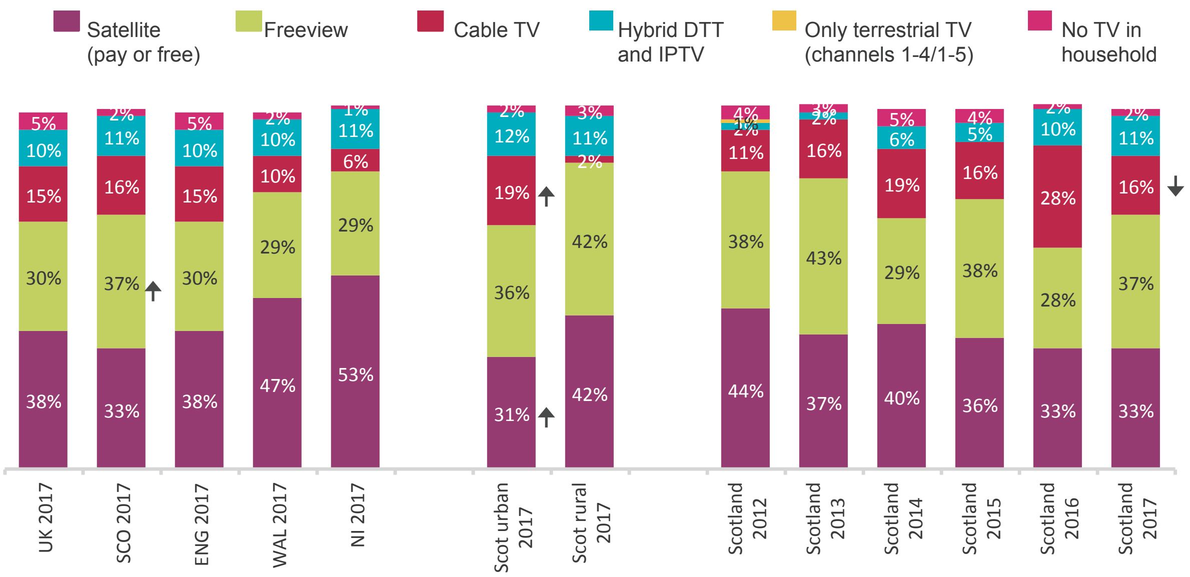
In 2017, Freeview and satellite television were the most widely-used television services in Scotland.

Cable services were the next most popular, while one in ten adults nominated hybrid DTT and IPTV (including BT, EE, NowTV and TalkTalk).[1] Compared to the UK overall, adults in Scotland were more likely to say that Freeview (37% vs. 30% for the UK) was their main television service, while all other services were in line with the UK average.

Cable services were less likely than in 2016 to be named as the main TV service in Scotland, returning to their 2015 levels.

Satellite television had higher penetration in rural areas of Scotland (42% in rural areas vs. 31% in urban areas), and take-up of cable services was higher in urban areas (19% in urban areas vs. 2% in rural areas), probably due to its lower availability in rural locations.

Figure 2.1: Main television set: share, by platform



Source: Ofcom Technology Tracker, Half 1 2017
Base: All adults aged 16+ (n = 3743 UK, 510 Scotland, 2245 England, 495 Wales, 493 Northern Ireland, 258 Scotland urban, 252 Scotland rural, 500 Scotland 2012, 501 Scotland 2013, 501 Scotland 2014, 492 Scotland 2015, 502 Scotland 2016, 510 Scotland 2017)
Significance testing: Arrows indicate any significant differences at the 95% confidence level between Scotland and UK in 2017, between Scotland urban and rural in 2017 and at the 99% confidence level between Scotland 2016 and 2017
QH1B: Which of these do you consider is your main type of television?
Note: Remaining percentages are Don't know responses

[1] These are hybrid services that provide the bulk of their channels via the Digital Terrestrial Television platform and offer additional channels and functionality through a broadband connection (such as access to online video services and programme recordings). Now TV offers this through its TV Smart Box and also provides access to channels and content libraries directly through its website and App.

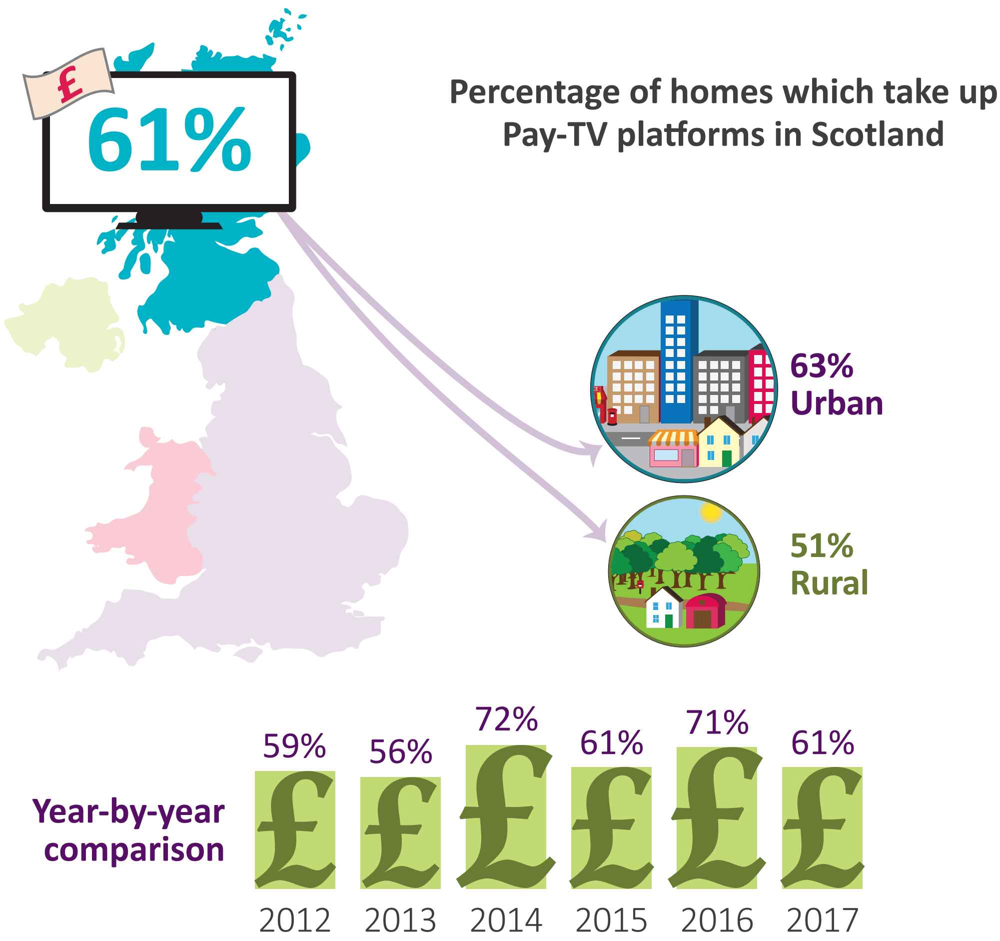
Six in ten TV households in Scotland have Pay TV, lower than in 2016 and in line with the UK overall

In 2017, 61% of households in Scotland (with a television set) had Pay TV;[1] this incidence is lower than in 2016 (from 71% in 2016), and at a comparable level to 2015.

Households in Scotland are as likely as the UK overall in 2017 to have Pay TV.

Take-up of Pay TV is significantly higher in urban (63%) than in rural (51%) areas of Scotland.

Figure 2.2: Proportion of homes with free and pay television



Source: Ofcom Technology Tracker, Half 1 2017
Base: All adults aged 16+ with a TV in household (n = 3564 UK, 496 Scotland, 2109 England, 476 Wales, 483 Northern Ireland, 251 Scotland urban, 245 Scotland rural, 489 Scotland 2012, 487 Scotland 2013, 481 Scotland 2014, 472 Scotland 2015, 491 Scotland 2016, 496 Scotland 2017)
QH1A: Which, if any, of these types of television does your household use at the moment?

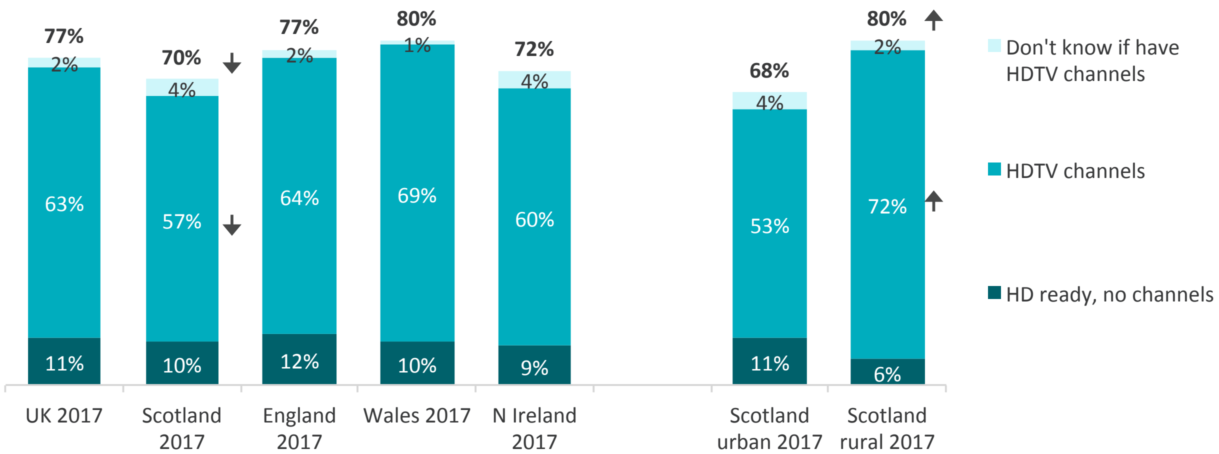
[1] 'Free TV' refers to households that only receive Freeview or only receive Freesat satellite TV. 'Pay TV' refers to all other types of television service.

Seven in ten households in Scotland have access to an HDTV set, lower than the UK average

Among households in Scotland with a TV, 70% claimed to have an HDTV or HD-ready television set – unchanged since 2016. Just over half (57%) of the TV-owning households in Scotland say they receive HDTV services, with a further 10% claiming to have an HD-ready TV, but not receive HD services. Compared to the UK average, TV households in Scotland are less likely to say they receive HDTV services, which lowers the overall incidence of access to an HDTV set. As HDTV channels are now available through all television platforms, including Freeview, it may be that many households are receiving HDTV services but are not aware of it.

In Scotland, TV households in rural locations are more likely than those in urban locations to receive HD services (72% vs. 53% urban).

Figure 2.3: Awareness of receiving HD television



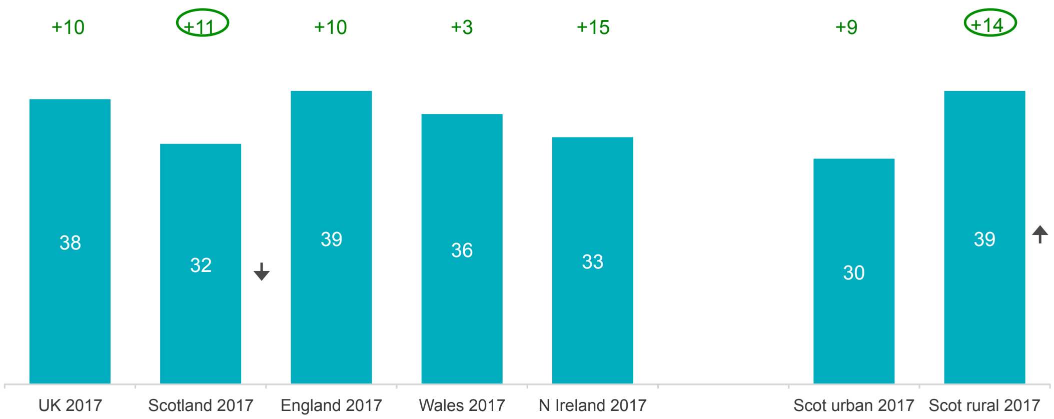
Source: Ofcom Technology Tracker, Half 1 2017
Base: All adults aged 16+ with a TV in household (n = 3564 UK,, 496 Scotland, 2109 England, 476 Wales, 483 Northern Ireland, 251 Scotland urban, 245 Scotland rural)
Significance testing: Arrows indicate any significant differences at the 95% confidence level between Scotland and UK in 2017 and between Scotland urban and rural in 2017
QH53: Is the main TV in your household an HDTV set or HD ready?/ QH54: Although you have an HDTV-ready set, to actually watch TV channels and programmes that are broadcast in high definition, you need an HD set-top box or a TV with built-in HDTV receiver. For the main TV set, does your household have an HDTV service?

Around one-third of TV households in Scotland have a smart TV, lower than the UK average

Among TV households in Scotland, 32% claimed to have a smart TV (i.e a television set that can connect directly to the internet, for example to watch on-demand services such as those available through the BBC iPayer); lower than the UK average, but an increase on the 2016 measure for Scotland.

The increase in smart-TV ownership since 2016 is evident in rural Scotland (up by 14 percentage points, to 39% in 2017) and ownership is also higher in rural than in urban areas of Scotland (30%).

Figure 2.4: Smart TV take-up



Source: Ofcom Technology Tracker, Half 1 2017
Base: All adults aged 16+ with a TV in the household (n = 3564 UK, 496 Scotland, 2109 England, 476 Wales, 483 Northern Ireland, 251 Scotland urban, 245 Scotland rural)
Significance testing: Arrows indicate any significant differences at the 95% confidence level between Scotland and UK in 2017 and between Scotland urban and rural in 2017. Circles around the +/- figures above the chart indicate any significant difference at the 99% confidence level between 2016 and 2017 for Scotland, urban and rural.
QH62: Are any of your TV sets 'smart TVs'? These are new types of TV that are connected to the internet and can stream video directly onto your television screen, without the need for a computer, set-top box or games console.

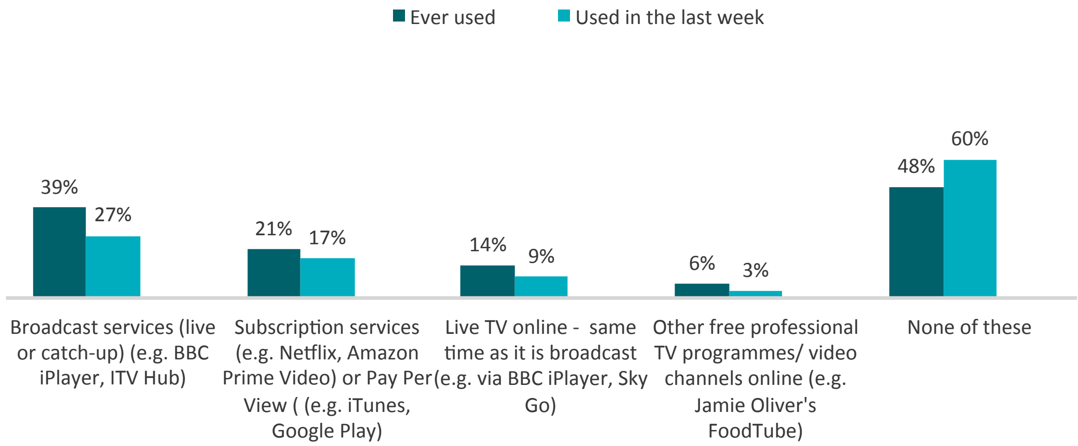
Half of adults in Scotland watch programmes or films on demand, mostly through catch-up services

Half of adults in Scotland (52%)[1] watch online TV programmes or films on any type of device, and four in ten (40%)[2] had done so in the past week. Watching online through live or catch-up broadcast services (e.g. BBC iPlayer) is the most used method of on-demand viewing in Scotland; around four in ten adults use catch-up services and more than a quarter had used these services in the past week.

The next most-used on-demand service is watching through subscription services such as Netflix or Amazon Prime Video, or pay-per-view services such as iTunes or Google Play, used by 21% overall and in the past week by almost all of these (17% of all households).

14% of adults in Scotland have watched live TV online. Fewer (6%) have used other free professional TV programmes or video channels online, such as Jamie Oliver's Food Tube.

Figure 2.5: **Watching TV programmes and films on the internet, on any device**



Source: Ofcom Technology Tracker, Half 1 2017
Base: All adults aged 16+ in Scotland (n = 510)
QH72: Do you use any of the following types of services to view online TV programmes or films via any type of device (including a mobile phone, tablet or TV set)?/ QH73: And which of these types of services, if any, have you used in the past week?/ QR1A/H: Does your household have Sky+/ Sky Q?/ QR1B: Does your household have Virgin TiVo or V+?/ QR1C/D/E: Does your Freesat/ Freeview box of Freeview TV/ broadband TV service allow you to record and store TV programmes, and also pause and rewind live TV programmes?

[1] This measure is the inverse of the 48% shown in Figure 2.5 for None of these 'Ever used'

[2] This measure is the inverse of the 60% shown in Figure 2.5 for None of these 'Used in the last week'

2.3 Broadcast television content

Definitions

Broadcast TV viewing

BARB analysis is based on viewing of scheduled TV programmes such as those listed in TV listings magazines or on electronic programme guides (EPGs) on TV sets in homes.

This broadcast TV viewing includes programmes watched on the TV set at the time of broadcast, recordings of these programmes such as through a DVR, or viewing of these programmes through catch-up player services, up to seven days after they were televised.

The STV licence area is referred to throughout as 'Scotland'. Where the ITV Border region is shown in charts, it includes the two sub-regions of ITV Border Scotland and ITV Border England, unless specified in relevant footnotes.

Channel group definitions				
	PSB portfolio channels			
Main five PSB channels	**BBC Portfolio**	**ITV portfolio**	**Channel 4 portfolio**	**Channel 5 portfolio**
BBC One	BBC Four	ITV/STV/UTV/ ITV Wales +1	Channel 4+1	Channel 5+1
BBC Two	BBC News	ITV2	E4	5STAR
ITV/STV/UTV/ITV Wales	BBC Parliament	ITV3	Film4	5USA
Channel 4	CBBC	ITV4	More4	My5
Channel 5	CBeebies	ITVBe	4Music	Spike
	BBC red button channels	ITV Encore	4seven	
		CITV		

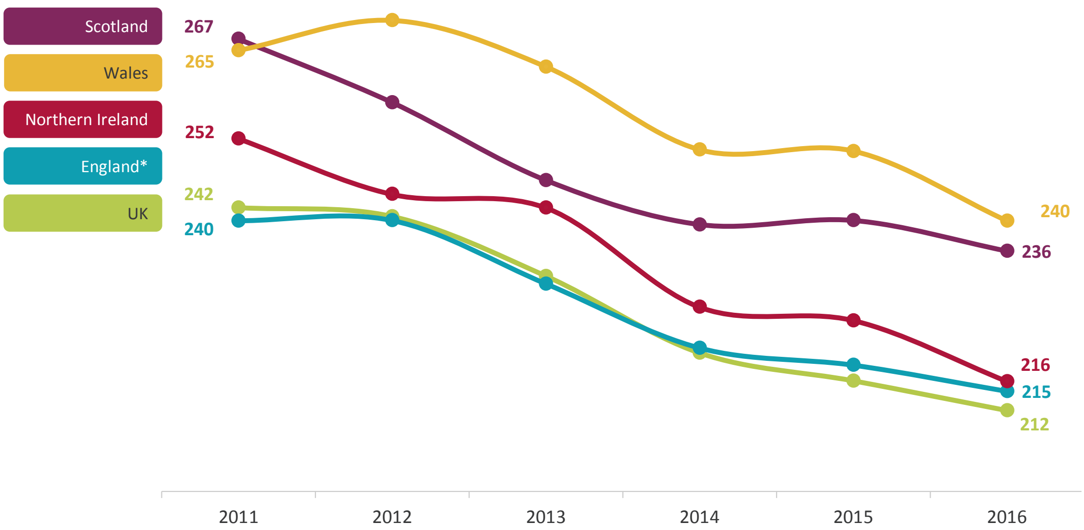
Channels include HD variants where applicable. PSB portfolio channels include +1 variants. BBC Alba does not subscribe to the BARB audience measurement.

On average, people in Scotland spend almost four hours per day watching TV

In 2016, people in Scotland spent an average of 3 hours 56 minutes per day watching television,[1] slightly less than people in Wales but more than in Northern Ireland, England and the UK average.

Between 2011 and 2016, daily viewing time has fallen by 31 minutes a day in Scotland, a 12% decline. This is in line with the UK average decline, but slightly higher than the decreases in viewing in Wales and the English regions (-10% respectively). The biggest drop in viewing has been in Northern Ireland (-14%). Following stability between 2014 and 2015 in Scotland, viewing fell in 2016, but to a lesser extent than in Wales and Northern Ireland.

Figure 2.6: Average minutes of television viewing per day, by nation: 2011-2016



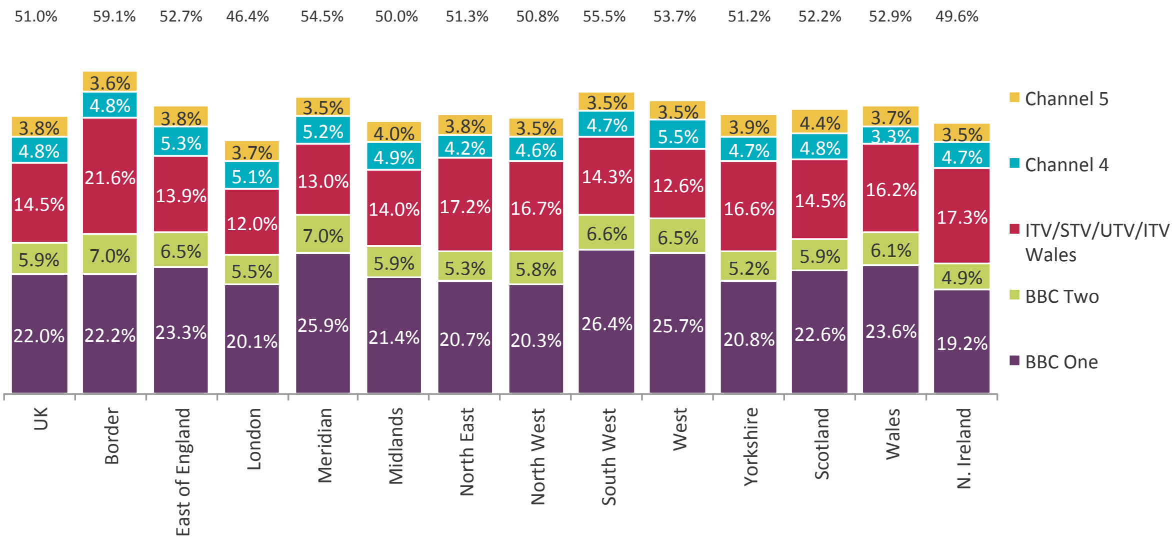
Source: BARB, individuals (4+), total TV.
*Note: Figures reflect the average across the English regions.

[1] Individuals in the Scottish areas of the ITV Border region watched 4 hours 16 minutes of TV each on an average day in 2016. In 2011 they watched 4 hours 45 minutes a day, 10% more than in 2016. Note: the Scottish and English sub-regions of the ITV Border area are not standard BARB regions, so we created a customised audience segment to undertake this analysis. The audience was created by selecting the BBC Scotland element of BARB's 'BBC/ITV area segments' and running it against the ITV Border panel. The ITV Border region is representative at an overall level rather than by geographical segments and the segmentation data, which is also based on a fairly low sample size of 104 in 2016 and 118 in 2011, should therefore be treated with caution. Only 'average daily minutes' is robust enough for indicative analysis.

More than half of all viewing in Scotland is to the main five PSB channels

In 2016, the main five PSB channels accounted for a combined 52.2% share of the total TV audience in Scotland. While lower than in Wales, their share in Scotland was higher than in both Northern Ireland and the UK average. The viewing shares of each of the main five PSB channels in Scotland is very similar to the UK as a whole, but BBC One and Channel 5 had larger shares of viewing in Scotland when compared to the UK average. Of all the nations and regions, Channel 5's share of viewing was highest in Scotland.

Figure 2.7: Share of the main five PSB channels, by UK nations and regions: 2016



	UK	Border	East of England	London	Meridian	Midlands	North East	North West	South West	West	Yorkshire	Scotland	Wales	N. Ireland
Channel 5	3.8%	3.6%	3.8%	3.7%	3.5%	4.0%	3.8%	3.5%	3.5%	3.5%	3.9%	4.4%	3.7%	3.5%
Channel 4	4.8%	4.8%	5.3%	5.1%	5.2%	4.9%	4.2%	4.6%	4.7%	5.5%	4.7%	4.8%	3.3%	4.7%
ITV/STV/UTV/ITV Wales	14.5%	21.6%	13.9%	12.0%	13.0%	14.0%	17.2%	16.7%	14.3%	12.6%	16.6%	14.5%	16.2%	17.3%
BBC Two	5.9%	7.0%	6.5%	5.5%	7.0%	5.9%	5.3%	5.8%	6.6%	6.5%	5.2%	5.9%	6.1%	4.9%
BBC One	22.0%	22.2%	23.3%	20.1%	25.9%	21.4%	20.7%	20.3%	26.4%	25.7%	20.8%	22.6%	23.6%	19.2%

Source: BARB, individuals (4+). HD channel variants are included but not +1s.
Note: Chart shows figures rounded to one decimal place. Numbers may not appear to sum up to total share of main five PSBs due to rounding.

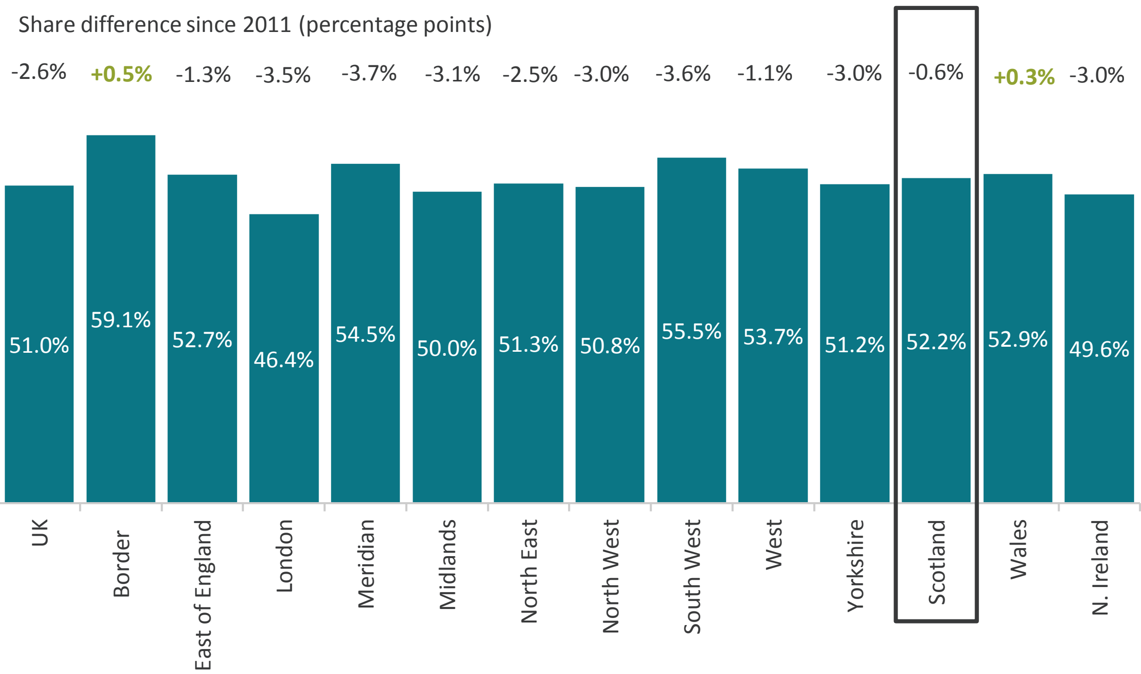
The combined share of the main five PSB channels has decreased slightly in Scotland since 2011

Between 2011 and 2016 there was a 0.6 percentage point (pp) reduction in the combined share of the main five PSB channels in Scotland.

This reduction represented the lowest decrease in any nation or region (excluding those which had an increase in share).

The majority of the UK nations and regions had declines in the combined share of the main five PSB channels between 2011 and 2016, with the exception of the Border region and Wales.

Figure 2.8: **Combined share of the main five PSB channels: 2011 and 2016**

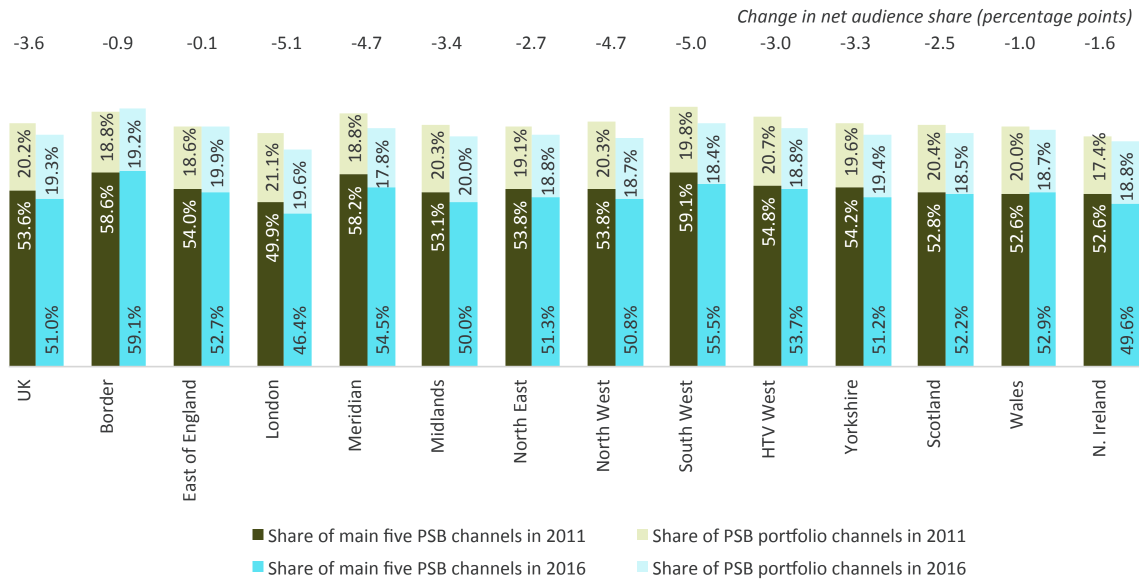


Source: BARB, Individuals (4+). HD channel variants are included but not +1s.

The total share of the main five PSBs and their portfolio channels has fallen in Scotland

While the main five PSB channels' share of viewing decreased by just 0.6pp, the PSB portfolio channels' share of viewing in Scotland fell further; by 1.9pp between 2011 and 2016. This resulted in a net share loss overall of 2.5pp, a smaller decline than the UK average, but higher than in both Wales and Northern Ireland. However, this was a smaller change than in other ITV regions such as London, South West, North West and Meridian.

Figure 2.9: **Net change in the audience share of the main five PSB channels and their portfolio channels, all homes: 2011 and 2016**



Source: BARB, individuals 4+. Shares may not add to 100% due to rounding.

Three of the top 20 programmes in Scotland in 2016 were shown *only* in Scotland

Still Game, BBC One's comedy series filmed in Scotland, was the most popular TV programme in Scotland in 2016. It drew almost 1.8 million viewers, representing 38.6% of the population in Scotland and a 64.0% share of the total TV audience in the slot when it was shown.

Second to this was the Scottish football comedy *Only An Excuse* on BBC One, shown only in Scotland. Other non-network programmes were *Hogmanay Liv*e, the 8th most viewed programme overall, and the England vs. Scotland World Cup qualifiers (ranked 19th).

Sports programmes featured in seven of the top 20 most-watched programmes, including the Wimbledon men's singles final and the UEFA European Championship matches. Almost all the top programmes were from BBC One, with two from STV: *Britain's Got Talent* and the England vs. Scotland World Cup qualifier.

Figure 2.10: Top 20 programmes in Scotland, 2016

Programme	Channel	Date	Average 000s	TVR %	Share %
Still Game	BBC One	21/10/2016	1,798	38.6	64.0
Only An Excuse?	BBC One	31/12/2016	1,347	28.9	66.4
Wimbledon 2016: Men's Singles Final	BBC One	10/07/2016	1,276	27.4	68.4
The Great British Bake Off	BBC One	26/10/2016	1,162	25.0	48.0
Mrs Brown's Boys Live	BBC One	23/07/2016	1,120	24.1	58.3
Sherlock	BBC One	01/01/2016	1,105	23.9	43.4
Euro 2016: Por V Fra	BBC One	10/07/2016	1,094	23.5	50.8
Hogmanay Live	BBC One	31/12/2016	1,067	22.9	57.9
Euro 2016: Post Match	BBC One	01/07/2016	1,067	22.9	48.5
Planet Earth II	BBC One	13/11/2016	1,058	22.7	43.7
Strictly Come Dancing	BBC One	03/12/2016	1,047	22.5	52.7
Strictly Come Dancing: The Final	BBC One	17/12/2016	1,001	21.5	52.0
Mrs Brown's Boys Christmas Special	BBC One	25/12/2016	974	20.9	46.4
Euro 2016: Wal V Bel	BBC One	01/07/2016	964	20.7	47.1
Strictly Come Dancing: The Results	BBC One	04/12/2016	924	19.8	44.6
Euro 2016: Ger V Fra	BBC One	07/07/2016	908	19.5	45.0
Mrs Brown's Boy	BBC One	01/01/2016	894	19.3	45.6
Britain's Got Talent	STV	16/04/2016	887	19.2	44.3
England V Scotland World Cup Qualifier	STV	11/11/2016	886	19.0	38.5
Euro 2016: Ger V Ita	BBC One	02/07/2016	866	18.6	48.0

Source: BARB, individuals 4+, based on the single best performing episode of a programme title ranked on average audience 000s. Filtered on programmes with a minimum duration of 10 minutes. Channels include HD variants.

Regional news and HD channels

Channel 3/ITV

ITV does not currently broadcast HD variants of its news programmes for all of its regions. This means that for some areas, an out-of-region HD version of regional news is shown on the ITV HD channel. London, Meridian, Wales, Central, Granada, STV[1] and UTV[2] currently offer the HD service across all platforms, while Anglia, Yorkshire and Tyne Tees offer it on some platforms only[3]. In the remaining areas, the local news shown on the HD channel is not the local news for that region (e.g in Border, the Granada news feed is shown). The chart below includes all viewing to any early evening news programming, even if it is not the relevant local one to the area.

BBC One

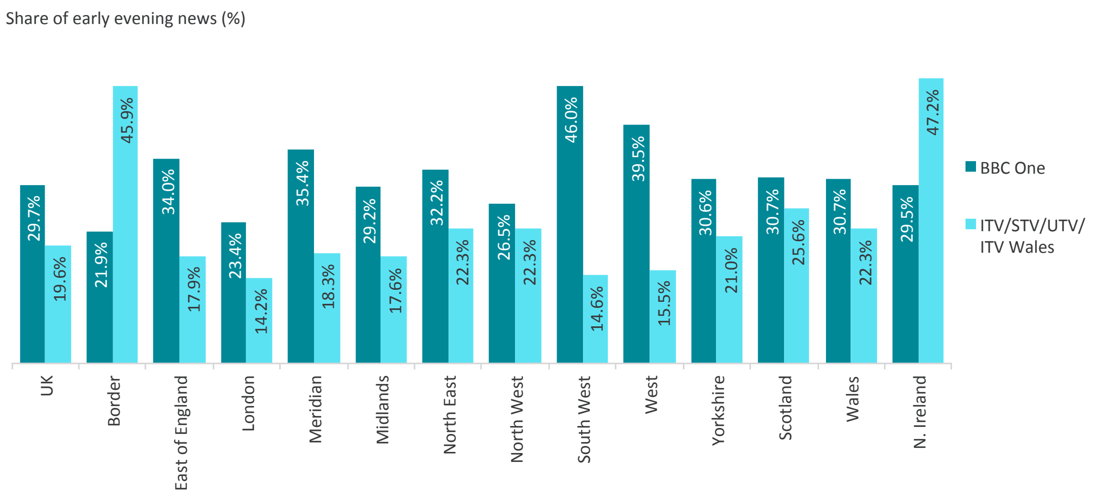
There are BBC One HD channels for Scotland, Wales and Northern Ireland which show local news in HD. At the moment BBC One HD in the English regions cannot show local news (a message prompts viewers to turn over to BBC One during the regional news slot). The chart below reflects viewing of the early evening news on BBC One HD where available.

BBC One's and STV's early evening local news bulletins attracted a greater share in Scotland than the UK average for the same weekday time slot

Reporting Scotland, BBC One's early evening news bulletin, drew on average 30.7% of all TV viewers in Scotland between 6.30pm and 7.00pm in 2016. ***STV News at Six***, STV's counterpart bulletin, attracted a lower share than BBC One's ***Reporting Scotland***, although at 25.6% it was still higher than the Channel 3 UK average share (19.6%) in the same time slot.

In the Border area, ***ITV News Lookaround*** and ***ITV News Granada Report*** achieved a combined 45.9% share of TV viewing between 6pm to 6:30pm,[4] higher than the Channel 3 UK average share of in the same time slot.[5] It was more than double the BBC's counterpart bulletin, ***Reporting Scotland***, at 6.30pm.

Figure 2.11: **BBC One and ITV/ STV/ UTV/ ITV Wales early evening news bulletin shares: 2016**



Source: BARB, individuals (4+). HD viewing included where applicable (see methodology box above). **Note:** Early evening ('local') news bulletin figures based on 'regional news' genre programmes, start time 17:55-18:35, 10mins+ duration, weekdays. UK figures based on share to respective early evening news bulletin time slots. BBC One's early evening news bulletin is transmitted between 18:30-19:00 and ITV/STV/UTV/ITV Wales' is transmitted between 18:00-18:30.

[1]From 31 March 2016, the regional news for Glasgow is shown on STV HD.

[2]UTV HD was introduced in October 2016.

[3]On 31 March 2016 ITV launched these regions in HD on Sky and Freesat (Freeview and Virgin Media pending).

[4] ITV News Lookaround is shown on ITV SD (achieving a 45.6% total TV audience share in 2016) and ITV News Lookaround and ITV News Granada Report are shown on the ITV HD variant (with a combined share of 0.2%).

[5] It is not possible to analyse granular programme-level viewing in the Scottish and English regions within the ITV Border licence area in a statistically robust way. Analysis has therefore been included for the ITV Border licence as a whole.

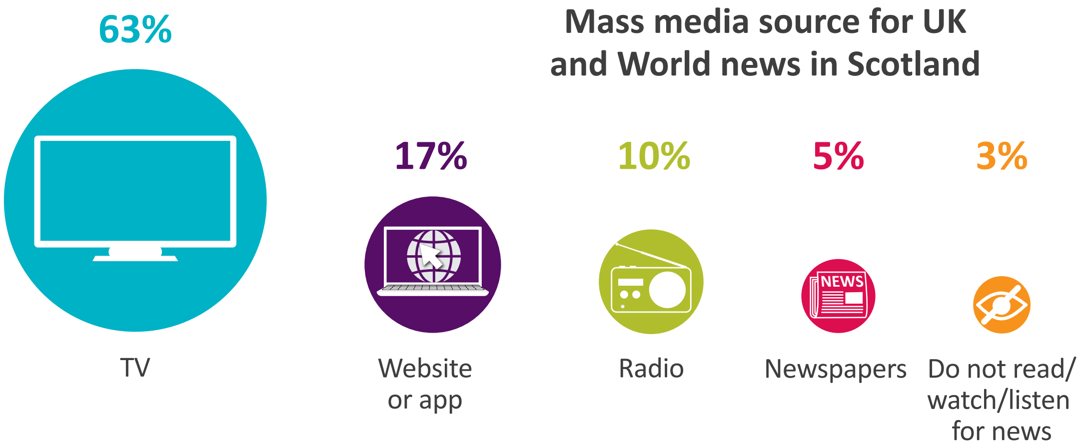
TV is the main source of news for more than six in ten adults in Scotland

In Scotland in 2017, more than six in ten (63%) adults aged 16 and over said that TV was their main source of UK and world news.

Websites or apps were cited by 17% as the main source, radio by 10% and print newspapers by 5%.

Each of these are in line with the UK averages.

Figure 2.12: Respondents' main media source for UK and world news, by nation: 2016



Source: Ofcom Media Tracker 2016
Base: All (2,069); England (1,591); Scotland (179); Wales (144); Northern Ireland (155). Prompted, single code. Significance testing shows any difference in the main source of news between any nation and all adults in 2016.

2.4 TV programming for viewers in Scotland

The following section outlines spend and hours of programming

specifically for viewers in Scotland, Wales, Northern Ireland and the English regions, provided by the BBC and the holders of the Channel 3 licences across the UK – ITV, STV and UTV (which was purchased by ITV in February 2016). The figures exclude Gaelic and Welsh-language programming but include some spend on Irish-language programming by the BBC. For information on BBC Alba, see section 1.44.

In January 2014 there was a change in the licensing obligations for the ITV Border region, creating two sub-regions: ITV Border Scotland and ITV Border England. While the majority of broadcast content in these sub-regions is simulcast, ITV is required to transmit a weekly average of 86 minutes of local and Scotland-centric content, other than news, to viewers in the ITV Border Scotland region. This includes the current affairs programme ***Representing Border*** and the magazine programme ***Border Life***. From 2014 onwards, ITV Border content has been attributed to England, with the exception of content specifically for viewers in the Scottish Borders, which is attributed to Scotland. Before 2014, all ITV Border data was attributed to England.

Historical financial figures are adjusted for inflation using CPI, which was particularly high in the period from 2007 to 2013. Due to the commercially sensitive nature of the data, BBC and ITV/STV spend figures have been combined.

Definitions

First-run originations
Programmes commissioned by or for a licensed public service channel with a view to their first showing on television in the United Kingdom in the reference year.

First-run acquisitions
A ready-made programme bought by a broadcaster from another rights holder and broadcast for the first time in the UK during the reference year.

Repeats
All programmes not meeting one of the two definitions above.

Spend on output
Includes all costs incurred by the broadcaster associated with making or acquiring programmes. These include both direct and indirect production costs for in-house productions and licensing costs for commissioned and acquired programmes, and excludes costs related to marketing and distribution.

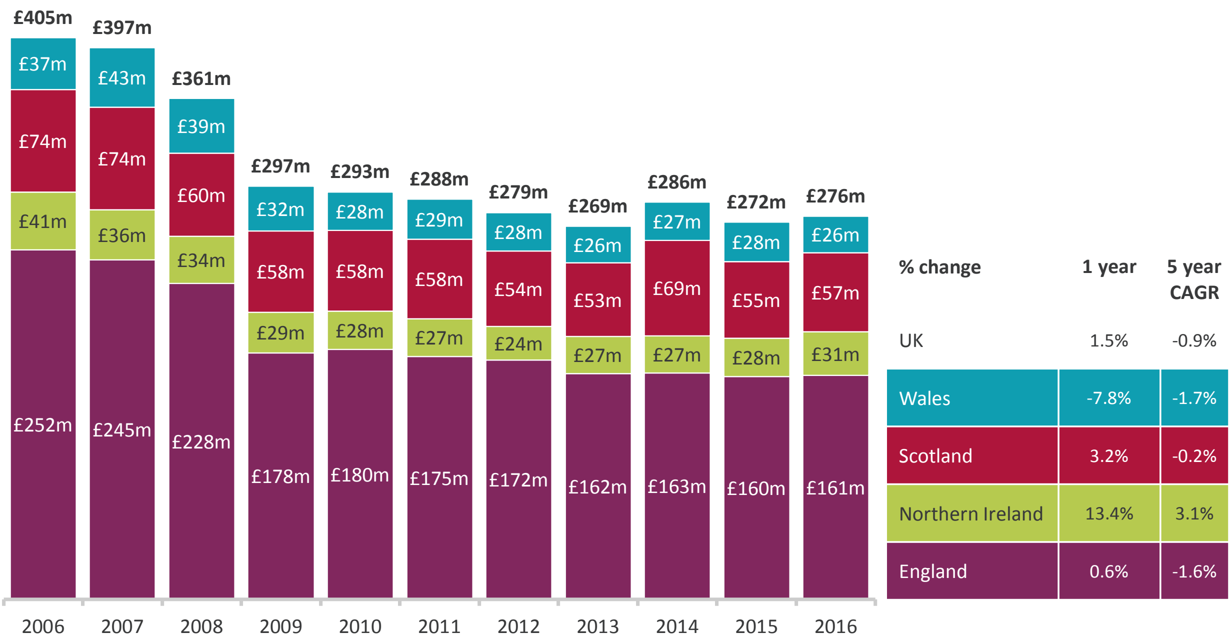
BBC, STV and ITV Border Scotland's spend on first-run originated content for viewers in Scotland increased in real terms from 2015 to 2016

In 2016, £276m was spent by the BBC and ITV/ STV/ UTV on producing first-run originated programmes specifically for viewers in Wales, Scotland, Northern Ireland and the English regions, up by £4m in real terms year on year.[1] However, since 2011, spend on first-run originated nations' and regions' output by the BBC and ITV/STV/UTV has fallen by £12m in real terms.

Spend in Scotland shows a similar trend. In real terms, the BBC, STV and ITV Border Scotland's 2016 spend on first-run originated programming for viewers in Scotland increased by £2m (3.2%) compared to 2015. However this was a fall of £1m (an average decline of 0.2% each year) compared to 2011 in real terms.[2]

2016 levels of spend were at its highest level since 2011 in Scotland, with the exception of 2014 where high-profile events such as the Commonwealth Games in Glasgow and the referendum on Scottish Independence were covered widely across the BBC and STV.

Figure 2.13: **Spend on first-run originated nations' and regions' output by the BBC/ ITV/ STV/ UTV**



Source: Broadcasters. All figures are adjusted for inflation (2016 prices).
Note: Spend data for first-run originations only. BBC includes BBC One and BBC Two channels. Excludes spend on BBC Alba and S4C output but includes some spend on Irish-language programming by the BBC. Since 2014, spend on content by ITV Border specifically for viewers in Scotland has been assigned to Scotland with the rest of ITV Border spend attributed to England. These figures do not include spend on network content.

[1] In Northern Ireland, the increase in spending could be explained in part by ITV's takeover of UTV in 2016. Prior to the takeover, UTV did not charge staff costs to their news programmes, allocating direct costs only. From 2016, ITV have allocated relevant staff costs to UTV news programming, consistent with their approach across the rest of the ITV network.

[2] ITV Border spend was not included under Scotland in the 2011 figure.

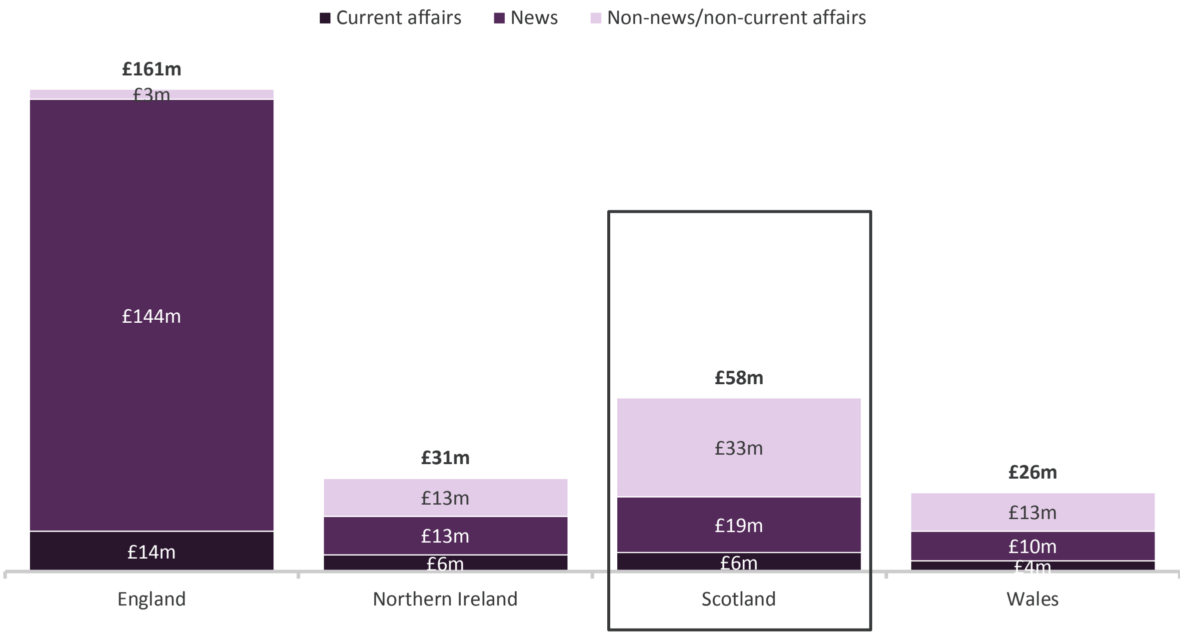
The BBC, STV and ITV spent £58m on English-language programming for viewers in Scotland in 2016

Including acquisitions and repeats, the BBC, STV and ITV Border Scotland spent £58m on English-language programming for viewers in Scotland in 2016.

Spend on non-news/ non-current affairs accounted for more than half of the total, while current affairs had the smallest share of spend at 11% of the total.

In addition to this, there was content spend of £16.4m for programming on BBC Alba in 2016 which is discussed in further detail in section 1.4.

Figure 2.14: Total spend by the BBC/ ITV/ STV/ UTV on nations'/ regions' output: 2016



Source: Broadcasters.
Note: BBC includes BBC One and BBC Two channels. Excludes spend on BBC Alba and S4C output, but includes some spend on Irish-language programming by the BBC. These figures do not include spend on network content. Scotland figures include programming for viewers of ITV Border in Scotland: 76 hours of current affairs in 2016.

This spending has increased since last year, but fallen since 2011

Including acquisitions and repeats, the BBC, STV and ITV Border Scotland's spend on nations' and regions' output was 4% higher in real terms in 2016 than in 2015. However, between 2011 and 2016, spend in real terms fell by an average of 1% each year. Spend on non-news/ non-current affairs increased by 5% between 2015 and 2016, but has decreased by an average of 2% each year since 2011.

Total BBC, STV and ITV Border Scotland spend on current affairs programming for viewers in Scotland decreased by 16% in real terms year on year in 2016. This could be attributed to the BBC reducing the number of hours of the *Scotland 2016* programme through the year, as it went from being broadcast four nights a week to three by the end of the year.

However, the same genre has had an average 2% real terms increase in spend each year since 2011.

In 2016, spend on news has increased by 9% in real terms year on year, and by an average of 3% in real terms each year since 2011. A factor behind this may be increasing coverage of of Scottish politics, such as the 2016 Scottish Parliamentary election.

Figure 2.15: Change in total spend on nations' and regions' output, by genre and nation: 2011-2016

	UK		England		N. Ireland		Scotland		Wales	
	1yr	5yr CAGR	1yr	5yr CAGR	1yr	5yr CAGR	1yr	5yr CAGR	1yr	5yr CAGR
Current affairs	9%	2%	20%	-2%	22%	19%	-16%	2%	11%	5%
News	1%	-1%	-2%	-2%	16%	5%	9%	3%	2%	-2%
Non-news/non-current affairs	1%	-2%	36%	3%	7%	-2%	5%	-2%	-18%	-3%
Total spend in 2016	**£277m**		**£161m**		**£31m**		**£58m**		**£26m**	

	UK		England		N. Ireland		Scotland		Wales	
	1yr	5yr CAGR	1yr	5yr CAGR	1yr	5yr CAGR	1yr	5yr CAGR	1yr	5yr CAGR
Change in spend	**2%**	**-1%**	**1%**	**-2%**	**13%**	**3%**	**4%**	**-1%**	**-8%**	**-2%**

Source: Broadcasters. All figures are adjusted for inflation.
Note: BBC includes BBC One and BBC Two channels. Excludes spend on BBC Alba and S4C output but includes some spend on Irish-language programming by the BBC. These figures do not include spend on network content. Spend on programming for the ITV Border region is divided between England and Scotland from 2014 onwards and attributed to England only prior to 2014.

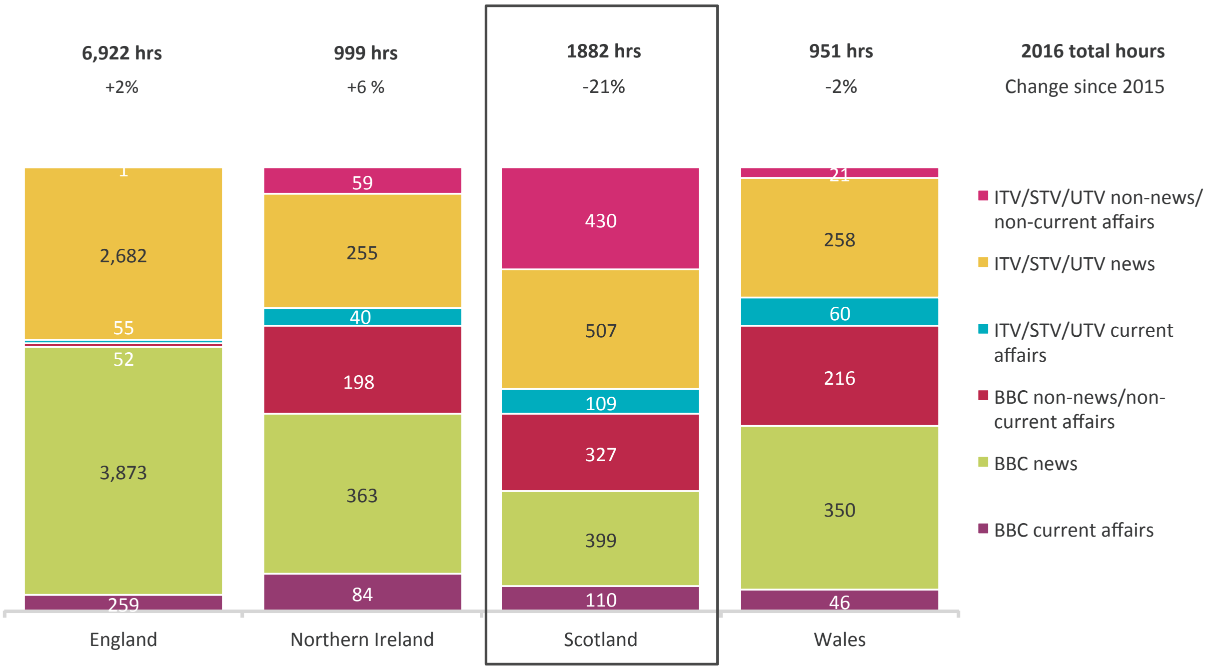
Total first-run originated hours on the BBC, STV and ITV Border for viewers in Scotland have fallen in recent years

Between 2015 and 2016, Scotland had the highest proportional decrease in hours of first-run original content, falling by 21% (486 hours). This compares to a 2% fall in Wales, and increases in England and Northern Ireland of 2% and 6% respectively. Since 2011, there has been a 36% fall in the number of first-run originated hours for viewers in Scotland on the BBC, STV and ITV Border.

A large proportion of this fall was in the channel 3 licence holder's non-news/non-current affairs programming, which went from 1,636 hours in 2011, and 906 hours in 2015, to 430 hours in 2016. This fall can be attributed to the cancellation of *The Nightshift* on STV, which ran sub-regional editions for up to seven days of the week in 2011, but ran for only seven months in 2015 and not at all in 2016.

For comparative purposes, this chart does not include first-run originated BBC Alba programming hours funded by the BBC, or BBC hours provided to S4C. There is a more detailed breakdown of BBC Alba programming in 0 and 1.19.

Figure 2.16: Hours of first-run originated nations'/ regions' output, by genre and broadcaster: 2016



Source: Broadcasters.
Note: Hours data for first-run originations only. BBC includes BBC One and BBC Two channels. Excludes hours for BBC Alba and S4C output but includes some hours of Irish-language programming by the BBC. These figures do not include hours of network content. Scotland figures include programming for viewers of ITV Border in Scotland. This was 76 hours of current affairs in 2016.

The cost per hour of first-run programming for viewers in Scotland has risen over the past five years

When measured in real terms, the cost per hour of first-run BBC and STV/ITV Border programming for viewers in Scotland increased steeply between 2011 and 2016, rising from £20k to £30k per hour. This represents an average increase of 9.2% each year in real terms, much higher than the UK average of 0.7%.

This may be because in 2011 there were an exceptionally high number of hours of first-run programming for viewers in Scotland, particularly in non-news/non-current affairs, which by 2016 had fallen dramatically. As discussed above, the cancellation of *The Nightshift* had a notable impact on the number of hours broadcast in 2016, but this was not accompanied by a comparable fall in spend.

Figure 2.17: **Cost per hour of first-run nations' and regions' output, by nation: 2011-2016**

Source: Broadcasters. All figures have been adjusted for inflation (2016 prices).
Note: BBC includes BBC One and BBC Two channels. Excludes spend on BBC Alba and S4C output but includes some spend on Irish-language programming by the BBC. These figures do not include spend on network content. Scotland figures include programming for viewers of ITV Border in Scotland: 76 hours of current affairs in 2016.

2.5 Gaelic-language programming

BBC Alba

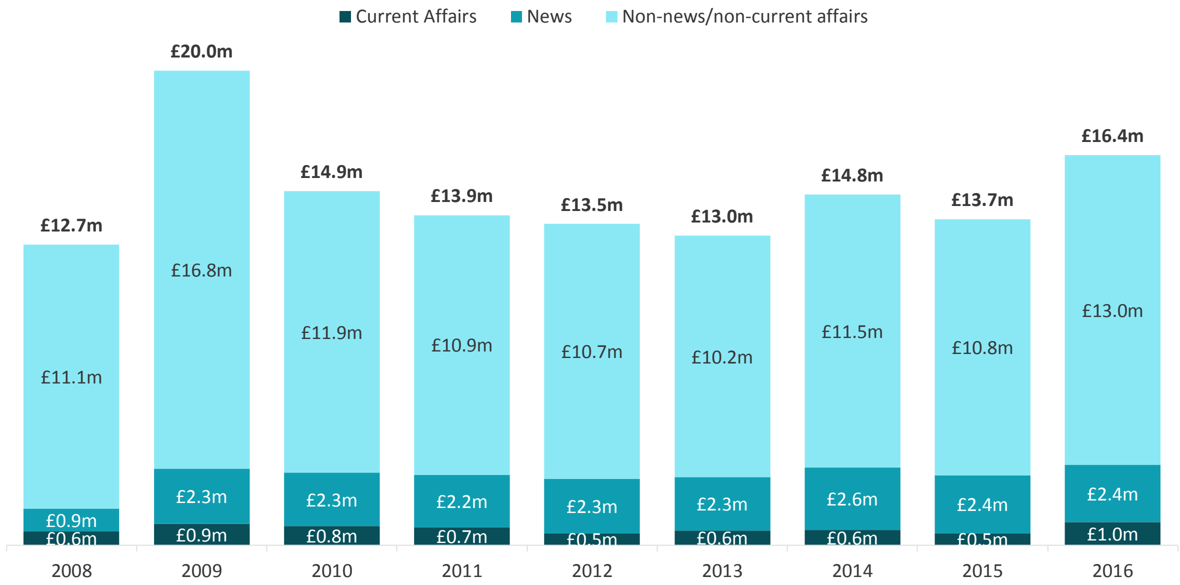
BBC Alba is the Gaelic-language service backed by the BBC and MG Alba, which launched in September 2008.

£16.4m was spent on total programming output for BBC Alba in 2016. Since 2015, spending on non-news/ non-current affairs programming has increased by 21% in real terms, while spending on current affairs almost doubled, rising by 91%. Spending on news was broadly similar, with a small annual decrease of 0.5%.

BBC Alba spend overall increased by 19% in real terms.

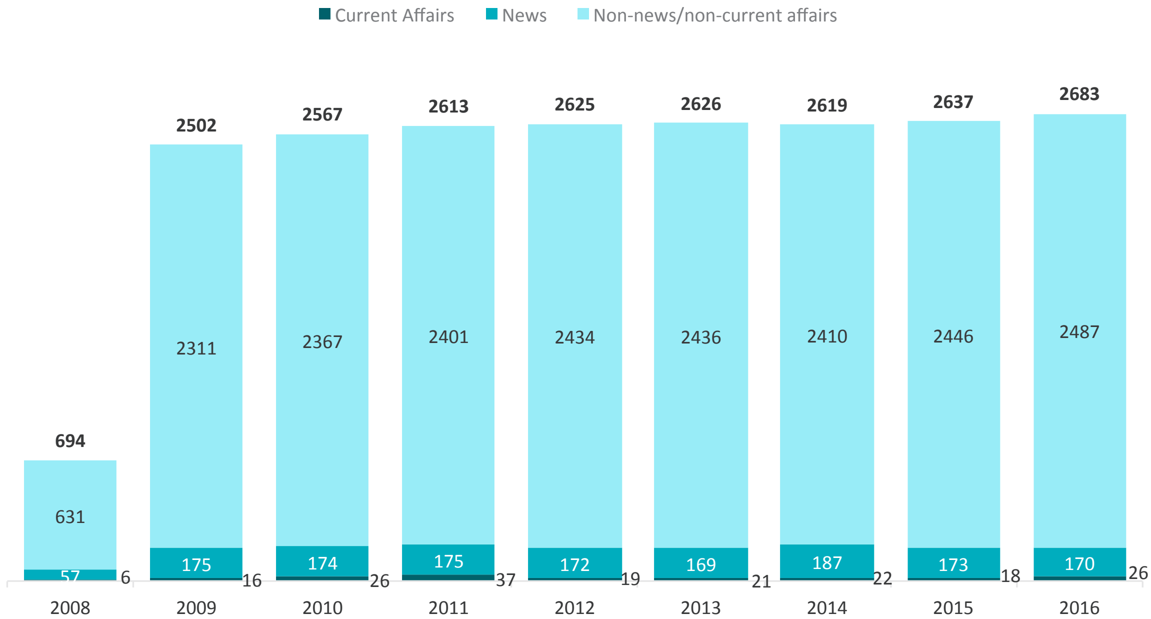
In 2016 BBC Alba broadcast 2,683 hours in total, 46 hours more than in 2015. Of this, the vast majority was non-news/ non-current affairs programming, including two series of the drama *Bannan*.

Figure 2.18: **BBC Alba total spend: 2008-2016**



Source: BBC. All figures have been adjusted for inflation (2016 prices).

Figure 2.19: BBC Alba total hours: 2008-2016



Source: BBC

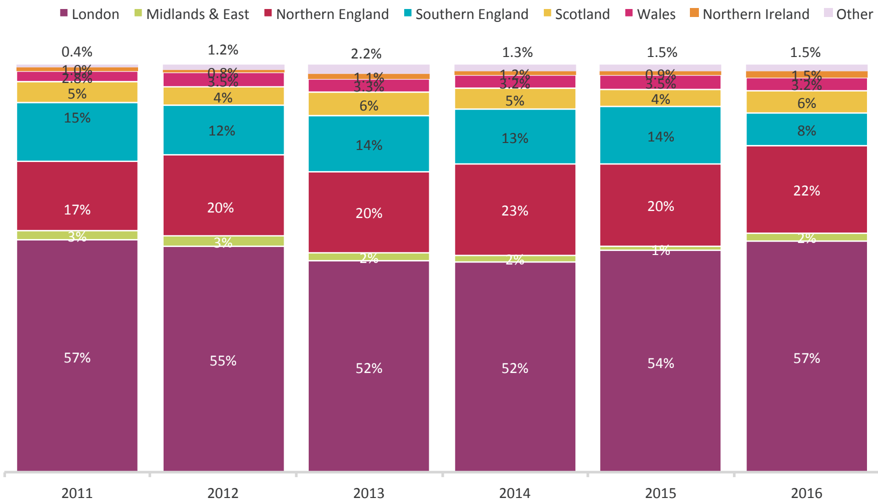
2.6 Network television productions made in Scotland

Figure 2.20 and Figure 2.21 below illustrate the proportion of UK PSB network programmes (excluding news) that have been produced in the nations and regions over the last five years, by expenditure and volume respectively.

In 2016, 6% of PSB network broadcast spend on original first-run productions was attributed to Scotland, up from 4% in 2015. This accounted for 9% of all non-news first-run UK-originated hours, up from 7% in 2015.

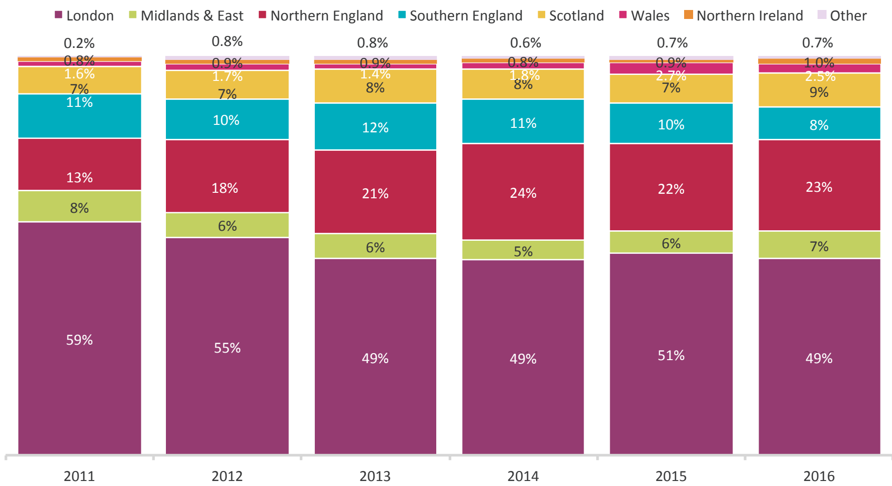
As in previous years, the majority of such spend was in London, where 57% of spend on new, non-news content returned 49% of all network hours.

Figure 2.20: Expenditure on originated network productions: 2011-2016



Source: Ofcom/broadcasters
Note: This expenditure does not include network news production. The category 'other' refers to programmes made by producers based within the M25 which qualify as regional productions on the grounds that 70% of total spend and 50% of off-screen talent spend was outside the M25 but not all in one macro-region, and therefore cannot be attributed to a single region. See www.ofcom.org.uk/__data/assets/pdf_file/0019/87040/Regional-production-and-regional-programme-definitions.pdf on Ofcom website for further details

Figure 2.21: Volume of originated network productions: 2011-201



Source: Ofcom/broadcasters
Note: These hours do not include network news production. The category 'other' refers to programmes made by producers based within the M25 which qualify as regional productions, on the grounds that 70% of total spend and 50% of off-screen talent spend was outside the M25 but not all in one macro-region, and therefore cannot be attributed to a single region. See www.ofcom.org.uk/__data/assets/pdf_file/0019/87040/Regional-production-and-regional-programme-definitions.pdf on Ofcom website for further details

3 Radio and audio content

3.1 Recent developments in Scotland

Commercial radio

In October, Ofcom announced that Rock Radio (RockScot Ltd) had been awarded the advertised FM commercial radio licence in the west central Scotland area (Glasgow). Ofcom had received four applications for the licence; from Caledonia Holdings Ltd (GO 96.3 Glasgow), Original 96 Glasgow Ltd (Original FM), Radio Clyde Ltd (Clyde Rocks) and RockScot Ltd (Rock Radio Glasgow).

Small-scale digital radio

In February 2016 Ofcom extended the trial of the ten UK-wide small-scale digital multiplexes, including the Glasgow multiplex, for a further two years. The Glasgow multiplex, licensed to Scrimshaws Information Directories, currently carries eight smaller radio stations, such as community stations, enabling them to broadcast on DAB digital radio. In September 2016 Ofcom published its final report on the small-scale DAB trial, concluding that, overall, the trials had been highly successful. The trial demonstrated that the small-scale approach to DAB transmission is technically sound, and it helped triallists, the industry and Ofcom to understand the practical requirements for successfully sustaining DAB radio transmissions using the small-scale approach.

Community radio

In May 2017 Ofcom awarded a licence to Ark AM in Glasgow. The new radio station aims to serve the needs of Glasgow's diverse Muslim community through education, information and entertainment in a way that reflects the ethnic and linguistic profile of the community and identifies with Glaswegian culture. It will be the 27th community radio station in Scotland and the only one currently broadcasting on AM.

3.2 Radio station availability

There are now 87 stations broadcasting on DAB in Scotland, although not all are currently accessible in parts of Scotland

There are now 87 stations available on DAB in Scotland.

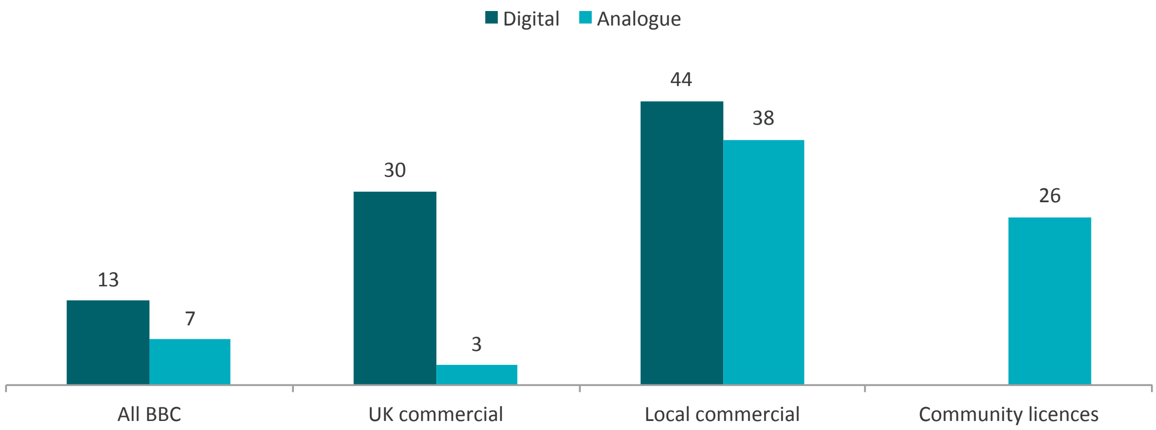
This comprises 13 from the BBC, 30 stations on the Sound Digital and Digital One multiplexes, and 44 commercial stations on local DAB multiplexes.

However, not all these digital stations will be available on DAB to listeners across Scotland.

As Figure 3.1 shows, the proportion of households within the coverage area for each type of station varies, and there are different services on each of the local DAB multiplexes serving different parts of Scotland.

There are also 74 analogue stations available in Scotland overall.

Figure 3.1: **Radio station availability in Scotland**



Source: Ofcom, May 2017
Note: This chart shows the maximum number of stations available; local variations and reception issues mean that listeners may not be able to access all of them.

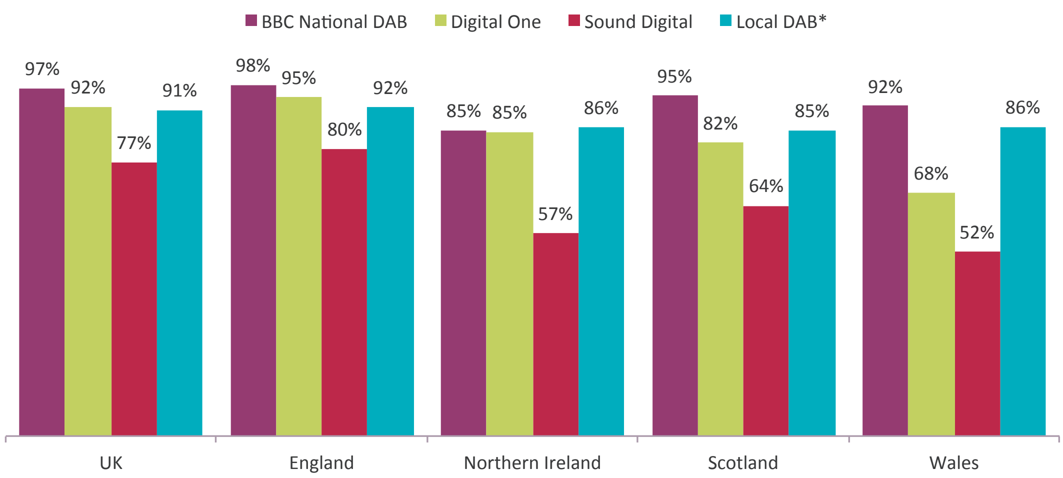
3.3 DAB coverage

DAB services from the BBC are available to 95% of households in Scotland

DAB services from the BBC are available to 95% of households in Scotland,

the same as last year. Coverage from Digital One, one of the UK-wide commercial multiplexes, reaches 82% of households in Scotland. Coverage of local DAB in Scotland is now 85% of households.

Figure 3.2: Household coverage of DAB



Source: BBC, Arqiva, Ofcom, May 2017
*Figures for local DAB are projections of expected coverage for autumn 2016 based on a planned list of transmitter sites. The plan is continuing to be refined, and actual coverage may differ slightly from those figures when the current programme of expansion completes.

3.4 Listening to audio content

Scotland has the smallest proportion of radio listeners of all the UK nations

Eighty-seven per cent of adults listen to the radio each week in Scotland, lower than the UK average and the lowest proportion of all the individual nations. They listen for an average of 20 hours 36 minutes each week, 48 mins less than listeners across the UK as a whole, and the lowest of all the nations.

Figure 3.3: **Average weekly reach and listening hours**

	England	Scotland	Wales	Northern Ireland	UK TOTAL
Average weekly listening	21.4 hours	20.6 hours	22.7 hours	20.8 hours	21.4 hours
Reach	89.7%	87.1%	91.6%	89.0%	89.6%

Source: RAJAR, All adults (15+), 12 months ended Q1 2017. Reach is defined here as the number of people aged 15+ who tune to a radio station within at least 1 quarter-hour period over the course of a week.

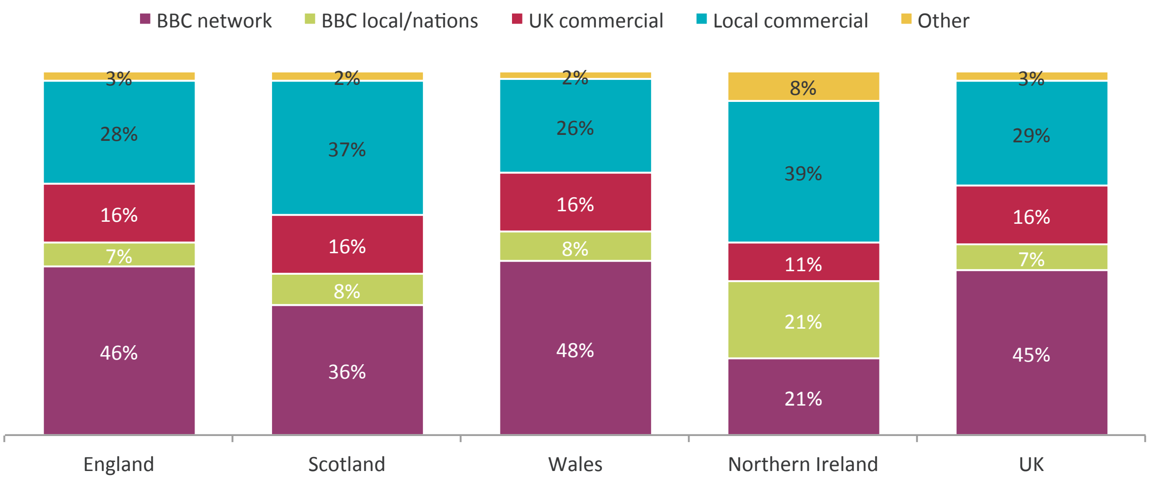
More than half of radio listening time in Scotland is to commercial stations

The amount of time spent listening to any radio in Scotland has decreased by more than a million hours in the past year (81.3 million hours vs. 82.7 million hours). Commercial stations accounted for 53% of listening hours in Scotland in 2017.

This is 8 percentage points (pp) higher than the UK average and the highest across any of the UK nations. The majority of commercial listening in Scotland is to local commercial stations, and this type of station accounts for 37% of total listening hours.

The share of listening to BBC stations overall in Scotland is lower than the UK average and higher only than in Northern Ireland.

Figure 3.4: **Share of listening hours, by nation**

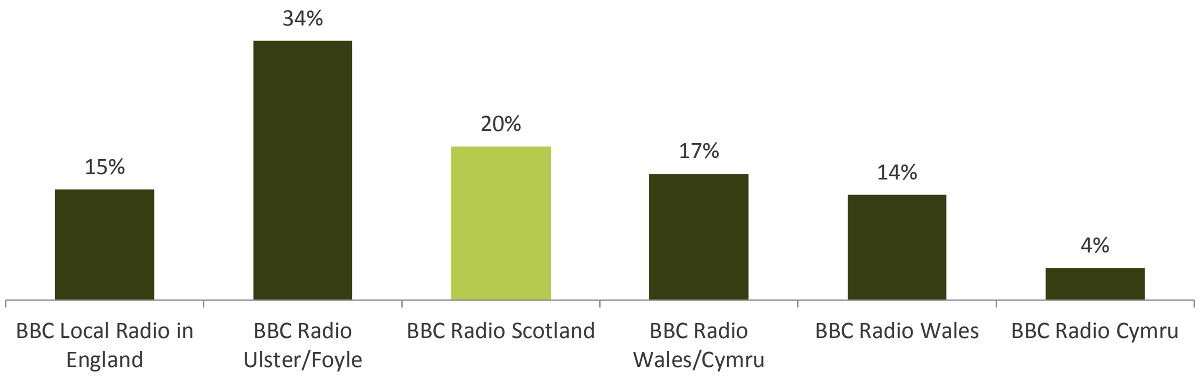


Source: RAJAR, All adults (15+), 12 months to Q1 2017

One-fifth of adults in Scotland listen to BBC Radio Scotland each week

The weekly reach of BBC Radio Scotland was 20%, 5pp higher than the aggregate reach for BBC local services in England, and 6pp higher than BBC Radio Wales. Although reach has dropped slightly since 2016 average listening hours are at their highest level since 2008 (7 hours 8 minutes).

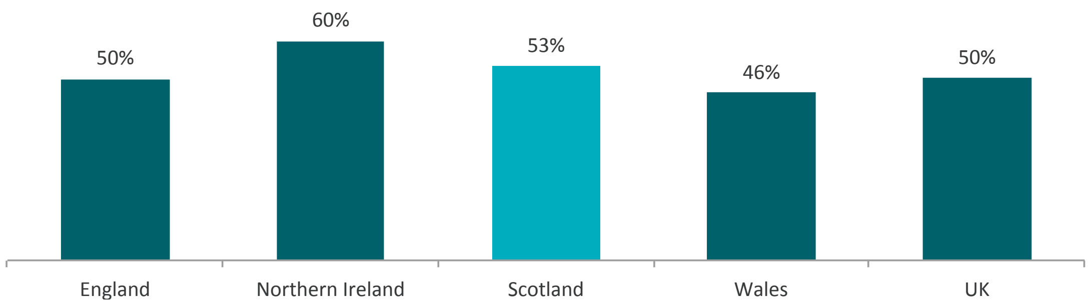
Figure 3.5: **Weekly reach for nations'/local BBC services**



Source: RAJAR, All adults (15+), 12 months to Q1 2017
Note: BBC Radio nan Gàidheal is not measured separately by RAJAR and so is not shown.

In comparison, the average weekly reach of local commercial radio in Scotland, in the 12 months to Q1 2017, was 53%.

Figure 3.6: **Weekly reach to local commercial radio**



Source: RAJAR, All adults (15+), 12 months to Q1 2017

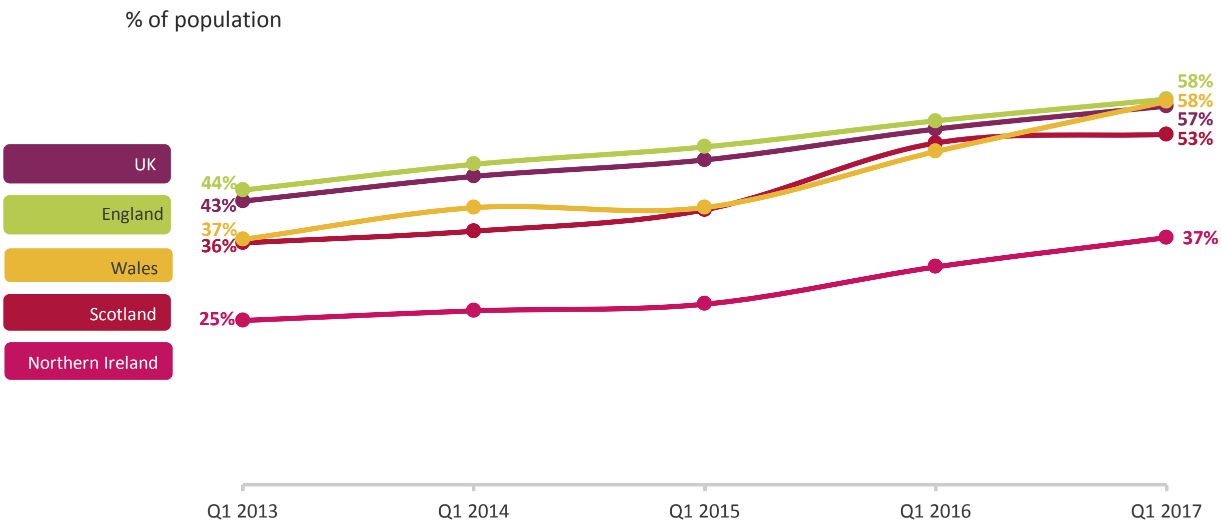
3.5 DAB digital radio set ownership and listening

More than half of all adults in Scotland now own a DAB radio set

Fifty-three per cent of adults in Scotland own a DAB digital radio set.

This has increased by 2pp since 2016 but by 16pp since 2013, a greater rate of growth than across the UK overall (14pp).

Figure 3.7: **Ownership of DAB digital radios**



Source: RAJAR, All adults (15+), 12 months to Q1. Note: In previous CMR reports we have used figures from Ofcom's Tech Tracker

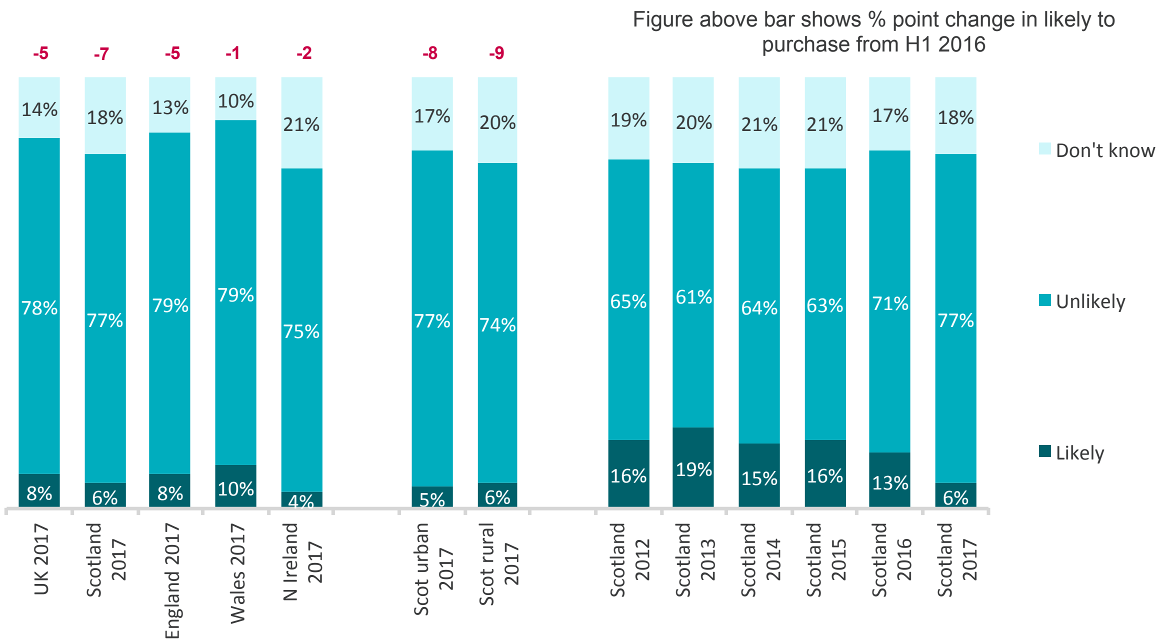
Less than one in ten radio listeners in Scotland without a DAB set say they are likely to buy one within the next year

Six per cent of radio listeners in Scotland who do not have a DAB set say they are likely to get one in the next 12 months.

This figure does not differ from that for the UK overall (8%), and does not vary significantly by location in Scotland.

There has been no change in the likelihood of buying a DAB set since 2016.

Figure 3.8: **Likelihood of purchasing a DAB radio within the next year**



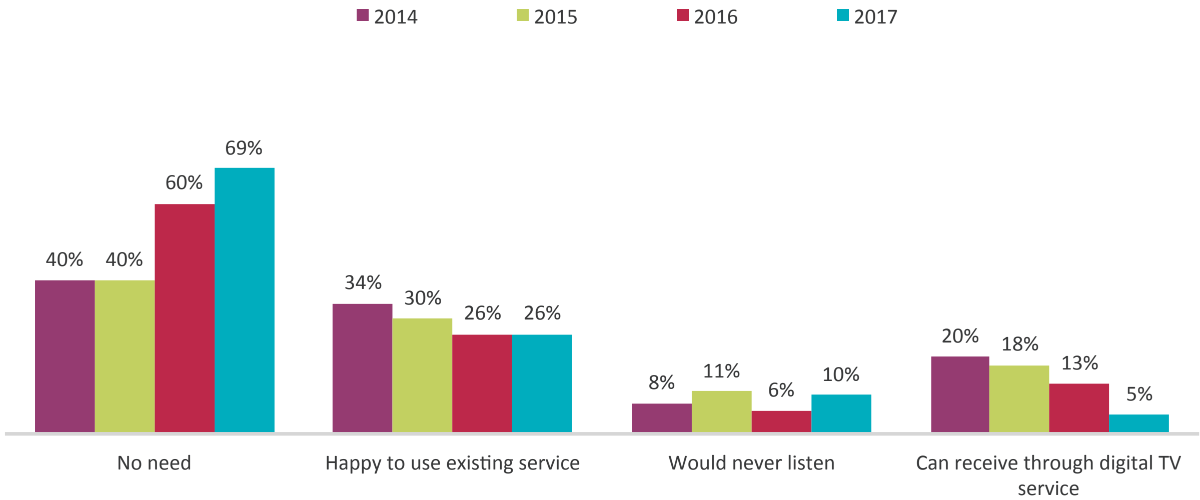
Source: Ofcom Technology Tracker, Half 1 2017
Base: Adults aged 16+ who listen to radio and do not have a DAB set (n = 1533 UK, 250 Scotland, 800 England, 214 Wales, 269 Northern Ireland, 134 Scotland urban, 116 Scotland rural, 243 Scotland 2012, 257 Scotland 2013, 211 Scotland 2014, 239 Scotland 2015, 236 Scotland 2016, 250 Scotland 2017).
Significance testing: Arrows indicate any significant differences at the 95% confidence level between Scotland and UK in 2017, between Scotland urban and rural in 2017 and at the 99% confidence level between Scotland 2016 and 2017. Circles around the +/- figures above the chart indicate any significant difference at the 99% confidence level between 2016 and 2017 for Scotland, urban and rural.
QP12: How likely is it that your household will get a DAB radio in the next 12 months?

Most radio listeners in Scotland without a DAB set say they are not likely to buy one within the next year because they have no need to

Radio listeners stating they were unlikely to get DAB radio in the next 12 months were asked to say – without prompting – why they were unlikely to do so. Almost six in ten (58%) said it was because they did not need it, while a third (32%) said it was because they were happy using an existing service. Around one in ten said they would never listen to it (13%), or said they could receive a digital radio service through their TV (8%).

There has been no change since 2016 in the reasons given for being unlikely to buy a DAB set.

Figure 3.9: Reasons why unlikely to purchase DAB in the next year



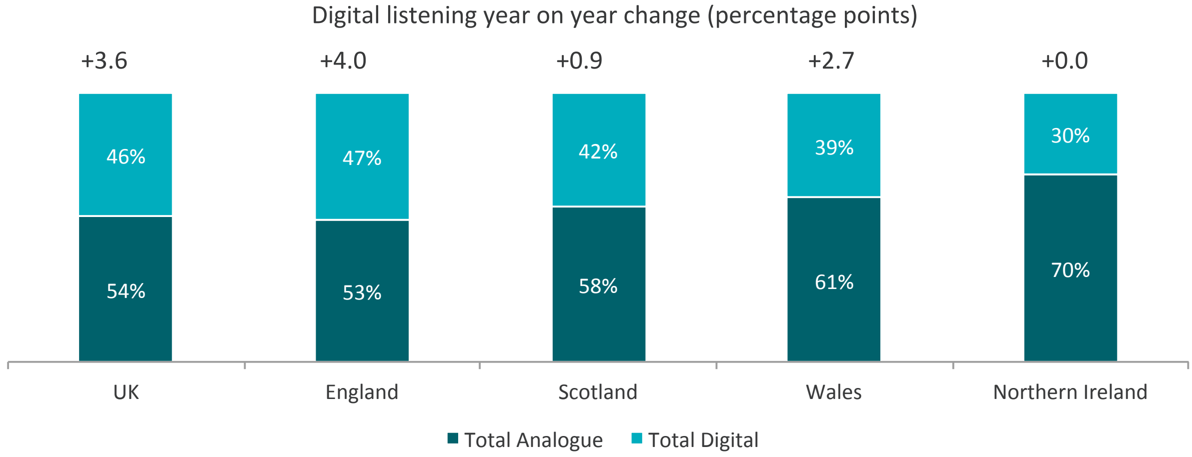
Source: Ofcom Technology Tracker, Half 1 2017
Base: All adults aged 16+ who listen to radio and are unlikely to get DAB radio in the next 12 months (Scotland 2014 = 137; Scotland 2015 = 148; Scotland 2016 = 174, Scotland 2017 = 193)
Responses shown for spontaneous mentions by 5% or more at a UK level
Significance testing: Arrows indicate any significant differences at the 99% confidence level between Scotland 2016 and 2017.
QP14: Why are you unlikely to get digital radio in the next 12 months?

More than two-fifths of radio listening in Scotland is now done through a digital platform[1]

Digital's share of listening increased by less than 1pp year on year in Scotland, and accounted for 42% of all listening hours.

Listening specifically through a DAB radio set increased by 2pp in the same period.

Figure 3.10: **Share of listening hours via digital and analogue platforms**



Source: RAJAR, All adults (15+), 12 months to Q1 2017

[1] DAB radio set, digital television and the internet.

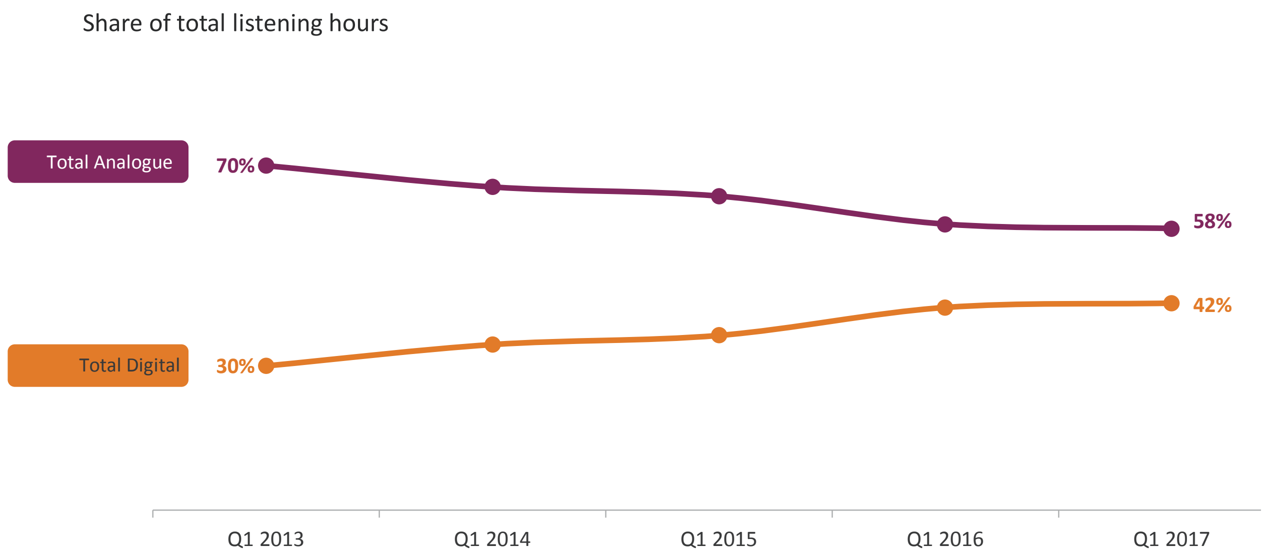
Growth in digital share of listening has slowed in the past year

Although the proportion of time spent listening to the radio using digital platforms has increased by 12pp since 2013, the shift in listening from analogue to digital platforms has stabilised in the past year.

In the 12 months to Q1 2017, the average weekly reach of DAB in Scotland was 40%, an increase of 23pp since 2010. In comparison, the average weekly reach of radio stations via digital TV was 14%, not dissimilar to 12% in 2010.

Although the average weekly reach of radio stations via the internet has remained largely stable since 2015, there has been an 11pp increase since 2010.

Figure 3.11: **Share of listening hours via digital and analogue platforms in Scotland: Q1 2013 - Q1 2017**



Source: RAJAR, all adults, 12 months to Q1 for each year

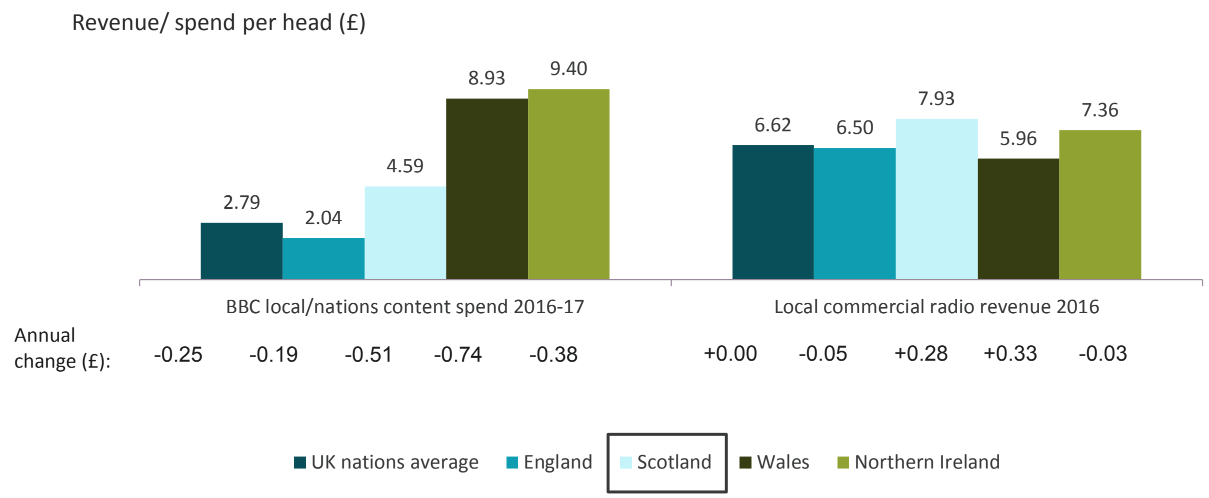
3.6 The radio industry

Local commercial radio revenue per head is highest in Scotland

Per capita local commercial radio revenues continue to be highest in Scotland, and were £7.93 in 2016, up 28p in real terms on the previous year.

BBC spend on content for BBC Radio Scotland and BBC Radio nan Gàidheal fell by 10% in real terms to £4.59, which continues to be higher than the UK average, but lower than in Wales or Northern Ireland.

Figure 3.12: Local/nations' radio spend and revenue per head of population: 2016



	UK nations average	England	Scotland	Wales	Northern Ireland
Annual change (£): BBC local/nations content spend 2016-17	-0.25	-0.19	-0.51	-0.74	-0.38
Annual change (£): Local commercial radio revenue 2016	+0.00	-0.05	+0.28	+0.33	-0.03

Source: Broadcasters
Note: The UK total shows the average for local commercial radio across the four nations and therefore excludes services broadcast UK-wide. Figures are nominal.

4 Telecoms and networks

4.1 Recent developments in Scotland

The Scottish Government's Digital Scotland Superfast Broadband programme aims to deliver fibre broadband access to around 95% of premises in Scotland by the end of March 2018.

Digital Scotland Superfast Broadband programme

The programme is currently split into two: The Rest of Scotland project and the Highlands & Islands project. Latest figures from the Scottish Government suggest that the overall cost of the project is projected to be £410 million, with funding coming from the Scottish Government, UK Government (via BDUK), BT and local authorities across Scotland. In March 2017, the Scottish Government announced that it would be investing a further £15.6 million into the project as part of a process that sees funds returned from BT to the Scottish Government when take-up reaches certain levels. This additional funding will specifically help boost fibre broadband coverage and performance in Aberdeenshire, Angus, Dumfries and Galloway, Perth and Kinross, the Scottish Borders and Stirling.

Around 5% of Scotland will not be part of the roll-out of fibre broadband under the programme due to budget constraints and technical challenges in rolling out infrastructure to remote areas of Scotland. However, the Scottish Government recently launched the 'Reaching 100% programme' which aims to make superfast broadband available to all premises in Scotland by 2021. The Scottish Government is now undertaking a review of all planned commercial broadband investment ahead of commencing the next phase of public investment.

Community Broadband Scotland

Community Broadband Scotland (CBS) is a Scottish Government programme led by Highlands and Islands Enterprises. It works with communities across Scotland who will not benefit from the contracts described above. It offers advice, guidance and financial support to communities across Scotland as they pursue community-led broadband solutions. CBS can provide capital funding to enable communities to acquire the assets and digital infrastructure they need to benefit from better broadband provision.

The remote Inner Hebrides island of Tiree, which sits alongside nearby Coll, is one of the most recent sites to have been awarded funding (£80,000) from the scheme to help upgrade their local wireless broadband network so that it can offer speeds of at least 30Mbit/s.

Mobile Action Plan

In June 2016, the Scottish Government published a Mobile Action Plan with a view to improving the poor mobile coverage experienced in many areas of Scotland. The measures outlined include the introduction of non-domestic rates relief for new mobile masts in non-commercial areas, further reforms to the planning process to facilitate commercial investment, the introduction of a data-sharing agreement with the mobile network operators and a summit with key stakeholders.

The Scottish Government consulted on proposed reforms to planning laws for digital infrastructure in August 2016 as part of the Mobile Action Plan. A summary of responses was published in May 2017. A Mobile Summit will also take place on 29 June 2016, bringing together Scottish and UK Governments, the mobile network operators, consumer bodies and Ofcom.

Other initiatives

In October 2016, Virgin Media announced plans to connect an additional 360,000 homes and businesses in Scotland to its fibre-optic network by the end of 2019. The announcement related to Virgin Media's £3bn Project Lightning network expansion across the UK, and is in addition to the almost one million premises already covered by Virgin Media's network in Scotland. More than a third of premises are planned to be connected by the end of 2017, in both urban and rural areas of the country.

In May 2017, BT announced that it would trial long range VDSL in three sites in Scotland: Clahan, Eriskay and Whithouse in the Mull of Kintyre. Long reach VDSL is essentially a modified version of the same technology that already exists in the current 'up to' 80Mbit/s fibre-to-the-cabinet networks, but should deliver faster speeds over longer copper lines from local street cabinets. This is important because the distance between a premise and the exchange has an impact on the quality of service received, and in particular the speed of a consumer's connection.

In November 2016, consumers on the Isle of Arran became the first in the UK to get a faster broadband connection via 'white space' technology. This utilises the gaps in radio spectrum that exist between the digital terrestrial TV channels (470-790MHz). The first installation of the technology on the island began in June 2016 and more than 300 premises in Sliddery, Kilmory, Shannochie and Kildona on the south side of the island are now able to achieve superfast broadband speeds of up to 40Mbit/s.

4.2 Service take-up

Take-up of some communications services is lower in Scotland than the UK average

Take-up levels in Scotland for landlines, tablet computers and mobile broadband were in line with the UK averages in 2017. However, take-up of some devices and services were below the UK averages.

Adults in Scotland were less likely than the UK average to own a mobile phone (90% vs. 94% UK), a smartphone (70% vs. 76% UK), or to use a mobile phone to access the internet (57% vs. 66% UK).

Households in Scotland were less likely than the UK average to own any type of computer (75% vs. 84% UK), to have any type of internet connection (77% vs. 88% UK), to have a broadband connection (73% vs. 83% UK), or to have a fixed broadband connection (72% vs. 82% UK). There were no significant differences in take-up by location in Scotland in 2017.

Figure 4.1: **Take-up of communications services: 2017**

		UK	Scotland	England	Wales	N Ireland	Scotland urban	Scotland rural
Voice telephony	Landline (H)	82%	81%	82%	80%	84%	80%	86%
	Mobile phone (P)	94%	90% ↓	95%	94%	94%	90%	93%
	Smartphone (P)	76%	70% ↓	77%	74%	76%	70%	69%
Internet	Computer (any type) (H)	84%	75% ↓	85%	81%	80%	74%	80%
	Tablet computer (H)	58%	56%	58%	61%	62%	57%	53%
	Total Internet (H)	88%	77% ↓	89%	84%	83%	75%	83%
	Total Broadband (H)	83%	73% ↓	84%	79%	79%	72%	78%
	Fixed Broadband (H)	82%	72% ↓	83%	78%	79%	71%	77%
	Mobile Broadband (H)	2%	2%	2%	1%	1%	2%	1%
	Use internet on mobile (P)	66%	57% ↓	68%	58%	68%	57%	56%

Source: Ofcom Technology Tracker, H1 2017
Notes: [1] Households with an internet connection of any description; [2] Households with a fixed broadband and/or dedicated mobile broadband (dongle/SIM) data connection (excludes households that solely use a mobile handset/s to access the internet); [3] Households that use a dedicated mobile broadband (dongle/SIM) data connection to access the internet (excludes households that solely use a mobile handset/s to access the internet); [4] Households that use a mobile handset/s to access the internet (may also have any other type of internet access).
Base: All adults aged 16+ (n = 3743 UK, 510 Scotland, 2245 England, 495 Wales, 493 Northern Ireland, 258 Scotland urban, 252 Scotland rural)
Significance testing: Arrows indicate any significant differences at the 95% confidence level between Scotland and UK in 2017 and between Scotland urban and rural in 2017.
QC1: Is there a landline phone in your home that can be used to make and receive calls?/ **QD2:** Do you personally use a mobile phone?/ **QD4:** Do you personally use a smartphone?/ QE1: Does your household have a PC or laptop computer?/ **QE2:** Do you or does anyone in your household have access to the internet/ world wide web at home?/ **QE9:** Which of these methods does your household use to connect to the internet at home?/ **QD28A:** Which if any, of the following activities, other than making and receiving voice calls, do you use your mobile for?
(P) Means personal use, (H) relates to household take-up

Total broadband take-up in Scotland is below the UK average

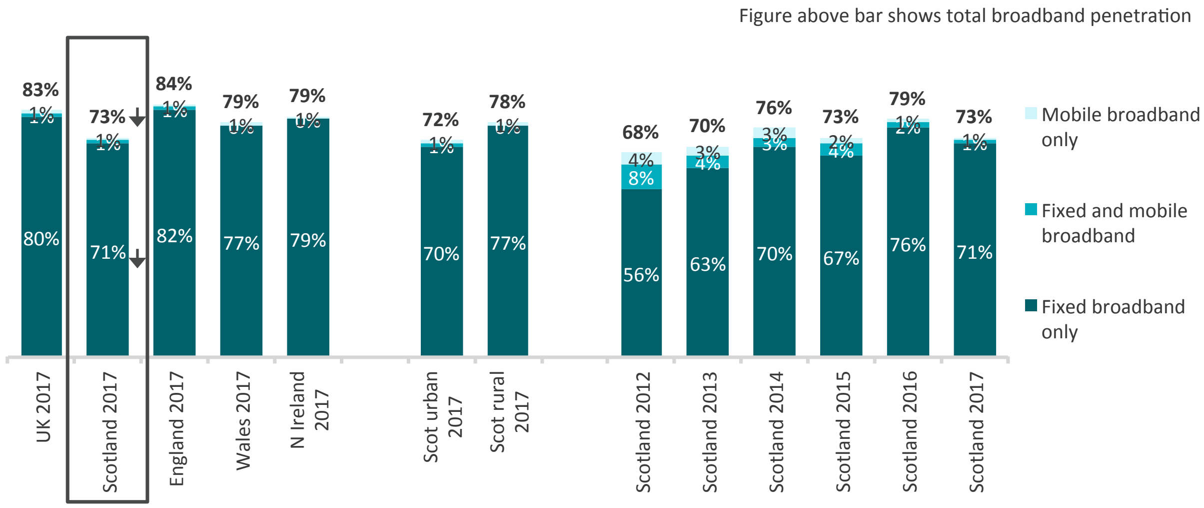
Mobile broadband

Various types of wireless high-speed internet access through a portable modem, telephone or other device.

Total broadband take-up for households in Scotland was below that for the UK overall in 2017 (73% vs. 83% UK), due to fixed broadband take-up being lower than the UK average (71% vs. 80% UK).

Take-up of broadband has not changed to any significant extent among households in Scotland since 2016. There was also no significant difference between urban and rural areas in the take-up of broadband by connection type.

Figure 4.2: **Overall household broadband take-up, by connection type**



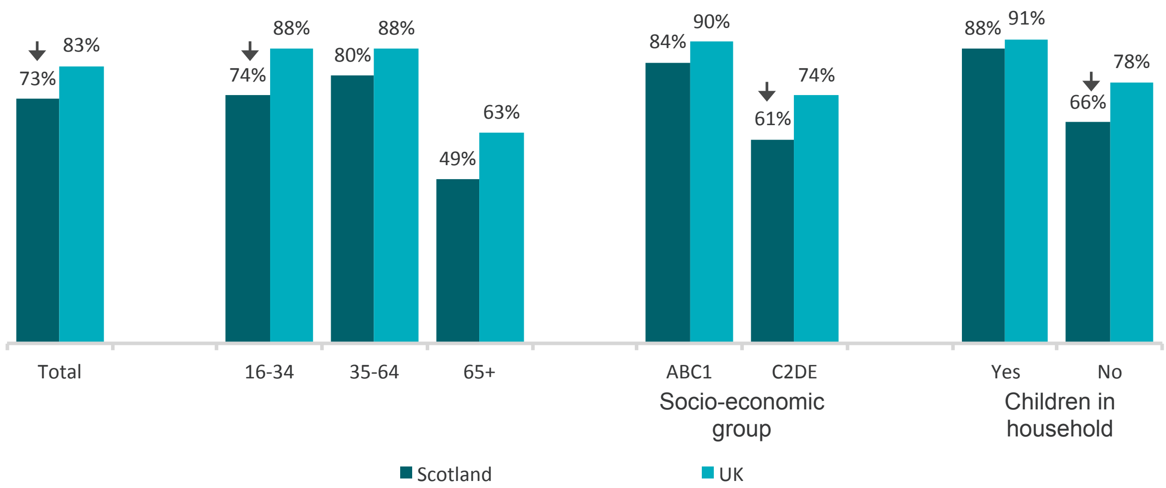
Source: Ofcom Technology Tracker, Half 1 2017
Base: All adults aged 16+ (n = 3743 UK, 510 Scotland, 2245 England, 495 Wales, 493 Northern Ireland, 258 Scotland urban, 252 Scotland rural, 500 Scotland 2012, 501 Scotland 2013, 501 Scotland 2014, 492 Scotland 2015, 502 Scotland 2016, 510 Scotland 2017)
Significance testing: Arrows indicate any significant differences at the 95% confidence level between Scotland and UK in 2017, between Scotland urban and rural in 2017 and at the 99% confidence level between Scotland 2016 and 2017.
QE9: Which of these methods does your household use to connect to the internet at home?

Broadband take-up in Scotland is below the UK average for certain demographic groups

As outlined above, household broadband take-up[1] in Scotland (73%) was below the UK average (83%) in 2017. This overall difference between Scotland and the UK is evident in several demographic groups. Younger adults in Scotland, aged 16-34, were less likely than all in this age group to have broadband in the household (74% vs. 88% UK), as were those in C2DE socio-economic groups (61% vs. 74% UK), and those with no children in the household (66% vs. 78% UK). Other demographic groups had levels of take-up of broadband that were comparable to the UK.

As was the case across the UK, there were differences in 2017 in broadband take-up in Scotland by age, socio-economic group and the presence of children in the household. Adults aged 65 and over, in both Scotland and the UK overall, were less likely than younger adults to have broadband. Broadband take-up in Scotland was 23 percentage points higher among adults in the ABC1 socio-economic groups than among those in the C2DE groups (at 84% and 61% respectively). Households with children were also more likely than those without children to have broadband (88% vs. 66%).

Figure 4.3: **Overall household broadband take-up in Scotland, by demographic**



Source: Ofcom Technology Tracker, Half 1 2017
Base: All adults aged 16+ (n =510 Scotland, 154 16-34s, 251 35-64s, 105 65+, 235 ABC1, 275 C2DE, 158 children in home, 352 no children in home)
Significance testing: Arrows indicate any significant differences at the 95% confidence level between Scotland and UK in 2017 for each measure.
QE9: Which of these methods does your household use to connect to the internet at home?

[1] This figure includes fixed and dedicated mobile broadband (via dongle/SIM) access, but excludes access on mobile handsets

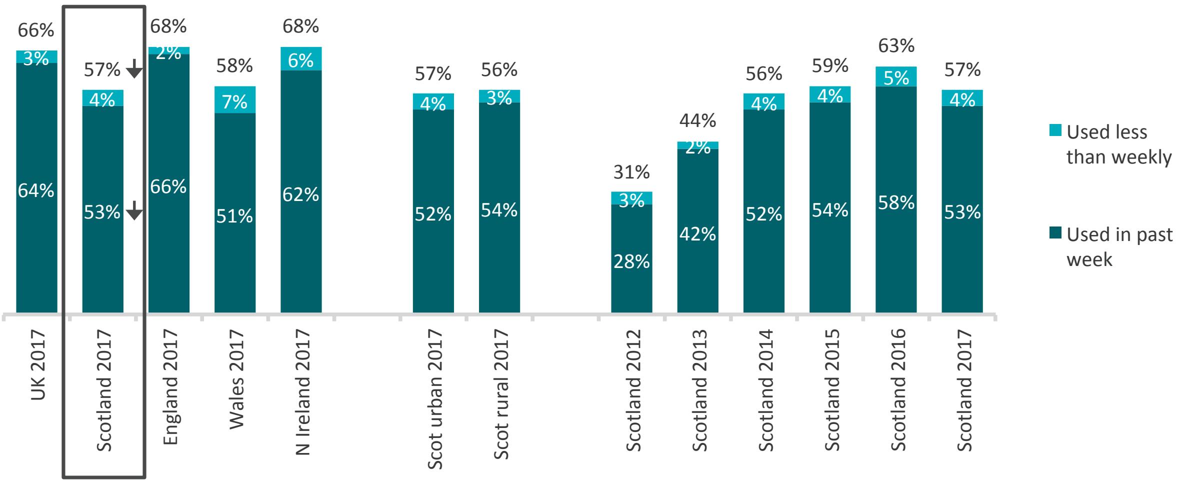
Half of all adults in Scotland had been online using their mobile phone in the previous week

Close to six in ten (57%) adults in Scotland said they had used their mobile phone to access the internet in 2017, with almost all these respondents saying they had done so in the previous week (53% of all adults).

While the figures for Scotland have not significantly changed since 2016, they were lower than those for the UK as a whole (66%).

In 2017, adults in urban Scotland were as likely as those in rural areas to say they had used their mobile phone to go online.

Figure 4.4: Proportion of adults who use a mobile phone to access the internet

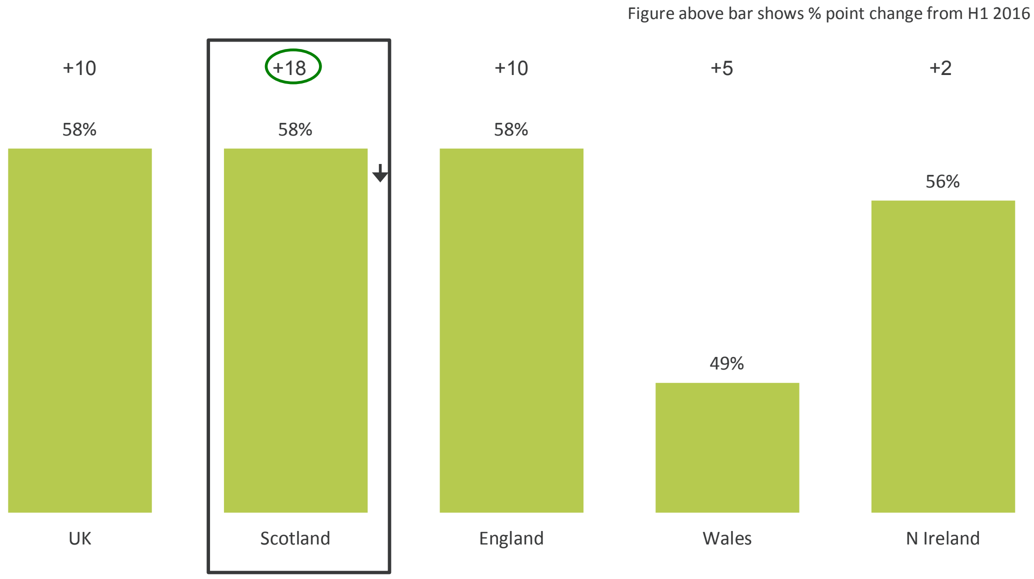


Source: Ofcom Technology Tracker, Half 1 2017
Base: All adults aged 16+ (n = 3743 UK, 510 Scotland, 2245 England, 495 Wales, 493 Northern Ireland, 258 Scotland urban, 252 Scotland rural, 500 Scotland 2012, 501 Scotland 2013, 501 Scotland 2014, 492 Scotland 2015, 502 Scotland 2016, 510 Scotland 2017)
Significance testing: Arrows indicate any significant differences at the 95% confidence level between Scotland and UK in 2017, between Scotland urban and rural in 2017 and at the 99% confidence level between Scotland 2016 and 2017.
QD28A: Which, if any, of the following activities, other than making and receiving calls, do you use your mobile for?/ QD28B: And, which of these activities have you used your mobile for in the last week?

Take-up of 4G services in Scotland is now in line with the UK average

Six in ten (58%) adults in Scotland reported that they had a 4G mobile service in 2017, in line with the UK average (also 58%). The proportion of 4G users in Scotland has increased significantly since 2016 (by 18 percentage points) and to a greater degree than the average increase across the UK (up 10 percentage points), bringing the measure for Scotland into line with the UK average.

Figure 4.5: 4G take-up, by nation



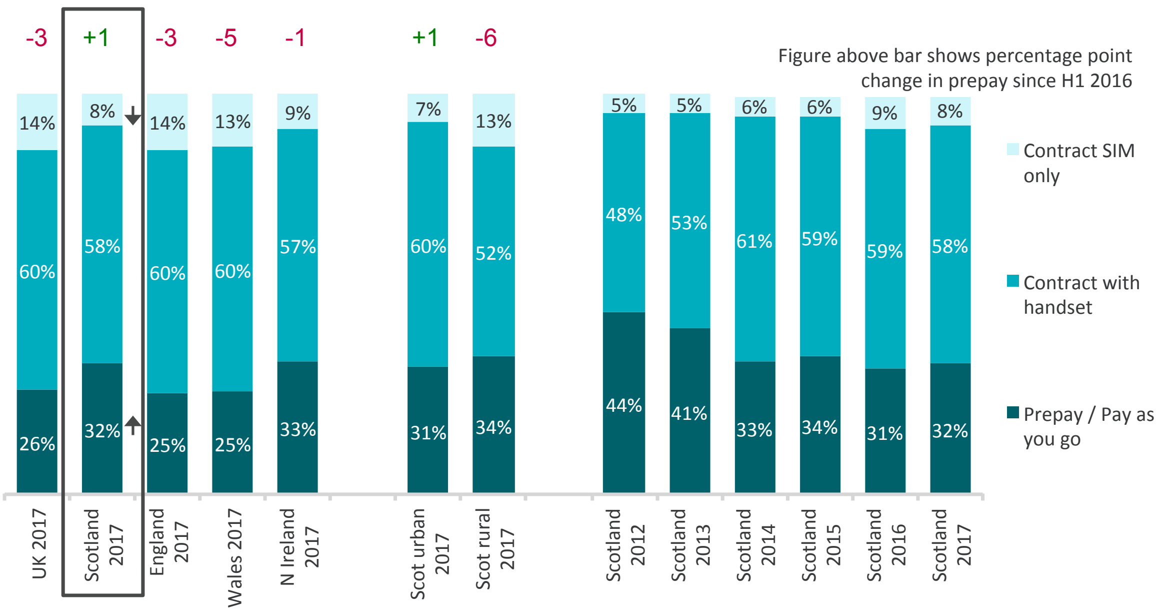
Source: Ofcom Technology Tracker, Half 1 2017
Base: All adults aged 16+ (n = 3743 UK, 510 Scotland, 2245 England, 495 Wales, 493 Northern Ireland)
Significance testing: Arrows indicate any significant differences at the 95% confidence level between Scotland and UK in 2017. A circle around the +/- figure above the chart indicates any significant difference at the 99% confidence level between 2016 and 2017 for Scotland.
QD41. Do you have a 4G service? This is a service that enables faster mobile internet access

Mobile users in Scotland are more likely than the UK average to have a pre-pay mobile phone service

In 2017, six in ten (58%) mobile users in Scotland said they ‘most often’ used a pay-monthly contract package (with handset), while a third (32%) used a pre-pay phone and around one in ten (8%) had a SIM-only pay-monthly contract, each very similar to the previous year’s figures but with some differences compared to the UK average.

Mobile users in Scotland were more likely than the UK average to use a pre-pay mobile phone (32% vs. 26% UK) and less likely to have a SIM-only pay-monthly package (8% vs. 14% UK). There were no differences between the types of mobile subscription used in urban and rural areas of Scotland in 2017.

Figure 4.6: Type of mobile subscription



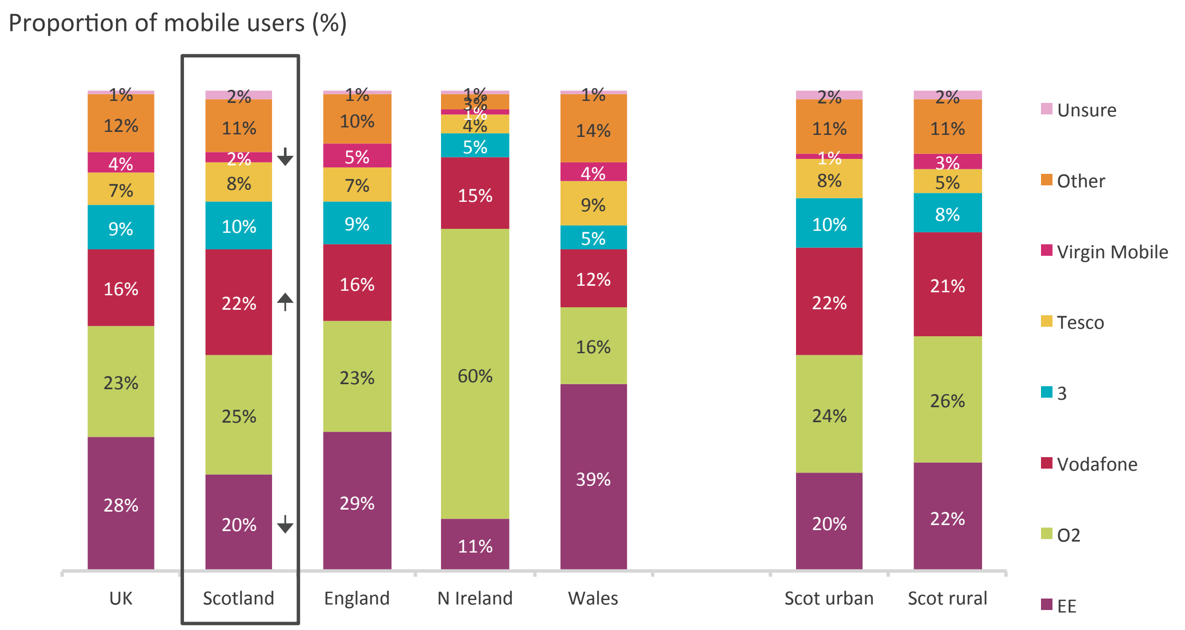
Source: Ofcom Technology Tracker, Half 1 2017
Base: Adults aged 16+ who personally use a mobile phone (n = 3471 UK, 464 Scotland, 2099 England, 451 Wales, 457 Northern Ireland, 231 Scotland urban, 233 Scotland rural, 1237 Scotland 2010, 425 Scotland 2011, 430 Scotland 2012, 464 Scotland 2013, 447 Scotland 2014, 450 Scotland 2015, 451 Scotland 2016, 464 Scotland 2017)
Significance testing: Arrows indicate any significant differences at the 95% confidence level between Scotland and UK in 2017, between Scotland urban and rural in 2017 and at the 99% confidence level between Scotland 2016 and 2017. Circles around the +/- figures above the chart indicate any significant difference at the 99% confidence level between 2016 and 2017 for Scotland, urban and rural.
QD11: Which of these best describes the mobile package you personally use most often?

Respondents in Scotland say that O2 is the mobile network provider they use 'most often'

A quarter (25%) of mobile users in Scotland said O2 was the network they used most often. This was followed by Vodafone (22%) and EE (20%).

While mobile users in Scotland were as likely as mobile users across the UK to use O2, they were less likely to use EE (20% vs. 28% UK) and more likely to use Vodafone (22% vs. 16% UK). There were no significant differences between rural and urban areas in Scotland in 2017.

Figure 4.7: **Mobile network provider used 'most often'**



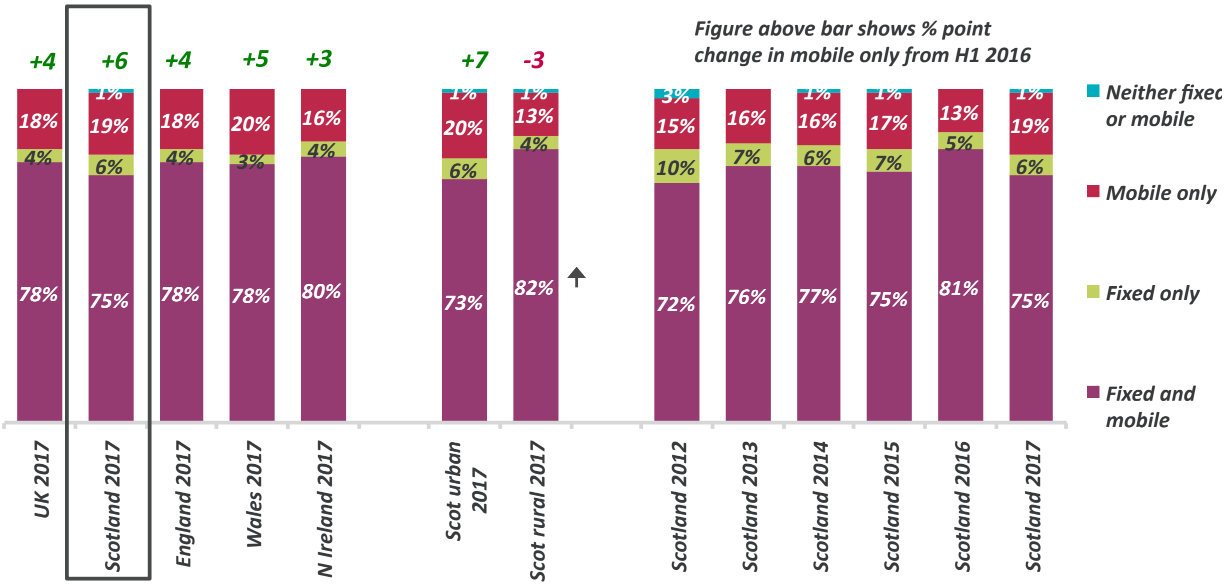
Source: Ofcom Technology Tracker, Half 1 2017
Base: Adults aged 16+ who personally use a mobile phone (n = 3471 UK, 464 Scotland, 2099 England, 451 Wales, 457 Northern Ireland, 231 Scotland urban, 233 Scotland rural)
Significance testing: Arrows indicate any significant differences at the 95% confidence level between Scotland and UK in 2017 and between Scotland urban and rural in 2017.
QD10: Which mobile network do you use most often?

The proportion of mobile-only households in Scotland was unchanged in 2017, and in line with the UK average

Three in four households in Scotland (75%) had both fixed and mobile telephone services in 2017. Six per cent of households had access to a fixed line only, and 19% had access to a mobile phone only. There were no significant changes in any of these figures since 2016 and take-up in Scotland was comparable to that of the UK overall.

Adults in rural areas of Scotland were more likely than those in urban areas to have access to both fixed and mobile telephone services (82% vs. 73%).

Figure 4.8: Cross-ownership of household telephony services



Source: Ofcom Technology Tracker, Half 1 2017
Base: All adults aged 16+ (n = 3743 UK, 510 Scotland, 2245 England, 495 Wales, 493 Northern Ireland, 258 Scotland urban, 252 Scotland rural, 500 Scotland 2012, 501 Scotland 2013, 501 Scotland 2014, 492 Scotland 2015, 502 Scotland 2016, 510 Scotland 2017)
Significance testing: Arrows indicate any significant differences at the 95% confidence level between Scotland and UK in 2017, between Scotland urban and rural in 2017 and at the 99% confidence level between Scotland 2016 and 2017. Circles around the +/- figures above the chart indicate any significant difference at the 99% confidence level between 2016 and 2017 for Scotland, urban and rural.
QC1: Is there a landline phone in your home that can be used to make and receive calls?/ QD1: How many mobile phones in total do you and members of your household use?

4.3 Satisfaction with telecoms services

Rural internet users in Scotland are less likely than those in urban areas to be satisfied with fixed broadband speeds and with their service overall

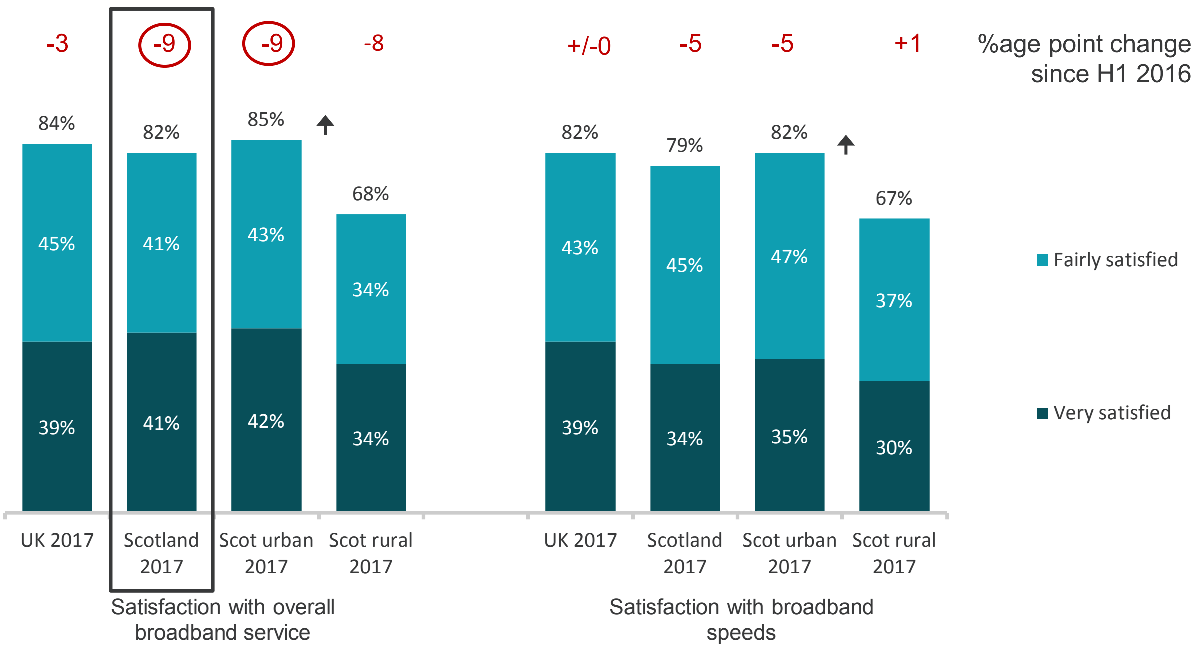
Eight in ten broadband users in Scotland (82%) were either 'very' or 'fairly' satisfied with their overall broadband service in 2017.

This figure was comparable to the UK overall (84%).

Satisfaction with fixed broadband speeds in Scotland (79%) was also comparable to the UK as a whole (82%), with no significant change in this measure in Scotland, or in the UK overall, between 2016 and 2017.

Fixed broadband users in urban Scotland were more likely than rural users to say they were 'very' or 'fairly' satisfied with their overall service (85% vs. 68%) and with the speed of their connection (82% vs. 67%). Users in rural areas were more likely than those in urban areas to be 'very' or 'fairly' dissatisfied with their overall broadband service (16% vs. 5%) and broadband speeds (24% vs. 6%).

Figure 4.9: Satisfaction with overall service and speed of fixed broadband connection

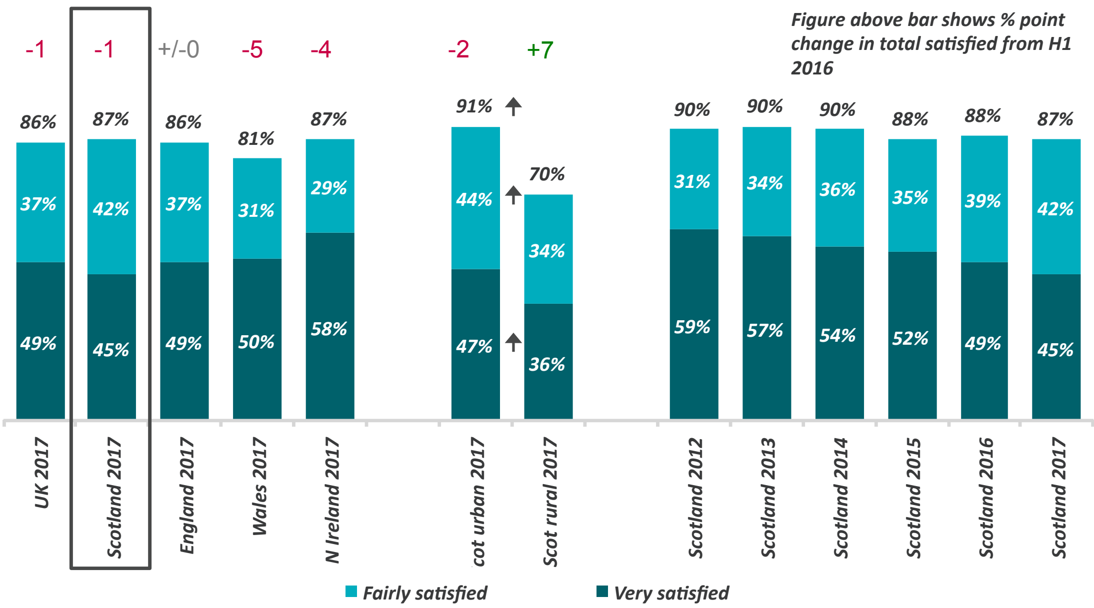


Source: Ofcom Technology Tracker, Half 1 2017
Base: Adults aged 16+ with a fixed broadband connection at home (n = 2928 UK, 357 Scotland, 173 Scotland urban, 184 Scotland rural)
QE8A/B: Thinking about your fixed broadband internet service, how satisfied are you with (main supplier) for the overall service/ for the speed of your service while online (not just the connection)?
Significance testing: Arrows indicate any significant differences at the 95% confidence level between Scotland and UK in 2017 and between Scotland urban and rural in 2017

Mobile phone users in rural Scotland are less satisfied with their mobile phone reception

About nine in ten (87%) mobile phone users in Scotland were 'very' or 'fairly' satisfied with their mobile reception in 2017, in line with the UK average (86%) and unchanged since 2016. Mobile phone users in urban areas of Scotland were more likely than those in rural areas to say they were 'very' or 'fairly' satisfied with their mobile reception (91% vs. 70%), while users in rural areas of Scotland were more likely to say they were 'very' or 'fairly' dissatisfied (17% vs. 4%).

Figure 4.10: Satisfaction with reception of mobile service

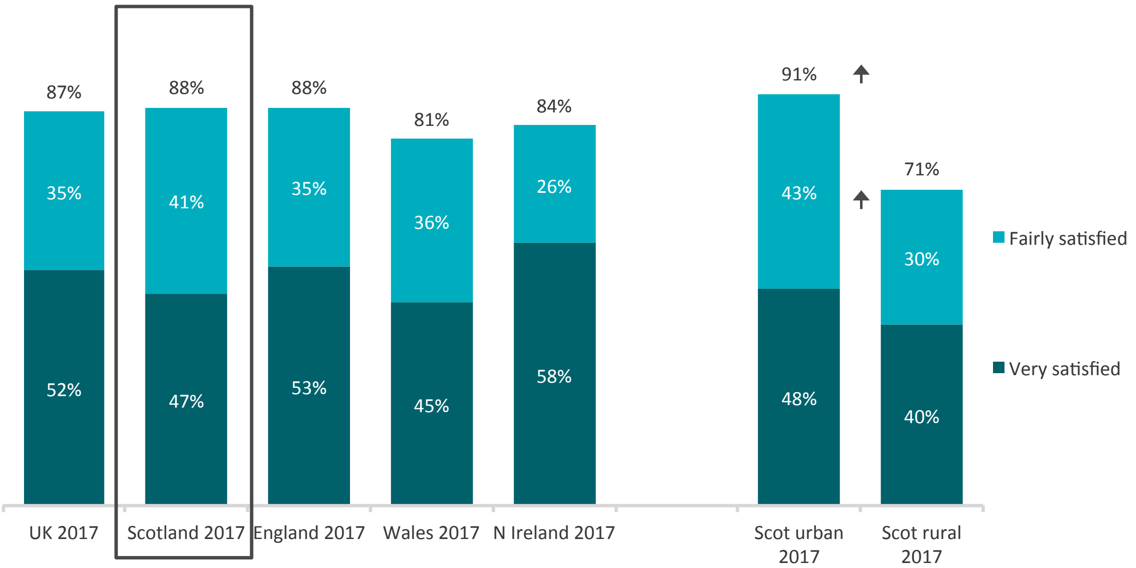


Source: Ofcom Technology Tracker, Half 1 2017
Base: Adults aged 16+ who personally use a mobile phone (n = 3471 UK, 464 Scotland, 231 Scotland urban, 233 Scotland rural)
Significance testing: Arrows indicate any significant differences at the 95% confidence level between Scotland and UK in 2017 and between Scotland urban and rural in 2017.
QD21J: Thinking about your mobile phone service only, how satisfied are you with (main supplier) for reception/ accessing network?

Nine in ten smartphone users in Scotland are satisfied with their ability to connect to the internet via 3G or 4G

In 2017, 88% of smartphone users in Scotland were 'very' or 'fairly' satisfied with their ability to connect to the internet using their mobile network (via 3G or 4G). This was in line with the UK overall (87%). Satisfaction with the ability to connect to the internet via 3G or 4G was 20 percentage points higher among smartphone users in urban than in rural areas of Scotland (91% vs. 71%).

Figure 4.11: Satisfaction with ability to connect to the internet via 3G or 4G



Source: Ofcom Technology Tracker, Half 1 2017
Base: Adults aged 16+ who personally use a smartphone (n = 2697 UK, 346 Scotland, 1657 England, 341 Wales, 353 Northern Ireland, 176 Scotland urban, 170 Scotland rural)
Significance testing: Arrows indicate any significant differences at the 95% confidence level between Scotland and UK in 2017 and between Scotland urban and rural in 2017.
QD21K: Thinking about your mobile phone service only, how satisfied are you with (main supplier) for ability to connect to the internet using the mobile network (3G or 4G)?
Note: Figures above chart columns indicate the proportion of people who were 'very' or 'fairly' satisfied with the ability to connect to the internet using the mobile network

4.4 Consumer experience of mobile data services

New research methodology captures consumers' experience of mobile services

In 2016 Ofcom piloted a new methodology to measure the consumer experience of using mobile services across the UK. This approach involved establishing a panel of UK consumers who installed an Ofcom-branded research app on their Android smartphone.

The app, provided by our technical partner P3, passively measures consumer experience of using mobile services as panellists use their phones, thereby minimising data use and battery drain.

Additional satisfaction measurements are captured via pop-up surveys, which allow us to correlate actual performance delivered and the consumer's perception.

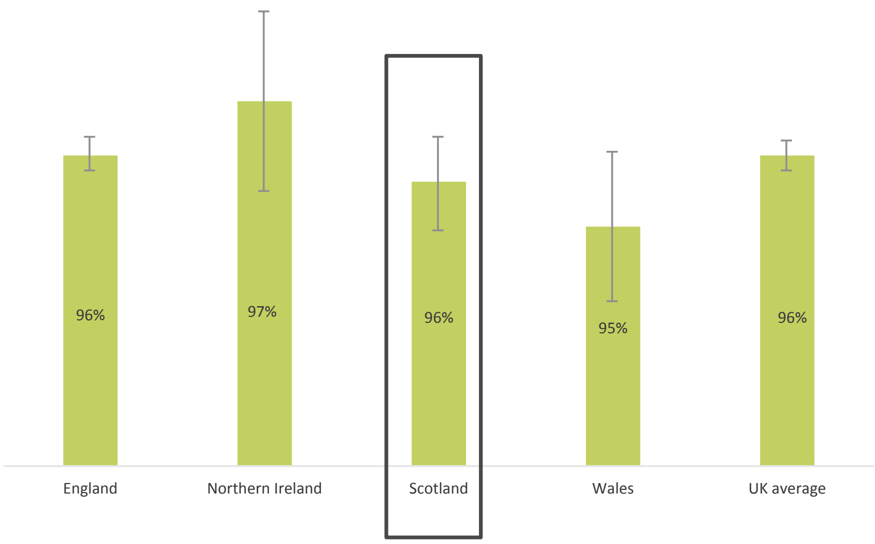
Data service availability for 4G Android users in Scotland is comparable to the UK average

The app records whether people can use their data service when they want to. This is measured by running an automated test, which attempts to download a small file and logs whether this can be done successfully, every 15 minutes. This metric defines the percentage of cases when the user is able to both connect to the network and download data.

Figure 4.12 shows data service availability for 4G users (4G users are those who have a 4G tariff and a 4G-enabled mobile phone). Overall, on around 96% of occasions, users were able to access a mobile network (either 2G, 3G or 4G technology) and successfully download data.

The confidence intervals (showing the range of values in which the true average will sit to a 95% level of confidence) for each nation overlap, and this therefore shows no difference between Scotland (96%) and the overall UK average.

Figure 4.12: Data service availability for 4G users



Source: Ofcom mobile research app data 2016
Base sizes: England (1,915) Northern Ireland (110) Scotland (290) Wales (242)
Please note: The line within each bar shows the 95% confidence interval around the average

4.5 Analysis of fixed broadband take-up in Glasgow

4.5.1 Introduction

In previous *Communications Market Reports*, we have highlighted that broadband take-up was particularly low in the Glasgow area, and have undertaken analysis of British Population Survey (BPS) data to explore broadband take-up in the City of Glasgow[2].

In 2011 and 2013 fixed broadband (excluding mobile access) take-up was 50%, this increased to 63% in 2014 and 68% in 2015.

This analysis was repeated for the current report and found that broadband take up in Glasgow has increased significantly from 2015.

The 2016[3] data shows that 81% of individuals sampled have home internet access and 88% have access at home or via a mobile device.

Glasgow's take-up of fixed broadband services is now consistent with that of the UK as a whole

For this report, the BPS provided data for respondents within Glasgow only, and therefore it is not possible to compare with the UK overall, or to other cities. However, Ofcom's Technology Tracker shows that the percentage of the UK population with broadband (excluding mobile devices) is 82%, or 88% if mobile devices are included.

This has remained stable since 2016, when broadband access was 81% (86% if mobile devices are included).

In comparison, the percentage of Glaswegians living in households with broadband (excluding mobile devices) is 81%, or 88% if mobile devices are included.

This compares to 69% and 88% respectively for the same Glasgow-specific analysis for the previous year. This shows that access to fixed broadband has increased significantly, but overall access (via fixed or mobile broadband) has remained the same.

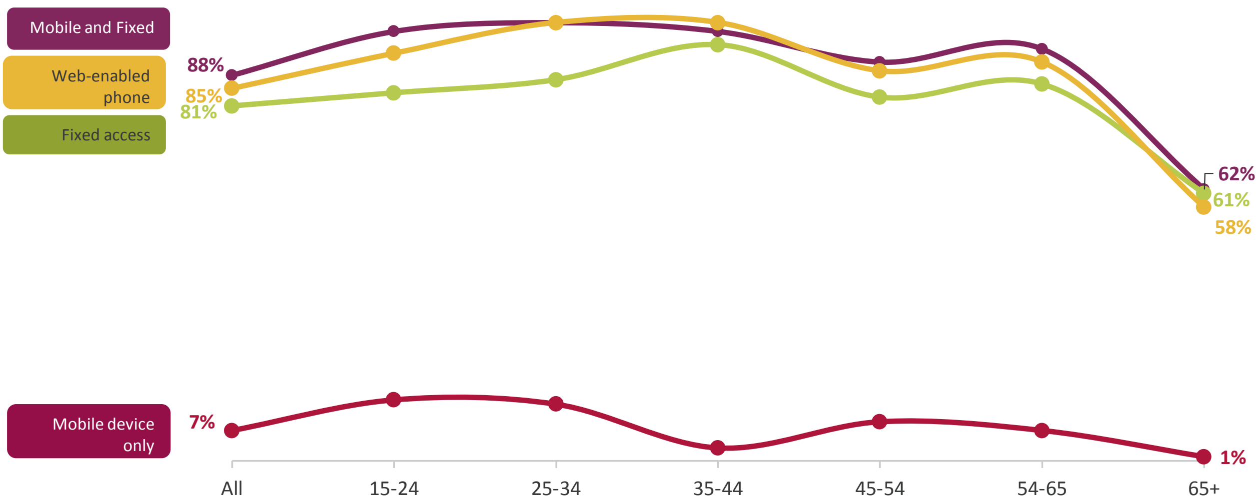
[2] The City of Glasgow is defined as the area under the control of Glasgow City Council.

[3] The survey period ran between April 2016 and March 2017. It comprised of around 2,000 face-to-face, in-home interviews with adults (aged 15+) every week.

4.5.2 Take-up of internet services has increased significantly

Almost nine in ten people (88%) in the Glasgow sample had either access to the internet at home (fixed broadband) or via a web-enabled mobile device. Access to the internet has increased by 22 percentage points (pp) for people aged 54-65 since the 2016 report, but fallen by 15pp for over-65s. The 54-65 age group's fixed broadband access has increased by 36pp, and ownership of a web-enabled phone has risen by 24pp. Among the over-65s, access to fixed broadband has remained constant at 61%, while access to a web-enabled device has fallen by 15pp. The percentage relying on mobile access alone has fallen from 16% in 2016 to 7%.

Figure 4.13: Comparison of fixed broadband and mobile take-up in Glasgow: 2017



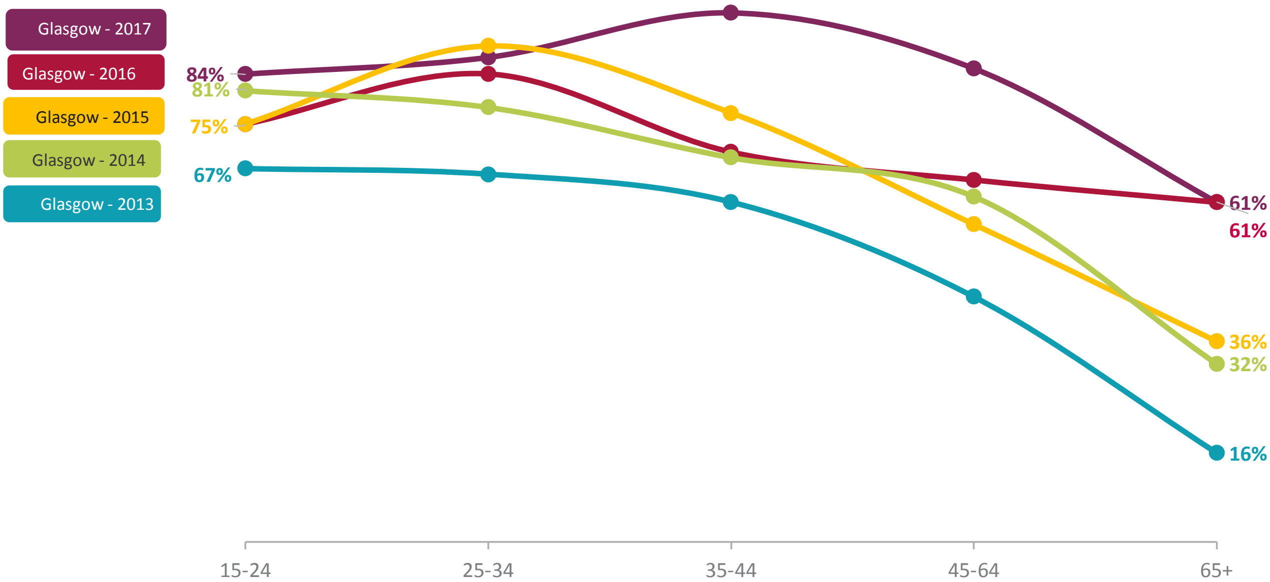
Source: Source: British Population Survey. The percentage in brackets gives the percentage of all Glasgow respondents in that category.
Base: All adults 15+ (Glasgow 2016/7 – 430)
Q: How do you access the internet – personal computer at home, through a mobile terminal, via a TV set, through a games console?
Q: Do you have a web-enabled phone?
Q. Do you have a tablet?

Overall, fixed home internet take-up has increased, especially among those aged 35-65. Access to fixed internet among those aged 15-24 has also increased by 10pp

As shown in Figure 4.14, between 2016 and 2017 there has been a significant increase in the number of people aged 35-44 (by 25pp) and those aged 45-54 (by 20pp) who have fixed home internet.

Access to fixed internet among those aged 15-24 has increased by 9 percentage points.

Figure 4.14: Changes in fixed home internet, by age group: 2013-2017

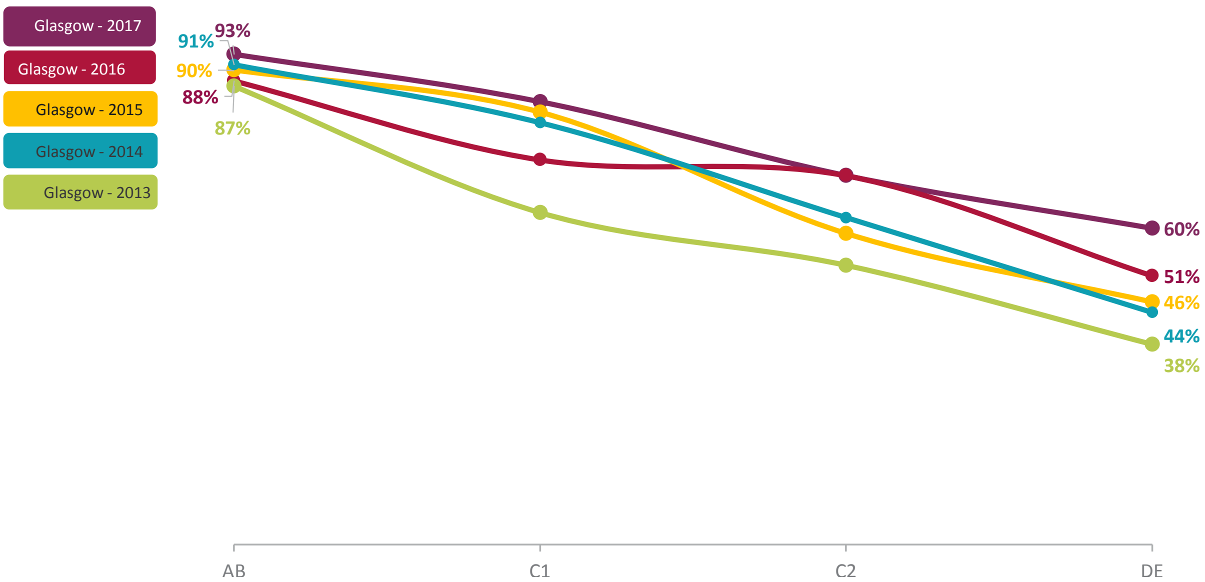


Source: British Population Survey
Base: All adults 15+ (Glasgow 2017 – 430, Glasgow 2016 – 250; Glasgow 2015 – 543, Glasgow 2014- 1405, Glasgow- 2013 1398)
Q: Is your access to the internet at home cable broadband, ADSL broadband, broadband but you don't know type or non-broadband?
* **Q:** How do you access the internet – personal computer at home, via a TV set, through a games console? (change in question – 2016)

Fixed internet take-up has increased for those in socio-economic group C1 by 11pp and for DEs by 9pp

As shown in Figure 4.15, although take-up has increased by 9pp in socio-economic group DE from the previous year, this group continues to have the lowest take-up.

Figure 4.15: Changes in take-up, by socio-economic group: 2013-2017



Source: British Population Survey
Base: All adults 15+ (Glasgow 2017 – 430; Glasgow 2016 – 250; Glasgow 2015 – 543, Glasgow 2014 – 1,405, Glasgow- 2013 1,398)
Q: Is your access to the internet at home cable broadband, ADSL broadband, broadband but you don't know type or non-broadband?
* **Q:** How do you access the internet – personal computer at home, through a mobile terminal, via a TV set, through a games console? (change in question – 2016)

More people who use superfast fixed broadband services know their fixed broadband speed compared to those who use standard broadband services

A subset of 214 were asked whether they used standard or superfast broadband services. Thirty-six per cent knew they had broadband, but were unsure of the speed. Of the remaining 64%, 42% were using superfast services (defined as 30Mbit/s or over) and the rest were using standard ADSL copper broadband.

5 Internet and online content

5.1 Scotland: recent developments

Digital Skills

The Scottish Government published its digital strategy *"Realising Scotland's full potential in a Digital World"* earlier this year. It sets out its plans for putting digital communications at the heart of economic growth and the delivery of public services.

The Scottish Government has a stated objective of making Scotland a 'world class digital nation' by 2021 and has announced some measures it intends to take including launching a new Digital Growth Fund to address the current undersupply of digital skills and launching a new round of funding for community digital inclusion projects. It also plans to extend Scotland's Digital Participation Charter to get more organisations involved in a national movement to promote digital skills.

5.2 Internet take-up

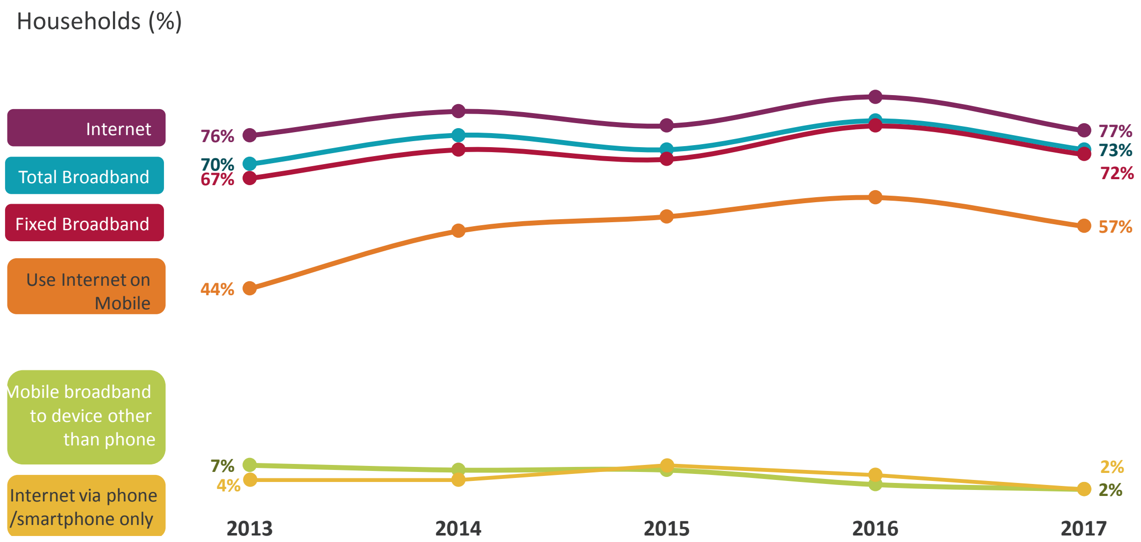
Three-quarters of households in Scotland have access to the internet

In 2017, more than three-quarters (77%) of households in Scotland have access to the internet[1]. Internet take-up levels in Scotland are statistically unchanged since 2016.

Around seven in ten households in Scotland (72%) have access to fixed broadband at home, and almost six in ten (57%) use the internet through a mobile phone, both figures unchanged since 2016. The proportion of adults in Scotland who access the internet exclusively through a mobile phone or smartphone, and those with mobile broadband to a device other than phone, remain stable, both at 2%.

[1] This includes internet access via broadband or mobile phone. Incidences of narrowband are too low to report but would still count as 'internet access'.

Figure 5.1: **Internet take-up, Scotland: 2010-2017**



Source: Significance testing: Arrows indicate any significant differences at the 99% confidence level between Scotland 2016 and 2017
Base: All adults aged 16+ (n = 1468 Scotland 2010, 487 Scotland 2011, 500 Scotland 2012, 501 Scotland 2013, 501 Scotland 2014, 492 Scotland 2015, 502 Scotland 2016, 510 Scotland 2017)
Note 1: 'Internet' includes access to the internet at home (via any device, e.g. PC, mobile phone, tablet etc.
Note 2: 'Total broadband' includes the following methods to connect to the internet at home – fixed broadband (via phone line or cable service), mobile broadband (via a USB stick or dongle, or built-in connectivity in a laptop/netbook/tablet with a SIM), tethering (via mobile phone internet connection on laptop/tablet), and mobile broadband wireless router (via 3G or 4G mobile network, which can be shared between devices).
Note 3: 'Fixed broadband' includes ADSL, cable and fibre services – perhaps using a Wi-Fi router. This includes superfast broadband services.
Note 4: 'Mobile broadband' is connecting a device using a USB stick or dongle, or built-in connectivity in a laptop or netbook or tablet computer with a SIM card.
Note 5: 'Use internet on mobile' is the proportion of adults who use a mobile phone for any of the following activities: instant messaging, downloading apps or programs, email, internet access, downloading video, video streaming, visiting social networking sites.

5.3 Internet-enabled devices

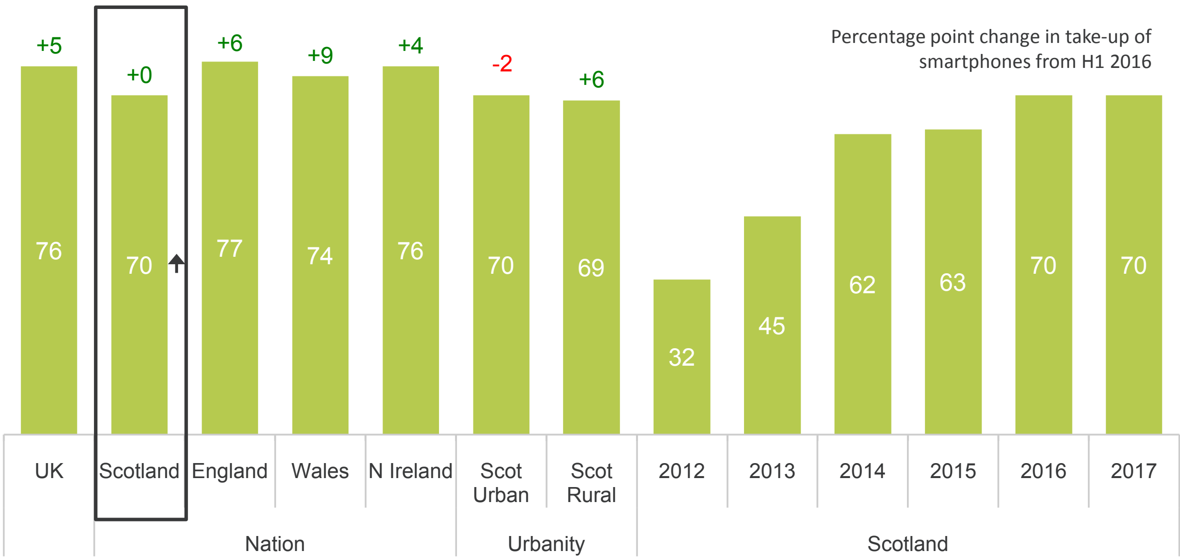
Seven in ten adults in Scotland personally use a smartphone, below the UK average

In 2017, the proportion of adults in Scotland personally using a smartphone (70%) was unchanged since 2016.

This is lower than the UK overall figure (76%).

Smartphone ownership does not vary significantly by urban or rural location in Scotland.

Figure 5.2: Take-up of smartphones in Scotland: 2011-2017



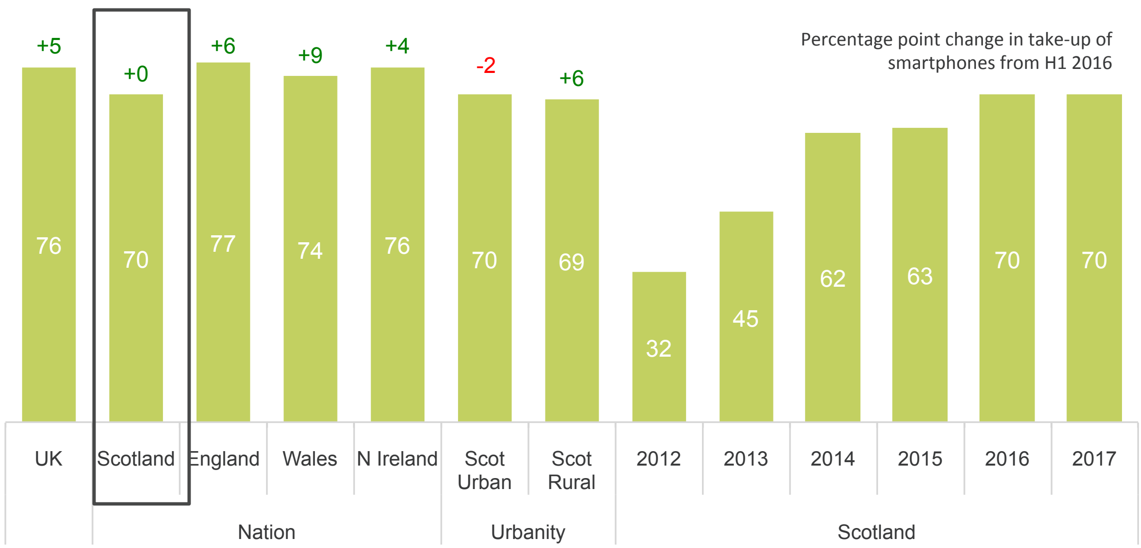
Source: Ofcom Technology Tracker, Half 1 2017
Base: All adults aged 16+ (n = 3743 UK, 510 Scotland, 2245 England, 495 Wales, 493 Northern Ireland, 258 Scotland urban, 252 Scotland rural, 500 Scotland 2012, 501 Scotland 2013, 501 Scotland 2014, 492 Scotland 2015, 502 Scotland 2016, 510 Scotland 2017)
Significance testing: Arrows indicate any significant differences at the 95% confidence level between Scotland and UK in 2017, between Scotland urban and rural in 2017 and at the 99% confidence level between Scotland 2016 and 2017. Circles around the +/- figures above the chart indicate any significant difference at the 99% confidence level between 2016 and 2017 for Scotland, urban and rural.
QD24B: Do you personally use a smartphone? A smartphone is a phone on which you can easily access emails, download files and applications, as well as view websites and generally surf the internet. Popular brands of smartphone include BlackBerry, iPhone and Android phones such as the Samsung Galaxy.

Almost six in ten households in Scotland own a tablet

As in the UK overall, ownership of a tablet in households in Scotland (56%) remains unchanged since 2016, and is in line with the UK average.

Tablet ownership does not vary significantly by urban or rural location in Scotland.

Figure 5.3: Ownership of tablet computers in Scotland



Source: Ofcom Technology Tracker, Half 1 2017
Base: All adults aged 16+ (n = 3743 UK, 510 Scotland, 2245 England, 495 Wales, 493 Northern Ireland, 258 Scotland urban, 252 Scotland rural, 500 Scotland 2012, 501 Scotland 2013, 501 Scotland 2014, 492 Scotland 2015, 502 Scotland 2016, 510 Scotland 2017)
Significance testing: Arrows indicate any significant differences at the 95% confidence level between Scotland and UK in 2017, between Scotland urban and rural in 2017 and at the 99% confidence level between Scotland 2016 and 2017. Circles around the +/- figures above the chart indicate any significant difference at the 99% confidence level between 2016 and 2017 for Scotland, urban and rural.
QE1: Does your household have a PC, laptop, netbook or tablet computer?

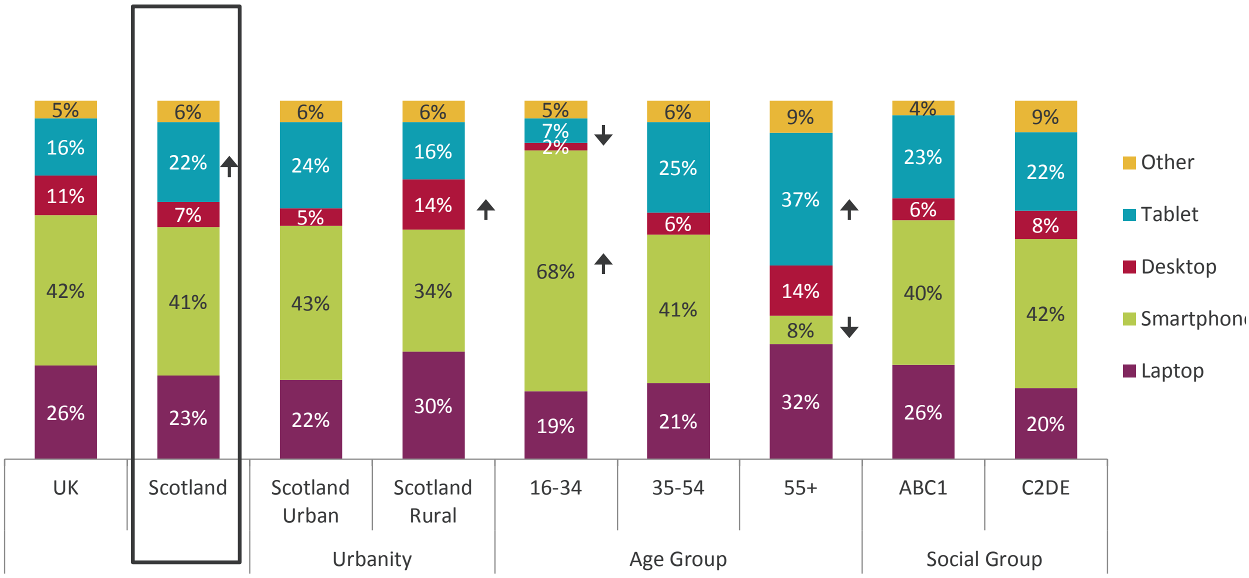
Internet users in Scotland say a smartphone is their most important device for going online

Four in ten (41%) internet users[1] in Scotland say that the smartphone is their most important device for going online, at home or elsewhere. This matches attitudes for the UK overall. With the exception of internet users aged over 55, people in all demographic groups considered the smartphone their most important device for internet access; it was chosen by 68% of 16-34s compared to 8% of over-55s. There were no differences by socio-economic group in Scotland in 2017.

Internet users in Scotland are more likely than those in the UK overall to say that a tablet is their most important device for going online (22% vs. 16%), despite comparable levels of tablet ownership in Scotland and in the UK overall.

In 2017, internet users in rural areas of Scotland are more likely than those in urban areas to say that a desktop is their most important device for going online (14% vs. 5%).

Figure 5.4: Most important device for accessing the internet in Scotland



Source: Ofcom Technology Tracker, Half 1 2017
Base: Internet users aged 16+ (n = 3221 UK, 4224 Scotland, 216 Scotland urban, 208 Scotland rural, 152 16-34, 148 35-54, 124 55+, 216 ABC1, 208 C2DE).
Significance testing: Arrows indicate any significant differences at the 95% confidence level between Scotland and UK in 2017 and between Scotland urban and rural in 2017, by age compared to all internet users in Scotland in 2017 and between socio-economic groups in Scotland in 2017.
QE40: Which is the most important device you use to connect to the internet, at home or elsewhere? 'Other' responses include: 'netbook', 'e-reader', 'TV set', 'games console', 'other portable/handheld device', 'smartwatch', 'other device', 'none' and 'don't know'.

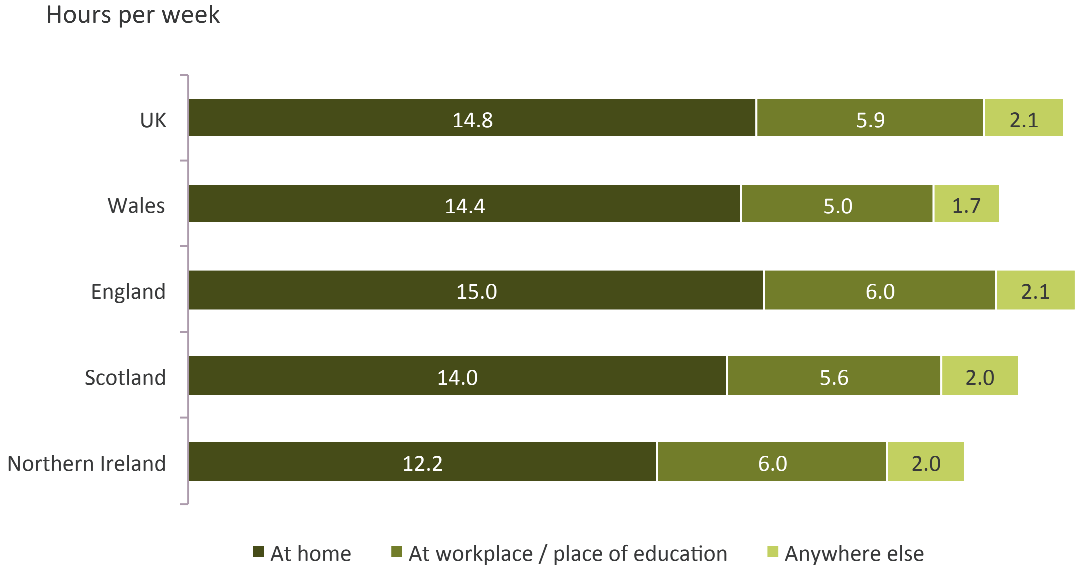
[1] Internet users are defined as those who ever go online, either at home or elsewhere

5.4 Internet use

Internet users in Scotland spent an average of 22 hours online per week in 2016

According to research conducted for Ofcom's *Adults' Media Use and Attitudes Report 2016*,[1] internet users in Scotland spent an average of 21.7 hours online per week in 2016, the majority of which was at home (14 hours). Time spent online by internet users in Scotland in any location (at home, in the workplace or place of education, or anywhere else), was in line with the UK as a whole.

Figure 5.5 : Claimed time spent on the internet in a typical weeK



Source: Ofcom Media Literacy Tracker 2016
Base: All adults aged 16+ who go online at home or elsewhere (1553 UK, 999 England, 176 Scotland, 189 Wales, 189 Northern Ireland).
IN5A-C – How many hours in a typical week would you say you use the internet at home/ at your workplace or place of education/ anywhere else? (Unprompted responses, single coded)

[1] Available online at https://www.ofcom.org.uk/__data/assets/pdf_file/0020/102755/adults-media-use-attitudes-2017.pdf

General surfing/browsing and sending/ receiving email remain the most popular activities among internet users in Scotland in 2017

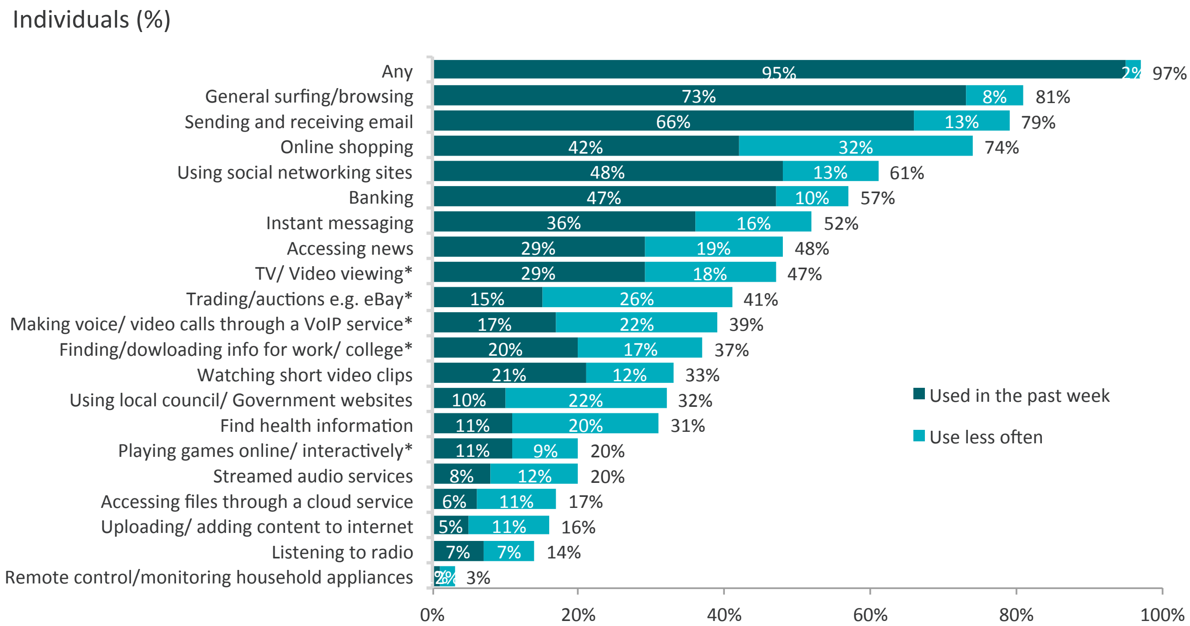
Around eight in ten internet users in Scotland cited general surfing/ browsing (81%) and sending/ receiving email (79%) as the most popular online activities in 2017.

These activities were also reported as having been done most in the past week.[1] Online shopping was the next most popular activity (74%), followed by social networking (61%) and banking (57%).

Around half of internet users in Scotland go online for instant messaging (52%), to access news (47%) and to view TV/ video (47%).

Where it was possible to make comparisons[2], no internet activities were more likely or less likely than in 2016 to be carried out online.

Figure 5.6: Activities conducted online by internet users in Scotland



Source: Ofcom Technology Tracker, Half 1 2017
Base: Adults aged 16+ who use the internet at home or elsewhere (n= 424 Scotland 2017)
Significance testing: Arrows indicate any significant difference at the 99% confidence level in the total incidence of use between Scotland 2016 and 2017. *Codes marked with an asterisk have not been tested as they are not directly comparable.
QE5A: Which, if any, of these do you use the internet for?

[1] 'The past week' was that at the time of respondents' interviews

[2] Activities marked with an asterisk in Error! Reference source not found. are not directly comparable

6 Post

A note on our postal tracker research

Ofcom Residential Postal Tracker

The residential postal tracker survey is run throughout the course of the year. Since January 2016, data have been collected using a combined methodological approach: face-to-face interviews conducted using random probability sampling, and online interviews using quota sampling.

In 2016, the total sample was 6,419 adults aged 16+ in the UK. A total of 857 respondents took part in Scotland. Due to changes to the methodology and questionnaire, the data collected in Scotland, Wales and Northern Ireland are not directly comparable to previous years' data.

Ofcom Business Postal Tracker

The business postal tracker survey is run throughout the course of the year, via telephone interviews, among a sample of 2,001 people who are responsible for post in UK SMEs (businesses with 0-249 employees). A total of 234 respondents took part in Scotland. Due to changes to the methodology and questionnaire, the data collected in Scotland, Wales and Northern Ireland are not directly comparable to previous years' data.

6.1 Recent developments

Parcel Surcharges

Ofcom published findings from research it carried out into the causes of parcel delivery surcharges in some geographic areas in November 2016.[1] We found that some parcel operators charge more to deliver parcels in the Highlands and Islands of Scotland (as well as Northern Ireland), and that in general there was a higher cost of delivery in these areas (driven by factors including lower delivery drop density and cost of transport).

In addition, in reports published in 2012 and 2015, Citizens Advice Scotland found that the problem of high delivery surcharges impacts the Scottish Highlands and Islands more than other rural areas of the UK. Ofcom is undertaking further research to understand the extent to which the factors given as the causes of parcel surcharging justify the additional charges, and will report on this later in 2017.

Royal Mail reveals plans for new post boxes in Scotland

Royal Mail is planning to install about 150 new post boxes in Scotland, most of which will be installed in rural areas and new housing developments.

The announcement is part of a wider drive to improve public access to post boxes across the country, despite Royal Mail admitting that many post boxes do not cover their costs as people increasingly use electronic forms of communication. Once the installation programme is complete, 98.35% of UK households will be within half a mile of a post box.[2]

[1] https://www.ofcom.org.uk/postal-services/monitoring_reports

[2] Under its Designated Universal Service Provider (DUSP) conditions, Royal Mail must ensure that in the UK as a whole, the distribution of letter boxes is such that there is a letter box within half a mile of the premises of not less than 98% of users of postal services and for the remainder of the country provide sufficient access to the universal service to meet the reasonable needs of such users (having regard to the costs and operational practicalities of doing so).

6.2 Sending and receiving post: residential customers

In the previous month, adults in Scotland had sent on average three invitations/ greetings cards/ postcards

Adults in Scotland were asked how many items of seven different types of post they had sent in the previous month. On average, they had sent 3.1 invitations/ greetings cards/ postcards, 1.1 smaller parcels (that will fit through a letterbox) and 1.1 formal letters to organisations or individuals. For each of the other four types of post, they had sent on average less than one item.

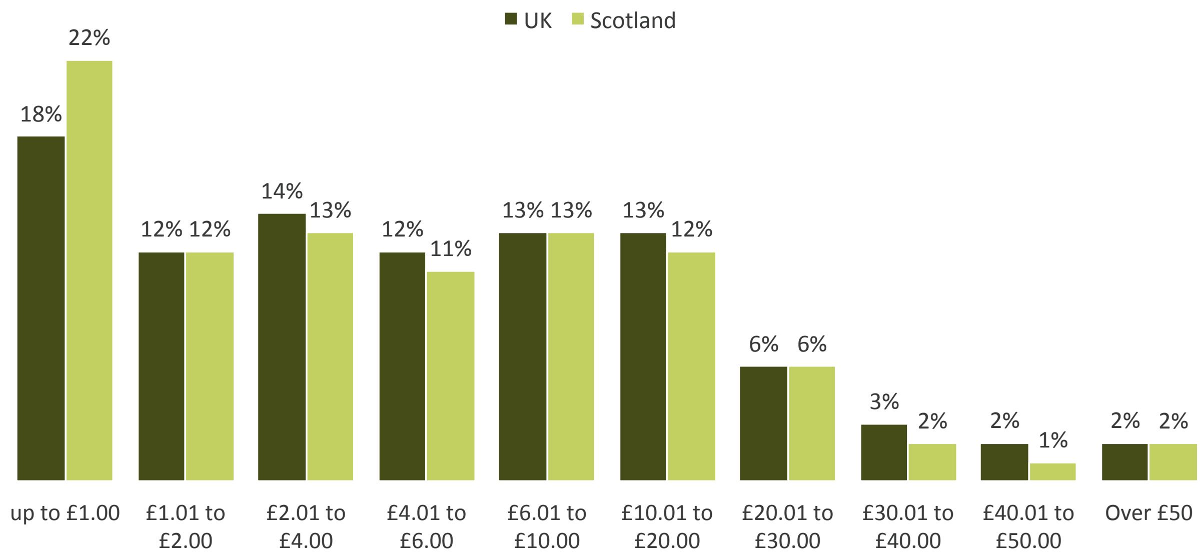
Figure 6.1: **Approximate number of postal items sent in the previous month**

Source: Ofcom Residential Postal Tracker 2016
Base: All adults (n = 6419 UK, 4053 England, 857 Scotland, 770 Wales, 739 Northern Ireland)
QD1: Approximately how many of the following have you sent in the last month (including international post and Freepost)

More than four in five adults in Scotland had spent less than £20 on postage in the previous month

More than four in five adults in Scotland (84%) said that they had spent less than £20 on postage in the previous month, which is the same level as in the UK overall (81%). One in five (22%) had spent less than £1, which is higher than in the UK overall (18%).

Figure 6.2: Approximate amount spent on postage in the previous month



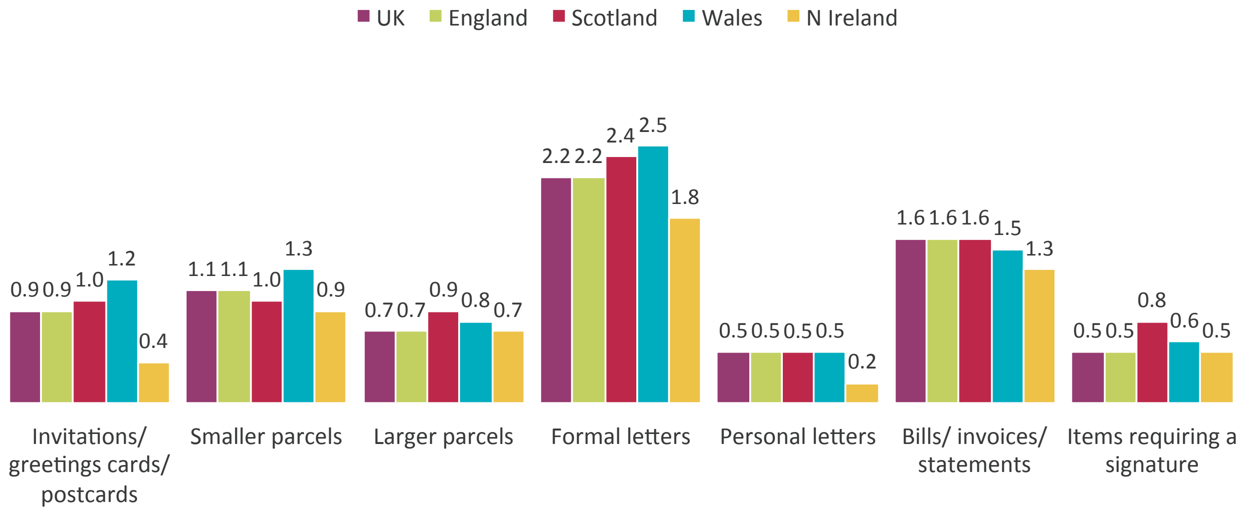
Source: Ofcom Residential Postal Tracker 2016
Base: All adults (n = 6419 UK, 857 Scotland)
QD4: And in total, how much would you say you've spent on postage in the last month, including all letters, cards and parcels?
Note: Chart does not include the 6% of respondents who answered that they didn't know or would prefer not to say

In the previous week, adults in Scotland had received an average of 2.4 formal letters

Adults in Scotland were asked how many items of seven different types of post they had received in the previous week. On average, they had received 2.4 formal letters, 1.6 bills/ invoices/ statements, 1.0 invitations/ greetings cards/ post cards and 1.0 smaller parcels.

For each of the other three types of post, they had received on average less than one item.

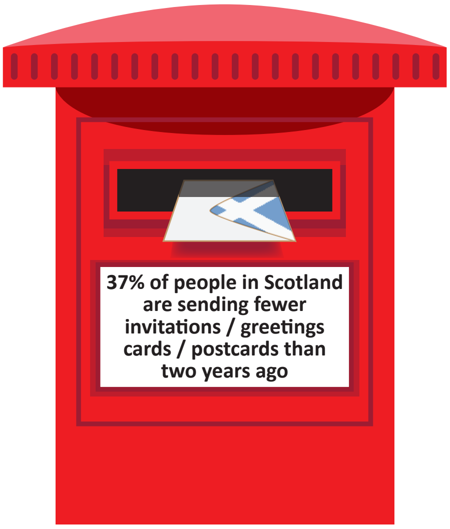
Figure 6.3: Approximate number of items of post received in the past week



Source: Ofcom Residential Postal Tracker 2016
Base: All adults (n = 6419 UK, 4053 England, 857 Scotland, 770 Wales, 739 Northern Ireland)
QE1: Approximately how many of the following have you personally received in the last week?

More than six in ten adults in Scotland are using more email instead of post, compared to two years ago

Sixty-five per cent of adults in Scotland report that they are using email more than two years ago, as a substitute for post, which is the same level as the UK overall (65%). More than four in ten (43%) say they are using texts/ SMS more, and 39% say this for mobile phone calls. Three in ten mention social networking (30%) and about a quarter choose instant messaging (27%). Fifteen per cent of adults in Scotland say that that they aren't using any form of communication in particular more at the expense of post; this is in line with the UK overall (15%).

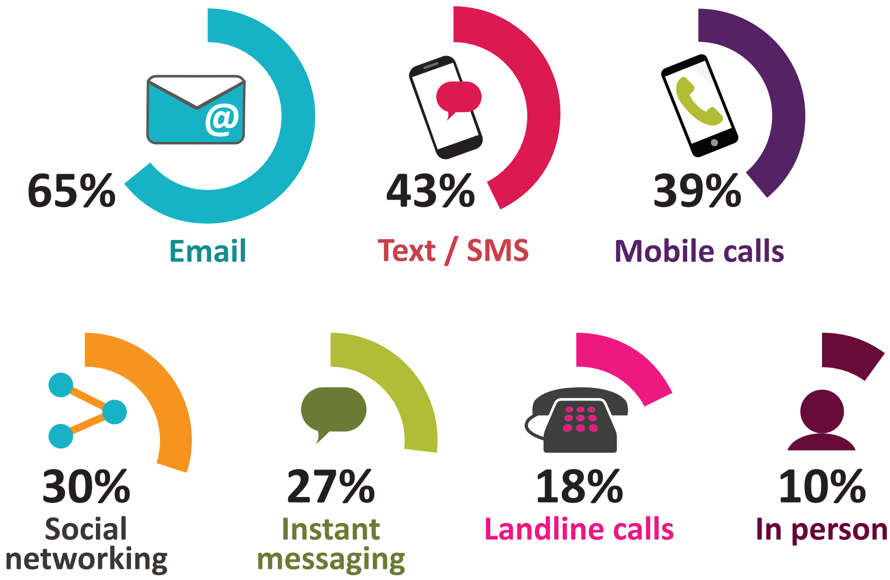


Nearly half of people in Scotland report that they are sending less payments for bills/ invoices/ statements (48%) and personal letters (47%) than two years ago. Just under four in ten are sending less formal letters (39%) and invitations/ greetings cards/ postcards (37%), with nearly three in ten sending less larger parcels (29%). Around a quarter are sending less smaller parcels (26%) and items requiring a signature (24%), while one in five are sending less tracked post (20%). For each of these eight types of post, the percentage of people in Scotland claiming to be sending less is higher than the percentage claiming to be sending less in the UK overall.

48%
of people in Scotland are sending fewer payments for bills, invoices and statements by post than two years ago

The percentage of people in Scotland claiming to be sending less of each type of item is significantly higher than the percentage of those claiming to be sending more. For each type of post asked about, the percentage of those that say they are sending more than they were two years ago is 15% or less.

Figure 6.4: Communication types used more, instead of post, compared to two years ago



Source: Ofcom Residential Postal Tracker 2016
Base: All adults (n = 6419 UK, 4053 England, 857 Scotland, 770 Wales, 739 Northern Ireland)
QD13: Which, if any, of these types of communication are you now using more instead of post, compared to two years ago?

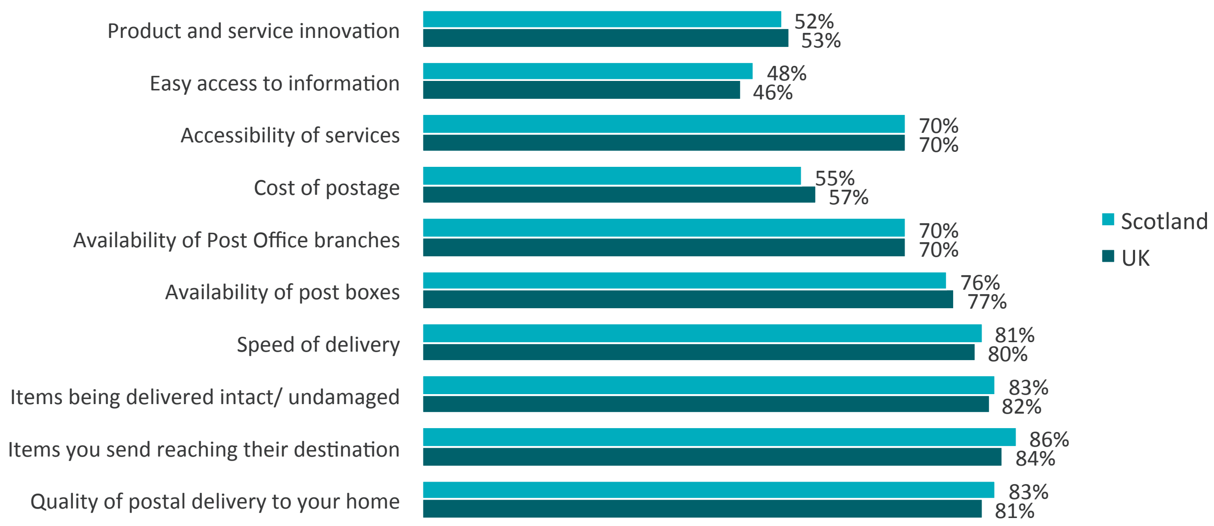
6.3 Attitudes toward Royal Mail: residential customers

Satisfaction with specific aspects of Royal Mail's service in Scotland is generally high

People in Scotland are generally satisfied with specific elements of Royal Mail's service. Specifically, more than eight in ten are satisfied with items sent reaching their destination (86%), items being delivered intact/undamaged (83%), quality of postal delivery to the home (83%) and speed of delivery (81%). Satisfaction is lowest for product and service innovation (52%) and easy-to-access information (48%).

Although not shown in the chart, overall satisfaction with Royal Mail is 82% in Scotland, in line with the UK overall (83%).

Figure 6.5: Satisfaction with specific aspects of Royal Mail's service

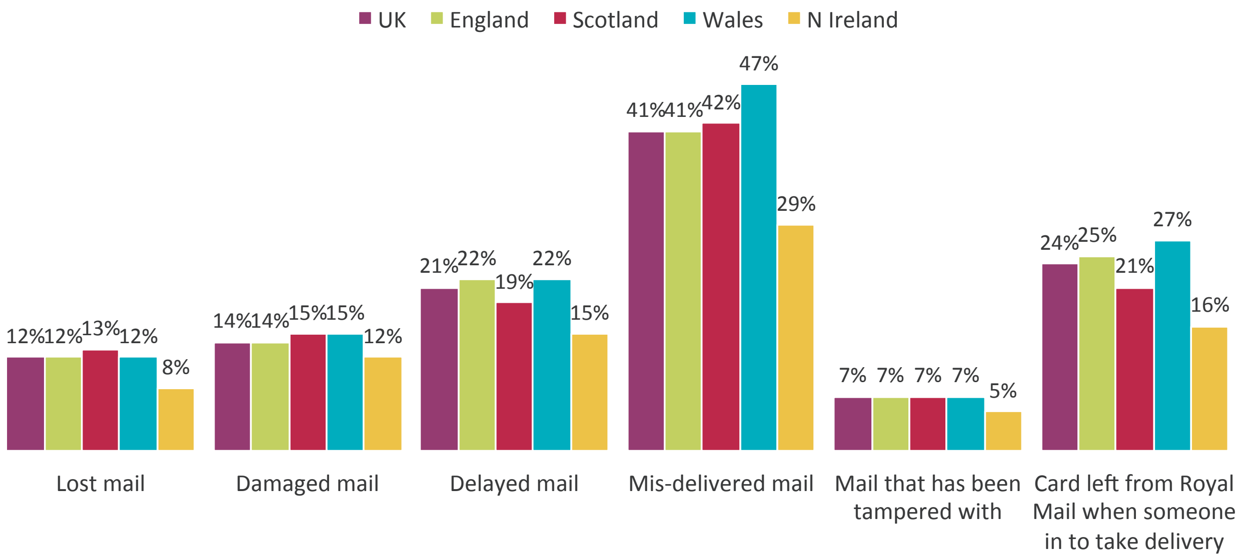


Source: Ofcom Residential Postal Tracker 2016
Base: All adults (n = 6419 UK, 857 Scotland)
QG3_1: How satisfied are you with the following aspects of Royal Mail's service?

More than four in ten adults in Scotland have had a problem with Royal Mail's service in terms of mis-delivered mail in the past year

Adults in Scotland were provided with a list of potential problems with Royal Mail's service and asked whether they had experienced any of them in the past year. More than four in ten (42%) reported that they had experienced problems related to mis-delivered mail. Around one in five (21%) said that they had experienced a problem in that Royal Mail had left a card saying that an item could not be delivered, when someone had been at home to receive it. A similar proportion (19%) had experienced a problem with delayed mail. The other problems had been experienced by 15% of people or less.

Figure 6.6: Problems experienced with Royal Mail in the past 12 months



Source: Ofcom Residential Postal Tracker 2016
Base: All adults (n = 6419 UK, 4053 England, 857 Scotland, 770 Wales, 739 Northern Ireland)
QH1: In the last 12 months, have you experienced problems with Royal Mail's service in terms of...

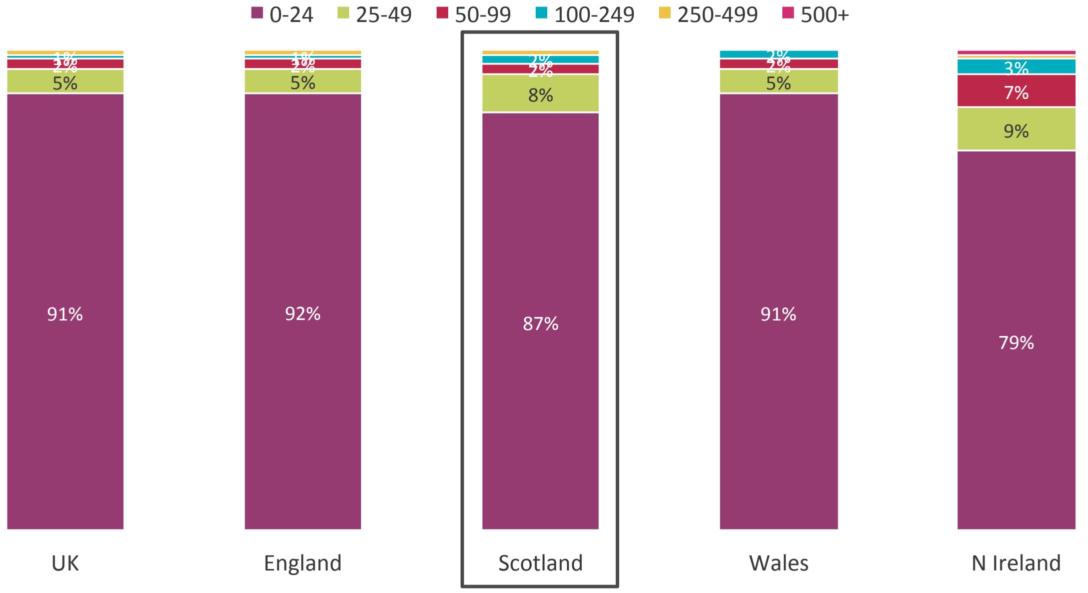
6.4 Sending and receiving post: business customers

The majority of SMEs in Scotland send fewer than 25 letters/ large letters per mailing

Small and medium-sized enterprises (SMEs) in Scotland were asked how many letters and large letters they send per mailing as an organisation.

Around nine in ten (87%) send 0-24 of these items, in line with the overall UK figure (91%).

Figure 6.7: **Average volume of letters sent in each mailing**

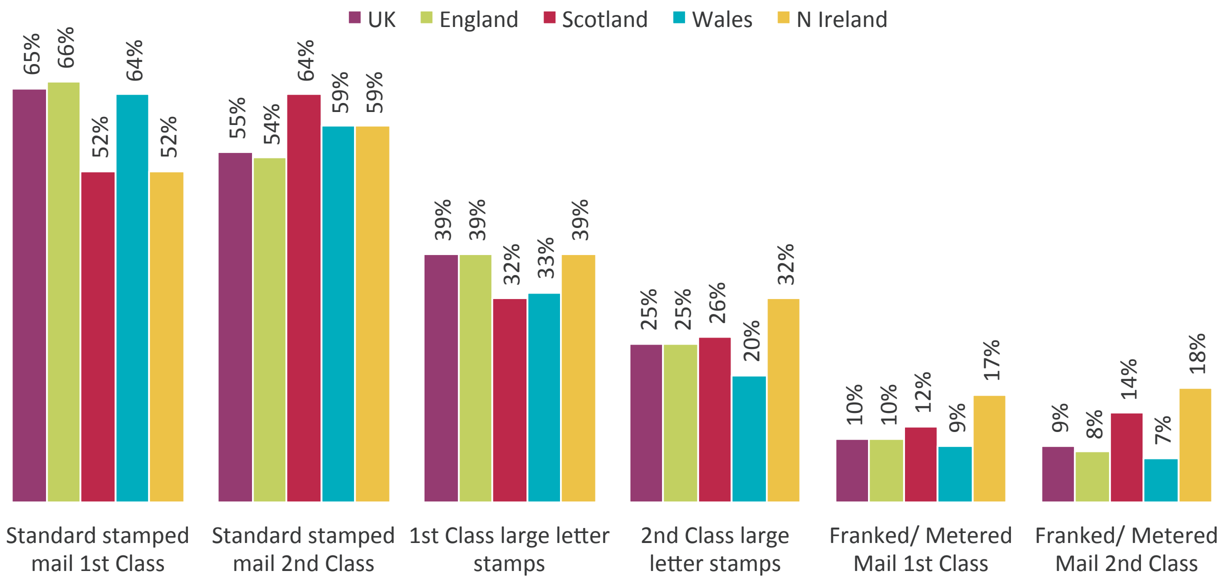


Source: Ofcom Business Postal Tracker 2016
Base: All who send letters (n = 1821 UK, 1138 England, 214 Scotland, 241 Wales, 228 N Ireland)
QV2a. On average, how many letter items does your organisation send per mailing? Please think ONLY about all the letters and large letters you may send as an organisation.

Standard stamped mail is the Royal Mail service used by the most SMEs in Scotland to send letters/ large letters

SMEs in Scotland which use Royal Mail to send letters or large letters were asked which Royal Mail services their organisation had used to send these items in the past year. About half had used First Class standard stamped mail (52%), lower than the UK overall (65%). More than six in ten had used Second Class standard stamped mail (64%); this measure is higher than the overall figure for the UK (55%).

Figure 6.8: Royal Mail services used to send standard post each month



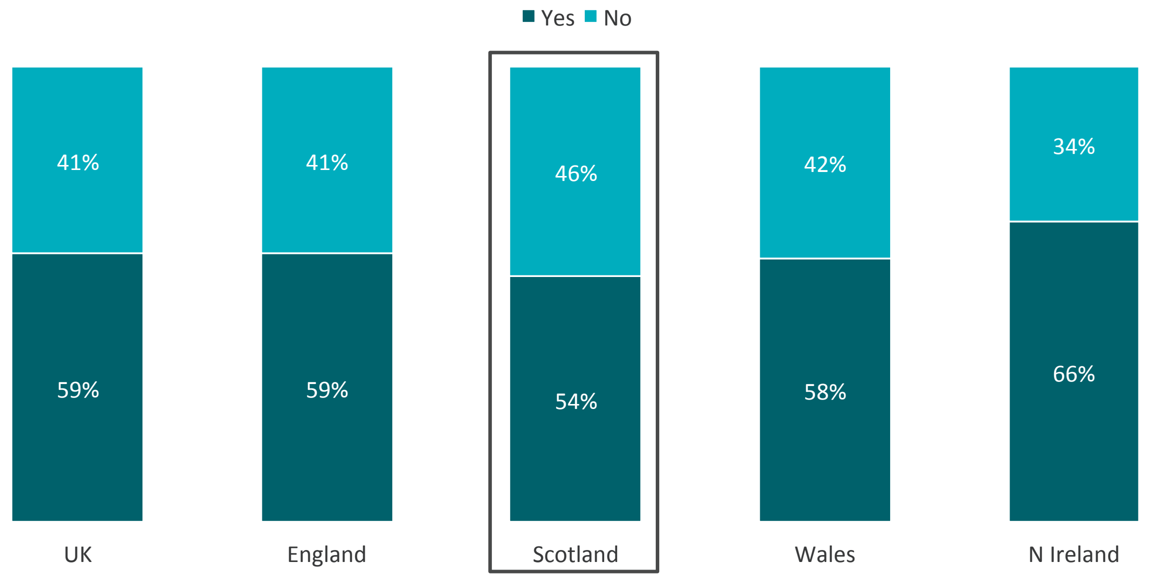
Source: Ofcom Business Postal Tracker 2016
Base: All respondents who use Royal Mail to send letters or large letters (n = 1781 UK, 1117 England, 211 Scotland, 234 Wales, 219 N Ireland)
QV6d. Which, if any, of the following Royal Mail services does your organisation use to send your letters and large letters?

More than half of SMEs in Scotland had switched some mail to other communication methods in the past year

SMEs were asked whether they had switched any of their mail to other communication methods over the past year. More than half in Scotland (54%) claimed they had moved some of their mail to alternative methods, the same level as for the UK (59%).

Although not shown in the chart below, SMEs which had not switched any mail to other communication methods were asked why they had not done so.[3] Around a quarter of SMEs in Scotland said that they were "happy with sending things by post" (27%), while seventeen per cent said "no reason". Fifteen per cent said "we have already moved everything that it is possible to move", and just over one in ten (12%) said that there is no need as they don't send a large volume of mail.

Figure 6.9: Switched some mail to other communication methods over past 12 months



Source: Ofcom Business Postal Tracker 2016
Base: All respondents (n = 2001 UK, 1259 England, 234 Scotland, 264 Wales, 244 N Ireland)
QF4. Over the last 12 months, has your organisation moved some mail to other communication methods?

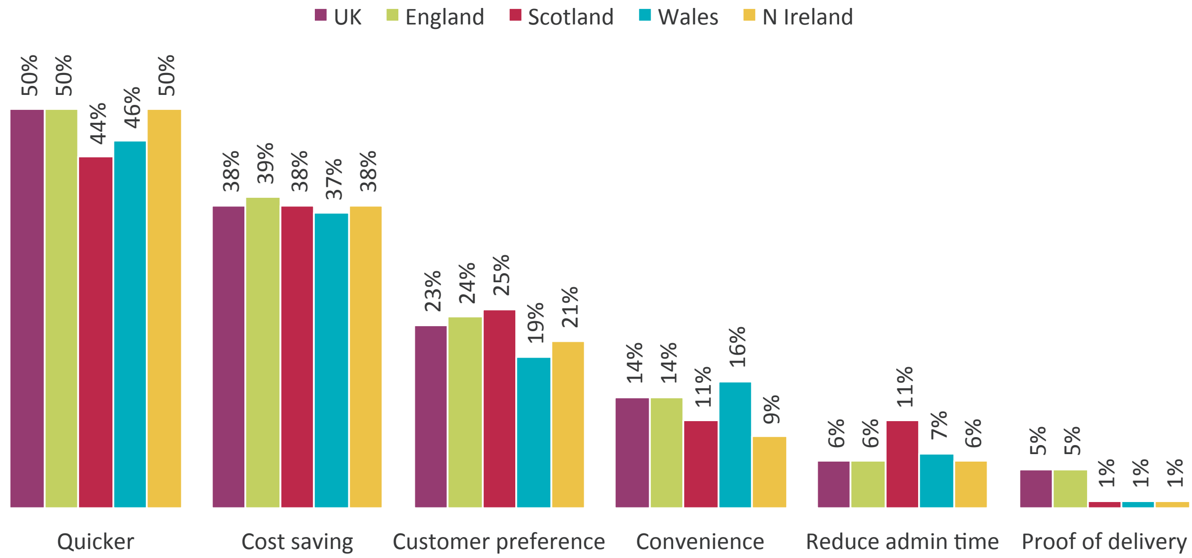
[1] Low base size – 99 people in Scotland responded to this question, so the data should be treated as indicative only

More than four in ten SMEs in Scotland who had switched away from post did so for reasons of speed

Of those SMEs in Scotland that had moved some of their mail to alternative methods of communication, more than four in ten (44%) said this was for reasons of speed.

Over a third (38%) said it was to save cost, while for a quarter (25%) it was due to customer preference.

Figure 6.10: Main reasons for switching some mail to other communications methods over past 12 months



Source: Ofcom Business Postal Tracker 2016
Base: All who have moved to other communication methods (n = 1207 UK, 751 England, 135 Scotland, 157 Wales, 164 N Ireland)
QF6: Why have you moved some mail to other communication methods? OPEN ENDED Top 6 reasons

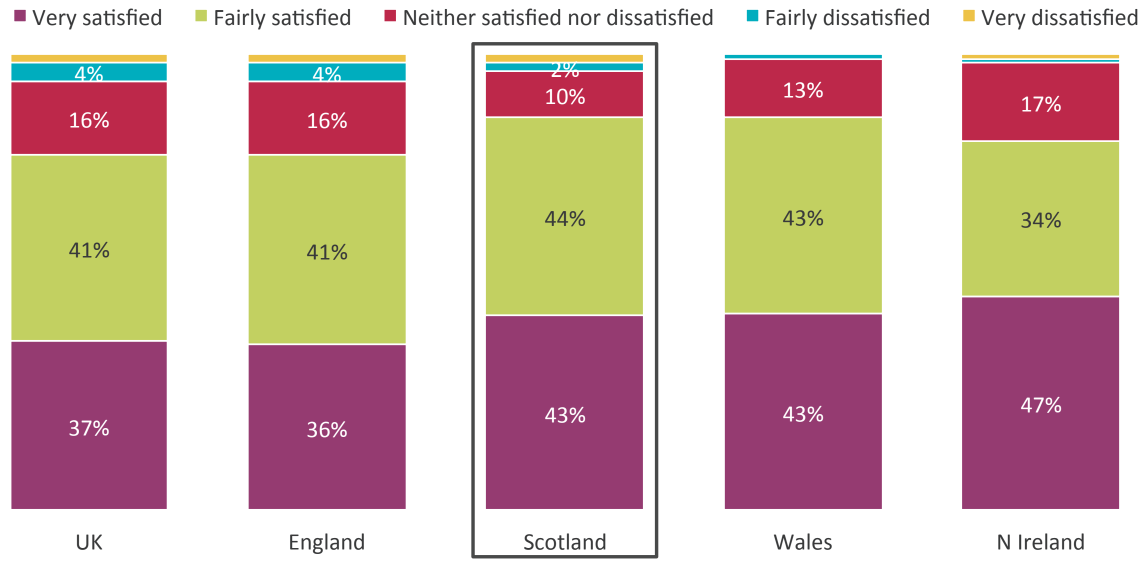
6.5 Attitudes towards Royal Mail: business customers

Satisfaction with Royal Mail is higher than the UK average among SMEs in Scotland

SMEs were asked about their overall satisfaction with the quality of service they received from Royal Mail, both as a sender and as a recipient.

In Scotland, 86% of SMEs said that they were 'very satisfied' or 'fairly satisfied', higher than the overall UK figure (78%).

Figure 6.11: Overall satisfaction with Royal Mail's quality of service

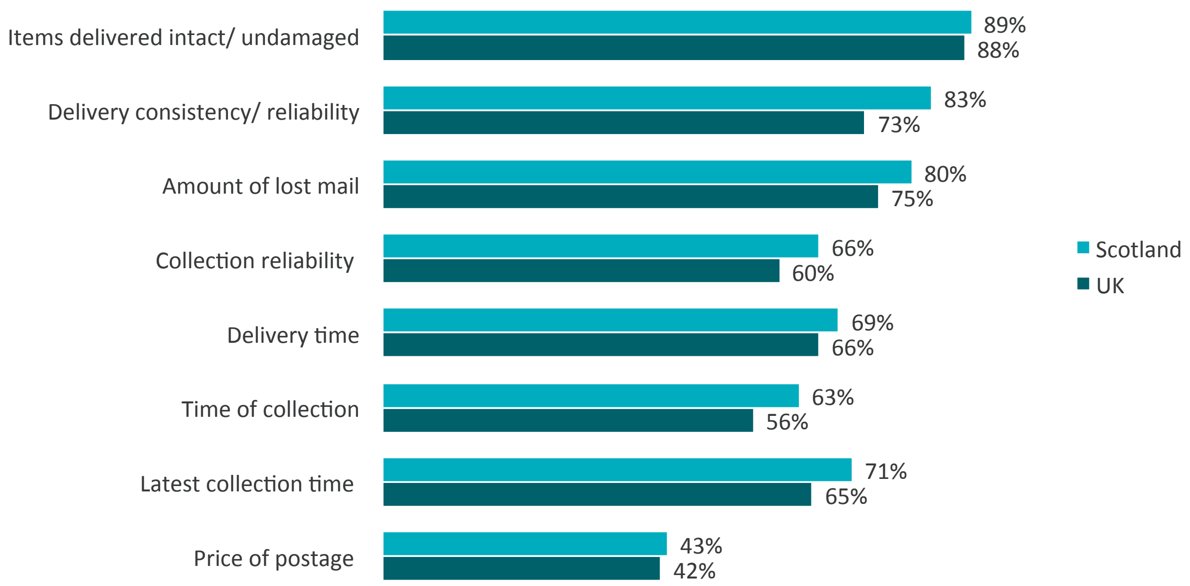


Source: Ofcom Business Postal Tracker 2016
Base: All respondents who use Royal Mail (n = 1951 UK, 1229 England, 230 Scotland, 256 Wales, 236 Northern Ireland)
QRM2. Thinking generally about the service your organisation receives as a whole, on a scale of 1 to 5 where 1 is very dissatisfied and 5 is very satisfied, how satisfied are you with the overall quality of the services you receive from Royal Mail, as a recipient and sender?

More than four in ten SMEs in Scotland who had switched away from post did so for reasons of speed

Of those SMEs in Scotland that had moved some of their mail to alternative methods of communication, more than four in ten (44%) said this was for reasons of speed. Over a third (38%) said it was to save cost, while for a quarter (25%) it was due to customer preference.

Figure 6.12: **Satisfaction with specific aspects of Royal Mail's service**



Source: Ofcom Business Postal Tracker 2016
Base: All respondents who use Royal Mail (n =1951 UK, 230 Scotland)
QRM3: How would you rate the performance of Royal Mail, as a recipient and sender, in the following areas on a 5-point scale where 1 is very dissatisfied and 5 is very satisfied?

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