



Communications Market Report: Scotland

Research Document

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Introduction

This is Ofcom's eighth annual review of communications markets in Scotland, offering an overview of the take-up and use of communications services across the nation.

Some of the trends reported in last year's review continue. Broadband take-up has increased by two percentage points – not as large an increase as reported last year, but still an upward trend. There are some new findings, including the fact that internet users in Scotland spend the most time online, compared to users in the other devolved nations. Once people in Scotland discover the advantages of being connected, they appear to make the most of it.

The report provides evidence of Scotland still catching up in some areas. This is evident from the rise in take-up of mobiles and smartphones, along with growth in the use of mobile internet with high levels of user satisfaction. The report also shows the growing popularity of tablets in Scotland, with a quarter of households now owning one.

We focus again on broadband take-up in Glasgow, drawing on data from the British Population Survey. As shown by useful research undertaken by the Carnegie Trust, attitudes towards the internet, rather than demographic factors, could help explain the lower take-up

As in previous reports, some of our detailed research paints a complex picture. Despite being more disposed to spending time online, people in Scotland do not tend to rely on the internet as a source of news about their own local area, or about Scotland as a nation.

In terms of broadcast production, the 2013 report does not provide as positive a picture as the last two years for network spend in Scotland. However, it is by no means a wholly negative picture; viewing figures for regional and national news in Scotland are encouraging from a public service broadcasting perspective. Scotland still has a soft spot for TV: daily viewing hours may have gone down slightly but we have the highest proportion of HD-ready homes in the UK.

For only the second year, we provide research on the postal market. The report shows that in Scotland levels of satisfaction with the service provided by the Royal Mail are the highest in the UK. Despite this, adults in Scotland send the fewest items of post each month compared to the UK average.

We publish this report to support Ofcom's regulatory goal to research markets constantly and to remain at the forefront of technological understanding. The report also fulfils the requirements on Ofcom under Section 358 of the Communications Act 2003 (the Act) to publish an annual factual and statistical report, and addresses the requirement to undertake and make public our consumer research (as set out in Sections 14 and 15 of the Act).

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.

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Key trends for Scotland

Scotland is starting to catch up in the mobile market... a seven percentage point rise in take-up brings mobile ownership (92%) and use of pay-monthly mobiles (58%) to levels comparable with the UK averages (92% and 60%).

...driven by rise in smartphones. Ownership of smartphones has risen by 13 percentage points to 45% of adults, accompanied by rising use of mobile internet (up to 44%). But these are still behind the UK averages for smartphones (51%) and mobile internet (49%).

Three in four households in Scotland have internet access... up 6 percentage points but broadband access remains unchanged at 70% and below the UK average varying by city – British Population Survey data shows that this is lowest in Glasgow (50%) with Edinburgh (88%) and Dundee (71%) both above average.

Biggest growth in use of mobile internet... up 13 percentage points to 44%, at least partly driven by the recent rise in smartphone ownership. Users report greater use of online activities like visiting websites (50%), email (45%), and social networking (44%).

...and highest satisfaction with connecting via 3G. Ninety-three per cent were satisfied with this aspect, compared to the UK average of 88%. The smartphone is the most important device for going online for 29% of 16-34 year olds in Scotland.

A quarter of adults now own a tablet... equal to the UK average (24%), with 2% saying they own a tablet but no laptop or PC. Tablet owners in Scotland are less likely than those in Wales and Northern Ireland to shop online via this device.

...and broadband customers spend longest online than in other devolved nations. At 18.3 hours per week, this is higher than Wales (13.7) and Northern Ireland (11.6). Internet users in Scotland report higher weekly use of instant messaging/chat rooms and social networking.

Greatest number of HD-ready TV homes... at 79%. More than half (52%) of adults say they would miss the TV most out of all media activities, higher than the UK average of 43%.

...but less likely to own a DAB radio. Three in ten homes in Scotland have a DAB radio, compared to the 41% UK average. But they are more likely than average to listen to music via other methods such as mobile phone, CD or MP3 player.

First-run spend on nations' programming in Scotland was down 6% year on year... over five years, spend on programming decreased by 27% (£19m) making Scotland the least-affected nation over that period, followed by England.

The BBC and STV's spend on current affairs increased by 6% since 2007 against a 28% decline for the UK as a whole. Scotland is the only nation to show an increase in spend on current affairs over this period.

Preference for emailing companies...**rather than using post; more than half (56%) agreed they only send post if there is no alternative. This is consistent with sending the lowest number of items each month (5) and a fifth spending no more than £1 per month on post.**

...and half of adults use First Class all the time, despite the majority (79%) saying they 'trust Second Class to arrive in a reasonable amount of time'. The stamp price increases had least impact on purchasing in Scotland; 77% 'buy the same amount of stamps as before'.

Setting the scene

Key facts about Scotland

Figure	Scotland	UK
Population	5.295m (2011 census)	63.232m (mid-2011 estimate)
Age profile	Population aged <16: 17.4% Population aged 65+:17.0%	Population aged <16: 18.2% Population aged 65+:16.1%
Population density	68 people per square kilometre	260 people per square kilometre
Language	92,400 people aged 3 and over (1.9% of the population) had some Gaelic language ability in 2001.	n/a
Unemployment	7.7% of the working age population	7.8% of the working age population
Income and expenditure	Weekly household income: £674 Weekly household expenditure: £441	Weekly household income: £699 Weekly household expenditure: £470

Source: Office for National Statistics: Region and Country Profiles, Key Statistics – April 2013; Office for National Statistics: Family Spending 2012 edition; National Records of Scotland, Statistical Bulletin – March 2013; 2001 Census Gaelic Report

A note on our Technology Tracker survey research

We conducted a face-to-face survey of 3,750 respondents aged 16+ in the UK, with 501 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. Fieldwork took place in January and February 2013.

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 +/- 3-4% at the 95% confidence level. In urban and rural areas; survey error margins are approximately +/-4-6%.

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 Key findings for Scotland

Introduction

This section sets out a selection of the key facts and figures relating to communications markets across Scotland in 2012, comparing and contrasting between nations and highlighting changes that have taken place in the past year.

Key findings for Scotland

Use of online services

- **In Scotland, 57% of those with internet access use online government services**, e.g. paying car tax, applying for benefits, completing the Census, applying for a bus pass, applying for a school place, etc. This is in line with the UK average. Around three-fifths of users of online government services say they have engaged with government services or policies more since accessing them online.
- **Around two-thirds of internet users in Scotland say they now shop online**, on par with the UK average. Seventy per cent of these online shoppers feel secure when making online payments.
- **Three-quarters of online shoppers in Scotland are confident that goods bought online will be delivered on time and in good condition**, the same as the UK average. But among current online shoppers in Scotland, 37% had previously not made a purchase because of a concern regarding delivery; 26% mentioned concerns about high delivery costs, and 13% were worried they would not be at home to receive the items.

'Not-spots' – users' experience of mobile phone quality of service

- **Consumers in Scotland experience the same frequency of problems as those in the rest of the UK.** 'No signal' is the problem experienced by most respondents (31%), followed by poor sound quality (17%) and calls ending unexpectedly (13%).
- **The ability to make or receive calls or texts is particularly important for people living in rural areas.** Users living in rural areas are significantly more likely than those living in urban areas to rate the ability to make or receive calls as 'most important' when choosing a mobile provider (45% v. 37%).

TV and audio-visual content

- **DTT is the most widely-used platform in Scotland.** Forty-three per cent of all TV households now use the service, whereas in 2011 satellite television had a higher penetration with 44% of all TV households subscribing to the service.
- **Scotland has the highest proportion of HD-ready TV homes in the UK;** at 79%, six percentage points above the UK average of 73%.

- **The combined audience share of the five main PSB channels in 2012 declined by ten percentage points to 53% in Scotland.** This reduction was slightly less than the average decrease across the UK (11pp).
- **BBC One and STV early evening news bulletins attracted greater share in Scotland than in the UK;** an average 30% share of TV viewing – marginally higher than the UK at 28%
- **Spend on first-run originated content in Scotland is down 6% year on year,** which is slightly greater than the UK average decline of 4%.
- **Total first-run originated hours for Scotland shows the biggest year-on-year decrease across the nations.** The number of first-run originated hours decreased by 17% compared to the UK-wide average decrease of 6%.

Radio and audio content

- **Among all the UK nations, Scotland has the lowest reach for radio.** Radio services reached 86.7% of the adult population in Scotland, the lowest of all the UK nations, and 2.8 percentage points lower than the UK average of 89.5%.
- **Local commercial stations are more popular in Scotland than in other nations.** In 2012, local commercial stations accounted for a 38% share of all listening hours in Scotland, a higher share for this sector than in any other UK nation.
- **Commercial radio revenue per head of population was highest in Scotland.** The revenues generated by local commercial radio stations in Scotland reached £40.6m in 2012. Adjusting for population size, Scotland has the largest revenue per head of the UK nations, at £7.72.

Internet and web-based content

- **Three in four households in Scotland have internet access.** Three-quarters of households in Scotland (76%) had access to the internet in Q1 2013 (via broadband, mobile phone or narrowband), with this figure increasing by six percentage points year on year, to be slightly lower than the UK average (80%).
- **A quarter of households in Scotland have a tablet computer.** Take-up of tablet computer such as an iPad or Kindle Fire more than doubled, from 11% to 24% of households in Scotland, on par with the UK average,
- **Internet users in Scotland spent the most time online of the devolved nations.** According to research conducted for Ofcom's *Adult Media Literacy Report*, internet users in Scotland claimed to spend more than 18 hours on the internet per week, greater than, but not significantly different to, the UK average of 16.8 hours.

Telecoms and networks

- **'Up to' 120Mbit/s cable broadband services are available to over a third of premises in Scotland.** Data provided to Ofcom by Virgin Media shows that 38% of premises in Scotland were in postcodes that were served by its cable broadband network by June 2013. Virgin Media is upgrading its cable network to offer speeds of 'up to' 120Mbit/s, and this programme has already been completed in Scotland.

- **A significant rise in mobile phone ownership has brought Scotland into line with the UK average:** The proportion of adults in Scotland who used a mobile phone increased from 85% to 92% in the year to Q1 2013, matching the UK average. The proportion of adults in Scotland who used a smartphone increased from 32% to 45% in the year to Q1 2013, but this was still below the UK average of 51%.
- **One in seven households in Scotland was mobile-only in Q1 2012:** Sixteen per cent of households in Scotland used mobiles as their only form of telephony in Q1 2013. The proportion of homes that were mobile-only in Scotland varied by demographic group: over a third of those aged 16-34 (36%) and those in the DE socio-economic group (35%) lived in a mobile-only household, compared to 6% of those aged 55+ and 1% of AB households.
- **Satisfaction with the ability to connect to the internet using a mobile network is high among smartphone users in Scotland:** Just over nine in ten smartphone users in Scotland (93%) were 'very' or 'fairly' satisfied with their ability to connect to the internet in Q1 2013. This was the highest level of satisfaction among the UK nations, and five percentage points above the UK average of 88%.

Post

- **Adults in Scotland send the fewest items of post each month, compared to the UK average.** People in Scotland claim to send an average of 5 letters, cards or parcels per month, lower than the UK average of 7. Almost a third (30%) had not sent any post in the past month.
- **A fifth of adults in Scotland say they spent less than £1 on postage** for their items in the past month, compared to 13% across the UK. This is driven by the number of people spending fifty pence or less (11% in Scotland vs. 5% across the UK).
- **In Scotland, First Class is the preferred option for letters or cards,** with almost half (49%) saying they prefer to use this method all the time, compared to just 42% across the UK as a whole.
- **The price increase of stamps did not affect most people's use of post in Scotland;** over three-quarters (77%) claim to have continued to buy the same amount, compared to 60% across the UK as a whole.

1.2 Fast facts for Scotland

Figure 1.1 Fast facts for Scotland

	UK	England	Scotland	Wales	Northern Ireland	UK urban	UK rural	Scotland urban	Scotland rural
TV take-up	97	97	97	98	98	97	98	97	97
Smart TV take-up among TV homes	7	8	4 ⁻	6	6	7	7	3 ⁻	7
DAB ownership amongst radio listeners	41 ↑+3	43 ↑+3	29 ⁻	27 ⁻	24 ⁻	41	39	29 ⁻	31 ⁻
Catch-up TV viewing on (viewed on mobile or computer)*	27	28	18 ⁻	25	24	27	28	17 ⁻	24
Broadband take-up	75	76	70 ⁻	66 ⁻	74 ↑+5	74	82 ⁺ ↑+5	69 ⁻	73
Mobile broadband take-up	5	5	7	7	5	6	4	7	8 ⁺
Use mobile to access internet	49 ↑+10	49 ↑+9	44 ⁻ ↑+13	47 ↑+8	45 ↑+10	49 ↑+10	48 ↑+13	44 ⁻ ↑+14	42 ⁻ ↑+10
Mobile phone take-up	92	92	92 ↑+7	92	94	92	93	91 ↑+7	94 ↑+5
Smartphone take-up	51 ↑+12	52 ↑+12	45 ⁻ ↑+13	49 ↑+10	45 ⁻ ↑+11	51 ↑+12	51 ↑+14	45 ⁻ ↑+12	45 ⁻ ↑+13
Fixed landline take-up	84	85	83	76 ⁻	82	83	91 ⁺	83	86
Tablet computer take-up	24 ↑+13	24 ↑+13	24 ↑+13	21 ↑+13	29 ⁺ ↑+20	23 ↑+12	29 ⁺ ↑+18	25 ↑+14	22 ↑+12
E-reader take-up (personal use)	16 ↑+6	17 ↑+7	14 ↑+6	15	12 ⁻ ↑+4	15 ↑+4	21 ⁺ ↑+6	13	19 ↑+8
Households taking bundles	60 ↑+3	60	60 ↑+13	50 ⁻	57 ↑+6	59	64 ↑+8	61 ↑+16	57
Fixed telephony availability	100	100	100	100	100				
Fixed broadband availability ¹	99.98	100	99.86	100	100				
LLU ADSL broadband availability ²	94 ↑+2	95 ↑+2	87 ↑+3	93 ↑+5	85 ↑+6				
Virgin Media cable broadband availability ³	48	51	38	22	28				
BT Openreach / Kcom fibre broadband availability ⁴	56	59	25	41	93				
NGA broadband availability ⁵	73 ↑+8	76 ↑+8	52 ↑+7	48 ↑+11	95				
2G mobile availability ⁶	99.6	99.8	99.3	98.8	98.5				
3G mobile availability ⁷	99.1	99.5	96.6	97.7	97.4				
DTT availability ⁸	98.5	98.6	98.7	97.8	97.4				
TV consumption (hours per day)	4.0	4.0	4.3	4.5	4.1				
Radio consumption (hours per day)	3.2	3.2	3.1	3.3	3.1				

Key: *Figure is significantly higher than UK average; †Figure is significantly lower than UK average;
↑+xx Figures have risen significantly by xx percentage points since Q1 2012
*Catch-up TV – due to wording change in 2013 questionnaire, data is not directly comparable to previous years

Source: Ofcom research Q1 2013, BARB, RAJAR, industry data

Base: All adults aged 16+ (n = 3750 UK, 2250 England, 501 Scotland, 492 Wales, 507 Northern Ireland, 1962 England urban, 288 England rural, 250 Scotland urban, 251 Scotland rural, 247 Wales urban, 245 Wales rural, 254 Northern Ireland urban, 253 Northern Ireland rural)

1. Proportion of premises able to receive ADSL broadband services based on data reported by BT
2. Proportion of homes connected to an LLU-enabled BT local exchange area, December 2012
3. Proportion of homes in postcodes served by Virgin Media's cable broadband network, June 2013
4. Proportion of homes in postcodes served by BT Openreach/ KCom's fibre broadband networks, June 2013
5. Proportion of homes in postcodes served by NGA networks, June 2013
6. Proportion of premises that have outdoor 2G mobile coverage from at least one operator, June 2013
7. Proportion of premises that have outdoor 3G mobile coverage from at least one operator
8. Estimated proportion of homes that can receive the PSB channels via DTT (3PSB Mux coverage). Joint TV planning project (Arqiva, BBC, Ofcom)

1.3 Use of online services in Scotland

Introduction

With more opportunities to carry out activities online that were once carried out only in person or by post, we decided to focus this section of the report on the use of government services online ('e-government') and consumers' use of the internet to make purchases ('e-commerce').

This section reports several pieces of relevant research, including Ofcom's ongoing Technology Tracker survey research (see *Setting the scene* for more details) and Ofcom's Media Literacy tracker, which measures media literacy across the devolved nations of the UK among adults aged 16 and over¹. But much of the data comes from a bespoke piece of research on the use of, and attitudes towards, the internet for e-government and e-commerce, conducted in March 2013². We comment only on those differences that are statistically significant.

In Scotland, about six in ten of those with internet access have used online government services

Among those with internet access in Scotland, 57% claim to have used a government service online, e.g. paying car tax, applying for benefits, completing the Census, applying for a bus pass, applying for a school place, etc. (see Figure 1.2)³. The proportion who said they had used these online government services is similar to the proportion in the UK, and does not differ significantly between those living in urban (55%) and rural areas (60%). Those

¹ The dataset reported here comprises results from fieldwork conducted by Saville Rossiter-Base in autumn 2012 including 236 adults in Scotland.

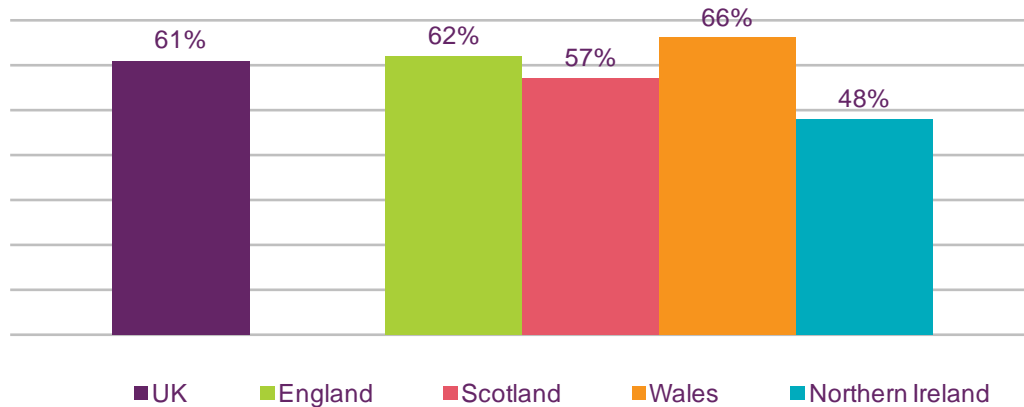
² The research involved 2971 UK adults, including 543 in Scotland in the face-to-face survey of UK residential consumers conducted in March 2013 by Kantar Media,

Ofcom has collected data looking at similar areas in both the Technology Tracker and the Media Literacy research. The data reported here focus on use of government services online and provide the respondent with 11 examples e.g. applying for a school place, completing the Census or applying for benefits. The Technology Tracker figures reported within this report in the Internet and web-based content section focus more simply on 'using local council/government websites'. The Media Literacy research looks at finding information separately to completing transactions online through council/government websites. The differences in the question wording and also methodology result in a range of figures in this area.

aged between 35 and 54 (71%) were more likely than those under 34 (50%) and those aged 55 and older (48%) to say they had used online government services.

Figure 1.2 Proportion ‘ever’ using online government services, by nation

% That use services



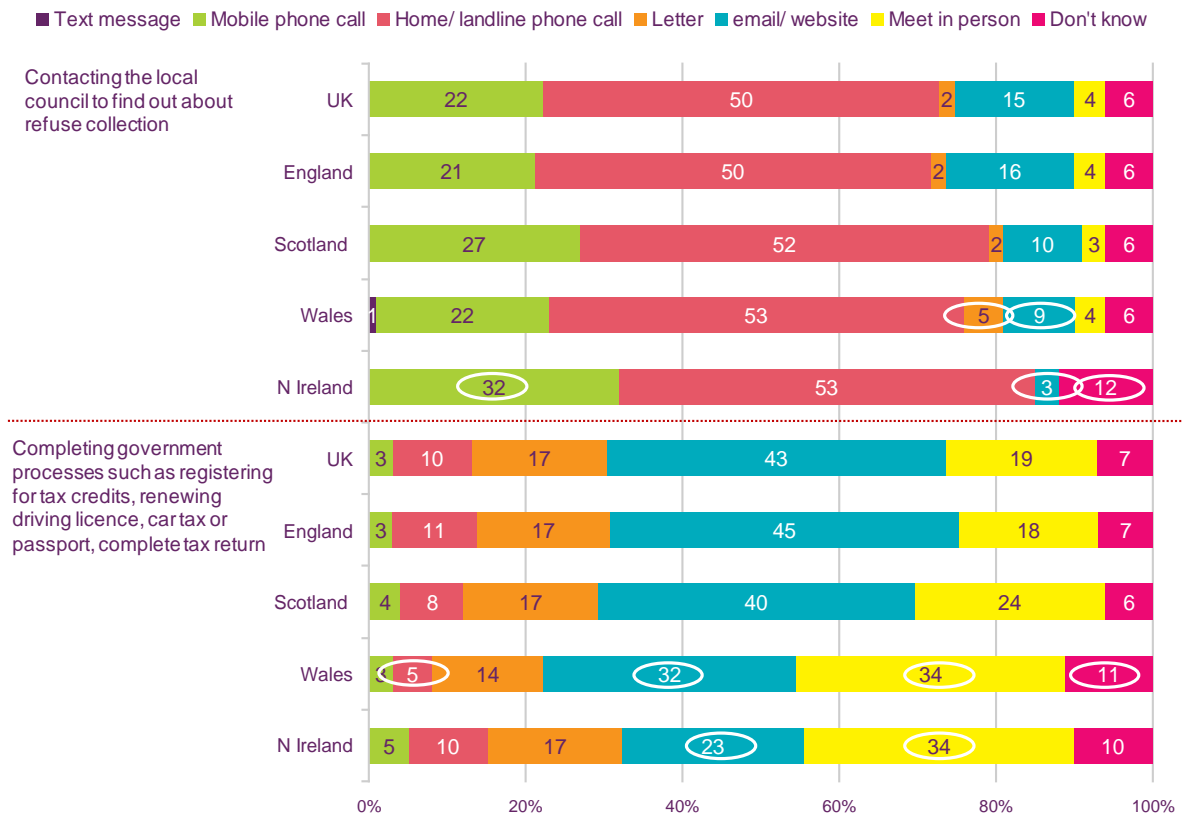
Source: Kantar Media Omnibus. Base: All with internet access. Internet access could be inside or outside the home, and be on a variety of devices. UK (N=2271) England (N=1325) Scotland (N=399) Wales (N=297) Northern Ireland (N=250). Question: Q.8 Nowadays, many government services are available online. Some examples of these services include <Examples> Do you ever use government online services?

In Scotland, 40% of adults said their preferred method for completing government processes was through a website or by email

Ofcom’s Media Literacy study identifies preferences for different e-government services. Across all the nations, relatively few adults said that their preferred method of contact with the local council (e.g. about refuse collection) was through a website or by email (see Figure 1.3). The majority of adults said they preferred to contact their local council about this type of issue by either a mobile or a landline telephone call.

But when asked about their preferred method of contact for tasks such as renewing a driving licence, car tax or passport, etc., they preferred to use a website or email. In Scotland, 40% of adults said their preferred method for completing government processes was through a website or by email.

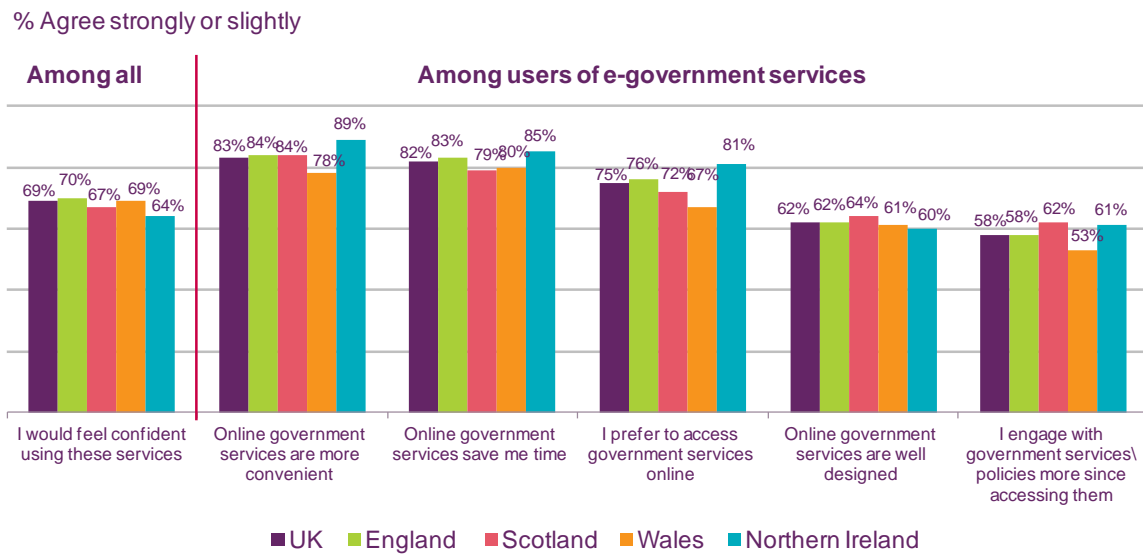
Figure 1.3 Preferred method of contact with local council, and for government processes, by nation



Source: Ofcom research, fieldwork carried out by Saville Rossiter-Base in September to November 2012. Base: All adults aged 16+ (1805 UK, 1125 England, 236 Scotland, 231 Wales, 213 Northern Ireland). Significance testing shows any difference between any nation and the UK. NZ2A-E. Please use this list to say which one way you would prefer to make contact for a few different reasons that I'll read out. (Prompted responses, single coded)

In Scotland, 67% of all adults with internet access said they would feel confident using government services online (see Figure 1.4). Around eight in ten of those who used government services online said that they are 'more convenient' (84%) and 'save time' (79%). In addition, around six in ten (62%) users of these online services say they have engaged with government services or policies more since accessing them online. Attitudes towards using government services online are similar across the nations.

Figure 1.4 Attitude towards online government services, by nation



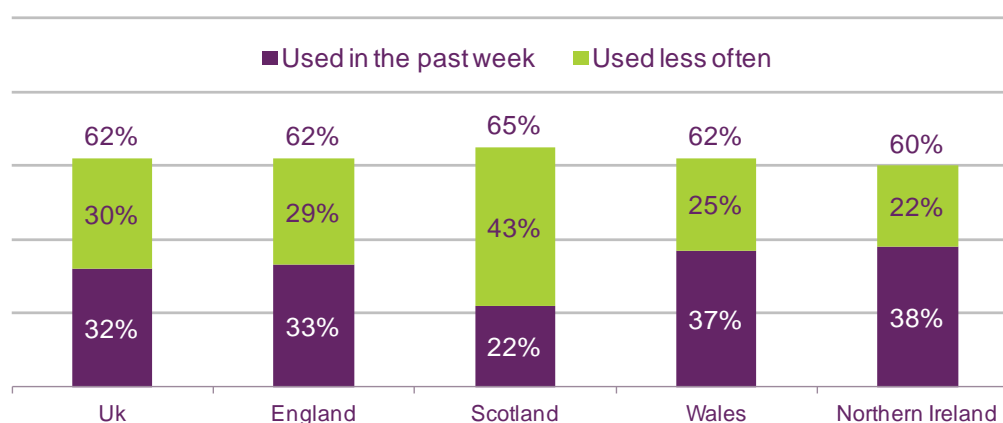
Source: Kantar Media Omnibus. Base: All with internet access: UK (2271), England (1325), Scotland (399), Wales (297), Northern Ireland (250). All ever used e-government services: the UK (1294), England (779), Scotland (217), Wales (187), Northern Ireland (109). Question: Q.9 Thinking about the kinds of services I have just shown you please tell me to what extent you agree or disagree with each of the following statements.

Around two-thirds of internet users in Scotland said they shop online

In Scotland, 65% of internet users claimed to shop online for goods, services, tickets, etc; a similar proportion as in the rest of the UK (see Figure 1.5). But internet users in Scotland were less likely than those in the other nations to say they had shopped online in the past week.

Whether or not people said they shopped online at all does not differ significantly among those living in urban (66%) and rural areas (59%) within Scotland. Those aged 55 or older were less likely than younger age groups to say they shopped online (52%). Those in socio-economic groups ABC1 were more likely to shop online (71%) than those in groups C2DE (58%).

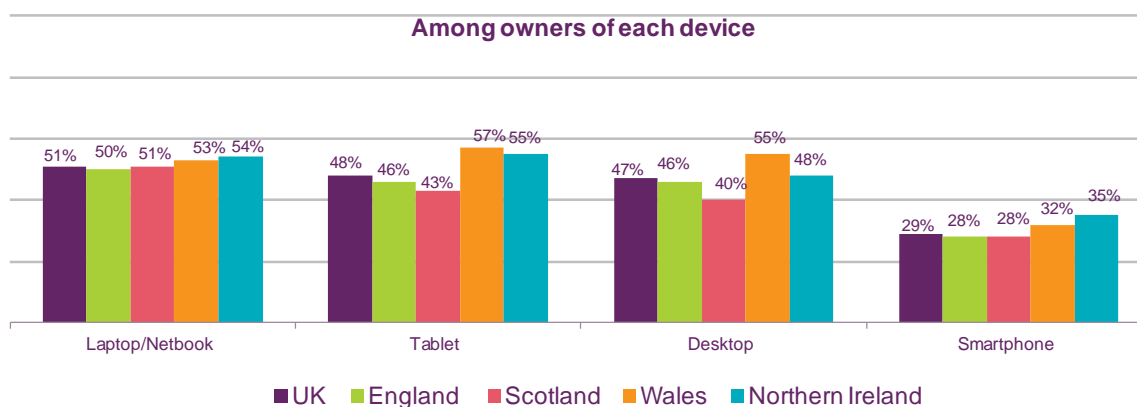
Figure 1.5 Proportion of internet users shopping online, by nation



Source: Ofcom technology tracker research, Q1 2013. Base: Adults aged 16+ who use the internet at home or elsewhere 2013. % purchasing good/services/tickets etc online. (UK= 2918, England=1787, Scotland=394, Wales=361, Northern Ireland=376). QE5. Which, if any, of these do you use the internet for? Note figures in the chart below are not directly comparable to figures on internet from previous years due to changes in question wording.

Figure 1.6 shows the proportion of those shopping online through devices that can access the internet. In Scotland, 51% of those with a laptop or netbook shop online using this, 43% of those with a tablet shop online using their tablet, 40% of those with a desktop computer shop using this, while 28% of smartphone owners shop using their smartphone.

Figure 1.6 Proportion of people shopping online through devices, by nation



Source: Kantar Media Omnibus Base: All who have each device. Desktop: UK (913) England (567) Scotland (133) Wales (119) NI (94). Laptop/netbook: UK (1647) England (951) Scotland (303) Wales (211) NI (182). Tablet: UK (608) England (334) Scotland (113) Wales (79) NI (82). Smartphone: UK (1230) England (715) Scotland (213) Wales (157) NI (145). Bases are 75+ respondents. Question: Q.1A Which of these activities do you use your device for nowadays?

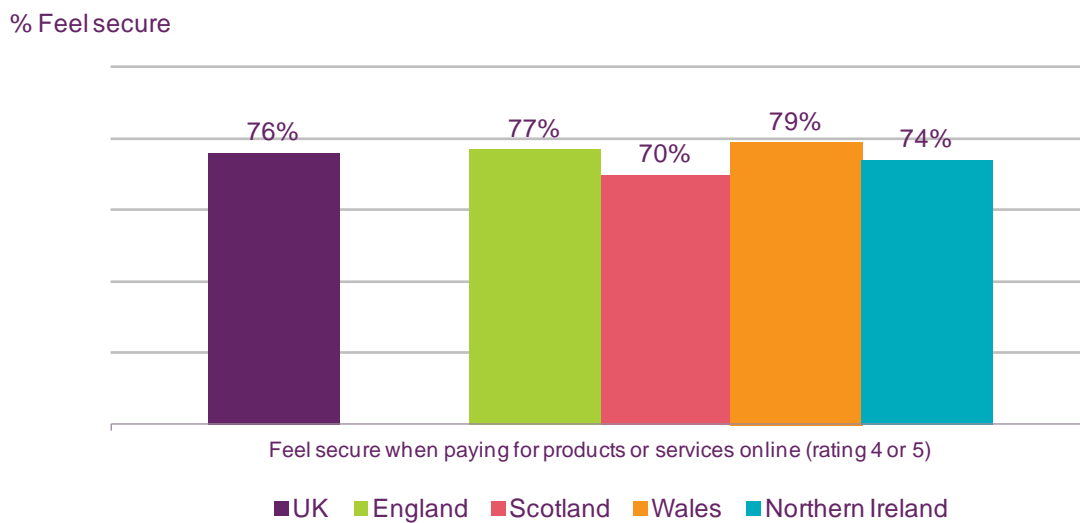
The items that internet shoppers in Scotland had bought online most often in the past six months were: clothing or footwear (54%), physical multimedia products, e.g. books, CDs, DVDs (43%), hotel or holiday bookings (30%), transport, e.g. train or plane tickets (29%), cinema or theatre tickets (28%), car/home/travel insurance (25%), electrical devices such as computers or TVs (25%), household devices such as kettles (23%), furniture (19%) and groceries or take-away meals (18%).

When asked about their preferred method of contact for booking a holiday (e.g. mobile phone, landline phone, in person, email/website etc), adults across all the nations were most likely to say that they would prefer contact via a website or email, or would like to meet in person. In Scotland, around half (48%) said they would prefer contact via a website or email and around one-third (30%) preferred to meet in person to book a holiday.

Seven in ten online shoppers in Scotland feel secure when making online payments

In general, across the nations, around three-quarters of people shopping online feel secure when paying for products and services online (see Figure 1.7). Seventy per cent of online shoppers in Scotland said they felt secure when paying online.

Figure 1.7 Perceptions of security when shopping online, by nation



Source: Kantar Media Omnibus. Base: All who use online shopping in the UK (1221), England (689) Scotland (211) Wales (179) Northern Ireland (142). Question: Q.11A Generally, when ordering online how secure do you feel when paying for products or services online? Using a scale from 1-5, where 1 means not at all secure and 5 means very secure.

Online shoppers in Scotland claim that when deciding which websites to buy from, they are influenced by several main factors: that the site is well known or is a reputable brand (54%), the security of the site, e.g. secure payment options (44%), the website offering the product or service at the lowest price (39%), recommendations from friend, family and colleagues (39%), and the delivery options (30%). Although the frequency of mentions of these factors varies slightly between the nations, the most important five factors are constant across all nations of the UK.

When online shoppers were asked how they decided which websites they would be happy to buy from, one in five online shoppers in Scotland said they would buy only from websites they had previously bought from (see Figure 1.8). Around three-quarters said they would tend to buy something from a website they had not used before, once they had made checks. The remaining 8% said they would buy from a website they had not used before (without necessarily making any checks on it).

Figure 1.8 Online shoppers' choice of websites for shopping, by nation



Source: Ofcom research, fieldwork carried out by Saville Rossiter-Base in September to November 2012. Base: All who say they shop online (1076 UK, 667 England, 151 Scotland, 139 Wales, 119 Northern Ireland) Significance testing shows any difference between any nation and the UK. IN33E—When you want to buy something online, which of the following statements most closely applies? (Prompted responses, single coded)

General views on the postal service are included elsewhere in the report, but here we report on online shoppers' opinions on the delivery of goods purchased online. This is included here because the delivery of goods is part of the overall online shopping experience.

Three-quarters of online shoppers in Scotland are confident that goods bought online will be delivered on time and in good condition

Among those who shop online, confidence levels were similar across the nations that the goods would arrive on time and be in good condition. In Scotland, 75% of online shoppers were confident in the delivery of goods bought online (see Figure 1.9).

Figure 1.9 Confidence in delivery when shopping online, by nation

% Feel confident



Source: Kantar Media Omnibus. Base: All who use online shopping in the UK (1221), England (689) Scotland (211) Wales (179) Northern Ireland (142). Q.11B Generally, when ordering online, how confident are you that the goods will arrive on time and in good condition? Using a scale from 1-5, where 1 means not at all confident and 5 means very confident.

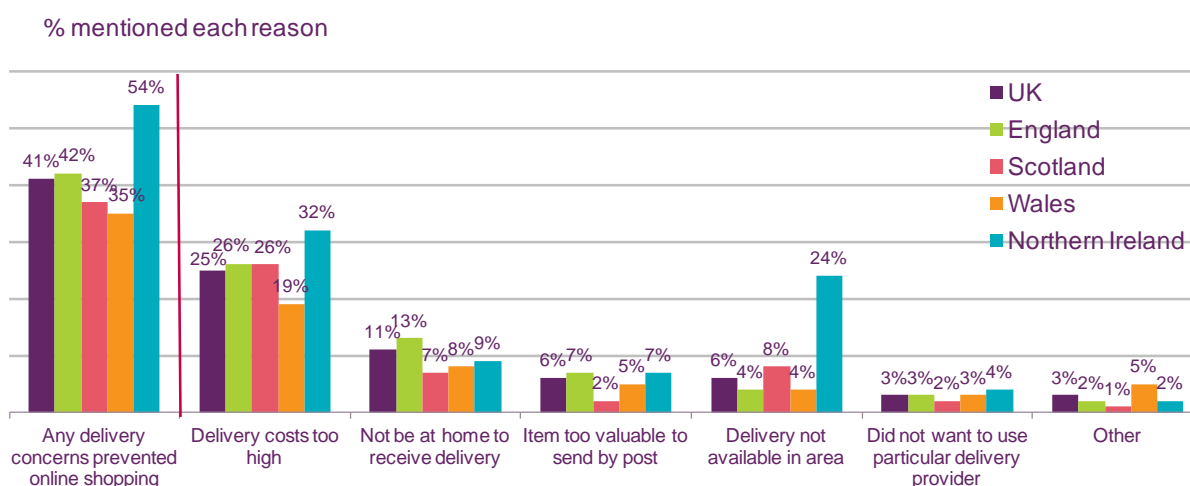
Nine in ten online shoppers in Scotland said they usually have their online purchases delivered to their home address, rather than to a work address, friends or family or to a store.

Online shoppers in Scotland claimed that the factors which influenced their decision about which delivery method to use are: the price (free delivery 59% and cheapest delivery 40%), speed of delivery (44%), and the availability of order tracking (29%). Although the proportions of online shoppers who mentioned individual factors differed slightly across the nations, the four most important factors remained constant across all the UK nations.

Among online shoppers in Scotland, 37% had not made a purchase before because of concerns regarding delivery

Even among those who now made purchases online, around two in five online shoppers in the UK (41%) said that delivery concerns had previously prevented them from buying online (see Figure 1.10). In Scotland, concerns were mentioned at a similar level to the UK overall; 26% mentioned concerns about high delivery costs, 8% mentioned that delivery was not available in their area and 7% were worried they would not be at home to receive the items. Across the devolved nations, online shoppers in Northern Ireland had the most concerns, specifically regarding high costs of delivery and delivery not being available in their area.

Figure 1.10 Delivery concerns preventing online purchasing, by nation



Source: Kantar Media Omnibus. Base: All who use online shopping in the UK (1221), England (689) Scotland (211) Wales (179) Northern Ireland (142). Question: Q.14 Have delivery concerns ever prevented you from buying items online? If yes, which of the following reasons prevented you from shopping?

1.4 'Not-spots': users' experience of mobile phone quality of service

Introduction

Ofcom is undertaking a programme of work to bring about improvements both in mobile phone coverage (whether it is possible to receive a mobile signal) and mobile phone reception (where although a signal may be present it is not possible to connect or sustain a call or use data services).

As part of this work we have commissioned research to understand the consumer experience. This research will help us understand the extent to which mobile phone reception issues affect consumers, and what type of problem are most prevalent and cause most concern. We also wanted to understand the impact of location on the consumer experience, including indoor and outdoor locations and while travelling.

We considered these specific issues:

- Being unable to make/connect a call (including if the phone shows 'bars' present)
- Poor sound quality / call breaks up
- Calls ending unexpectedly – not while travelling (when stationary or walking around)
- Calls ending unexpectedly – while travelling e.g. by road/rail
- Being unable to send a text message
- Text message does not arrive or arrives late
- Being unable to access or sustain access to mobile internet

- Being unable to send emails

Fieldwork was conducted in two waves using a face-to-face omnibus survey in November 2012. The total sample was 2,136 adults aged 16 and over. The research was conducted among a representative sample of UK consumers, and we also captured the experiences of specific sub-groups:

- the populations within each of the four nations
- those in urban and rural areas
- small business consumers (defined as those working within a business employing between one and ten employees)
- regular rail users
- regular road users

The research identified that a significant proportion of consumers were dissatisfied with certain aspects of their mobile service.

Consumers in Scotland experience the same frequency of problems as those in the rest of the UK

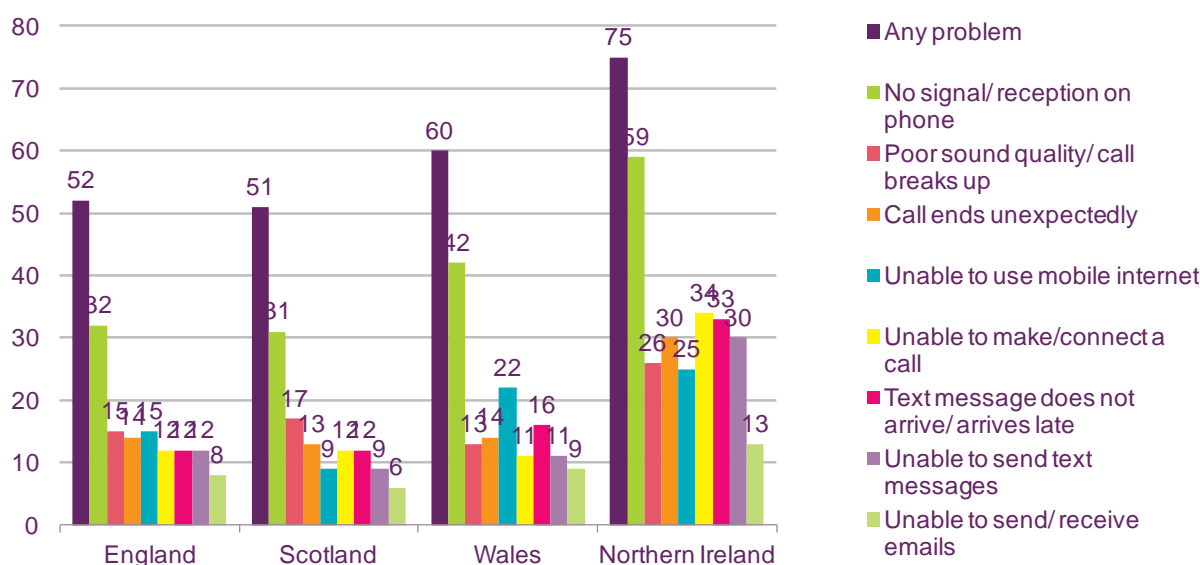
Figure 1.11 shows that mobile users in Scotland reported similar levels of problems with mobile phone coverage as consumers across the UK, although there is a known issue with residents of the Highlands and Islands⁴, and rural users are more likely than those in urban areas to be very dissatisfied with their ability to make or receive calls.

Half (51%) of all respondents in Scotland had experienced at least one problem.

'Not getting a signal' is the problem experienced by most respondents (31%), followed by poor sound quality (17%) and calls ending unexpectedly (13%).

⁴ The proportion of Scottish residents who live in these areas is relatively small and therefore it is likely that a far more granular and targeted survey would be needed to pick up this kind of localised issue.

Figure 1.11 Mobile phone users who have ever experienced problems with reception



Source: Kantar Media omnibus (November 2012)

Base: All who use a mobile phone (N=2 136/1743/195/95/103/1757/379)

Q13: Thinking about your mobile reception with ... in the UK, do you ever experience any of the following issues?

The ability to make or receive calls or texts is particularly important for people living in rural areas, and when choosing a provider

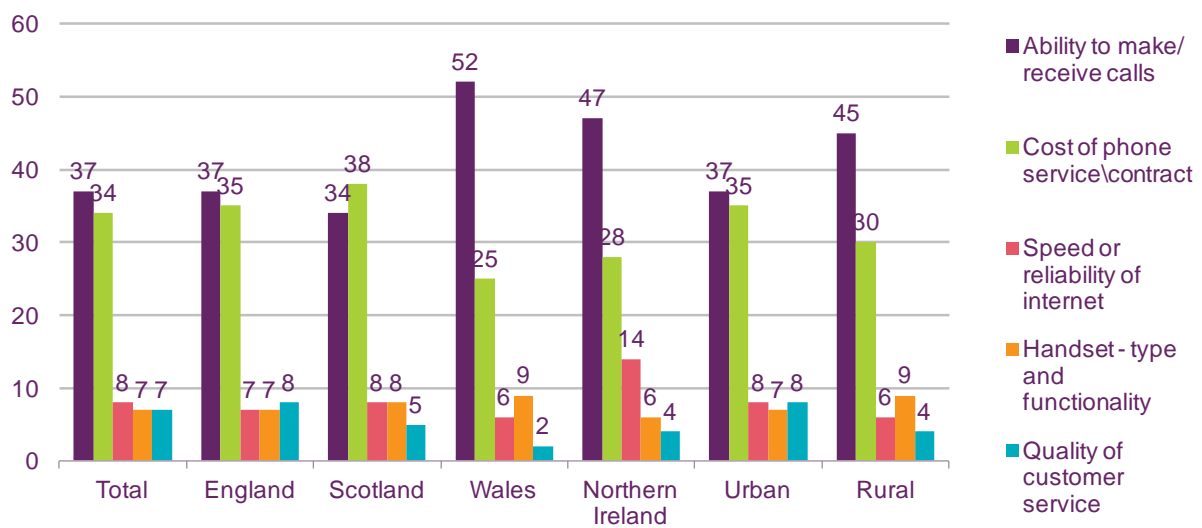
For consumers in each of the four nations, when asked to think about choosing a mobile provider, the ability to make or receive voice calls or text messages is one of the top two most important factors. However, in Scotland the cost of the contract is viewed as more important than the ability to make or receive calls or texts (38% vs. 34%).

Users living in rural areas are significantly more likely than those living in urban areas to rate the ability to make or receive calls as most important when choosing a mobile provider (45% vs. 37%). This is probably because mobile coverage varies by provider more in rural areas than in urban areas, therefore it is more important to choose a provider on this basis. Ofcom's *The availability of communications services in the UK* shows that, in comparison to urban areas, a smaller proportion of premises in rural Scotland are served by at least one operator.⁵

Mobile users in Scotland and England are significantly less likely than those in Wales and Northern Ireland to say that the ability to make or receive calls or texts is the most important factor when choosing a provider (52% and 47% vs. 37% and 34%).

⁵ 2G mobile coverage, in terms of the percentage of premises served by at least one operator, is 97.9% in rural areas of Scotland and 99.7% in urban areas of Scotland. (Ofcom, *The availability of communications services in the UK*, May 2013, <http://stakeholders.ofcom.org.uk/binaries/research/markets-infrastructure/economic-geography.pdf>)

Figure 1.12 Most important element when considering mobile provider



Source: Source: Kantar Media omnibus, (14th – 20th November 2012)

Base: All who use a mobile phone (N=2136/1743/195/95/103/1757/379)

Q.10 And which is the ... important to you when thinking about your mobile operator? Most important.

For users in Scotland, the ability to make calls on their mobile phones at home and in places they go to regularly are the most important factors

Figure 1.13 shows the overall figures for importance of, and satisfaction with, the ability to make calls in different locations by nation.

Eighty-six per cent of users in Scotland reported that it is either important, or very important, to have the ability to make calls on their mobile phones at home. This compares to 82% in England and 83% in Wales. In Northern Ireland it is significantly more important to users than anywhere else in the UK.

Users in Wales and Northern Ireland are significantly more likely than users in Scotland or England to say that it is important to be able to make a call outdoors in places they go to regularly (96% and 94% vs. 90% and 86%).

In Scotland, as with the UK average and in each of the nations, the gap between importance and satisfaction is largest relating to the ability to make calls outdoors in rural locations.

Figure 1.13 Net satisfaction/importance – ability to make calls in different locations and the most important element when considering mobile provider

		Indoor			Outdoor		
		Home	Work / place of study	General	Places go to regularly	Rural	Urban
UK	Importance	83	70	82	87	80	84
	Satisfaction	76	66	75	78	67	78
	S-I	-7	-4	-7	-9	-13	-6
England	Importance	82	70	81	86	79	83
	Satisfaction	76	66	74	78	67	77
	S-I	-6	-4	-7	-8	-12	-6
Scotland	Importance	86	71	89	90	84	88
	Satisfaction	80	66	80	82	71	80
	S-I	-6	-5	-9	-8	-13	-8
Wales	Importance	83	73	85	96	87	90
	Satisfaction	77	68	75	84	62	77
	S-I	-6	-5	-10	-12	-25	-13
Northern Ireland	Importance	92	76	91	94	93	90
	Satisfaction	72	58	77	76	70	80
	S-I	-20	-18	-14	-18	-23	-10

Source: Kantar Media omnibus, (14th – 20th November 2012)

Base: All who use a mobile phone (N=2136/1743/195/95/103)

Q17: How important is it for you to be able to make calls in the following locations?

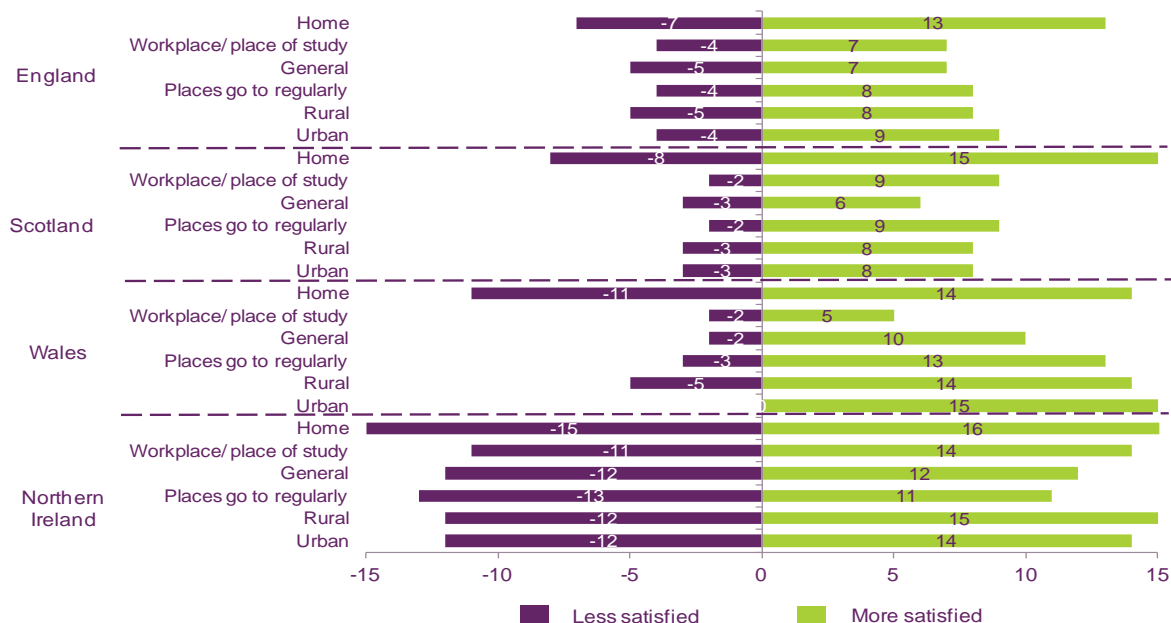
Q18: How satisfied do you feel with the ability to make calls in each of these locations?

Net figures shown for very important/somewhat important and very satisfied/somewhat satisfied

Compared to 12 months ago, users in Scotland stated no significant differences in their satisfaction with the ability to make calls in any of the locations.

When consumers were asked if they were more or less satisfied than 12 months ago with their ability to make calls in a range of locations, similar proportions in each of the nations reported that they were now more satisfied. In Scotland the biggest decline in satisfaction related to the ability to make calls in the home; this fell by eight percentage points.

Figure 1.14 Change in levels of satisfaction with ability to make calls in different locations compared to 12 months ago, by nation



Source: Kantar Media omnibus, (14th – 20th November 2012)
 Base: All who use a mobile phone (N=2136/1743/195/95/103/1757/379)
 Q.10 And which is the ... important to you when thinking about your mobile operator? Most important.

1.5 Availability and take-up of communications services in Glasgow and availability in Inverness

Introduction

In its 2013/14 Annual Plan, Ofcom committed to undertake further research into the effect of communications infrastructure availability on high-density areas, including cities and towns. We will use this research, together with the conclusions of our work on the availability of communications services in the nations, which we published on 16 May 2013⁶, and which looked primarily at the provision of services in rural areas, to help us understand the needs of different parts of the UK regarding communications services, how the market has delivered, and the impact of selected public interventions.

As part of this research, Ofcom commissioned 11 case studies of UK cities, identifying the availability of communications services and the factors driving availability. The cities are:

Scotland: Glasgow, Inverness

England: London, Birmingham, Manchester, Cambridge, Exeter

Wales: Cardiff, Bangor

Northern Ireland: Belfast, Derry-Londonderry

The full Analysys Mason report can be found on Ofcom’s website,⁷ and a further overview of the findings is included in the *UK Communications Market Report*.

⁶ <http://stakeholders.ofcom.org.uk/market-data-research/market-data/economic-geography/>

⁷ <http://stakeholders.ofcom.org.uk/binaries/research/cmr/cmr13/cities-report.pdf>

We have also used data from the British Population Survey (BPS) to consider how take-up of telecommunications services varies in different cities across the UK. The methodology for this is described in more detail below.

The second phase of our research, which will be the subject of a separate report, will consist of six case studies of international cities, as well as a more detailed analysis of some of the projects identified in phase one.

In the 2010 and 2011 *Communications Market Reports*, we highlighted that broadband take-up was particularly low in the Glasgow area (at 50%). In order to explore this in more detail, Ofcom undertook analysis of broadband take-up in the City of Glasgow in the 2011 CMR. Data from the BPS was used and the period under study was January to September 2011.

Ofcom has decided to repeat this analysis for the current report, again based on data from BPS. The purpose of this analysis is to understand whether take-up of broadband in the city of Glasgow has increased, and whether demographic variables continue to explain at least part of the difference. Analysis was also undertaken to compare Glasgow to two other Scottish cities – Dundee and Edinburgh.

This section focuses on the availability and take-up of telecommunications services in the city of Glasgow, drawing on the key findings from the *Ofcom Infrastructure Report 2012* as well as analysis of BPS data. We also present data from the *Infrastructure Report 2012* in relation to the communications infrastructure in Inverness. It was not possible to obtain BPS data on Inverness.

Methodology

The British Population survey asks consumers about internet and fixed broadband, and comprises around 2,000 face-to-face, in-home interviews with adults (aged 15+) every week, allowing detailed regional and sub-demographic analysis. It covers Great Britain.

Using data from the British Population Survey (BPS) April 2012 to March 2013, analysis was undertaken on cities where the sample size was over 700 individuals. The total GB sample was 79,406 and Glasgow's sample was 1398.

The British Population Survey uses a different methodology from Ofcom's Technology Tracker, in that quotas and question wordings are different. Therefore discrepancies between the BPS and Ofcom's quoted figures are not unexpected and, as such, the two data sources cannot be compared.

Glasgow

Summary of key findings

- Glasgow has a markedly lower total next-generation access (NGA) coverage than the majority of cities assessed.
- Glasgow's NGA availability is expected to increase as BT implements its upgrade plans, but total coverage is forecast to remain slightly behind the other large cities examined in the study.
- Broadband take-up in the city remains low. Fifty per cent of adults have fixed broadband, compared to the Scottish average of 68% and the GB average of 77%.
- Fixed broadband take-up has increased in some demographics within the city.

- A study undertaken by the Carnegie Trust suggests that attitudinal rather than demographic differences may partly explain the lower take-up of broadband in Glasgow.
- Glasgow City Council's Strategic Plan for 2012-2017 involves the provision of a free WiFi network across the city and aims to increase broadband take-up among social tenants.

Glasgow has a population of 590,000, with residential premises accounting for 95% of all premises

Figure 1.15 shows the size of the city in terms of population and number of residential and non-residential premises. The population is based on the 2011 Census and the number of premises is based on postcodes within the local authority boundary.

Glasgow has undergone a significant amount of urban regeneration over the past 20 years. The city's industry is now dominated by services in finance/business, distribution and hospitality (such as hotel services)⁸.

Figure 1.15 City population and premises data

City	Population	Total premises	Business premises	Residential premises
Glasgow	c.0.59 million	c.315,000	c.15,000	c.300,000

Source: Analysys Mason

For the purposes of this study the city boundary is defined by Glasgow City Council, which is shown in detail in the following figure:

Figure 1.16 Map of area local to Glasgow highlighting city boundary



Source: Analysys Mason

Next-generation access (NGA) is available to 63% of premises in Glasgow

Figure 1.17 identifies fixed network infrastructure for the two main operators, BT and Virgin Media. This includes the availability of both first-generation broadband (ADSL copper⁹ and

⁸ Source: Analysys Mason

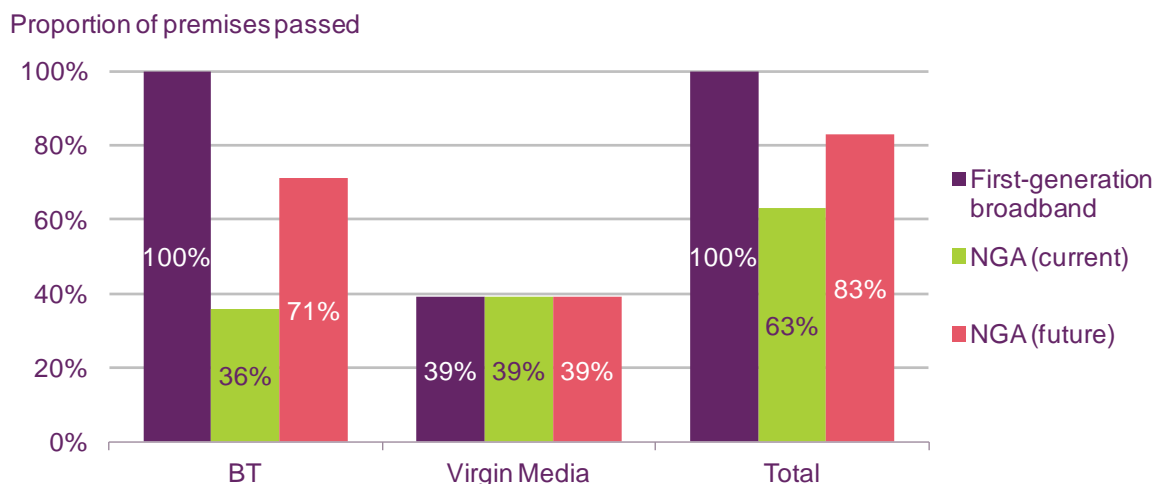
DOCSIS cable technologies¹⁰) and NGA infrastructure (FTTx¹¹ and DOCSIS v3.0 cable technologies¹²). Future NGA availability is predicted based on BT announcements for the upgrade of exchanges with NGA technology by 2015.

The BT NGA network is currently available to around only 36% of city premises, but this figure will increase significantly to 71% as BT upgrades its exchanges in accordance with its current plans. Virgin Media's network is currently available to a relatively small number of city premises (39%), and on the basis of Virgin Media's declared intentions, this figure is unlikely to change by 2015. Total current availability is 63%, which is much higher than the BT-only figures, suggesting that a significant proportion of the operators' networks footprints are non-overlapping. However, total future NGA availability will increase significantly to 83% as BT upgrades its exchanges, which suggests that BT will extend its NGA network to many premises that do not have access to cable networks.

In relation to the other 10 cities which we examine in detail in the *UK Communications Market Report*, Glasgow's NGA availability is 8% less than average across the cities assessed.

Although the availability of first-generation broadband is 100%, some premises experience broadband speeds of less than 2Mbit/s, which is considered below the minimum requirement for a basic broadband service.

Figure 1.17 Fixed network infrastructure: availability by premises passed



Source: Analysys Mason, *Oftcom Infrastructure Report 2012*

Figure 1.18 shows the proportion of lines with a speed of less than 2 Mbit/s. The proportion of Glasgow lines in this category is 7.5%; this is 2% higher than average across all the cities assessed.

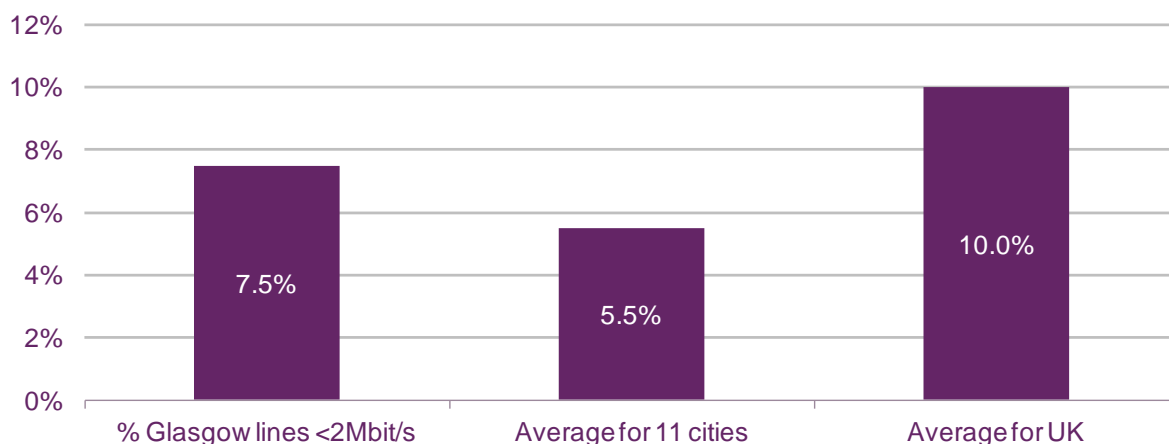
⁹ Asymmetric digital subscriber line (ADSL) is a technology for transmitting digital information over existing copper telephone lines, which allows users to connect to the internet.

¹⁰ Data over cable service interface specification (DOCSIS) is an international telecommunications standard that is employed by many cable operators to provide internet access over their existing infrastructure.

¹¹ Fibre to the x (FTTx) is a generic term used to describe any broadband network using optical fibre to replace all or part of the usual metal local loop used for last-mile telecommunications.

¹² DOCSIS v3.0 is the next generation of DOCSIS, which allows users to experience significantly faster speeds.

Figure 1.18 Percentage of lines with a speed of less than 2Mbit/s, and relative positioning



Source: Analysys Mason, Ofcom Infrastructure Report 2012

Glasgow has 33 exchanges, ten of which have been upgraded to NGA

Figure 1.19 shows the number of exchanges serving the city postcodes, the percentage of lines that support both ADSL and ADSL Max¹³, and the average number of lines per exchange.¹⁴ Not all of these exchanges are physically located within the city boundary. All of the copper lines support basic broadband (both ADSL and ADSL Max).

Figure 1.19 Number of exchanges and % of lines with access to basic broadband

No. of exchanges serving city postcodes	% of lines that have access to both ADSL & ADSL Max	Average number of lines per exchange
33	100%	9,600

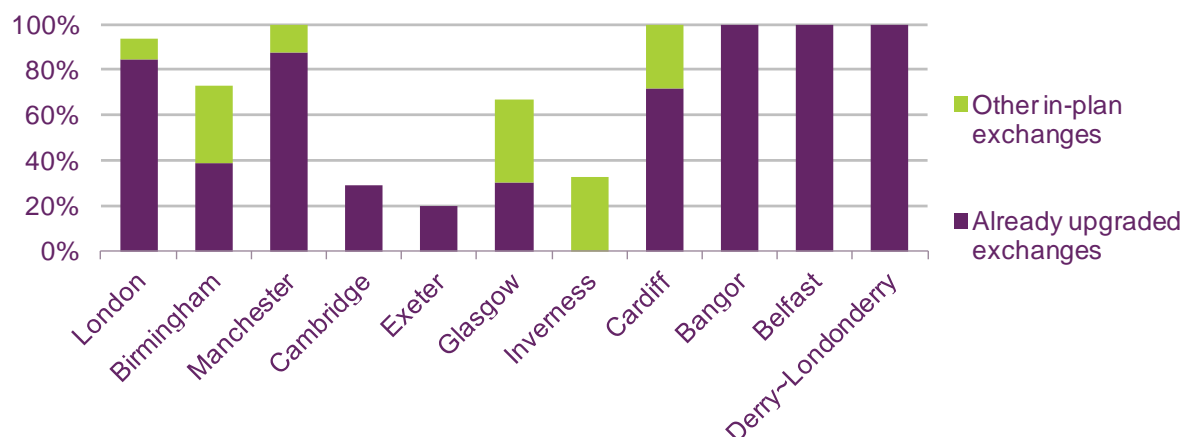
Source: Analysys Mason

The BT fibre network comprises fibre-to-the-cabinet (FTTC) and fibre-to-the-home (FTTH) infrastructure. Figure 1.20 shows the FTTC status of the city exchanges according to BT's current roll-out plans, compared to the other cities assessed.

¹³ ADSL Max is a 'rate-adaptive' variant of ADSL, where the transmitted bit rate varies depending on the physical conditions of the twisted-pair copper line, which may change over time. In contrast, the bit rate for ADSL is fixed and does not change.

¹⁴ Source: Analysys Mason

Figure 1.20 FTTC status of exchanges serving city postcodes, according to BT's roll-out plans



Source: Analysys Mason

To date, ten of the serving exchanges (30% of total serving exchanges) have been upgraded to FTTC¹⁵. BT plans to upgrade another twelve serving exchanges to FTTC by 2015. Therefore, provided BT's upgrade plans are implemented, a total of 22 BT exchanges (67% of total exchanges) will serve the city with FTTC technology by 2015.

Glasgow appears to be behind the other larger cities in terms of the schedule for in-plan exchanges.

12 operators offer NGA services in Glasgow

In addition to the two main operators that own fibre network infrastructure (BT and Virgin Media), a number of alternative operators also have their own fibre network infrastructure, or at least a point of presence i.e. an interconnection with another communications provider, in the city. Alternative operators tend to focus on providing services to larger business customers.

Ten alternative operators have been identified as having, as part of their national networks, a point of presence in the city: Easynet, Exponential-e, Geo Networks, KCOM, Level3, SSE, TalkTalk, Virgin Media business, Vodafone, and Vtesse.¹⁶

Glasgow has 350 WiFi hotspots, equivalent to 6 hotspots per 10,000 residents

Figure 1.21 shows key WiFi hotspot data for Glasgow. The largest providers of Wi-Fi infrastructure in UK cities are currently BT (branded as BT Openzone) and The Cloud, which is owned by BSkyB. Each operator owns a mix of outdoor and indoor WiFi access points. Other private and public organisations own hotspots, but they tend to make a small contribution to a city total. We have therefore used the total hotspots for BT and The Cloud

¹⁵ Note that only a proportion of the cabinets which connect to the upgraded exchanges have been upgraded. Although data are not available on the actual number of cabinets upgraded across the city, BT has stated that for the national FTTC roll-out, on average of 85% of premises are passed with NGA, which equates to an average 70% of cabinets per exchange area.

¹⁶ Source: Analysys Mason

to derive a city benchmark¹⁷. Glasgow has 3% fewer hotspots per 10,000 city residents than the average across the cities analysed.

Figure 1.21 Key city hotspots data

City total	Total hotspots per 10,000 city residents (city benchmark)	Total hotspots per 10,000 city residents (11 city average)	Percentage difference from 11 city average
350	6	6.2	-3%

Source: Analysys Mason

3G services are available from at least four operators across all of Glasgow

Figure 1.22 shows the proportion of premises that are covered by 3G networks, compared to the average across the other cities assessed and the UK as a whole. At the time of writing EE was the only operator providing 4G coverage in Glasgow¹⁸.

Figure 1.22 3G mobile coverage in city

% of premises with 3G signal from four operators (city benchmark)	% of premises with 3G signal from four operators (11 city average)	% of premises with 3G signal from four operators (UK average)	Percentage difference from 11 city average
100%	95.7%	77.3%	+4.3%

Source: Analysys Mason, Ofcom Infrastructure Report 2012

More than ninety-nine per cent of premises in Glasgow have a choice of four or more fixed-line telecoms providers

The classification assigned by Ofcom to each exchange is a good indicator of local competition in communications services. The classification is based on the number of operators with a presence in the exchange, typically local loop unbundling operators offering first-generation broadband wholesale services. The classifications are:

- a classification of 3 means that four or more operators (including BT) are present
- a classification of 2 means that two or three operators (including BT) are present
- a classification of 1 means that BT is the only operator present.

Figure 1.23 shows, for each market classification, the key city exchange data:

¹⁷ There is in general a good correlation between the number of hotspots and number of city residents, therefore that ratio forms a suitable benchmark for assessing WiFi availability between cities

¹⁸ Source: Analysys Mason

Figure 1.23 Key city exchange data

Ofcom classification	Number of the city exchanges	% of total exchanges	% of premises passed
3	32	97%	>99%
2	0	0%	0%
1	1	3%	<1%

Source: Analysys Mason

Ninety-seven per cent of exchanges are classed according to the scheme as within classification 3, and pass >99% of lines. Virgin Media also has a presence in 91% of exchange areas¹⁹. The number of operators present in an exchange is generally a good indicator of the degree of competition, and these findings suggest that there is a level of competition in provision of first-generation broadband services across the city²⁰.

An equivalent or similar classification for SFBB is not yet established (although communications providers are currently using the generic Ethernet access product from BT Wholesale to provide retail superfast services).

Including superfast broadband, the average maximum modem sync speed for Glasgow is 27.3 Mbit/s

Figure 1.24 compares the average maximum modem sync speed for just basic broadband lines, and for all lines including basic and SFBB. The speed values are compared to the city average. Note that the result for all lines (including SFBB lines) is for illustrative purposes only, as we have assumed all superfast lines to be 40Mbit/s.

Figure 1.24 Average maximum modem sync speed compared to other cities

Excluding SFBB lines			Including SFBB lines			
Average maximum speed (Mbit/s)	City average (Mbit/s)	% difference from city average	Average maximum speed (Mbit/s)	City average (Mbit/s)	UK average (Mbit/s)	% difference from city average
14.2	14.1	+1%	27.3	29.9	12.7	-9%

Source: Analysys Mason, Ofcom Infrastructure Report

Glasgow City Council's Strategic Plan for 2012-2017 involves the provision of a free WiFi network across the city and aims to increase broadband take-up for social tenants

The Council plans to work with telecoms providers to accelerate planned investment in the city and to identify additional opportunities. Initial priority areas are the city centre, the Commonwealth Games 2014 Athletes Village, and around the Clyde Gateway area. The

¹⁹ Source: Analysys Mason

²⁰ This does not represent Ofcom's assessment of competition for the purpose of any market analysis under the Competition Act 2003, Ofcom has recently published a consultation document in our current review of the Wholesale Broadband Access Market (see: http://stakeholders.ofcom.org.uk/binaries/consultations/review-wba-markets/summary/WBA_July_2013.pdf).

Plan will build on the growing percentage of households passed by broadband. The Council is working with a range of partners in the city to deliver this commitment, including housing associations, businesses, and education and learning partners.

Glasgow has recently commissioned the Digital Glasgow Strategy to ensure that the whole of the city has a world-class digital infrastructure to bring new businesses and jobs, and the capacity to ensure continued growth by harnessing the digital skills of residents, businesses and organisations. Digital Glasgow will combine the expertise of business, the public sector, colleagues and universities, the third sector and grassroots community organisations, to make the biggest possible impact across the city. The Digital Glasgow programme will consist of eight workstreams: broadband infrastructure, urban wireless/mobile, SME/e-commerce, incubation and start-up, citizen participation, training and employment, digital public services, benchmarking and impact assessment.

Despite an unsuccessful Super-Connected Cities bid for public funds, Glasgow recently won the UK Technology Strategy Board's £24m Future Cities Demonstrator programme. The competition called for large-scale designs demonstrating unique and functional methods of integrating city systems in an environmentally sound, economical way, to improve the overall quality of life. The Future Cities Demonstrator programme will overlap with the Digital Glasgow strategy in some areas; for example, on the incubation and start-up and digital public service work streams.

Glasgow is part of the Scottish Cities Alliance, a collaboration of Scotland's seven cities (Aberdeen, Dundee, Edinburgh, Glasgow, Inverness, Perth and Stirling), the Scottish government and the Scottish Council for Development and Industry (SCDI). The alliance is tasked with attracting external investment, stimulating economic activity and, most importantly, creating new jobs and business opportunities. The partnership aims to develop Scotland's potential as a competitive and world-class place to live, work, visit, invest and do business. The action plan: Scotland's Cities: Delivering for Scotland was launched by the leaders of Scotland's cities and Scotland's Minister for Cities in December 2011. Several areas have been identified by the cities, as providing the greatest potential for collaborative approaches to support growth. One of these involves working collectively to deliver world-class digital connectivity, capacity and use across the cities and their regions, and improved mobile coverage along main transport links, although funding is not currently allocated directly for communications infrastructure.

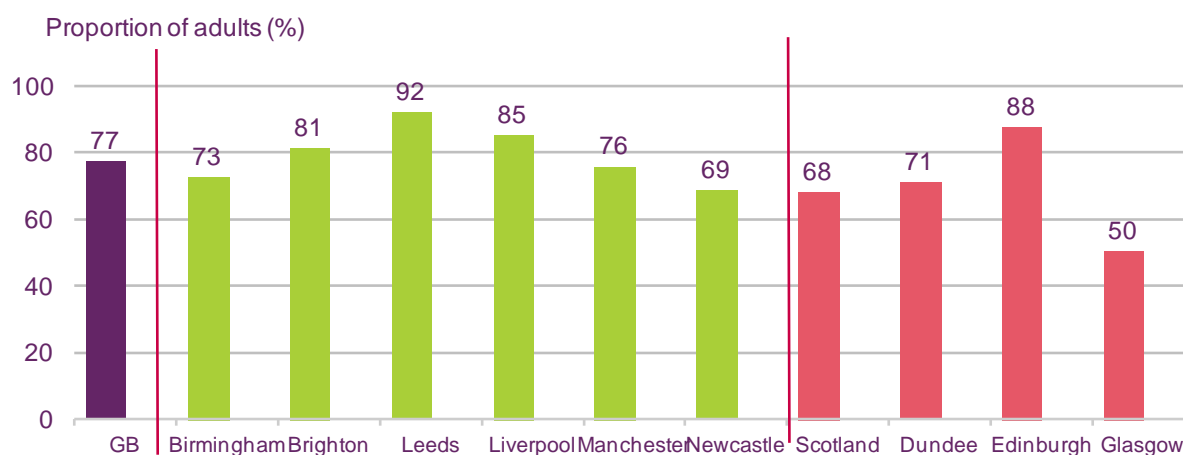
Glasgow's low fixed broadband take-up continues

As the *Communications Market Report* highlighted in 2010, 2011 and 2012, broadband take-up is, and has remained, relatively low in Glasgow. Figure 1.25 shows that 50% of adults in the city of Glasgow have fixed broadband, compared to Scottish average of 68% and the GB average of 77% (all these figures are as reported by the BPS for this period).²¹ Fixed broadband take-up in Glasgow was the lowest of all the cities we analysed.

As well as comparing Glasgow to the larger cities across the whole of Great Britain, it was also possible to compare Glasgow to Scotland as a whole and to the cities of Dundee and Edinburgh. This shows that take-up of fixed broadband in Glasgow is significantly lower than take-up in Dundee and Edinburgh.

²¹ Ofcom's technology tracker (Q1 2013) reports broadband penetration in the Greater Glasgow area at 59%. This figure is not significantly different to the 60% reported in 2012. The 2013 data are based on a sample of only 69 respondents in Greater Glasgow and so should be treated as indicative only.

Figure 1.25 Fixed broadband take-up, by city



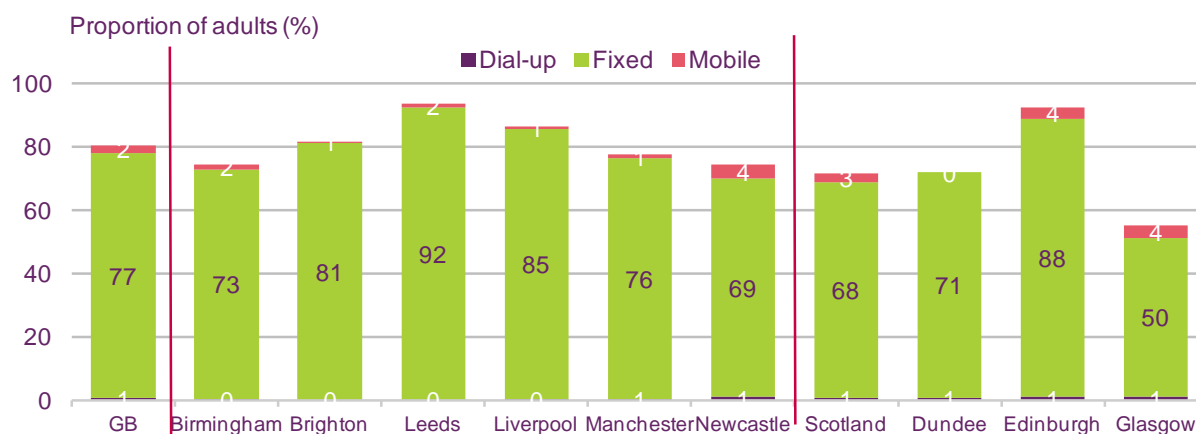
Source: British Population Survey

Base: All adults 15+ (April 2012 to March 2013; GB 79406, Birmingham 2577, Brighton 1090, Glasgow 1398, Leeds 1412, Newcastle 1149, Scotland 6840, Dundee 90, Edinburgh 89)

Q. Is your access to the internet AT HOME cable broadband, ADSL broadband, broadband but you don't know type or non-broadband?

In recent years, smartphones and mobile dongles are increasingly being used to access the internet. For some consumers this is their only method of access. Consumers in Glasgow (4%), Newcastle (4%) and Edinburgh (4%) are the most likely to have internet access via a mobile terminal only. Dial-up internet access is still used by 1% of GB consumers, with higher than average use in Glasgow, Newcastle, Dundee and Edinburgh.

Figure 1.26 Home internet access, by technology, by city



Source: British Population Survey

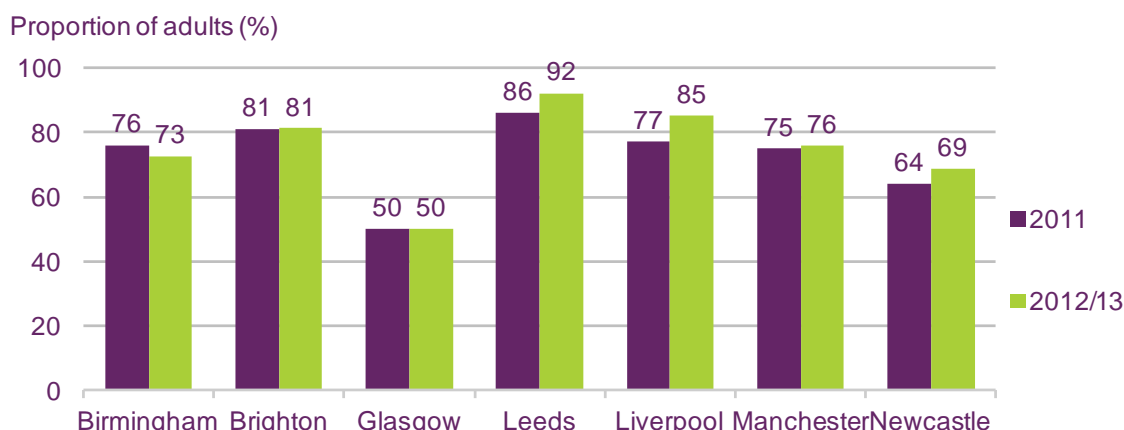
Base: All adults 15+ (April 2012 to March 2013; GB 79406, Birmingham 2577, Brighton 1090, Glasgow 1398, Leeds 1412, Newcastle 1149, Scotland 6840, Dundee 90, Edinburgh 89)

Q. Is your access to the internet AT HOME cable broadband, ADSL broadband, broadband but you don't know type or non-broadband?/How do you access the internet – through a mobile terminal?

Broadband take-up has remained fairly stable in most cities, except Liverpool, Leeds and Newcastle, which have had a small but significant increase.

Glasgow, Brighton and Manchester have remained fairly static. Leeds, Liverpool and Newcastle have seen significant increases while Birmingham has seen a small but significant fall in broadband take-up; of three percentage points.

Figure 1.27 Fixed broadband take-up, by city: 2011 and 2012/2013



Source: British Population Survey

Base: All adults 15+ (April 2012 to March 2013; GB 79406, Birmingham 2577, Brighton 1090, Glasgow 1398, Leeds 1412, Manchester 1423, Newcastle 1149; 2011 to 2012 Birmingham 1880, Brighton 590, Glasgow 594, Leeds 648, Manchester 1712, Newcastle 898)

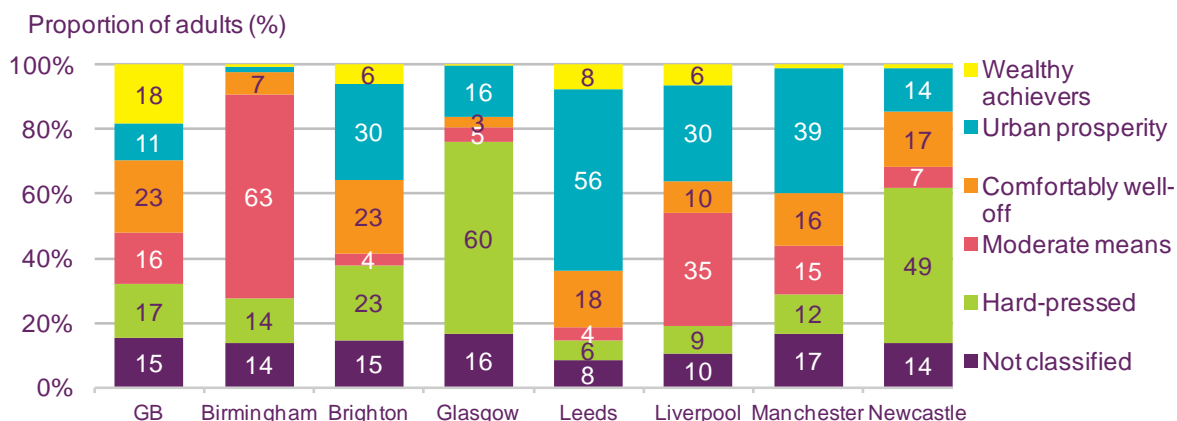
Q. Is your access to the internet AT HOME cable broadband, ADSL broadband, broadband but you don't know type or non-broadband?

Demographic differences go some way to explaining Glasgow's low fixed broadband take-up

We have applied CACI classifications to the BPS data (Figure 1.28) to show that Glasgow's population is not typical of other cities in GB. Six in ten adults in the Glasgow sample are classified as "hard-pressed" by CACI, compared to the GB average of 17%. Newcastle has the closest CACI profile, with 49% "hard pressed" but a higher proportion classified as "comfortably well-off" (17% compared to 3% in Glasgow).

This partly explains the lower level of broadband take-up; we know from previous research that those on low incomes are less likely to have broadband connections at home.

Figure 1.28 Demographic profile, by city



Source: British Population Survey

Base: All adults 15+ (April 2012 to March 2013; GB 79406, Birmingham 2577, Brighton 1090, Glasgow 1398, Leeds 1412, Newcastle 1149, Scotland 6840, Dundee 90, Edinburgh 89)

Q. Is your access to the internet at home cable broadband, ADSL broadband, broadband but you don't know type, or non-broadband?

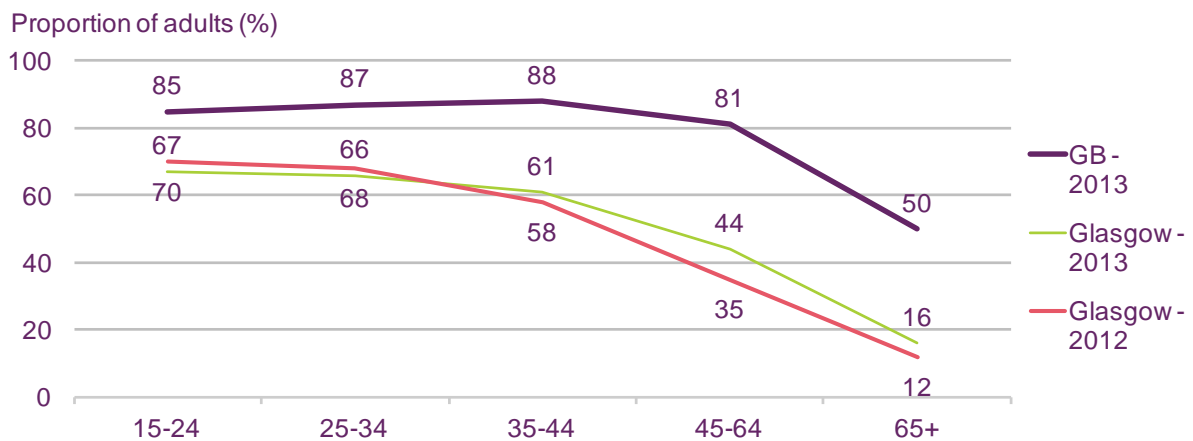
But demographic differences alone are not sufficient to explain Glasgow's low fixed broadband take-up

Broadband take-up in Glasgow is lower than average among all age groups (Figure 1.29), so regardless of age profile, we would expect to see lower broadband take-up. The difference in take-up in fixed internet is most marked in the over-45s. For the 45-64 age-band, there is a difference of 37 percentage points between the GB average of 81% and the Glasgow average of 44%.

Fixed broadband take-up has increased in some demographics within the city of Glasgow.

Since the last analysis, take-up of fixed broadband has increased for all age-bands over 35 and remained stable for those under 35. The most significant increase is among people aged 45-64. In the 2011 analysis, this demographic group differed most from the UK average for the same demographic. This gap has now narrowed.

Figure 1.29 Fixed broadband take-up, by age-group



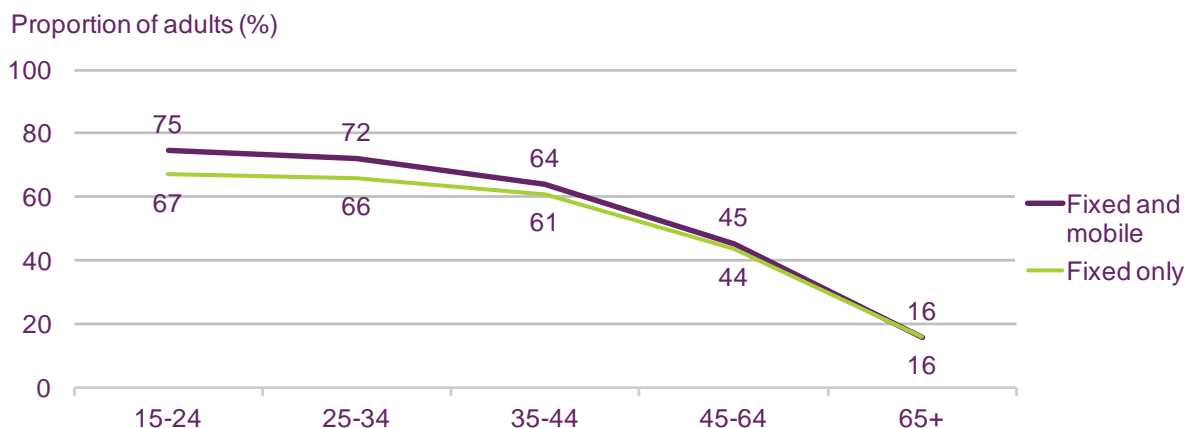
Source: British Population Survey

Base: All adults 15+ (April 2012 to March 2013; GB 79406, Glasgow 2013: 1398, Glasgow 2011-12: 597)

Q. Is your access to the internet at home cable broadband, ADSL broadband, broadband but you don't know type, or non-broadband?

There is some evidence to suggest that under-35s are accessing the internet via a mobile terminal rather than fixed access. Take-up of mobile-only broadband is highest among the under-25s and increases their total take-up of broadband by eight percentage points; from 67% (fixed only) to 75% (fixed and/or mobile broadband).

Figure 1.30 Fixed versus combined (mobile and/or fixed) broadband take-up, by age-group



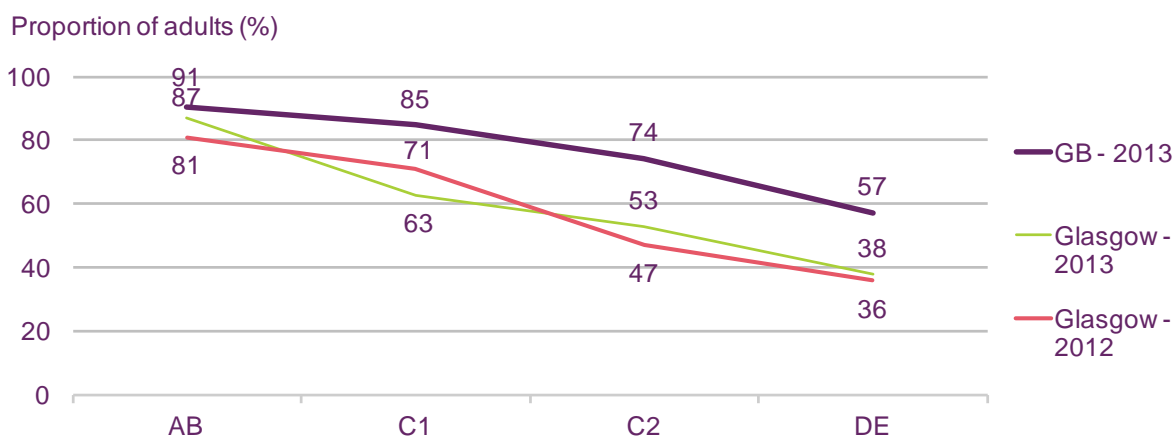
Source: British Population Survey

Base: All adults 15+ (April 2012 to March 2013; 15-24 280, 25-34 218; 35-44 188; 45-64 456, 65+ 258;)

Q: Is your access to the internet at home cable broadband, ADSL broadband, broadband but you don't know type, or non-broadband?

Comparing broadband take-up by socio-economic status shows that ownership among the AB socio-economic group remains broadly comparable to the GB average (87% and 91% respectively). It also shows that take-up has risen in some groups and fallen in others. Take-up has risen for all socio-economic groups with the exception of the C1 group, which has seen a fall of eight percentage points. Take-up in socio-economic group C2 has risen the most.

Figure 1.31 Fixed broadband take-up, by socio-economic status



Source: British Population Survey

Base: All adults 15+ (April 2012 to March 2013; GB 79406, Glasgow 2013: 1398, Glasgow 2011-12: 597)

Q: Is your access to the internet at home cable broadband, ADSL broadband, broadband but you don't know type, or non-broadband?

This analysis shows that the lower take-up of fixed broadband in Glasgow, compared to the GB average, continues. Although demographic differences go some way to explain the lower take-up, there is evidence to suggest that Glaswegians are still less likely to have broadband at home than the GB average, regardless of age and socio-economic group (with the exception of socio-economic group AB). However, the two groups with the largest gap

between Glaswegians and the GB average (35-64 year-olds and the C2 socio-economic group) have narrowed the gap, while for those in socio-economic group C1 the gap has widened.

A study undertaken by the Carnegie Trust²² in 2012 suggests that attitudinal rather than demographic differences may partly explain the lower take-up of broadband in Glasgow.

The Trust's research identified two distinct groups among those without internet at home – 'rejecters' and 'potential users'. 'Potential users' (57% of the population without online access) are interested in going online at some future date while 'rejecters' (43%) have no such interest.

Rejecters were asked to give their reasons for not wanting internet access at home. The main barrier they mentioned was that they preferred to do things in person or by phone (22%) and that it was too difficult to learn (16%). The following three barriers were each mentioned by 11% of rejecters: 'Too expensive'; 'Rather spend my money on other things'; and 'Not for people like me'.

In contrast, the main barriers for the 'potential users' were that 'friends and family did it for them' (19%) and their preference for doing things in person or by phone (18%). Again, some common barriers were each mentioned by 11%: 'too expensive', 'too difficult to learn' and that 'the options were too confusing'.

In the light of this study, it is interesting to observe that although the local authority in Glasgow was unsuccessful in its 'Super-Connected City' bid for BDUK funding, it is now believed to be investigating the possibility of deploying its own initiatives, such as broadband demand stimulation projects²³.

Inverness

Summary of key findings

- Inverness is the only one of the 11 cities studied that currently has no NGA availability.
- The city's largest exchange is due to be upgraded to NGA soon, but availability will still be markedly lower than the other cities assessed.
- However, this may, over time, be addressed by the £146m scheme to invest in broadband across the Scottish Highlands and Islands, which is a public-sector intervention led by the Highlands and Islands Enterprise (HIE).
- Although Inverness contains a small number of WiFi hotspots in absolute terms compared to the larger cities assessed, it is particularly well served in terms of hotspots per head.

²² The Carnegie Trust commissioned Ipsos MORI to undertake 200 in-depth interviews – 136 with those who had never used the internet, ten with those who had used the internet but no longer did so, 20 who accessed the internet outside the home and 34 who had mobile or home internet.

²³ Source: Analysys Mason

Inverness has a population of 37,000, with residential premises accounting for 93% of all premises

Figure 1.32 shows the size of the city in terms of population and number of residential and non-residential premises. The population is based on the 2011 Census and the number of premises is based on postcodes within the local authority boundary.

Inverness acts as a hub for high-technology industries, including life sciences, renewable energy, digital media, and electronics. Other industries include tourism and leisure/sports. The city acts as the major centre for the surrounding Highland and Islands area²⁴.

Figure 1.32 City population and premises data

City	Population	Total premises	Business premises	Residential premises
Inverness	c.37,000	c.20,300	c.1500	c.18,800

Source: Analysys Mason

For the purposes of this study the city boundary is defined by the combination of appropriate data zones, published by Scottish Neighbourhood statistics, for areas of contiguous urban density, as shown in the following figure:

Figure 1.33 Map of Inverness area, highlighting city boundary



Source: Analysys Mason

Next-generation access is not currently available in Inverness

Figure 1.34 identifies fixed network infrastructure for the two main operators, BT and Virgin Media. This includes availability of both first-generation broadband (ADSL copper and DOCSIS cable technologies) and NGA infrastructure (FTTx and DOCSIS v3.0 cable technologies). Future NGA availability is predicted based on BT announcements for the upgrade of exchanges with NGA technology by 2015.

²⁴ Source: Analysys Mason

BT has not yet upgraded any of its exchanges that serve the city, but there are plans to upgrade the largest exchange. Virgin Media does not provide service to any premises in the city, and based on its declared intentions, this is unlikely to change by 2015. On that basis we estimate that around 45% of premises across the city will in future have access to NGA infrastructure, and this will be provided by BT alone.

In relation to the 10 other cities which we examine in detail in the *UK Communications Market Report*, Inverness's NGA availability is 71% less than average across the cities assessed.

Although the availability of first-generation broadband is 100%, some premises experience broadband speeds of less than 2Mbit/s, which is considered below the minimum requirement for a basic broadband service.

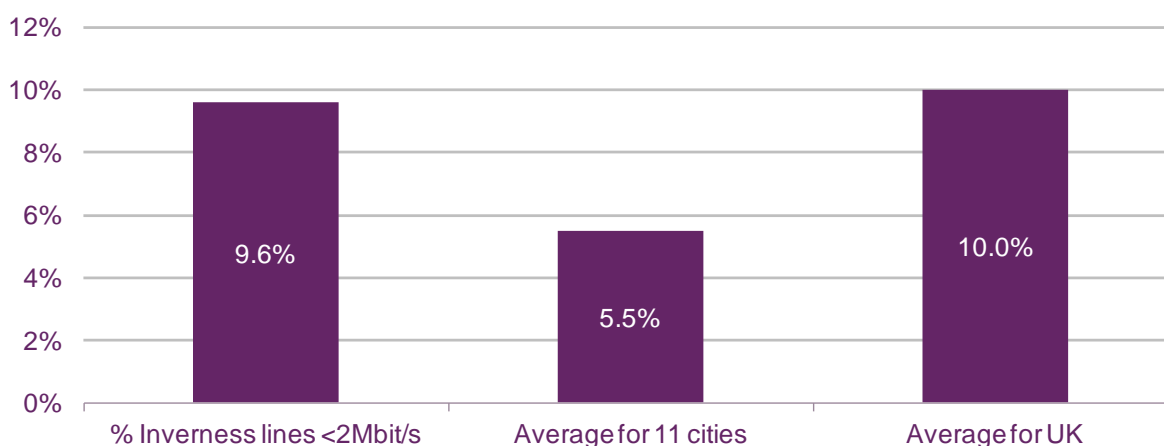
Figure 1.34 Fixed network infrastructure premises passed availability

Operator	First-generation broadband	NGA (current)	NGA (future)
BT	100%	0%	45%
Virgin Media	0%	0%	0%
Total	100%	0%	45%

Source: Analysys Mason, *Ofcom Infrastructure Report 2012*

Figure 1.35 shows the proportion of lines with a speed of less than 2 Mbit/s. The proportion of Inverness lines that have a speed of less than 2Mbit/s is 9.6%, which is 4.1% higher than average across the cities assessed.

Figure 1.35 Percentage of lines with speed less than 2Mbit/s, and relative positioning



Source: Analysys Mason, *Ofcom Infrastructure Report 2012*

Inverness has three copper exchanges, none of which have been upgraded to NGA

Figure 1.36 shows the number of exchanges serving the city postcodes, the percentage of lines that support both ADSL and ADSL Max²⁵, and the average number of lines per exchange.²⁶ Not all of these exchanges are physically located within the city boundary. All of the copper lines support basic broadband (both ADSL and ADSL Max).

Figure 1.36 Number of exchanges and % of lines with access to basic broadband

No. of exchanges serving city postcodes	% of lines that have access to both ADSL & ADSL Max	Average number of lines per exchange
3	100%	6,800

Source: Analysys Mason

In future, three operators may offer NGA services in Inverness

In addition to BT, a number of alternative operators have a point of presence i.e. an interconnection with another communications provider, in the city. Alternative operators tend to focus on providing services to larger business customers.

Two alternative operators have been identified as having, as part of their national networks, a point of presence in Inverness: Level3 and SSE²⁷.

Inverness has 30 WiFi hotspots, equivalent to 8.1 hotspots per 10,000 residents

Figure 1.37 shows key WiFi hotspot data for Inverness. The largest providers of Wi-Fi infrastructure in UK cities are currently BT (branded as BT Openzone) and The Cloud, which is owned by BSkyB. Each operator owns a mix of outdoor and indoor WiFi access points. Other private and public organisations own hotspots, but they tend to make only a small contribution to a city's total. We have therefore used the total hotspots for BT and The Cloud to derive a city benchmark²⁸. Inverness has 31% more hotspots per 10,000 city residents than the average across the cities assessed.

Figure 1.37 Key city hotspots data

City total	Total hotspots per 10,000 city residents (city benchmark)	Total hotspots per 10,000 city residents (11 city average)	Percentage difference from 11 city average
30	8.1	6.2	+31%

Source: Analysys Mason

²⁵ ADSL Max is a 'rate-adaptive' variant of ADSL, where the transmitted bit rate varies depending on the physical conditions of the twisted-pair copper line, which may change over time. In contrast, the bit rate for ADSL is fixed and does not change.

²⁶ Source: Analysys Mason.

²⁷ Source: Analysys Mason

²⁸ There is in general a good correlation between number of hotspots and number of city residents, therefore that ratio forms a suitable benchmark for assessing WiFi availability between cities.

Ninety-eight per cent of premises in Inverness receive 3G coverage from four operators

Figure 1.38 shows the proportion of premises that are covered by 3G networks, compared to the average across the other cities assessed and the UK as a whole. At the time of writing, no operators are currently providing 4G coverage in Inverness.

Figure 1.38 3G mobile coverage in city

% of premises with 3G signal from four operators (city benchmark)	% of premises with 3G signal from four operators (11 city average)	% of premises with 3G signal from four operators (UK average)	Percentage difference from 11 city average
98%	95.7%	77.3%	+2.3%

Source: Analysys Mason, Ofcom Infrastructure Report

Just over half of premises in Inverness have a choice of two or three fixed-line telecoms providers

The classification assigned by Ofcom to each exchange is a good indicator of local competition in communications services. The classification is based on the number of operators with a presence in the exchange, typically local loop unbundling operators offering first-generation broadband wholesale services. The classifications are:

- a classification of 3 means that four or more operators (including BT) are present
- a classification of 2 means that two or three operators (including BT) are present
- a classification of 1 means that BT is the only operator present.

Figure 1.39 shows, for each market classification, the key city exchange data:

Figure 1.39 Key city exchange data

Ofcom classification	% of total exchanges	% of premises passed
3	0%	0%
2	33%	52%
1	67%	48%

Source: Analysys Mason

None of the serving exchanges are classed according to the scheme as classification 3. Roughly half of the premises are passed by exchanges rated as classification 2, while roughly half are rated classification 1. Virgin Media has a presence in 33% of exchange areas²⁹.

These findings illustrate that there is a level of competition in provision of first-generation broadband services across the city³⁰. An equivalent or similar classification for SFBB is not

²⁹ Source: SamKnows

³⁰ Again, this is not an assessment of competition for the purpose of a market analysis under the Competition Act 2003.

yet established (although communications providers are currently using the generic Ethernet access product from BT Wholesale to provide retail superfast services).

Including superfast broadband, the average maximum modem sync speed for Inverness is 12.2Mbit/s

Figure 1.40 compares the average maximum modem sync speed for basic broadband lines, and for all lines including basic and SFBB. The speed values are compared to the other cities. Note that the result for all lines (including SFBB lines) is for illustrative purposes only, as we have assumed all superfast lines to be 40Mbit/s.

Figure 1.40 Average maximum modem sync Speed, compared to other cities

Excluding SFBB lines			Including SFBB lines			
Average maximum speed (Mbit/s)	City average (Mbit/s)	% difference	Average maximum speed (Mbit/s)	City average (Mbit/s)	UK average (Mbit/s)	% difference
12.2	14.1	-13%	12.2	29.9	12.7	-59%

Source: Analysys Mason, Ofcom Infrastructure Report 2012

The average maximum modem sync speed for basic broadband lines across the city is less than the average by 13%. The average maximum modem speed for all broadband lines across the city is less than the average by 59%.

Inverness is a member of the Scottish Cities Alliance

The Scottish Cities Alliance is a collaboration of Scotland's seven cities (Aberdeen, Dundee, Edinburgh, Glasgow, Inverness, Perth and Stirling), the Scottish government and the Scottish Council for Development and Industry (SCDI). The alliance is tasked with attracting external investment, stimulating economic activity and, most importantly, creating new jobs and business opportunities. The partnership aims to develop Scotland's potential as a competitive and world-class place to live, work, visit, invest and do business. The action plan: Scotland's Cities: Delivering for Scotland, was launched by the leaders of Scotland's cities and Scotland's Minister for Cities in December 2011. Several areas have been identified by the cities as providing the greatest potential for collaborative approaches to support growth. One of these involves working collectively to deliver world-class digital connectivity, capacity and use across the cities and their regions, and to improve mobile coverage along main transport links.

NGA availability in Inverness is likely to increase significantly as a result of a public-sector intervention

The Highlands and Islands Enterprise (HIE) is leading a £146m investment in broadband across the Highlands and Islands. The project is to be delivered by BT, and upon completion around 84% of Highlands and Islands homes and businesses will have access to fibre broadband. The public-sector investment towards the contract is £126.4m, and is being delivered through the Scottish government broadband fund, which incorporates funding from BDUK, and includes up to £12m from the HIE budget. BT is investing an additional £19.4m in the project, in addition to investment in its wider commercial roll-out for the region.

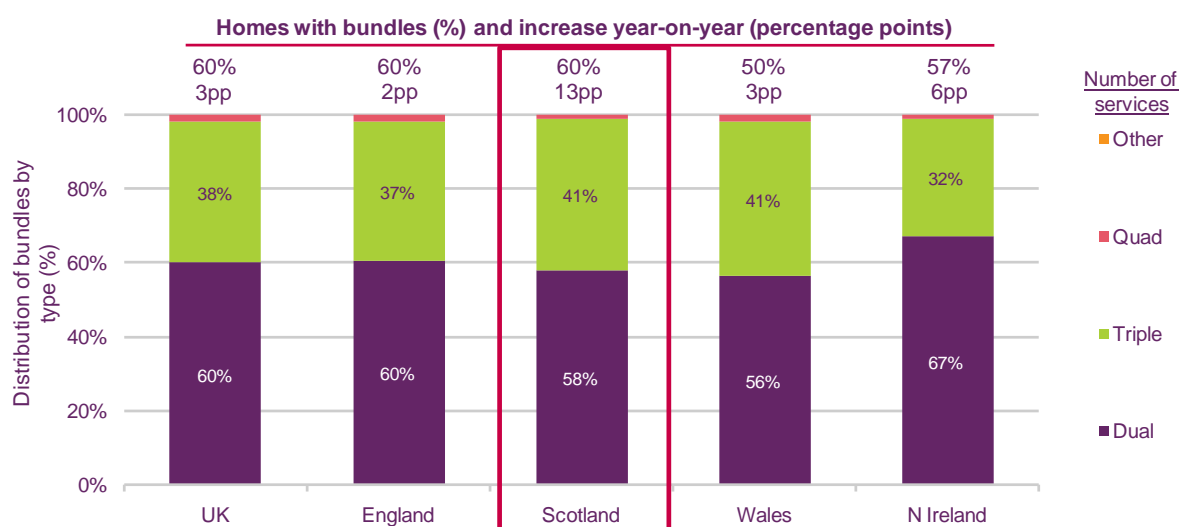
1.6 Purchasing of communications services

Scotland sees largest rise in bundle take-up over past 12 months

Six in ten (60%) households in Scotland have a package of services, an increase of 13 percentage points since 2012, and the greatest increase across the nations. The proportion of homes in Scotland with a package of services now matches the average for all UK households (60%). This increase has been particularly marked in urban Scotland, where the proportion of households with a communications bundle rose from 41% to 60% in the last 12 months.

Most of those in Scotland with a package of services (58%) have two services in their package, while almost all of the remainder (41%) have a triple-service package.

Figure 1.41 Proportion of homes in Scotland with a bundle of services



Source: Ofcom research, Q1 2013

Base: All adults aged 16+ with a package of services regardless of whether or not these include a discount (n = 2104 UK, 1309 England, 297 Scotland, 220 Wales, 278 Northern Ireland)

Note: Remaining percentages are Don't know responses

Households in Scotland are equally likely to have a double-play or triple-play bundle

Households in Scotland with a bundle of services (60% of households) are equally likely to have a double-play (40%) bundle - comprising landline and broadband only - or a triple-play (39%) bundle - comprising landline, broadband and TV. Triple-play bundles have lower penetration in rural areas of Scotland (20%), where cable services have lower availability.

Figure 1.42 Types of services in bundle in Scotland



Source: Ofcom research, Q1 2013

Base: All adults aged 16+ with a package of services regardless of whether or not these include a discount (n = 2104 UK, 297 Scotland, 1309 England, 220 Wales, 278 Northern Ireland, 154 Scotland urban, 143 Scotland rural, 324 Scotland 2008, 351 Scotland 2009, 605 Scotland 2010, 226 Scotland 2011, 254 Scotland 2012, 297 Scotland 2013)

Question. Do you receive more than one of these services as part of an overall deal or package from the same supplier?

2 Television and audio-visual content

2.1 Recent developments in Scotland

Channel 3 and Channel 5 licence renewal

Ofcom is presently working towards offering new ten-year licences to ITV, STV, UTV and Channel 5 before the current licences expire at the end of 2014. This follows Culture Secretary Maria Miller's decision, announced in November 2012, not to block the renewal of the licences. We have consulted on the terms of those renewals, with three consultations - on the licensed areas, the financial terms of the renewal, and the programming obligations of the licences - all closing on 2 May 2013. Ofcom published a statement outlining the terms for renewal in July 2013.³¹

Scottish Government

The Scottish Government said it was pleased to note that the Culture Secretary had indicated, as a condition of licence renewal, that she wanted to see Ofcom negotiate with ITV a way forward that addressed the concerns of viewers in the Border region. Scottish Government Ministers also continued to liaise, as relevant, with BBC senior management on the implementation of 'Delivering Quality First' in Scotland, and worked with the BBC and MG ALBA regarding the ongoing operations of BBC ALBA.

BBC Scotland

BBC Scotland programmes won a number of Scottish BAFTAs, including one for *Mrs Brown's Boys*, which the broadcaster reported as the most viewed BBC One programme over the festive period. There was a Foreign Press Association Media Award for Sports Story of the Year for the investigations into Rangers FC and an international Emmy for *Terry Pratchett: Choosing to Die*. Specialist factual output was particularly strong across the year with William Hurt and Brian Dennehy starring in *The Challenger*, a drama documentary, and co-productions with the Science Channel, *Operation Iceberg*, *Prehistoric Autopsy* and *Afterlife: The Strange Science of Decay*. *Waterloo Road* returned for an eighth series, now relocated to Inverclyde, and *River City* celebrated its tenth anniversary on air. On BBC ALBA the current affairs programme *Eorpa* celebrated 20 years on air.

STV

STV reinforced its commitment to delivering regional news by increasing its weekday broadcasts. A short regionalised bulletin of local and national news headlines is now transmitted just before 8pm on weeknights. In addition, STV delivers three news broadcasts for ITV during its morning programme *Daybreak*. STV has stated that it will maintain this level of local news output in the next licence term. Alongside broadcasting, STV delivers news online through the stv.tv website, STV News App via iPhone and Android, and STV Local which includes the metro sites for Glasgow and Edinburgh. STV's multi-platform offering also includes the STV Player App which has achieved over 400,000 downloads since its launch in the Apple App store and Google Play in October 2012. STV Productions continues to secure commissions from all the major broadcasters, including a new series of the game show *Catchphrase* for ITV.

³¹ <http://stakeholders.ofcom.org.uk/consultations/c3-licensed-area/>
<http://stakeholders.ofcom.org.uk/consultations/c3-c5-obligations/>
<http://stakeholders.ofcom.org.uk/consultations/c3-c5-finance/>

Channel 4

Channel 4's production hours in Scotland in 2012 have increased since 2011, with overall devolved nations' spend at 5%, above the 3% quota agreed with Ofcom. Scotland's contribution to this figure was around 3.2%, showing a rise from 2.9% in the 2011 figures. In addition, there was a larger contribution from Scotland to programme hours in the nations. Channel 4 reported that this was largely due to the success of several Scottish independent companies such as Raise The Roof, Lion Scotland and Objective Scotland in the daytime schedule. Despite lower tariff prices per episode, the long series runs and returnability of that area of the schedule have contributed to the increase in commissions year on year. This remains a key area of potential growth for Scottish independent production companies in 2013. Other key success stories from Scottish suppliers in 2012 included continued peaktime success from IWC and Raise The Roof.

Local TV

In January 2013 Ofcom announced that the awards for local TV licences for Glasgow and Edinburgh had been awarded to Glasgow and Edinburgh TV, both operated by STV. The two new channels will be delivered in partnership with Glasgow Caledonian and Edinburgh Napier Universities in the respective cities, giving students the opportunity to train in a live broadcast environment.

The online, hyper-local service URTV secured a £50,000 grant from the independent charity NESTA to build a network of community-owned, not-for-profit, hyper-local news channels. Creative Scotland partnered with NESTA in Scotland and provided 50% of the stage one project costs. The aim of this 'Destination Local' initiative is to build and test prototypes that will deliver the next generation of very local, mobile services such as news, public services and citizen journalism.

URTV's network includes Annandale TV, described as the first daily hyper-local internet channel in the South of Scotland. It is a component of the Annan broadband pilot, supported by the Scottish Government as part of its digital strategy. The model encourages people in Annandale to use the internet and access public services and information online.

An Edinburgh-based internet channel, Summerhall TV, launched last summer. It is dedicated to the arts, books and film and takes its name from a new, multi-arts centre in the capital. As well as featuring up-to-date news and commentary, it can draw on its archive from former local TV initiatives – Edinburgh Television (from 2000-2002), Channel Six Dundee (from 2000 to 2002) and e-tv (Aberfeldy, during 2003).

Broadcast production

Earlier this year, Scottish Enterprise published the report *Market Assessment of the Broadcast and Television Production Sector in Scotland 2011/12* by consultants EKOS.³² It found that the average value of commissions won by independent production companies in Scotland has consistently increased since 2006/07, even accounting for large one-off commissions. The total value of production in the sector has increased since 2006/07, but only marginally, reflecting ongoing pressure on broadcaster budgets. The report also notes that despite some signs of promise in earlier surveys, both international and digital markets appear to be under-exploited. The genre mix is still an issue, with the undoubted strength in one-off factual programmes not yet matched by broader representation in returning genres

³² <http://www.scottish-enterprise.com/~media/SE/Resources/Documents/ABC/Broadcast-Production-Market-Assessment-Feb-2013.pdf>

such as features, factual entertainment and entertainment, or in higher-value production in drama and comedy.

2.2 Digital television take-up in Scotland

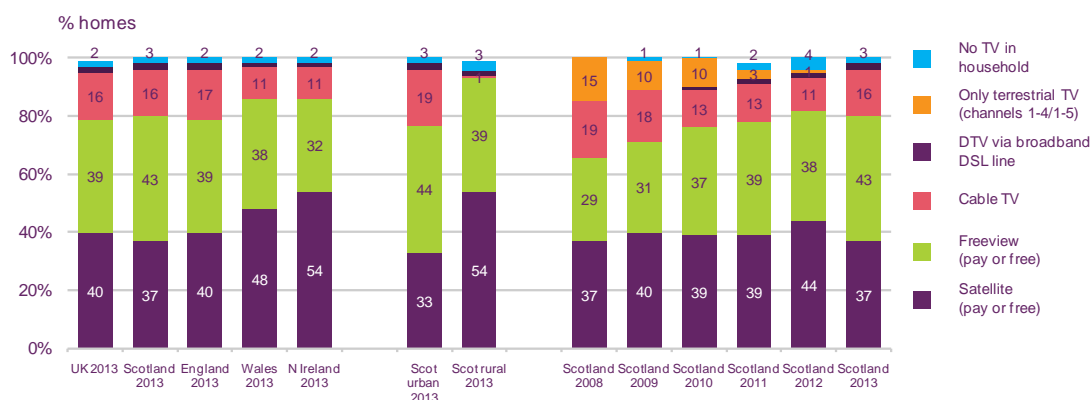
Digital switchover completed in Scotland

All TV households in Scotland are now able to receive digital television, since digital switchover in Scotland was completed in October 2012. Research reported in the Ofcom *Adults Media Use and Attitudes Report*³³, found that television continued to be the medium people said they would miss the most (43%); over nine in ten adults (95%) of all ages claimed to watch TV on a regular basis.

DTT and satellite remain the most widely-used platforms

DTT and satellite remain the most widely-used platforms on main TV sets in Scotland. There has been a slight increase in the proportion of households with cable TV (up from 11% of homes in Q1 2012 to 16% in Q1 2013), while the proportion with satellite TV services (either paid for or free) has decreased from 44% to 37% over the same period. As a result, in 2013, DTT is the most popular main service in Scotland, whereas satellite was the more popular main service in 2012. As in previous years, satellite television has higher penetration in rural areas of Scotland, where cable services have lower availability.

Figure 2.1 Main set TV share in Scotland, by platform



QH1a. Which, if any, of these types of television does your household use at the moment?

Source: Ofcom research, Q1 2013

Base: All adults aged 16+ (n = 3750 UK, 507 Northern Ireland, 2250 England, 501 Scotland, 492 Wales 254 Northern Ireland urban, 253 Northern Ireland rural, 629 Northern Ireland 2008, 652 Northern Ireland 2009, 761 Northern Ireland 2010, 511 Northern Ireland 2011, 508 Northern Ireland 2012, 507 Northern Ireland 2013)

2.3 Smart TV and HDTV adoption

Scotland has the highest proportion of HD-ready TV homes in the UK

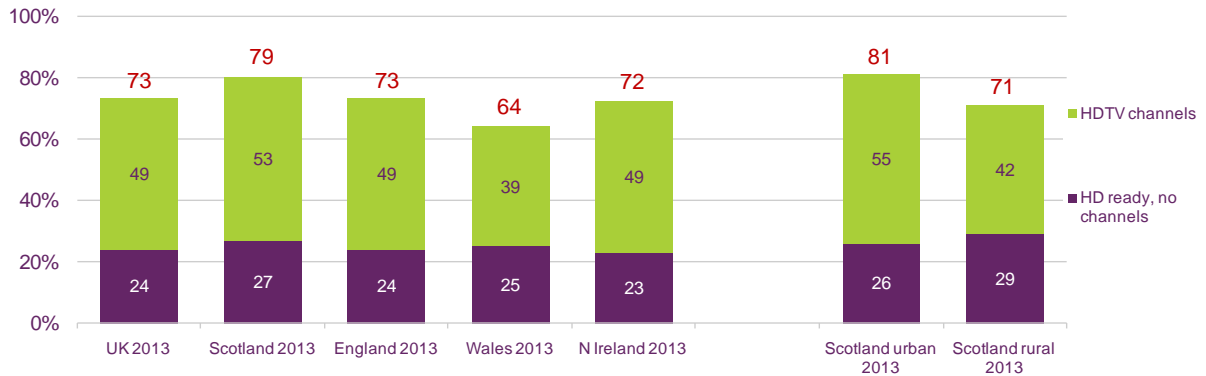
Over half (53%) of households in Scotland claim to have HDTV channels, up 6% from last year, and an additional one in four (27%) households in Scotland have an HD-ready TV as

³³ <http://stakeholders.ofcom.org.uk/market-data-research/media-literacy/archive/medlitpub/medlitpubrss/adults-media-use-attitudes/>. Published in March 2012

the main TV set, up 2% from last year. Scotland has the highest proportion of HD-ready TV homes in the UK, at 79%; six percentage points above the UK average of 73%.

HDTV take-up is higher in Scotland's urban areas, where over half (55%) of households claim to have HDTV channels. This is a contrast to last year, when take-up was higher in rural areas (53%) due to the greater use of satellite television.

Figure 2.2 Proportion of homes in Scotland with HD-ready TV sets and HDTV



Source: Ofcom research, Q1 2013

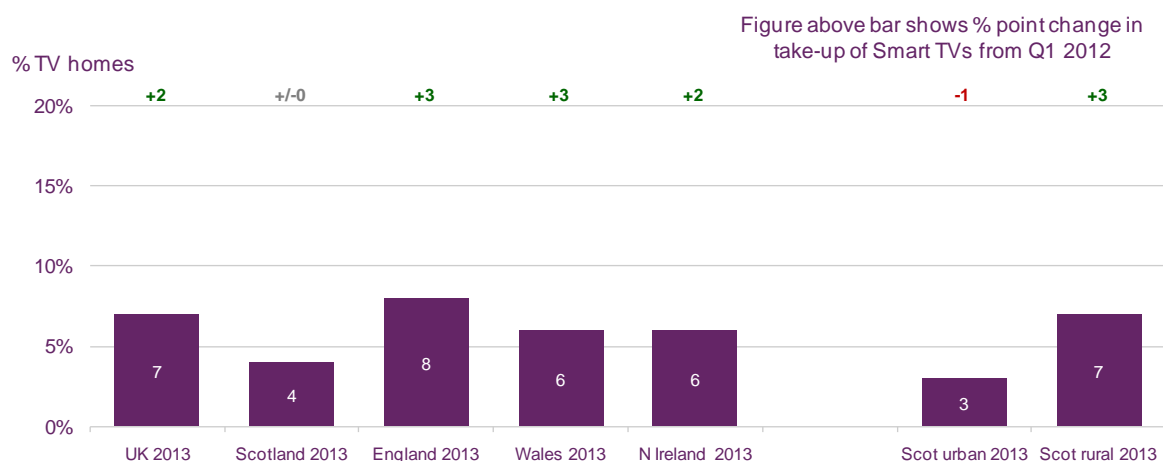
Base: All adults aged 16+ (n = 3750 UK, 501 Scotland, 2250 England, 492 Wales, 507 Northern Ireland, 250 Scotland urban, 251 Scotland rural)

Question. Is the main TV in your household an HDTV set or HD ready?/ QH54. For the main TV set, does your household have an HD TV service – from either Sky, Virgin Media, Freesat or Freeview?

Four per cent of households in Scotland have a smart TV

A small proportion (4%) of homes in Scotland claim to have purchased a smart TV with an integrated internet connection, unchanged since 2012. Smart TV ownership in Scotland is below the UK average (7%) as take-up in each of the other UK nations has increased since 2012.

Figure 2.3 Smart TV take-up in Scotland



Source: Ofcom research, Q1 2013

Base: All adults aged 16+ with a TV in household (n = 3661 UK, 487 Scotland, 2197 England, 485 Wales, 492 Northern Ireland, 244 Scotland urban, 243 Scotland rural)

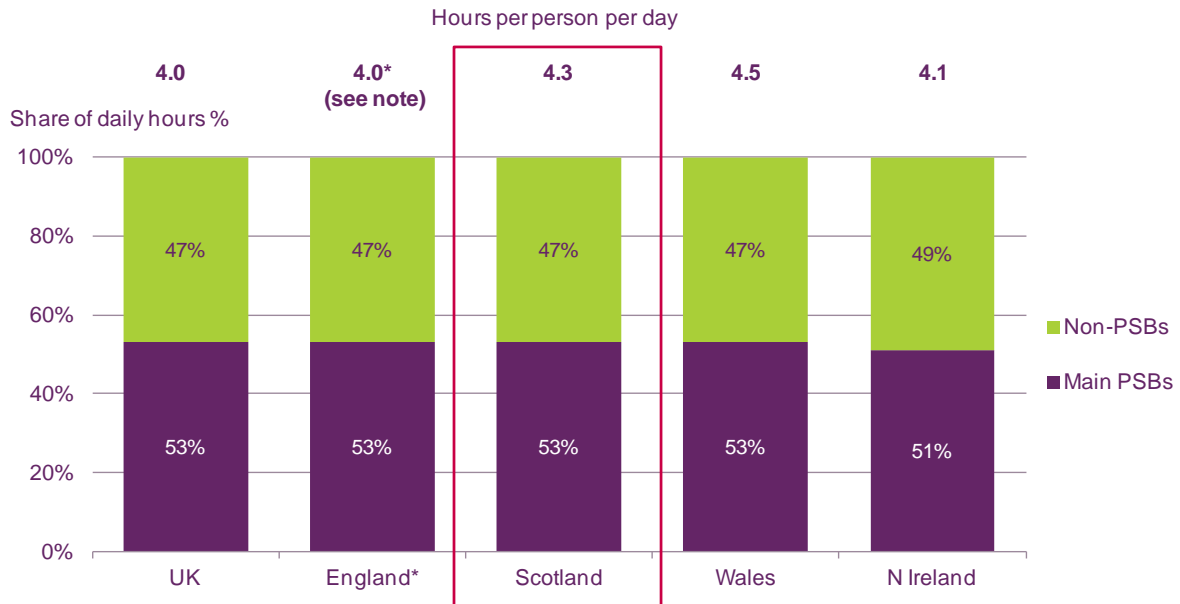
Question. Are any of your TV sets "smart TVs"? These are new types of TV that are connected to the internet and can stream video directly onto your television screen, without the need for a computer, set-top box or games console.

2.4 Broadcast television viewing

People in Scotland spend 4.3 hours per day watching TV

In 2012, people in Scotland spent 4.3 hours per day watching television, slightly higher than the UK average of 4.0 hours (Figure 2.4) but slightly lower than the 4.5 hours in 2011.

Figure 2.4 Average hours of daily TV viewing, by nation: 2012



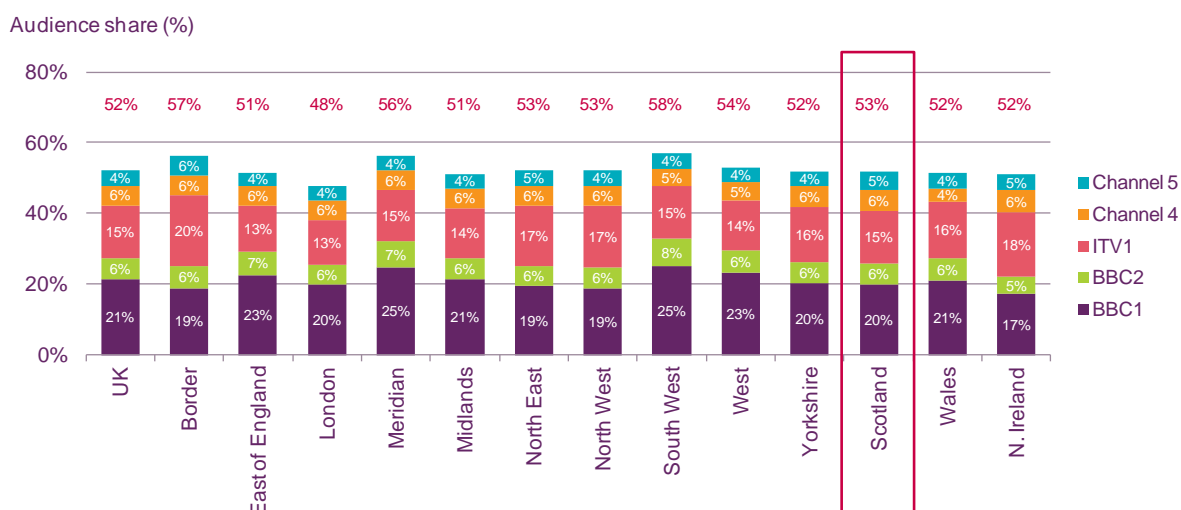
Source: TV = BARB. Based on all individuals (aged 4+). PSBs = BBC One, BBC Two, ITV1, C4, Channel 5 including HD variants.

*Note: This figure reflects the average across the English regions with the highest in North East (4.4) and lowest in West (3.7) respectively.

Over half (53%) of all viewing is to the five main PSB channels

In 2012, the five main PSB channels accounted for a combined 53% share of total TV viewing in Scotland, comparable to that in the other nations and just higher than the average 52% share across the UK.

Figure 2.5 Share of the five main PSB channels, all homes: 2012

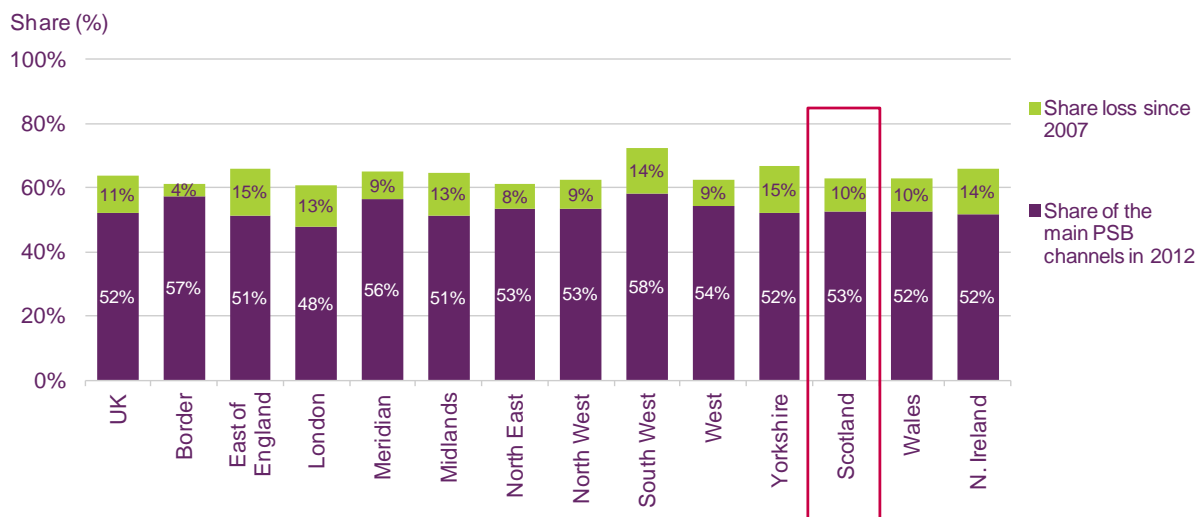


Source: BARB, all individuals (4+). HD channel variants are included.

The combined share of the five main PSB channels declined by ten percentage points since 2007, to 53% in Scotland

Between 2007 and 2012, there was a ten percentage point reduction in the combined share of the five main PSB channels in Scotland (to 53% in 2012) since 2007. This reduction was slightly less than the average decrease across the UK, which was 11pp.

Figure 2.6 Reduction in combined share of the five main PSB channels, all homes: 2007 and 2012



Source: BARB, all individuals (4+). HD channel variants are included.

Note: In 2010 a new BARB panel was introduced, including the re-defining of boundaries. Therefore, pre and post panel change data should be compared with some caution.

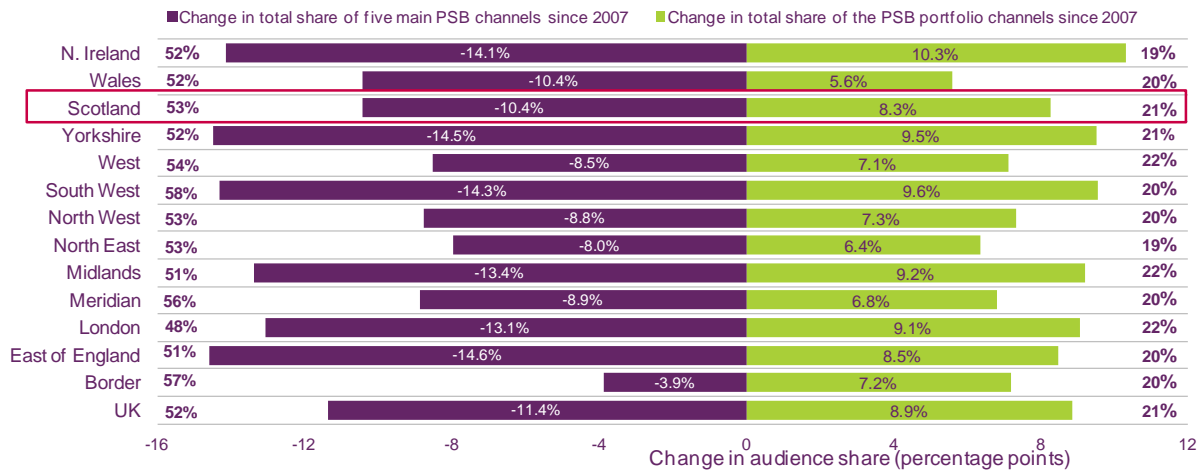
Note: In 2010 C4 and S4C became two separate channels following digital switchover in Wales. S4C is included in the main PSB channels in 2007 but not in 2012.

The PSB main channels and portfolio channels' total combined share decreased by 2.1 percentage points between 2007 and 2012; marginally lower than the UK average net loss of 2.5 points

From 2007 to 2012, the five main PSB channels experienced a 10.4 percentage point decrease in their combined share of total TV viewing (compared to the UK average decrease

of 11.4%). Among viewers in Scotland the PSB portfolio channels saw an 8.3 percentage point increase (UK average 8.9 percentage points), resulting in a net loss overall of 2.1 percentage points in their total combined channel share. This is marginally lower than the UK average net loss of 2.5 percentage points and lower than that experienced in the other nations.

Figure 2.7 Net change in the audience share of the five main PSB channels and their portfolio channels, all homes: 2007 - 2012



Source: BARB, all individuals (4+)

Notes: i) PSB main channels include HD variants but not +1s. 'PSB portfolio channels' include main PSB +1 channels and the PSB digital channels and their respective +1s). ii) In 2010 C4 and S4C became two separate channels following digital switchover in Wales. S4C is included in the main PSB channels in 2007 but not in 2012. iii) In 2010 a new BARB panel was introduced, including the re-defining of boundaries. Therefore, pre- and post-panel change data should be compared with some caution.

BBC One and STV early evening news bulletins attracted greater share in Scotland than in the UK

In 2012, BBC One's early-evening nation's news bulletin (*Reporting Scotland*) attracted an average 30% share of TV viewing in Scotland – marginally higher than the UK average of 28%. STV's counterpart bulletin (*STV News at Six*) attracted a lower average share (27%) than BBC One's, although considerably higher than the Channel 3 UK average (18%).

Figure 2.8 BBC One and ITV/STV/UTV/ITV Wales early-evening news bulletin shares, all homes: 2012



Source: BARB, all individuals (4+)

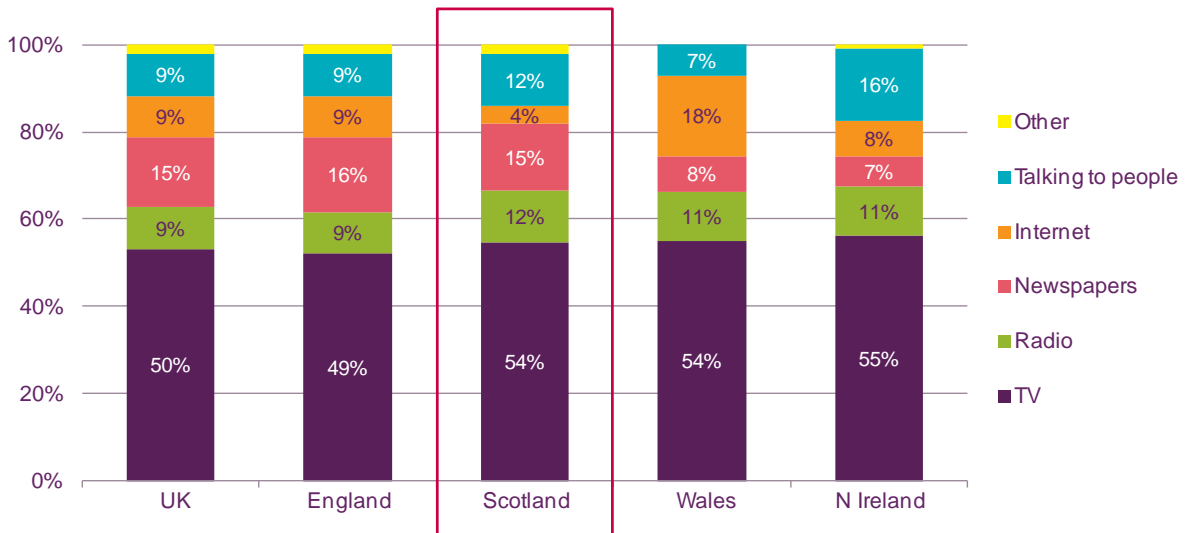
Note: Based on regional news programmes, start time 17:55-18:35, 10 mins+ duration, BBC One and ITV (excl HD), weekdays.

More than half of all adults in Scotland use TV as their main source of local news

In 2012, 54% of adults in Scotland stated that TV was their main source of local news, higher than the UK average of 50%. Newspapers were the second most-stated source, at 15%. The internet was mentioned by just 4% in Scotland, significantly lower than in the other nations and the UK average of 9%.

Figure 2.9 Main sources of local news for each nation

‘Can you tell me what, if anything, is your main source of news about what is going on in your own local area’



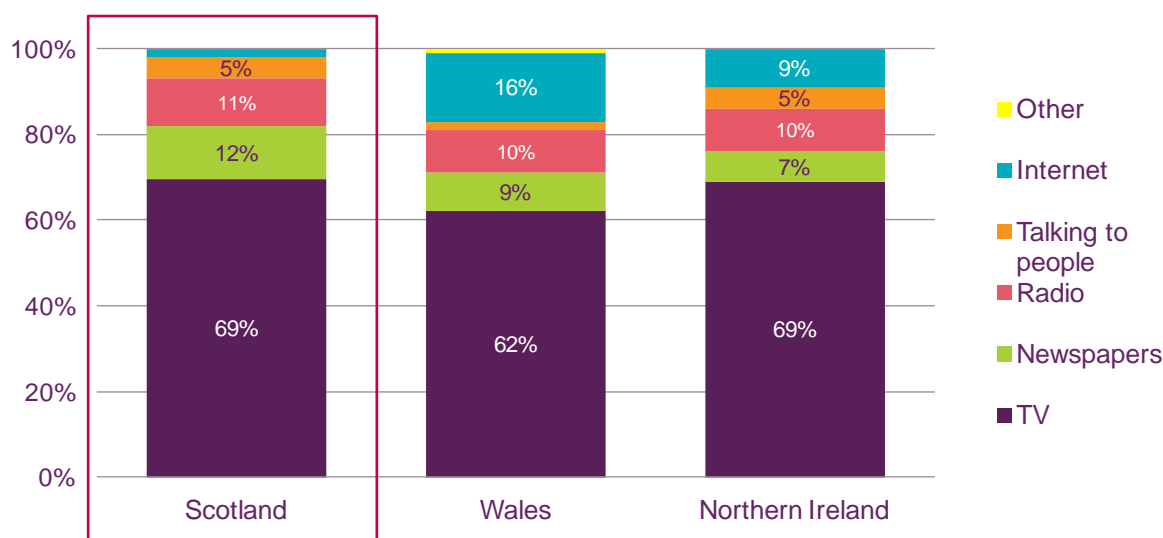
Source: Ofcom Media Tracker 2012.

Base: All adults; England (1,434); Scotland (189); Wales (118); Northern Ireland (113). Only responses ≥ 3% labelled

In 2012, adults in Scotland were most likely to say that television was their main source of news about their nation, at 69%; marginally higher than 62% in Wales and equal to 69% in Northern Ireland. People in Scotland were also most likely to choose newspapers – 12% compared to 9% in Wales and 7% in Northern Ireland, while the internet remains less popular than in any of the other nations as a main source of news (2%).

Figure 2.10 Main source of nations’ news for each nation

‘Can you tell me what, if anything, is your *main* source of news about what is going on in [Scotland, Wales, Northern Ireland]?’



Source: Ofcom Media Tracker.

Base: All respondents in Scotland (189), Wales (118), Northern Ireland (113). Only responses ≥ 3% labelled.

2.5 TV programming for viewers in Scotland

The following section outlines spend and hours of programming for viewers in Scotland, Wales, Northern Ireland, and the English regions provided by the BBC and STV/UTV/ITV. 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 2.6.

Programme 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.

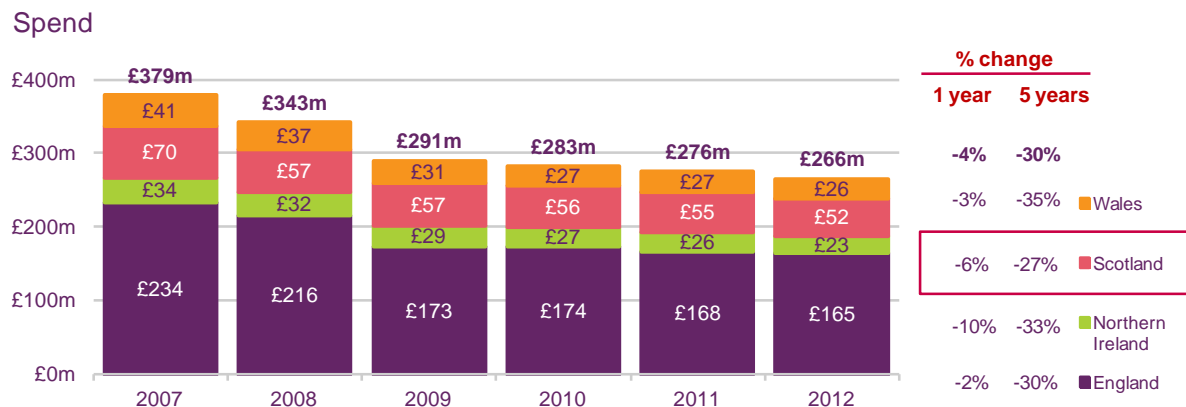
Repeats - All programmes not meeting one of the two definitions above.

Spend on first-run originated content from the PSBs in Scotland is down 6% year on year

£266m 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 in 2012, down by £10m (or 4%) from 2011 and down by 30% since 2007.

Year-on-year spend by PSBs on first-run originated programming for viewers in Scotland was down 6% to £52m; over five years, spend has decreased by 27% (£19m), making Scotland the least-affected nation over that period.

Figure 2.11 Spend on first-run originated nations' / regions' output by the BBC / ITV /STV /UTV



Source: Broadcasters. All figures expressed in 2012 prices.

Note: Spend data for first-run originations only. Spend excludes Gaelic and Welsh language programming but includes some spend on Irish-language programming by the BBC. This does not account for total spend on BBC Alba or BBC spend on S4C output. For information on BBC Alba, please see Figure 2.16.

Total spend on nations' programming in Scotland was down 7% year on year

Turning to total spend on programming commissioned for the nations, the BBC and STV's spend on news for viewers in Scotland has decreased by 13% since 2011 and by almost a third since 2007. Over the five-year period Scotland's spend on non-news/non-current affairs was the least affected across the nations: the UK had an average decline of 43% compared to the 27% decline in Scotland.

Over the five years, spend on current affairs has increased by 6% against a 28% decline for the UK as a whole. Scotland is the only nation to show an increase in spend on current affairs over this period.

Figure 2.12 Change in total spend on nations' and regions' output, by genre and nation: 2007 - 2012

	UK		England		N. Ireland		Scotland		Wales	
	1yr (%)	5yr (%)	1yr (%)	5yr (%)	1yr (%)	5yr (%)	1yr (%)	5yr (%)	1yr (%)	5yr (%)
Current Affairs	-5%	-28%	-8%	-36%	5%	-28%	-3%	6%	-5%	-31%
News	-3%	-22%	-1%	-21%	-2%	-21%	-13%	-32%	-14%	-22%
Non-news/non-current affairs	-5%	-43%	7%	-86%	-19%	-41%	-5%	-27%	8%	-40%
Total Spend in 2012	£271m		£168m		£23m		£53m		£27m	

	UK		England		N. Ireland		Scotland		Wales	
	1yr	5yr	1yr	5yr	1yr	5yr	1yr	5yr	1yr	5yr
Change in Spend	-4%	-29%	-2%	-28%	-10%	-33%	-7%	-26%	-2%	-34%

Source: Broadcasters. All figures expressed in 2012 prices.

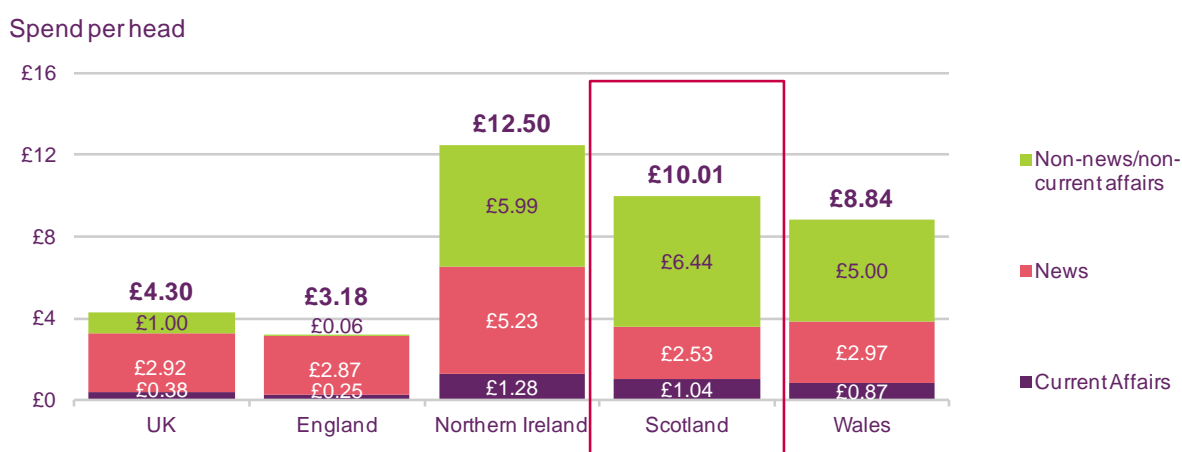
Note: Spend excludes Gaelic and Welsh language programming but includes some spend on Irish-language programming by the BBC. This does not account for spend on BBC ALBA or BBC spend on S4C output.

Expenditure per head of population for Scottish programming decreased 8% year on year in Scotland

Expenditure per head of population on programming for people in Scotland decreased by 8%, from £10.83 in 2011 to £10.01 in 2012.

Scotland's spend per head on news decreased by 13% over the year to £2.53, compared to the UK average decrease of 2%.

Figure 2.13 Total spend per head by the BBC/ ITV1/ STV/ UTV on nations' / regions' output



Source: Broadcasters. All figures expressed in 2012 prices.

Note: Spend excludes Gaelic and Welsh language programming but includes some spend on Irish language programming by the BBC. This does not account for spend on BBC ALBA or BBC spend on S4C output.

Total first-run originated hours for Scotland show biggest year-on-year decrease across the nations

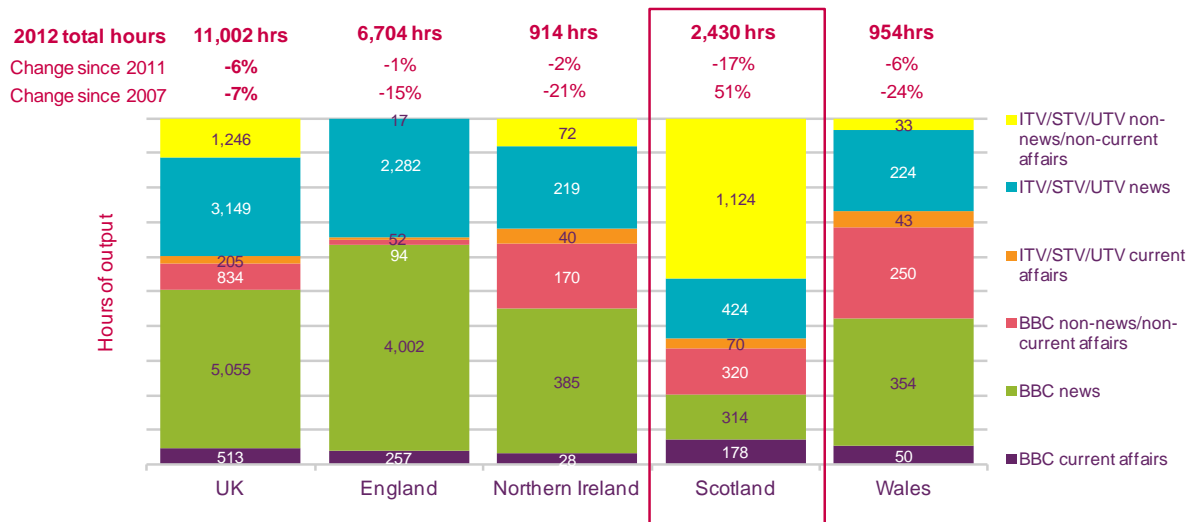
The BBC and ITV1/STV/UTV produced a total of 11,002 hours of first-run originated content for the English regions, Scotland, Wales and Northern Ireland in 2012, down 6% (or 645 hours) from 2011, and down 7% (857 hours) since 2007.

The number of first-run originated hours produced specifically for viewers in Scotland has more than doubled since 2007 from 1,606 hours to 2,430 hours in 2012. This is the highest relative increase across the four nations over this period. Over one year, the number of first-run originated hours decreased by 17% compared to the UK-wide average decrease of 6%, and was the highest relative decrease across the four nations over this period. This is a result of STV reducing its number of hours of non-news/non-current affairs programming. Despite the year-on-year decrease in hours, on the whole, STV output for non-news/non-current affairs has been gradually increasing every year since 2007.

The number of STV first-run originated hours for non-news/non-current affairs in Scotland has decreased by just under a third (31%) since 2011 but has increased seven-fold since 2007. The year-on-year reduction in non-networked hours is because STV has decided to air more Channel 3 network programmes, under a new agreement with ITV in March 2012. This large increase, especially when compared to the other two genres and the BBC hours, is because STV opted out of some networked content on Channel 3. The jump in hours is largely attributed to increased output of *The Nightshift* on STV.

Note: For comparison purposes Figure 2.14 does not take account of first-run originated BBC ALBA programming hours funded by the BBC. In 2012 the BBC's total number of first run, originated local hours for viewers in Scotland, including BBC ALBA, amounted to 1,407 hours. There is a more detailed breakdown of BBC ALBA programming in section 2.6.

Figure 2.14 Hours of first-run originated nations' / regions' output, by genre and broadcaster: 2012



Source: Broadcasters.

Note: Hours data for first-run originations only. Hours excludes Gaelic and Welsh language programming but includes some spend on Irish language programming by the BBC. This does not include total hours for BBC ALBA or BBC hours on S4C output.

Total cost per hour on total nations' output has decreased by 51% since 2007 for Scotland – the highest across the nations

When analysing the cost of making programmes for the nations, cost-per-hour calculations show that England, Northern Ireland and Scotland produced programmes more cheaply in 2012 than in 2007.

Over the five-year period, Scotland's cost per hour decreased by 51%, more than double the UK average which saw a reduction of 24%.

Figure 2.15 Cost per hour of total nations' / regions' output, by nation: 2007–2012



Source: Broadcasters. All figures expressed in 2011 prices.

Note: Spend excludes Gaelic and Welsh language programming but includes some spend on Irish-language programming by the BBC. This does not include hours or spend on BBC ALBA or BBC hours and spend on S4C output.

2.6 Gaelic language programming

BBC ALBA

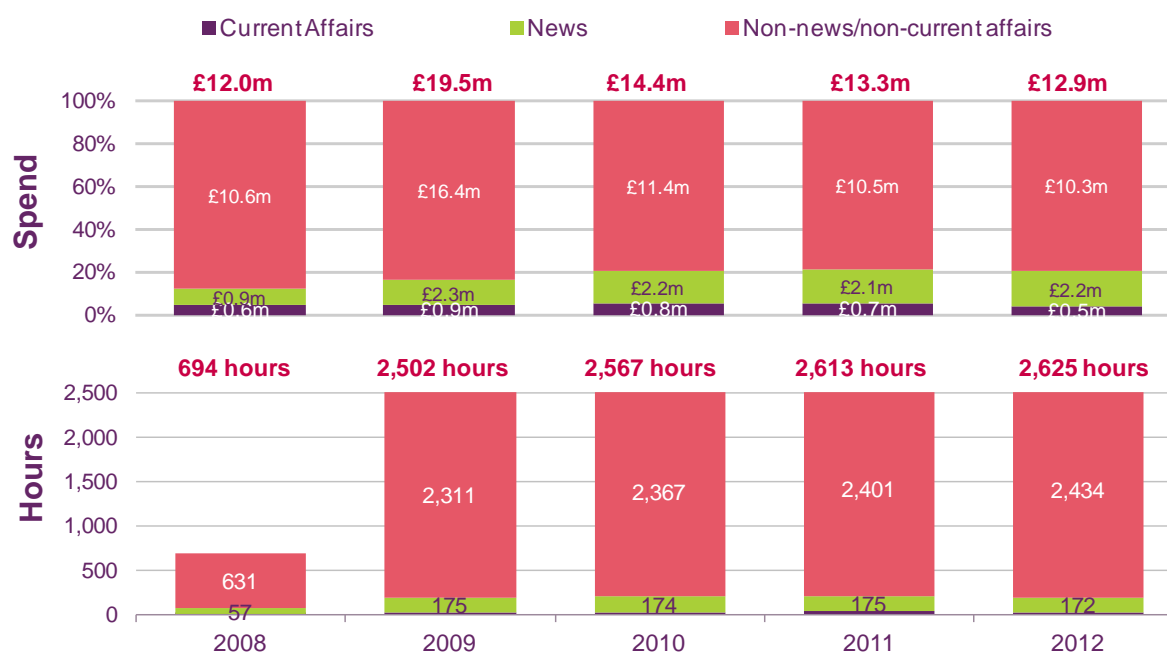
BBC ALBA is the Gaelic-language service backed by the BBC and MG ALBA, launched in September 2008.

Figure 2.16 shows that £12.9m was spent on total programming output for BBC ALBA in 2012. Ninety-nine per cent of the £12.9m was spent on first-run originations (£12.8m).

Year-on-year spend on current affairs decreased by a third (34%), while spend on news increased by 3%.

In 2012 BBC ALBA broadcast 2,625 hours in total, a 0.5% increase on 2011. Of these, almost a quarter (23%) were originations (595 hours). Of the 595 hours, 213 hours were funded by the BBC and 382 hours by MG ALBA.

Figure 2.16 BBC ALBA total hours and spend: 2008-2012



Source: BBC, total hours and spend by the BBC and MG ALBA. All figures expressed in 2012 prices.

2.7 PSB television network quota compliance

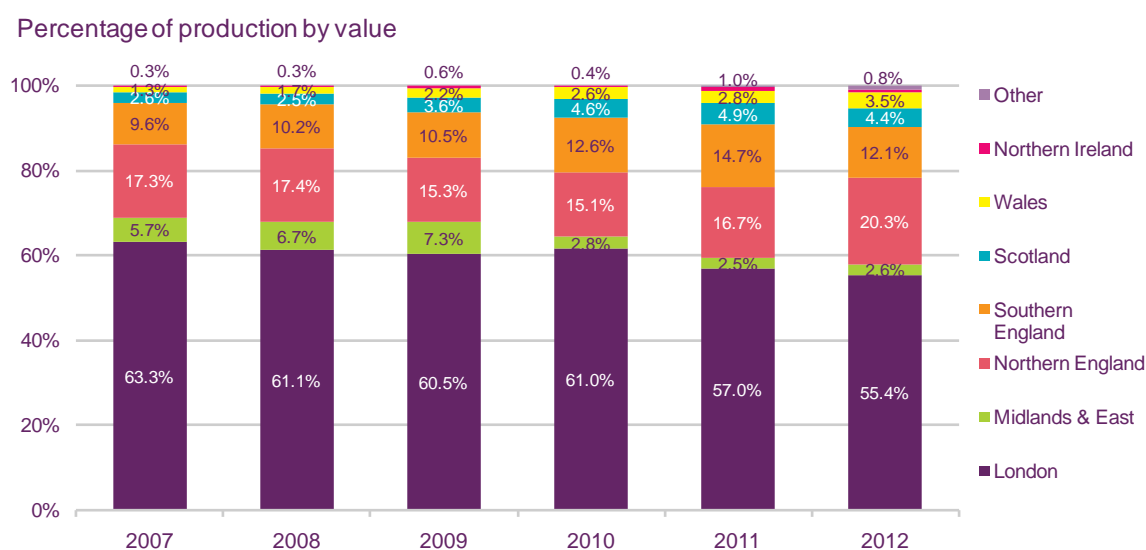
Expenditure on first-run programming produced in Scotland decreased in 2012

Figure 2.17 illustrates the distribution of spend on qualifying first-run commissioned network programming in 2012 by the five main PSB channels - 55.4% of qualifying expenditure was devoted to productions made within the M25; down from 57% in 2011. A further 20.3% of first-run spending was captured by producers based in the north of England and 12.1% in southern England.

In 2012 expenditure on originated network productions rose particularly strongly in northern England where it increased by 3.6 percentage points, primarily driven by the BBC relocating a significant production base to Salford during the year. The increase came at the expense of southern England, which bucked the positive trend of the previous years as its share of overall spend on qualifying first-run commissioned network programming contracted by 2.6 percentage points from 2011.

In Scotland, first-run productions accounted for 4.4% of expenditure of network programming, indicating a fall of 0.5% in this area over the past 12 months. In contrast, the share of spend dedicated to Wales continued to grow, with the figure rising to 3.5% in 2012 from 2.8% in 2011. In the Midlands and eastern England expenditure on first-runs rose marginally to 2.6%, while in Northern Ireland the share of total spend declined to 0.8% from 1% in the previous year.

Figure 2.17 Expenditure on originated network productions: 2007–2012



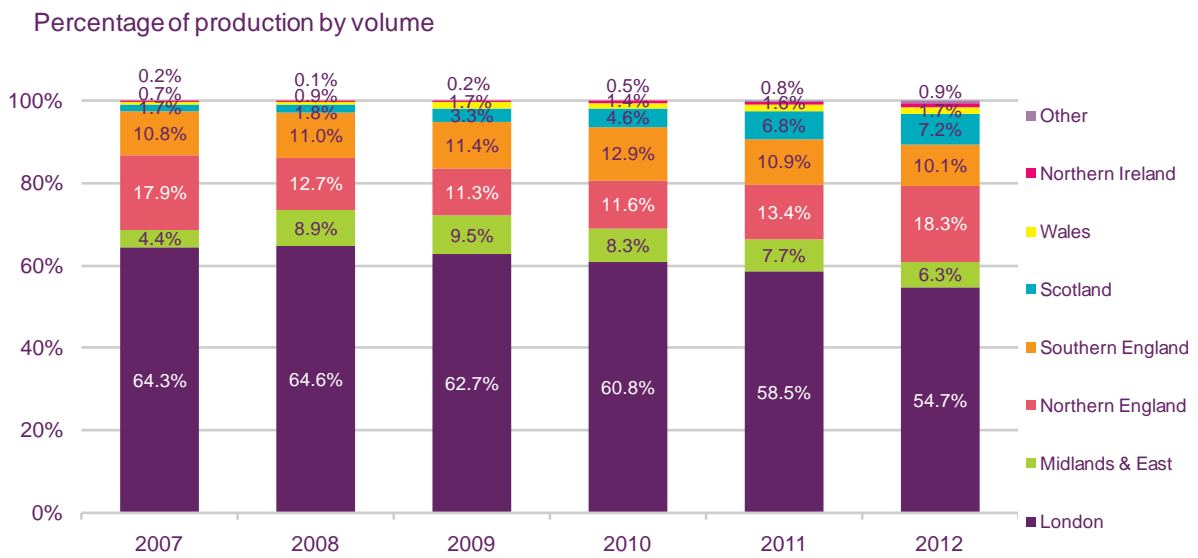
Source: Ofcom/broadcasters.

Note: The category 'other' includes regional productions from London producers which do not meet both 70% of spend and 50% of talent in any one particular macro region. See http://stakeholders.ofcom.org.uk/broadcasting/guidance/programme-guidance/reg_prod/ on the Ofcom website for further details.

In terms of volume, 54.7% of first-run network programming in 2012 was produced within the M25, down from 58.5% in 2011. A further 18.3% was produced in northern England, 10.1% in southern England and 7.2% in Scotland, up from 6.8% in 2011. In line with spending trends discussed in the previous section, the North of England was a particular success story in 2012, having increased its share of first-run network programming hours by 4.9 percentage points. This rise, steeper than that seen in programming spend, is attributable to the lower production costs in the region than in southern England and the Greater London area.

Producers in the Midlands and eastern England delivered 6.3% of all first-run hours in 2012, down from 7.7% in 2011, while the comparable 2012 figure for Wales was 1.7% (up from 1.6% in 2011). First-run hours produced in Northern Ireland increased marginally to 0.9% in 2012 (Figure 2.180).

Figure 2.18 Volume of originated network productions: 2007–2012



Source: Ofcom/broadcasters.

Note: The category 'other' includes regional productions from London producers which do not meet both 70% of spend and 50% of talent in any one particular macro region. See http://stakeholders.ofcom.org.uk/broadcasting/guidance/programme-guidance/reg_prod/ on the Ofcom website for further details.

3 Radio and audio content

3.1 Recent developments in Scotland

The principal development during the year was the acquisition by Global Radio Holdings Limited (Global) of 15 Guardian Media Group licensed commercial radio services (Real & Smooth stations). In Scotland the affected services are Real Radio Scotland, Real Radio XS (Paisley) and Smooth Radio (Glasgow).

On 2 August 2012, the then Secretary of State for Culture, Media and Sport, Jeremy Hunt, issued an intervention notice in relation to the proposed acquisition. The notice specified *“the need, in relation to every different audience in the United Kingdom or in a particular area or locality of the United Kingdom, for there to be a sufficient plurality of persons with control of the media enterprises serving that audience”*. He asked Ofcom to investigate and to report to him with advice and recommendations by 28 September 2012.

Although the merger resulted in a reduction in the number of media owners, we found that there will continue to be a variety of other platforms, including TV, newspapers and online. In relation to nations’ /regional/ local news and current affairs, we did not identify any substantive plurality concerns resulting from the transaction. Our advice to the Secretary of State was that we did not consider that it is, or may be, the case that Global Radio’s acquisition of GMG Radio operates, or may be expected to operate, against the public interest.³⁴

As in the case of all such changes of control, Section 355 of the Communications Act requires Ofcom to undertake a review of each analogue radio station’s Character of Service. In the case of Scotland, additional programming obligations, reflecting the content that the previous owner had been delivering, have been incorporated into the Format for Real Radio Scotland, adding news and sport into the character of service as “important ingredients.”

In October 2012, the Office of Fair Trading referred the merger to the Competition Commission and it published the result of its investigation in May 2013. The Competition Commission decided that Global Radio must sell radio stations in seven areas of the UK, including Central Scotland, following its completed acquisition of Real and Smooth Limited³⁵. In Central Scotland, the Competition Commission decided that Global should sell either Real Radio Scotland or Capital Scotland.

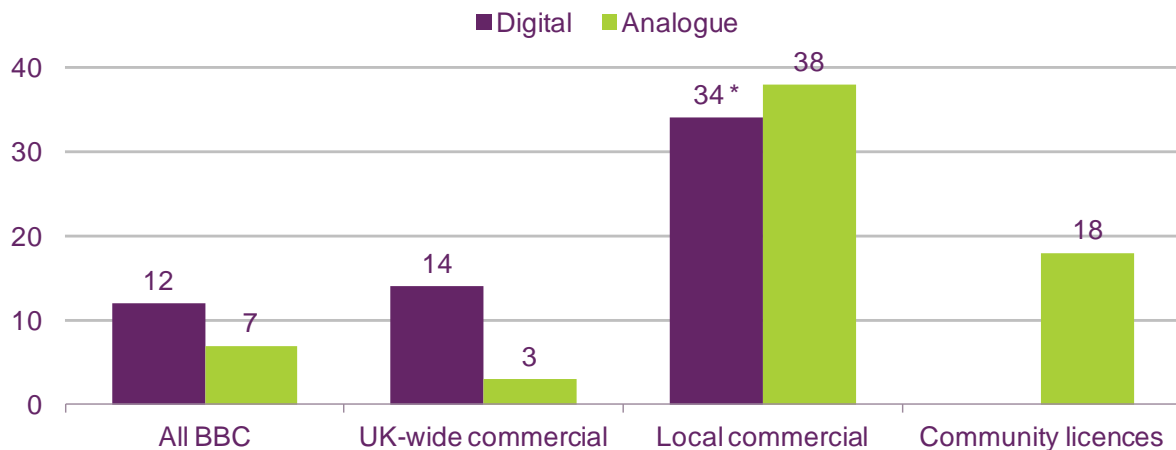
Most radio stations in Scotland are local commercial services

Across Scotland there are a total of 66 analogue radio services. This comprises 56 licensed local commercial and community stations alongside ten BBC and commercial national radio services.

³⁴ Ofcom’s report on the public interest test on the acquisition of GMG’s radio stations by Global Radio, 11 October 2012 <http://stakeholders.ofcom.org.uk/binaries/consultations/gmg-radio-holdings/annexes/final.pdf>

³⁵ Competition Commission report 21 May 2013 http://www.competition-commission.org.uk/assets/competitioncommission/docs/2012/global-radio-gmg/130521_global_radio_gmg_final_report.pdf

Figure 3.1 Radio station availability: Scotland



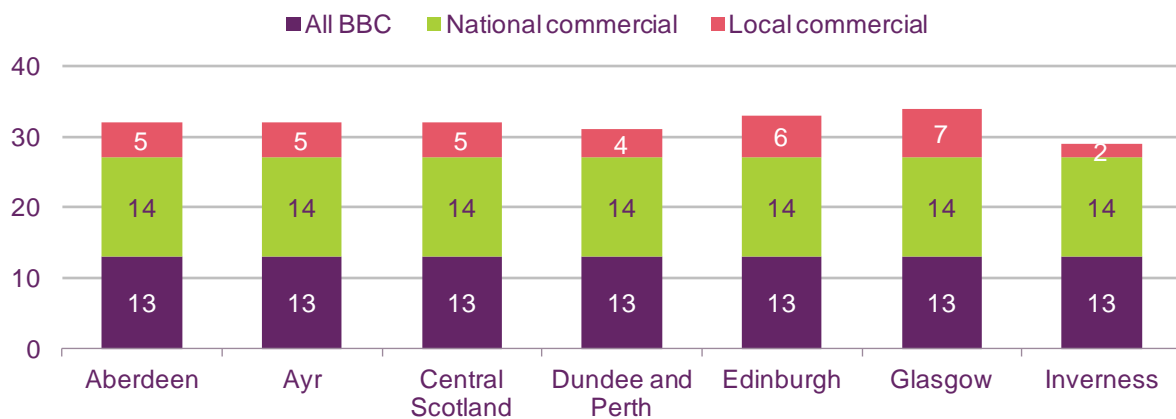
Source: Ofcom, April 2013

Note: This chart shows the maximum number of UK radio services available in Scotland; local variations along with reception constraints mean that listeners may not be able to access all of these.
* Excludes nationally branded services on certain local multiplexes, e.g. Gold and Heat

Digital availability

Digital radio is available in six areas ('central Scotland' covers both Edinburgh and Glasgow). The average number of digital stations across these areas is just under 32. (Figure 3.2)

Figure 3.2 Digital radio availability: Scotland



Source: Ofcom, April 2013 Note: This chart shows the maximum number of digital stations available in each area; local variations along with reception constraints mean that listeners may not be able to access all of these

3.2 Radio licensing

Local analogue and digital licence renewals

During the past year, key developments include:

- the granting of local analogue commercial radio licence renewals to Moray Firth Radio AM (Inverness), Moray Firth Radio FM (Inverness), Radio Tay AM (Dundee & Perth) and Radio Tay FM (Dundee & Perth);

- a 12-year renewal for Aberdeen/Switchdigital (Scotland) Limited for its local radio multiplex licence;
- Bauer Digital Radio's local radio multiplex licence renewal for Dundee/Perth; and
- a Change of Control review of the local FM commercial radio licence for Dumbarton (Your FM) following a change of the parent company to Romanes Media Group Ltd.

3.3 Community radio broadcasting

Scotland's community radio sector is growing year on year in terms of audience, influence and stations. Ofcom has completed a third round of licensing in Scotland, making 13 awards since May 2012. These stations are now preparing to come on air; indeed, East Coast FM in East Lothian launched at the end of April 2013.

The Department for Culture, Media and Sport appointed a development officer for the sector across Scotland. The year-long brief is to identify and aid development and funding potential. At its heart is securing funding to enable stations to focus on the content and the community rather than constantly facing a battle to meet costs.

The Scottish Community Broadcast Network is now chaired by a representative of Two Lochs Radio, Gairloch and has evolved into Scotland's largest independent radio network.

Caledonia Media produces a radio programme, *The Week in Holyrood*, from the Scottish Parliament, which is broadcast on 29 community radio stations in Scotland. In the past year the programme has doubled in length to an hour. Other network programming includes Hogmanay specials, coverage of the Edinburgh Festivals, the Celtic Connections festival from Glasgow and the Cowal Games from Dunoon. It remains a stated desire of community radio in Scotland to establish its own news service, and discussions are under way to try to make that happen.

Licence awards and renewals

Total awards in Scotland amount to 33, with two licences handed back, 18 on air and with the remaining 13 as the newly awarded licences preparing to launch. The Super Station (Orkney) had its licence extended to 13 January 2018.

The awards over the course of the past year were spread geographically throughout Scotland:

An Radio/An Ràidio	Outer Hebrides islands of Berneray, North Uist, Baleshare, Grimsay, Benbecula, South Uist and Eriskay
Camglen Radio	Cambuslang, South Lanarkshire
Celtic Music Radio	Glasgow
Sound of Mull Radio	Isles of Mull and Iona
Crystal FM	Penicuik, Midlothian
East Coast FM	Haddington, East Lothian
K-Town FM	Kinglassie, and surrounding area, Fife
KYFM	Kirkcaldy and surrounding villages, Fife
Nevis Radio	Fort William and surrounding area, Scottish Highlands
Irvine Beat FM	Irvine, North Ayrshire
Keith Community Radio	Elgin, Buckie and Keith, Moray
Deveron FM	Banff and Macduff, Aberdeenshire
TD1	Galashiels, Tweedbank, Melrose and Selkirk

Three existing radio stations took the opportunity to apply for community radio licences in this licensing round. Celtic Music Radio operates in Glasgow on AM, and when an FM frequency became available it applied for, and was awarded, an FM licence (in due course it will surrender its AM licence). Nevis Radio, which serves Fort William and surrounding areas, was licensed as a commercial radio service, but chose to become a community radio service, applied, and was awarded a community radio licence. Keith Community Radio currently operates as a limited opt-out service from one of Moray Firth Radio’s transmitters. It has now been awarded a community radio licence to broadcast full-time in the Moray area.

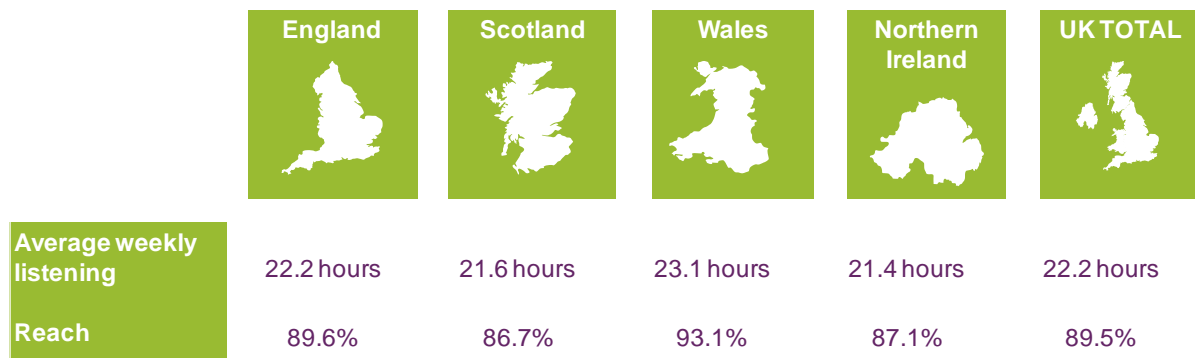
In 2013, there were 18 community radio stations on air in Scotland – the same as in the previous two years.

3.4 Patterns of listening to audio content

Among all the UK nations, Scotland continues to have the lowest reach for radio

Radio services reached 86.7% of the adult population in Scotland, the lowest of all the UK nations and 2.8 percentage points lower than the UK average of 89.5%. Compared with average weekly listening hours elsewhere in the UK, listeners in Scotland listened less. Adult radio listeners in Scotland spent an average of 21.6 hours each week listening to the radio in 2012. (Figure 3.3)

Figure 3.3 Average weekly reach and listening hours: 2012



Source: RAJAR, All adults (15+), year ended Q4 2012. Reach is defined as a percentage of the area adult population who listen to a station for at least five minutes in the course of an average week.

Local commercial stations are more popular in Scotland than in other nations

In 2012, local commercial stations accounted for a 38% share of all listening hours in Scotland, a higher share for this sector than in any other UK nation. Over half (53%) of all listening hours were to commercial stations, again higher than in any other nation and higher than the UK average of 43% (Figure 3.4).

Figure 3.4 Share of listening hours, by nation: 2012

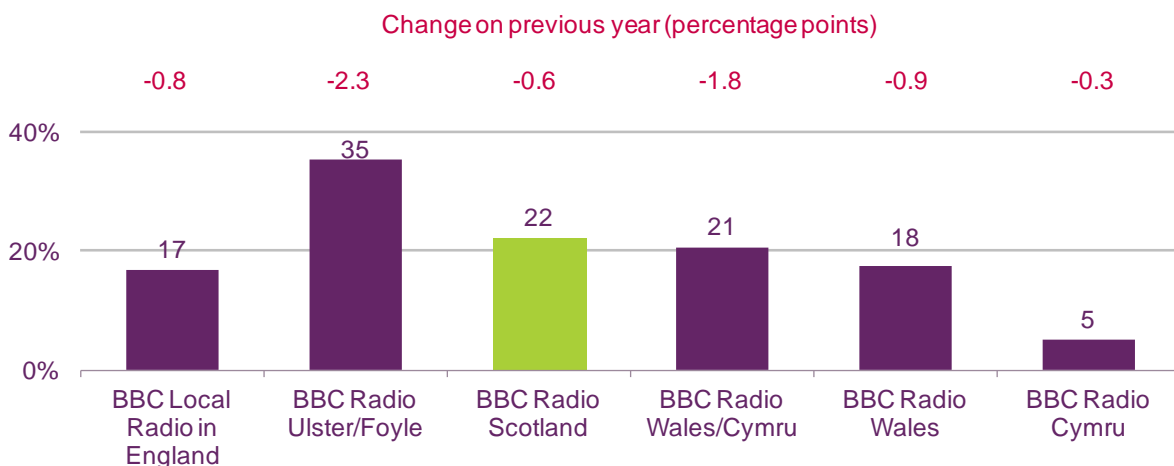


Source: RAJAR, All adults (15+), year ended Q4 2012

One fifth (22%) of adults listened to BBC Radio Scotland in an average week in 2012, a fall of 0.6 percentage points on the previous year. (Figure 3.5) Listening to the BBC nations' station in Scotland accounted for 9% of total listening hours in 2012. This is similar to the share of listening to local and nations' services in Wales and England and the UK average, but lower than in Northern Ireland.

BBC Radio's Gaelic language service, Radio nan Gàidheal, reached 69.5% of Gaelic speakers aged 16+ in Scotland in 2012. Listening to Radio nan Gàidheal is measured separately to other radio services through a panel of Gaelic speakers by Lèirsinn Research Centre and is not comparable to the figures sourced by RAJAR in Figure 3.5.

Figure 3.5 Weekly reach for BBC nations'/ local services



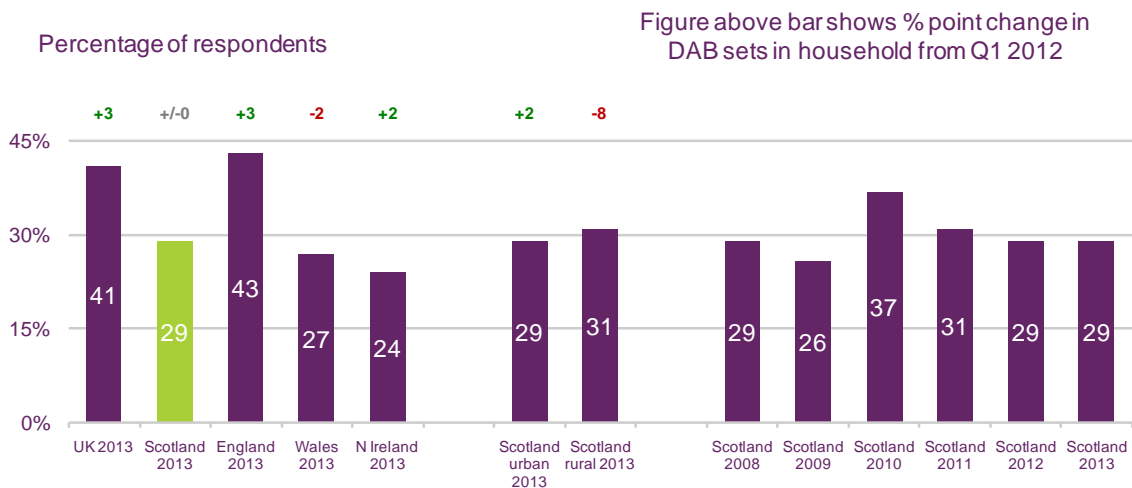
Source: RAJAR, All adults (15+), year ended Q4 2012

3.5 Digital radio set ownership and listening

Three in ten adults in Scotland have a digital radio set

DAB radio set ownership in Scotland remains unchanged since 2012, with three in ten adults (29%) who listen to the radio reporting that they have at least one DAB radio set at home. Ownership of DAB radios in Scotland is 12 percentage points lower than the UK average (41%) and does not differ across Scotland's urban or rural areas. DAB radio is receivable in six areas across Scotland: Aberdeen, Ayr, Dundee & Perth, Edinburgh, Glasgow and Inverness.

Figure 3.6 Ownership of DAB digital radios



Source: Ofcom research, Q1 2013

Base: Adults aged 16+ who listen to radio (n = 2910 UK, 375 Scotland, 1747 England, 383 Wales, 405 Northern Ireland, 187 Scotland urban, 188 Scotland rural, 766 Scotland 2008, 780 Scotland 2009, 1034 Scotland 2010, 357 Scotland 2011, 364 Scotland 2012, 375 Scotland 2013)

Note: Remaining percentages are Don't know responses.

NB. Data in 2011 based on those who listen to radio and have any radio sets in the household that someone listens to in most weeks.

Question. How many DAB sets do you have in your household?

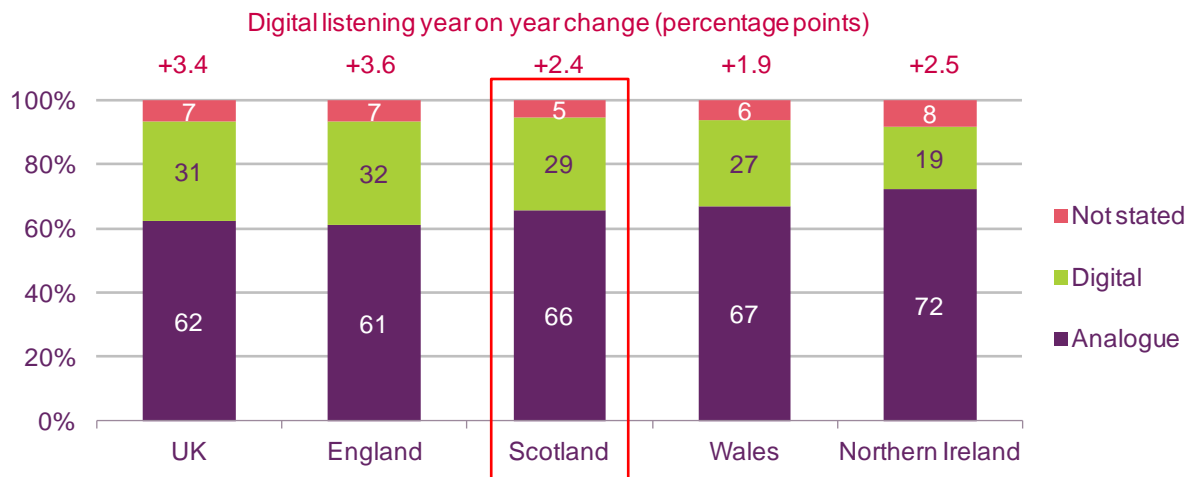
Source: Ofcom research, Q1 2013

Twenty-nine per cent of listening in Scotland was through a digital platform

Although the proportion of listening through a digital platform in Scotland grew by 2.4 percentage points in 2012, (Figure 3.7) digital listening in Scotland was still lower than the UK average. Part of this may be attributed to signal coverage.

A Memorandum of Understanding was signed in July 2012 by the Government, the BBC, commercial radio multiplex operators and the transmission provider Arqiva. This sets out the intention to match DAB coverage to that of analogue FM while maximising value for money.

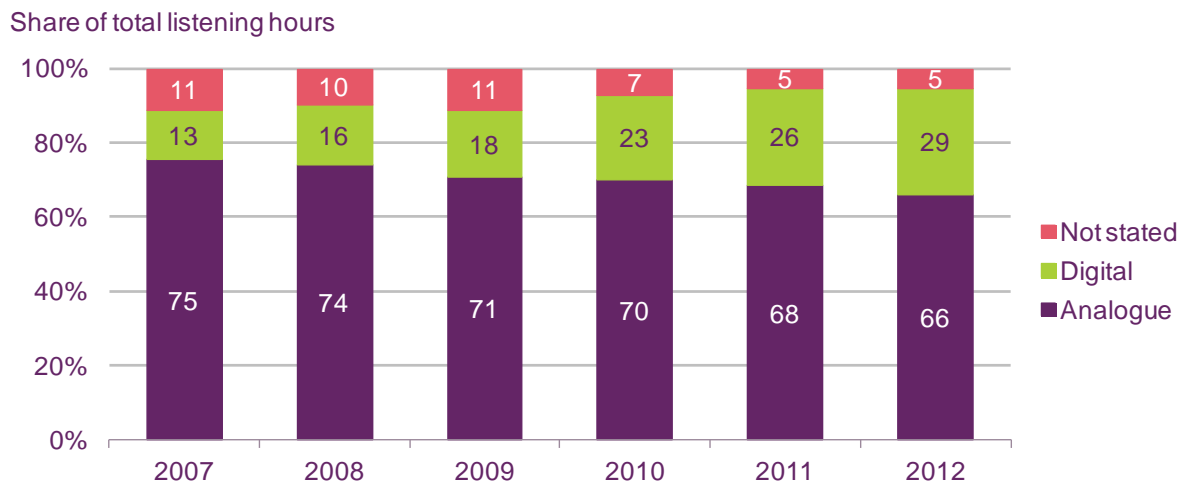
Figure 3.7 Share of listening hours via digital and analogue platforms: 2012



Source: RAJAR, All adults (15+), year ended Q4 2012

Looking at the share of digital listening since 2007 reveals steady growth. While the fall in 'not stated' over six years reflects a change in RAJAR methodology, the underlying trend is still evident. Digital radio's share of listening in Scotland has grown by 16pp over the past five years; more than either Wales or Northern Ireland, while analogue accounts for over two-thirds share of radio listening.

Figure 3.8 Share of listening hours via digital and analogue platforms in Scotland: 2007-2012



Source: RAJAR, All adults (15+), calendar years 2007 - 2012

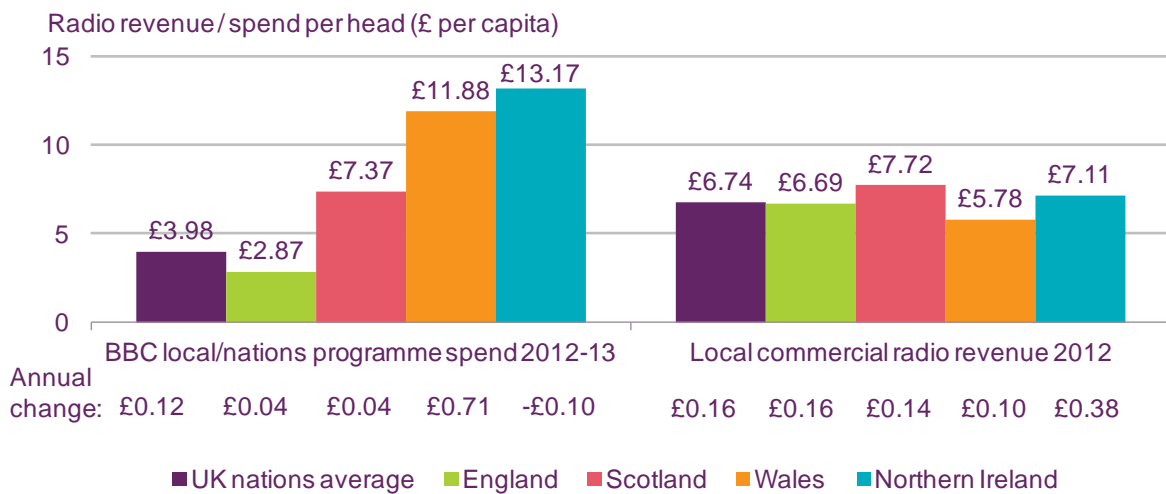
3.6 The radio industry

Commercial radio revenue per head of population was highest in Scotland

The commercial revenues generated by local commercial radio stations in Scotland reached £40.6m in 2012. Adjusting for population size, Scotland has the largest revenue per person of all the UK nations, at £7.72, a £0.14 increase on 2011 (Figure 3.9).

BBC Radio spend on BBC Radio Scotland and BBC Radio nan Gàidheal totalled £39.0m in 2012-13, up from £38.1m in the previous year. Expenditure per head increased slightly to £7.37.

Figure 3.9 Local/ nations' radio spend and revenue per head of population: 2012-2013



Source: Broadcasters

Note: The UK total shows the average for local commercial radio across the four nations and therefore excludes revenues for the UK-wide commercial stations: Classic FM, talkSPORT and Absolute.

4 Internet and web-based content

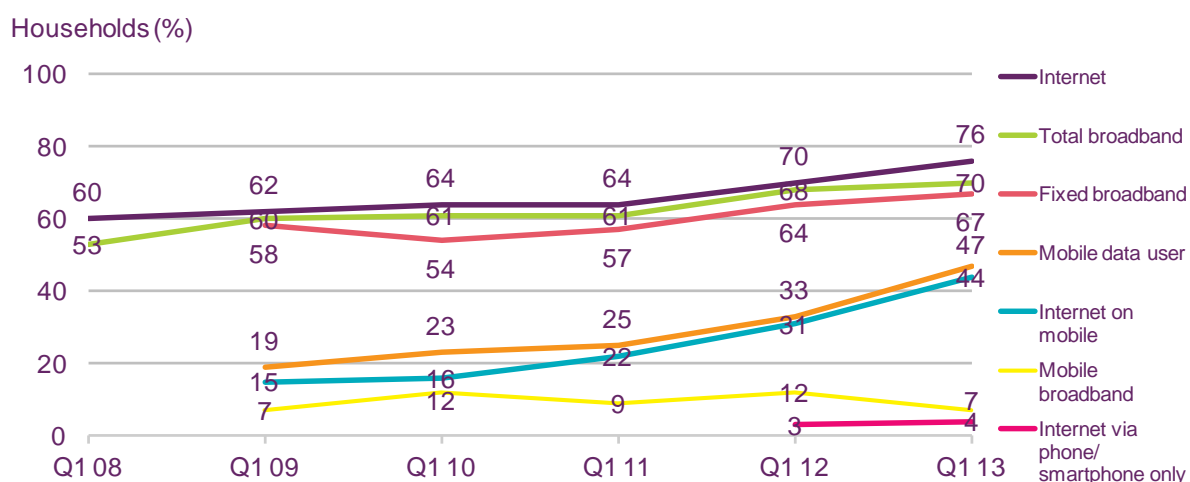
4.1 Internet take-up

Three in four households in Scotland have internet access

Three-quarters of households in Scotland (76%) had access to the internet at Q1 2013 (via broadband, mobile phone or narrowband), with this figure increasing six percentage points year on year, to be slightly lower than the UK average (80%).

The increased difference between total broadband access (70%) and internet access (76%) reflects the growing proportion of consumers in Scotland who access the internet on their mobile phone (44%). Internet access on a mobile phone was up by 13 percentage points, the largest rise among the devolved nations. Furthermore, 4% of consumers in Scotland accessed the internet *only* through a mobile phone, the same as the UK average.

Figure 4.1 Internet take-up, Scotland: 2008-2013



Source: Ofcom technology tracker

Base: All adults aged 16+ (n = 925 Scotland 2008, 1014 Scotland 2009, 1468 Scotland 2010, 487 Scotland 2011, 500 Scotland 2012, 501 Scotland 2013)

4.2 Internet-enabled devices

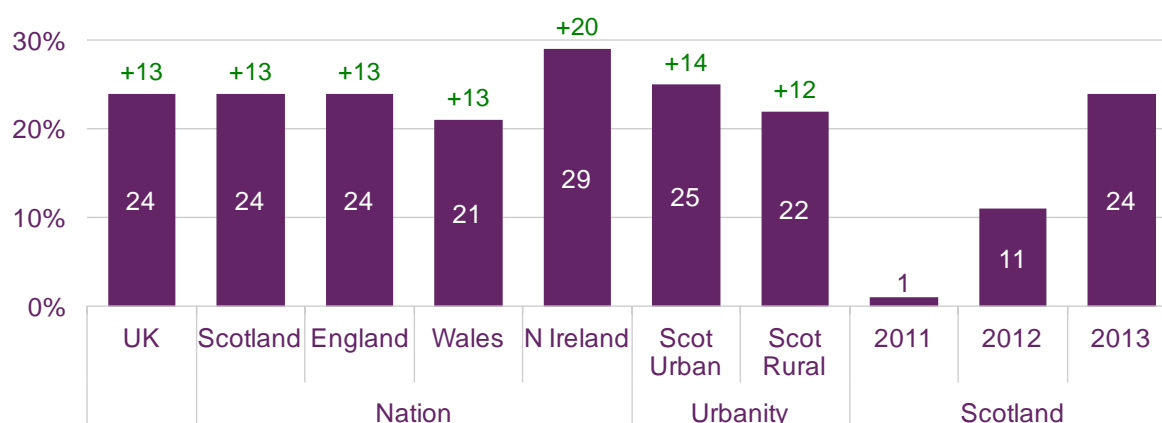
A quarter of households in Scotland have a tablet computer

Tablet computer ownership has more than doubled in Scotland in the past year, in line with the rest of the UK. In the first quarter of this year, 24% of households in Scotland claimed to own a tablet computer such as an iPad or Kindle Fire, a 13 percentage point annual increase, following a ten percentage point increase in the year to Q1 2012.

Those in Scotland most likely to have purchased a tablet are aged 35-54 (43% of whom had one in their household) and from higher-income households (40% of those with a household income of £17.5k+), with no significant difference across Scotland's urban or rural areas. For most households with a tablet, this is in addition to a desktop, laptop, or netbook computer, as just 2% of households in Scotland have *only* a tablet computer.

Figure 4.2 Household take-up of tablet computers in Scotland

Households (%) / percentage point change in take-up of tablet computers from Q1 2012



Source: Ofcom research, Q1 2013

Base: All adults aged 16+ (n = 3750 UK, 501 Scotland, 2250 England, 492 Wales, 507 Northern Ireland, 250 Scotland urban, 251 Scotland rural, 487 Scotland 2011, 500 Scotland 2012, 501 Scotland 2013)

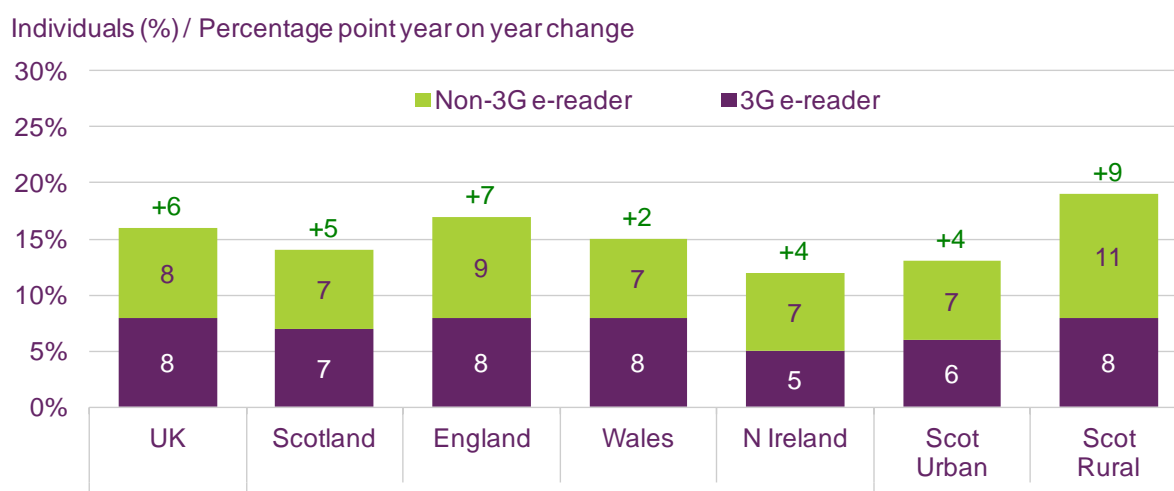
QE1. Does your household have a PC, laptop, netbook or tablet computer?

One in seven adults in Scotland use an e-reader

One in seven (14%) adults in Scotland personally use an e-reader to read e-books, magazines or other text downloaded from the internet, a five percentage point annual increase. Half of those who use an e-reader have a built-in 3G connection, which allows them to download books using a mobile network. The incidence of household ownership of an e-reader in Q1 2013 was 20%, a 12 percentage point annual increase and similar to the incidence for the UK as a whole (22%).

Those in Scotland most likely to use an e-reader are female (18%) and from ABC1 social groups (19%), with no significant difference across Scotland's urban or rural areas.

Figure 4.3 Personal use of e-readers: 2013



Source: Ofcom research, Q1 2013

Base: All adults aged 16+ (n = 3750 UK, 501 Scotland, 2250 England, 492 Wales, 507 Northern Ireland, 250 Scotland urban, 236 Scotland rural)

QB1. Which of the following do you, or does anyone in your household, have in your home at the moment ?/ QB2. And do you personally use.../ QB6. Does your household's e-reader have built-in 3G access to a mobile network?

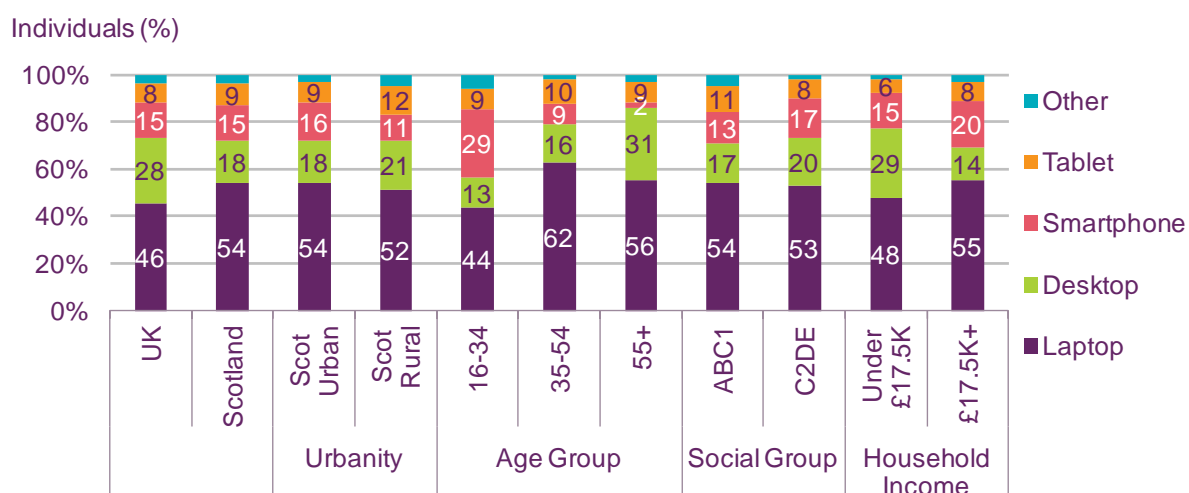
More than half of internet users in Scotland claim their laptop is the most important device for getting online

The laptop (54%) was the most important device among internet users in Scotland for accessing the internet. This was especially the case for internet users aged 35-54 (62%) who were significantly more likely to choose the laptop as their most important device than were those aged 16-34 (44%). Instead, 16-34 year olds were significantly more likely to say their smartphone (29%) was their most important device for going online.

The desktop computer was significantly more likely to be the most important device for internet access among those aged 55+ (31%) and those in low-income households (29%). There were no significant differences by socio-economic group among those who chose their tablet computer, and no significant differences between rural and urban areas.

Device preferences are likely to reflect take-up of devices; we consider device importance by ownership in Chapter 4 of the *UK Communications Market Report*.

Figure 4.4 Most important device for accessing the internet in Scotland



Source: Ofcom research, Q1 2013

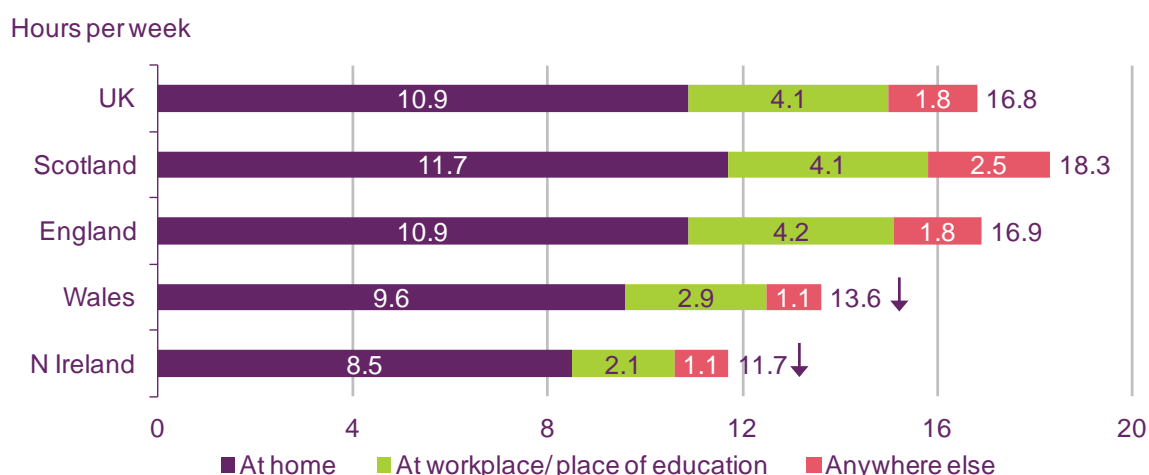
Base: All adults aged 16+ (n = 3750 UK, 501 Scotland, 2250 England, 492 Wales, 507 Northern Ireland, 250 Scotland urban, 251 Scotland rural, 487 Scotland 2011, 500 Scotland 2012, 501 Scotland 2013). Question: Which is the most important device you use to connect to the internet, at home or elsewhere? "Other" responses include: "netbook", "games console", "other device", "none" and "don't know".

4.3 Internet use

Internet users in Scotland spent the most time online of the devolved nations

According to research conducted for Ofcom's *Adult Media Literacy Report*, internet users in Scotland claim to spend more than 18 hours on the internet per week. This was not significantly different to the UK average of 16.8 hours. Following a similar pattern as the rest of the UK, internet users in Scotland claim to spend the majority of their time online at home, followed by their workplace or place of education, and the least time online in any other location.

Figure 4.5 Claimed time spent online in a typical week



Source: Ofcom research, fieldwork carried out by Saville Rossiter-Base in September to November 2012

IN6A-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)

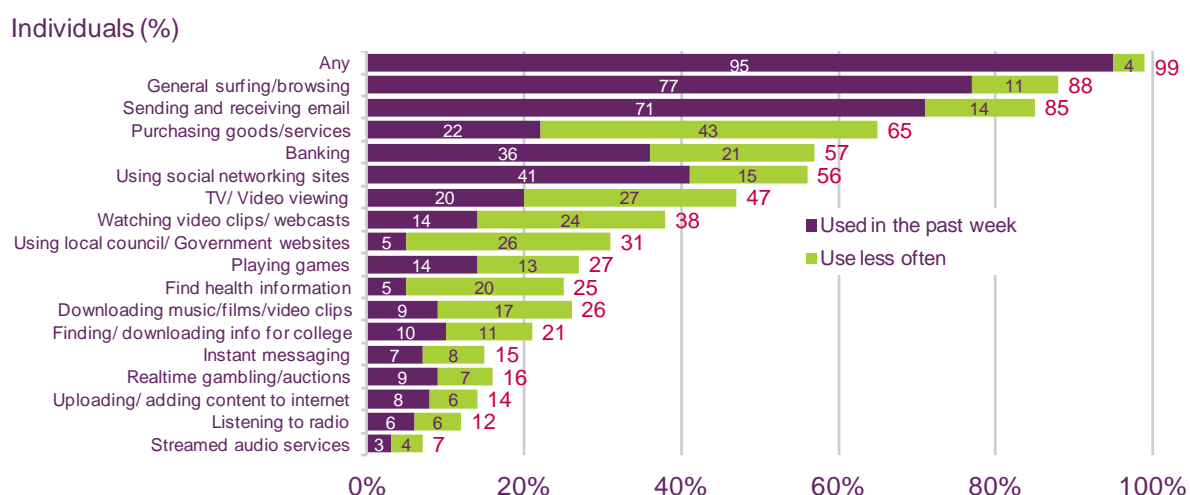
Base: All adults aged 16+ who use the internet at home or elsewhere (1381 UK, 857 England, 183 Scotland, 177 Wales, and 164 Northern Ireland). Significance testing shows any difference between any nation and the UK.

Two-thirds of broadband users in Scotland purchase goods and services online

Almost nine in ten internet users (88%) in Scotland use the internet for general browsing, and of the more specific activities asked about, sending and receiving email (85%) is the most popular use, with 71% of internet users having done this in the past week.

Purchasing goods and services online is the second most popular specific use of the internet (65%), but only one in five internet users had done this in the past week (22%). Visiting social networking sites (41%) and internet banking (36%) were other popular uses of the internet, which had been done in the past week.

Figure 4.6 Activities conducted online by internet users in Scotland



QE5. Which, if any, of these do you use the internet for?

Source: Ofcom research, Q1 2013

Base: Adults aged 16+ who use the internet at home or elsewhere (n= 394 Scotland 2013)

Note: Question change between 2012 and 2013 makes trend data incomparable.

5 Telecoms and networks

5.1 Recent developments in Scotland

Digital strategy

In October 2012 the Scottish Government published its first update on progress on its digital strategy: *Scotland's Digital Future*. It reported significant progress across the four workstreams – digital infrastructure, digital public services, digital economy and digital participation. It signalled that an additional £32m of UK Government funding for next-generation broadband had been secured, resulting in a national fund for Scotland of over £240m. It also indicated a renewed interest in the opportunities that mobile devices and smart TVs could offer. In February 2013, the Scottish Government published a draft narrative for its World Class 2020 connectivity vision: to support connectivity at any time, at any place, and on any device.

Digital Economy

The Scottish Government published the report “Scotland’s Digital Future – Supporting the Transition to a World-leading Digital Economy: Emerging Findings April 2013” on 7 May 2013. The report assesses the role that the public sector in Scotland is playing in stimulating the digital economy. It also proposes actions that could be taken collectively and in partnership with the private sector to ensure that Scotland develops and sustains a world class digital economy in the future.

Highlands and Islands

In March 2013 Highlands and Islands Enterprise (HIE) announced a £146m investment project to deliver high speed fibre broadband across the Highlands and Islands. When the project, which will be led by HIE and delivered by BT, is completed, around 84% of Highlands and Islands homes and businesses will have access to fibre broadband. The public sector investment towards the contract is £126.4m. It is being delivered through the Scottish Government broadband fund, which incorporates funding from Broadband Delivery UK (BDUK), and also includes up to £12m from HIE’s own budget. BT is investing an additional £19.4m in the project, on top of its investment in its wider commercial roll-out for the region.

During the life of the project, BT and HIE will assess new and emerging technology options through a £2.5m innovation fund, with a view to extending faster broadband to the most remote places in the Highlands and Islands. In addition, the procurement exercise for the rest of Scotland project remains on track. A contract to provide next-generation access to the rest of Scotland was expected to be signed by the end of June 2013.

In November 2012 it was announced that residents in six communities were to benefit from a £5m fund to bring next-generation broadband to hard-to-reach rural areas, and three of these – Applecross, Colonsay and Tomintoul & Glenlivet - are in the Highlands and Islands. Additional projects will be in Aberdeenshire, South Lanarkshire and Dumfries & Galloway. The support is being provided by the Community Broadband Scotland initiative, launched to provide a one-stop-shop for rural community groups to develop broadband coverage in their areas. A Pioneering Communities Seminar was held in April 2013 to bring together the six community groups to learn from each other’s experiences.

The UK Government’s £150m Mobile Infrastructure Project (MIP) will bring improved mobile coverage to areas where coverage is poor or non-existent, beginning in 2013 and

completing in 2015. Later this year, it is expected to announce the areas in Scotland which will benefit – which are known to include the A82 road.

Connected cities

In December 2012 the Department for Culture, Media and Sport (DCMS) announced the second wave of ‘super connected cities’, including Aberdeen and Perth, following Edinburgh, which was announced in the first wave of awards.

Centre for White Space Communications

In January 2013 the Centre for White Space Communications within the University of Strathclyde was formally opened. Established with initial funding from the Scottish Funding Council, the Centre will engage with industry and Government to develop and apply spectrum technology to tap into unused white space spectrum capacity. One of the key projects of the Centre is a rural broadband trial on the Island of Bute.

Glasgow – Future City

In January 2013 it was announced that Glasgow had won a £24m future cities competition to showcase how UK cities can develop their local economies and improve the lives of their citizens by making the most of new technologies, and by integrating and connecting city systems. The Future Cities Demonstrator competition, managed and funded by the UK Government's innovation agency, the Technology Strategy Board, saw Glasgow secure the major funding in an open competition against 30 other UK cities. One practical result will be a Glasgow smartphone app which will allow members of the public to interact with the new technology.

4G in Scotland

Ofcom attached a coverage obligation to one of the 800MHz lots of spectrum in its 4G auction. The winner of this lot, Telefónica UK Ltd, is obliged to provide a mobile broadband service with indoor reception to at least 95% of the population of each of the UK nations by the end of 2017 at the latest and a mobile broadband service for indoor reception to at least 98% of the UK population (expected to cover at least 99% when outdoors). In April 2013 changes were made to transmitters serving various parts of Scotland to free up frequencies for the introduction of 4G services.

Glasgow 2014 Commonwealth Games

Work continues in connection with Ofcom's role in spectrum management for the Games. Ofcom is responsible for organising a full spectrum plan for the Games, arranging all the licences in good time in support of the plan and ensuring that key wireless services are free from harmful interference.

Carnegie Trust

In April 2013 the Carnegie Trust published its report *Across the Divide – Tackling Digital Exclusion in Glasgow*.³⁶ The report suggests that there are no easy solutions to low broadband take-up in Glasgow. Even identifying who was offline was a complex process. There were major differences between citizens who were offline, in terms of their attitude to technology and the internet, their desire, interest and motivation to get online and the range of barriers and challenges that they might experience in seeking to access the digital world.

³⁶ <http://www.carnegieuktrust.org.uk/publications/2013/across-the-divide---full-report>

The key findings of the Carnegie Trust report are discussed in our analysis of fixed broadband take-up in Glasgow, in Section 1.5. The Scottish Government has been working with existing partner signatories to the Digital Participation Charter and is also in the process of setting up a Ministerial Advisory Group to take forward the digital inclusion agenda and the work of the Charter.

5.2 Availability of fixed broadband services

ADSL broadband availability in Scotland was slightly lower than in the other nations at the end of 2102

Almost all UK premises are connected to an ADSL-enabled BT local exchange, although some may not be able to receive ADSL broadband services, or may be able to do so only at very slow speeds, as a result of the long length or poor quality of the line from the premises to the local exchange.

BT has just under 5,600 local exchanges, of which around 30 were not able to provide ADSL broadband at the end of 2012. Most of the BT local exchanges that are not capable of providing ADSL broadband are in Scotland (the remainder being in England) and the proportion of premises connected to an ADSL-enabled BT exchange is marginally lower in Scotland than in the rest of the UK (Figure 5.1).

Local loop unbundling (LLU) operators are able to provide fixed telecoms services by placing their own network equipment in the incumbent's local exchange. This is then connected to the LLU provider's backhaul network and ADSL broadband services are provided to the end user over the copper line from the exchange, which is leased from the incumbent operator. LLU operators generally benefit from economies of scale that are not available when purchasing wholesale services on a per-unit basis, and are better able to differentiate their services from those offered by their competitors. Premises in LLU-enabled exchange areas benefit as they usually have a greater choice of ADSL broadband services, and access to lower-cost services.

We estimate that 94% of UK premises were connected to an unbundled BT local exchange at the end of 2012, two percentage points higher than had been the case a year previously. This increase was largely due to LLU providers deploying services in rural areas: while the proportion of premises connected to an LLU-enabled local exchange in urban areas was unchanged at 99% during the year, the proportion in rural areas increased by over eight percentage points, to 72%. This pattern is typical of telecoms network deployment: roll-out usually begins in urban areas (where there are larger numbers of premises and therefore potential customers), and subsequently spreads to less densely populated areas. In fact, urban LLU availability was at a similar level to current rural availability as far back as 2006.

Across the UK nations, the proportion of premises connected to an LLU-enabled BT local exchange was lowest in Northern Ireland (85%) and highest in England (95%) at the end of 2012 (in Scotland and Wales the figures were 87% and 93% respectively). Among the English regions, LLU availability ranged from 89% of premises in the South West to almost 100% in London.

Figure 5.1 Proportion of premises connected to ADSL and LLU-enabled exchanges: December 2012



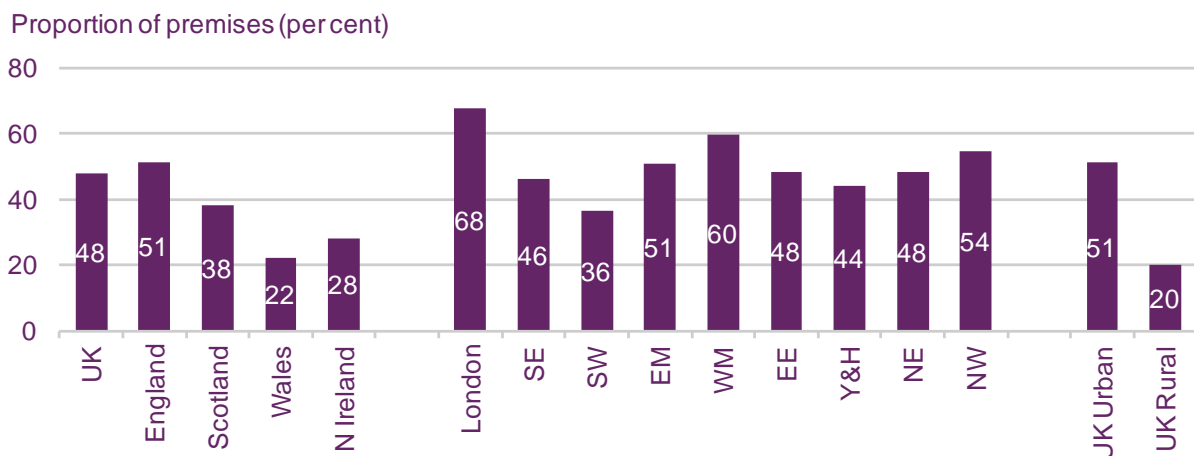
Sources: Ofcom/BT, December 2012 data

‘Up to’ 120Mbit/s cable broadband services are available to over a third of premises in Scotland

As part of its work to monitor the UK’s communications infrastructure, Ofcom collects data which show the total number of premises that are in postcodes in which one or more premise can receive services from cable and fibre broadband networks. This methodology is likely to slightly overestimate the coverage of these networks, as not all premises in a postcode will necessarily be able to receive the same services.

Data provided to Ofcom by Virgin Media show that 48% of UK premises were in postcodes that were served by its cable broadband network in June 2013 (Figure 5.2). Among the UK nations, the proportion of premises passed by Virgin Media’s cable broadband network ranged from 22% in Wales to 51% in England, while in Scotland it was 38%, the second highest proportion among the UK nations. All of Virgin Media’s cable network is able to provide broadband speeds of ‘up to’ 100Mbit/s and it is rolling out an upgrade to ‘up to’ 120Mbit/s, which has already been completed in Scotland.

Figure 5.2 Proportion of premises in postcodes served by Virgin Media’s cable broadband network



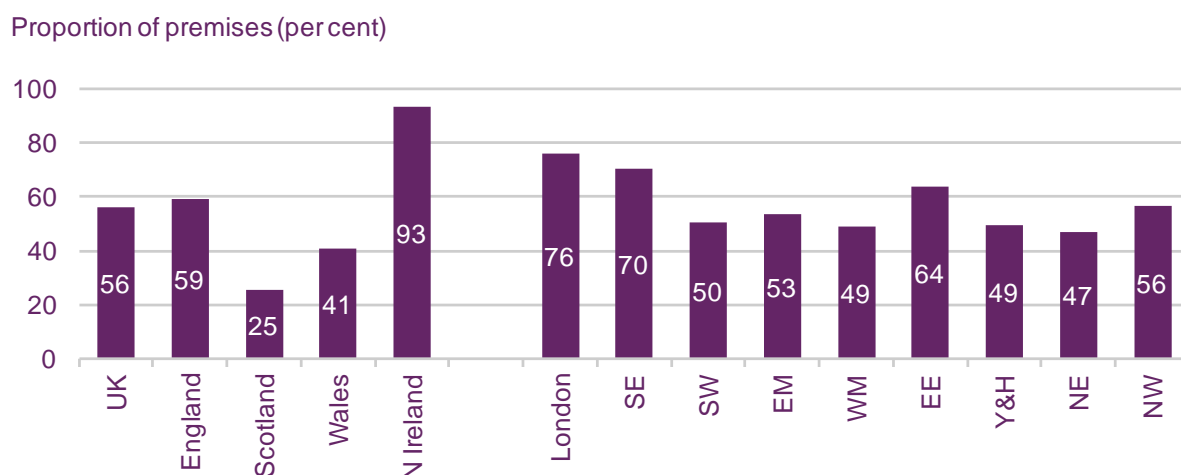
Sources: Ofcom/Virgin Media, June 2013 data

Scotland had the lowest availability of fibre broadband among the UK nations in June 2013

Data provided to Ofcom by BT Openreach and Kcom (the incumbent operator in the Kingston-upon-Hull area) show that over half of UK premises (56%) were in postcodes served by their fibre broadband networks by June 2013 (Figure 5.3). Once again, this is likely to slightly overstate the availability of fibre broadband services, as different premises in the same postcode may be served by different street cabinets, and one cabinet may have been upgraded while another has not.

In Scotland, a quarter of premises (25%) were in postcodes served by BT Openreach's fibre network in June 2013, less than half the UK average and the lowest proportion across the UK nations. By contrast, the proportion of premises which were served by BT Openreach/Kcom's fibre networks was highest (at 93%) in Northern Ireland, which has benefited from a Department of Enterprise, Trade and Investment (DETI) initiative to increase the availability of superfast broadband services. In Wales and England the proportions were 41% and 59% respectively.

Figure 5.3 Proportion of premises in postcodes served by BT Openreach/ Kcom fibre broadband networks



Sources: Ofcom/BT Openreach/Kcom, June 2013 data

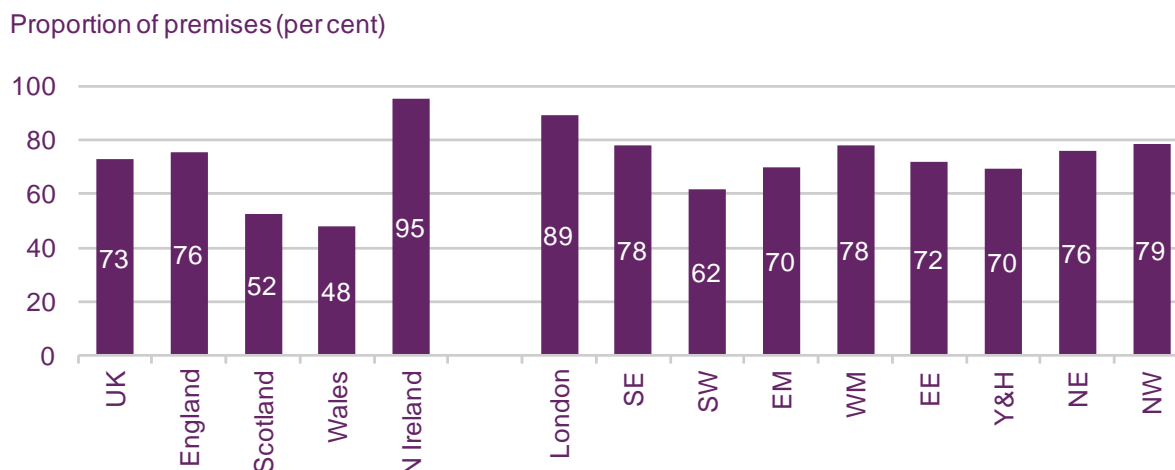
Over half of premises in Scotland were served by NGA networks in June 2013

By overlaying the Virgin Media cable broadband availability data in Figure 5.2 with the BT Openreach /Kcom fibre availability data in Figure 5.3 we are able to estimate the proportion of premises that are in postcodes served by the next-generation access (NGA) networks which are used to provide superfast broadband services. As previously, this methodology is likely to slightly overestimate NGA coverage (despite the fact that this analysis includes only Virgin Media, BT Openreach and Kcom's NGA networks) as not all premises in a postcode will necessarily be able to receive NGA services.

This analysis suggests that just under three-quarters of UK premises (73%) were in postcodes served by NGA networks by June 2013, up from 65% in June 2012 (Figure 5.4). Across the UK nations this proportion ranged from 48% in Wales to 95% in Northern Ireland, with just over half of premises in Scotland (52%, up from 45% in June 2012) and three-quarters of premises in England (76%) being within NGA network footprints.

Not all broadband connections provided by NGA networks will necessarily achieve ‘superfast’ speeds (here defined as an actual speed of 30Mbit/s or higher). In particular, the speed achieved on a given line using fibre-to-the-cabinet (FTTC) technology will depend on the length and quality of the copper connection from the street cabinet to the consumer’s premises.

Figure 5.4 Proportion of premises in postcodes served by NGA networks



Sources: Ofcom/operators, June 2013 data

5.3 Mobile coverage

The proportion of premises in areas with outdoor mobile coverage varies across the UK nations

Ofcom research suggests that 92% of UK adults had a mobile phone in Q1 2013. While mobile use is widespread, there are still areas of the country where a lack of network coverage means that making mobile phone calls, sending text messages or accessing the internet over a cellular network is not possible. These areas, which are often referred to as ‘mobile not-spots’, are often characterised by low population density and/or undulating terrain, and present physical and economic obstacles that may deter mobile network operators (MNOs) from installing mobile phone masts in these areas. In other areas of the UK, some operators have installed masts and provide a mobile service where other operators do not have a presence, leading to the creation of ‘partial not-spots’.

How we measure the availability of mobile telephony for this report

The coverage information presented in Ofcom’s *Communications Market Reports* and *Infrastructure Report* is collected by Ofcom from the four MNOs. Information on coverage is provided by each operator for each 200x200m pixel of landmass across the UK. This information is correlated with maps of premises to give the premises coverage figures.

These availability figures quoted all refer to outdoor coverage. Coverage figures for indoor reception are likely to be lower because radio signals are attenuated as they pass through the fabric of buildings. Indoor reception is highly dependent on the building in which reception is desired, and where the user is located in the building, making it difficult to calculate accurate indoor coverage figures.

Figure 5.5 and Figure 5.6 detail levels of mobile coverage based on premises (i.e. homes and offices) for 2G and 3G services respectively. 3G is often considered as the minimum

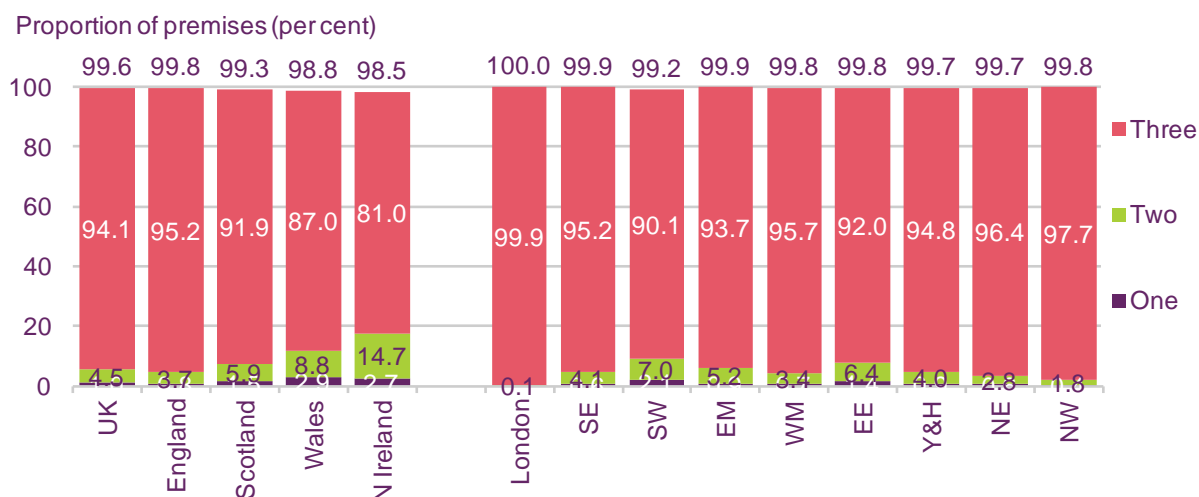
necessary to provide a satisfactory experience of mobile internet, while 2G is considered satisfactory for telephone calls and text messaging. Mobile network operator Everything Everywhere (EE) launched 4G mobile services in the UK in October 2012, but we do not include details of 4G mobile coverage here.

99.3% of premises in Scotland were in areas with outdoor 2G coverage in June 2013

The coverage data provided to us by MNOs shows that 94.1% of premises had outdoor coverage from all three UK 2G network operators (EE, O2 and Vodafone) in June 2013 (Figure 5.5). In total, 99.6% of premises were in areas where at least one mobile network provided outdoor 2G coverage, suggesting that 0.4% of UK premises (around 100,000 premises) were in areas without any 2G mobile coverage. The proportion of premises in areas with outdoor 2G coverage recorded in June 2013 is slightly lower than the 99.7% figure, calculated from 2011 data, which was included in the 2012 *Communications Market Reports*, and we are investigating this discrepancy.

2G coverage was slightly higher than average in England in June 2013, when 99.8% of premises were in areas with outdoor 2G mobile coverage. Scotland had the second highest proportion of premises with outdoor coverage from all three 2G networks in June 2013, at 91.9%, while 0.7% of premises in Scotland (around 20,000 premises) were in areas without 2G coverage. The lower-than-average network coverage in Scotland is a reflection of its lower population density (which means that providing mobile services in some areas is not commercially viable) and its hilly terrain, which restricts the propagation of mobile signals. Northern Ireland had the lowest population coverage across the UK nations, with 81.0% having outdoor coverage from all three 2G networks and 1.5% being in areas without any 2G coverage.

Figure 5.5 2G premises mobile coverage, by number of operators



Sources: Ofcom/operators, June 2013 data

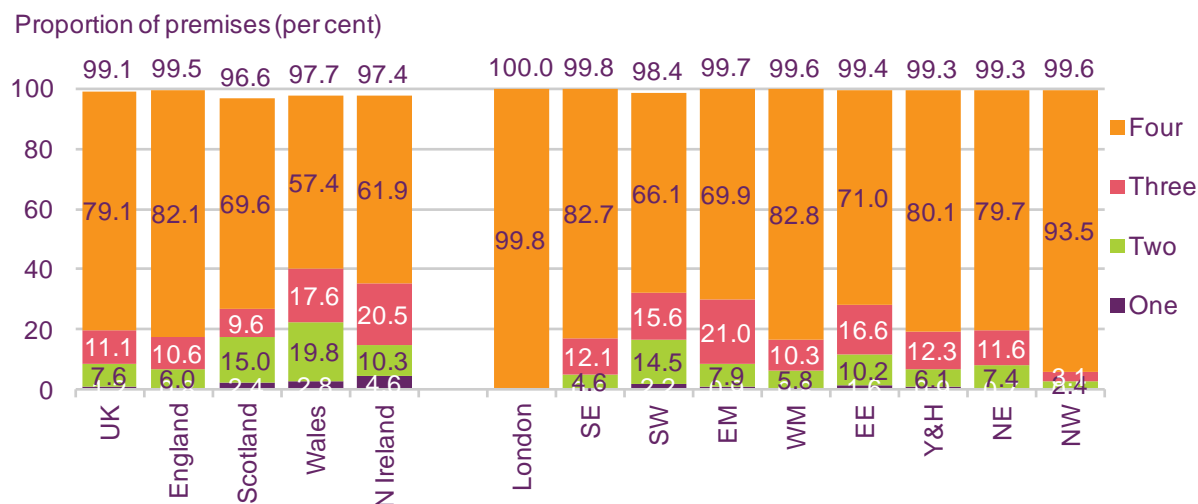
Note: Coverage is based on 200m square pixels covering the UK

Scotland had the lowest proportion of premises in areas with outdoor 3G coverage in June 2013

Our analysis suggests that 99.1% of UK premises were in areas where there was outdoor 3G mobile coverage in June 2013, while 79.1% were in areas where there was similar coverage from all four UK 3G MNOs (EE, O2, Vodafone and Three). Conversely 0.9% of premises were in areas without any 3G mobile reception, equivalent to around 260,000 premises.

As was the case with 2G services, the proportion of premises in areas with outdoor 3G mobile coverage was highest in England, where 99.5% of premises were in areas with coverage from at least one 3G network, and 82.1% had coverage from all four MNOs (Figure 5.6). Scotland had the lowest proportion of premises in areas with outdoor 3G coverage from at least one MNO in June 2013 at 96.6%, 2.5 percentage points lower than the UK average, although it had the second-highest proportion of premises with similar coverage from all four 3G networks, at 69.6%.

Figure 5.6 3G premises mobile coverage, by number of operators



Sources: Ofcom/operators, June 2013 data

Note: Coverage is based on 200m square pixels covering the UK

5.4 Service take-up

Significant rise in mobile phone ownership has brought Scotland into line with the UK average

Figure 5.7 compares the take-up of communications services in Scotland in Q1 2013 to the other UK nations and the UK average.

The proportion of homes in Scotland that used fixed telephony services (83%) and the proportion of people in Scotland who owned a mobile phone (92%) were both in line with the other UK nations in Q1 2013. In Q1 2012, mobile phone ownership in Scotland had been lower than the UK as a whole, and in the year to Q1 2013 the proportion of adults in Scotland who used a mobile phone increased significantly in Scotland (up from 85% to 92%), to match the UK average.

As was the case across the UK, the proportion of adults who used a smartphone increased significantly in Scotland in the year to Q1 2013 (up from 32% to 45%), but this remains lower than the UK average of 51%. Mobile broadband take-up using a dongle or datacard has fallen in Scotland since Q1 2012 (down from 12% to 7%), partly as a result of growth in the use of smartphones. A similar trend is evident across the UK as a whole.

Figure 5.7 Take-up of communications services: 2013

		UK	Scotland	England	Wales	N Ireland	Scotland urban	Scotland rural
Individual								
Voice telephony	Fixed Line	84%	83%	85%	76%	82%	83%	86%
	Mobile phone	92%	92%	92%	92%	94%	91%	94%
	Smartphone	51%	45%	52%	49%	45%	45%	45%
	Mobile-only homes	15%	16%	15%	23%	18%	17%	13%
Internet	Total Internet	80%	76%	81%	75%	78%	75%	77%
	Broadband (fixed and mobile)	75%	70%	76%	66%	74%	69%	73%
	Fixed Broadband	72%	67%	73%	63%	71%	67%	66%
	Mobile Broadband	5%	7%	5%	7%	5%	7%	8%
	Mobile internet	49%	44%	49%	47%	45%	44%	42%

Source: Ofcom research, Q1 2013 Base: All adults aged 16+ (n = 3750 UK, 501 Scotland, 2250 England, 492 Wales, 507 Northern Ireland, 250 Scotland urban, 251 Scotland rural)
Question: various.

Seven in ten households in Scotland have a broadband connection

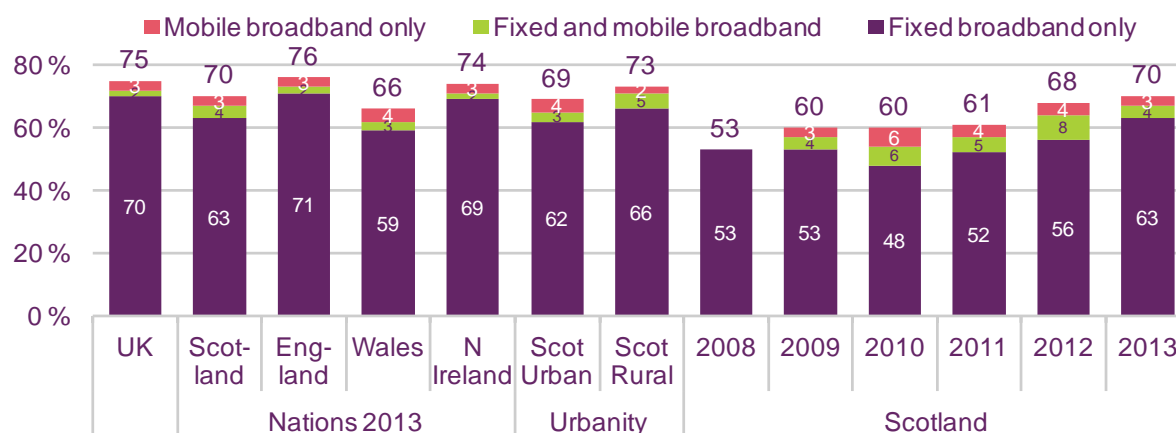
Seven in ten households in Scotland (70%) had a broadband connection in Q1 2013, a two percentage point increase compared to Q1 2012 (Figure 5.8). Use of mobile broadband through a dongle or connection built into a laptop fell by five percentage points to 7% of households during this period, while fixed broadband take-up increased by three percentage points to 67% of households.

Take-up of broadband in rural areas of Scotland (73%) was higher than the Scotland average, with take-up in urban areas below average, at 69%. Mobile broadband is likely to be a complement to fixed broadband in rural areas, where 5% of households accessed the internet using both fixed and mobile connections. In contrast, mobile broadband was twice as likely to be the sole means of accessing the internet in urban areas of Scotland (4%) than in rural areas (2%).

Take-up of fixed broadband varied across the urban areas of Scotland. As is shown in Section 1.5, take-up in Glasgow was just 50%, compared to 88% in Edinburgh and 71% in Dundee.

Figure 5.8 Consumer broadband take-up in Scotland, by connection type

Households (%)



Source: Ofcom research, Q1 2013 QE9. Which of these methods does your household use to connect to the internet at home? (NB 2008 survey did not cover mobile broadband. 2008 measure shows any broadband)

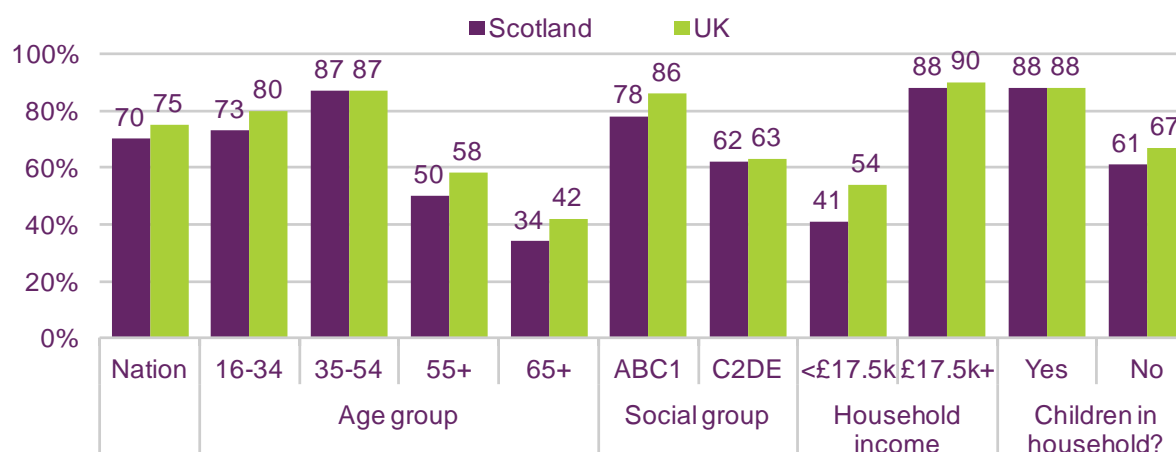
Base: All adults aged 16+ (n = 3750 UK, 501 Scotland, 2250 England, 492 Wales, 507 Northern Ireland, 250 Scotland urban, 251 Scotland rural, 925 Scotland 2008, 1014 Scotland 2009, 1468 Scotland 2010, 487 Scotland 2011, 500 Scotland 2012, 501 Scotland 2013)

Broadband take-up is lower than average among over-65s and C2DE households in Scotland

While broadband take-up averaged 70% across all households in Scotland in Q1 2013, take-up was lower than the Scotland average among those aged 55+, C2DE social groups and low-income households (Figure 5.9). Broadband penetration in Scotland was also lower than the UK average among low-income, older and ABC1 households. Take-up was highest, and in line with the UK averages, among those aged 35 to 54 (87%), higher-income households (88%) and those with children in the household (88%).

Figure 5.9 Broadband take-up in Scotland compared to the UK average

Households (%)



Source: Ofcom research, Q1 2013

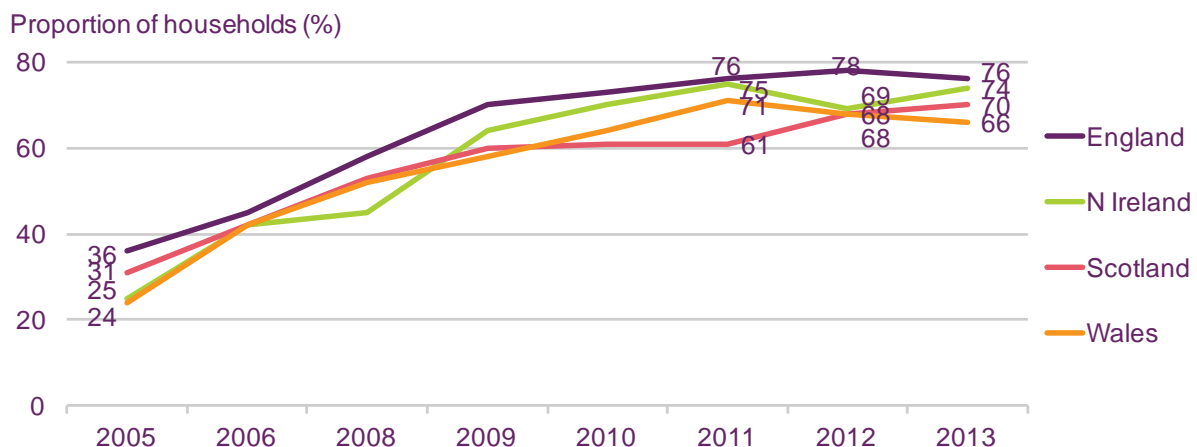
Base: All adults aged 16+ (n = 501 Scotland, 143 16-34s, 151 35-54s, 207 55+, 117 65+, 262 ABC1, 239 C2DE, 160 <£17.5k income, 133 £17.5k+, 159 children in home, 342 no children in home) NB. 55+ and 65+ overlap.

QE9. Which of these methods does your household use to connect to the internet at home?

Scotland maintains parity with the other nations on broadband take-up

Figure 5.10 shows that household broadband take-up in Scotland was in line with the other nations until Q1 2010, but while take-up continued to increase in England, Wales and Northern Ireland between Q1 2009 and Q1 2011, it stalled in Scotland, which fell behind the other UK nations. The growing gap between Scotland and the other nations has been a cause for concern among stakeholders in Scotland. Our research suggests that there was a seven percentage point increase in broadband take-up in Scotland in the year to Q1 2012, which has narrowed the gap between it and the rest of the UK, and data from Q1 2013 show that broadband take-up has continued to rise in Scotland, albeit at a slower rate than in the previous year.

Figure 5.10 Broadband take-up across the UK's nations



QE9. Which of these methods does your household use to connect to the internet at home?

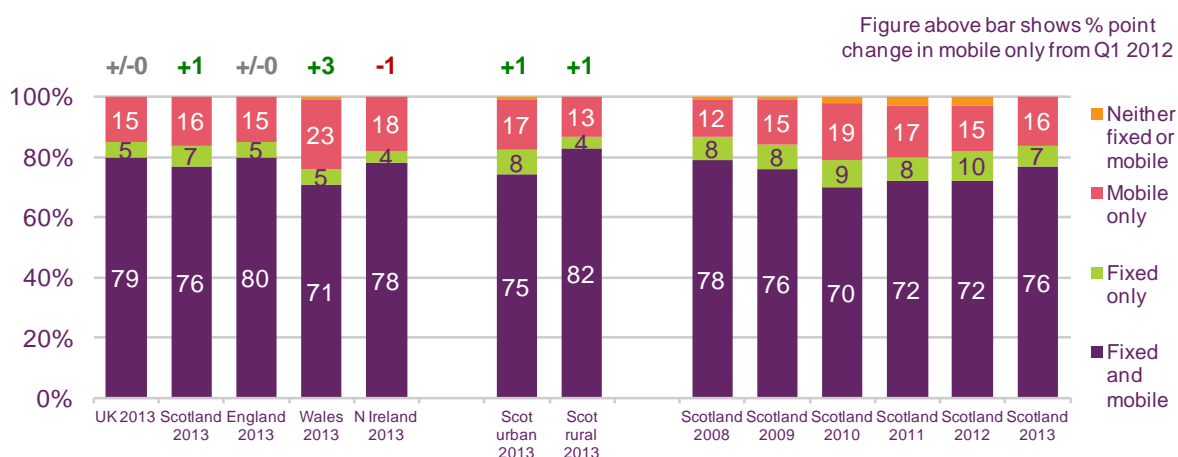
Source: Ofcom research, Q1 2013

Base: All adults aged 16+ (n = 3750 UK, 492 Wales, 2250 England, 501 Scotland, 507 Northern Ireland)

One in seven households in Scotland were mobile-only in Q1 2013

One in seven households in Scotland (16%) used mobiles as their only form of telephony in Q1 2013, a similar level to that recorded in Q1 2012 and the average for the UK as a whole (Figure 5.11). The penetration of mobile-only households varied significantly by demographic group in Scotland, with over a third of those aged 16-34 (36%) and those in the DE group (35%) having only mobile telephony in their household, compared to 6% of those aged 55+ and 1% of AB households. Households in rural areas of Scotland were more likely than those in urban areas to use both fixed and mobile telephony.

Figure 5.11 Household penetration of fixed and mobile telephony

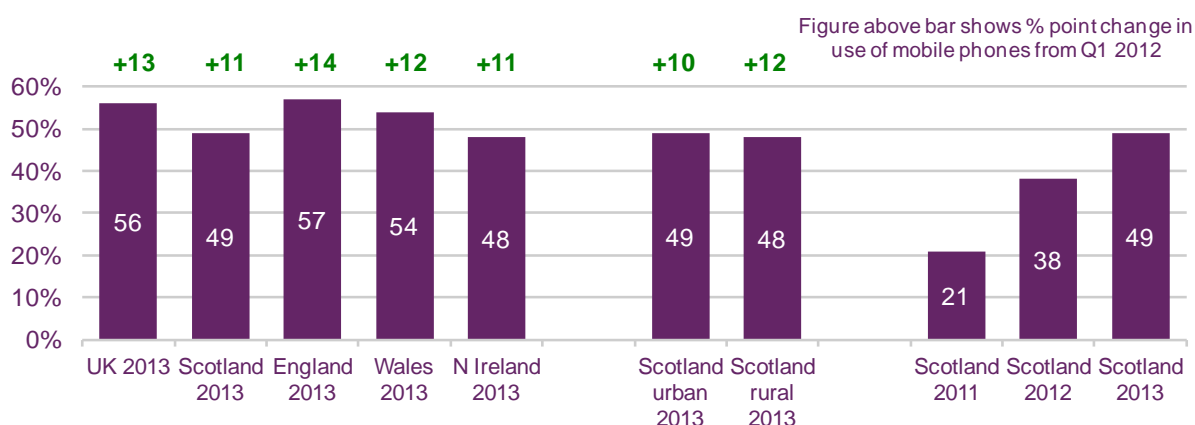


Source: Ofcom research, Q1 2013 Base: All adults aged 16+ (n = 3750 UK, 501 Scotland, 2250 England, 492 Wales, 507 Northern Ireland, 250 Scotland urban, 251 Scotland rural, 925 Scotland 2008, 1014 Scotland 2009, 1468 Scotland 2010, 487 Scotland 2011, 500 Scotland 2012, 501 Scotland 2013) Question: Is there a landline phone in your home that can be used to make and receive calls?/ How many mobile phones in total do you and members of your household use?

Almost half of mobile users in Scotland have a smartphone

Just under half of all mobile phone users in Scotland (49%) used a smartphone in Q1 2013, an increase of 11 percentage points compared to Q1 2012 (Figure 5.13). Smartphone take-up among mobile users in Scotland continued to be lower than the UK average of 56%, as take-up in each of the other UK nations also increased in the year to Q1 2013. Smartphone take-up among mobile phone users is highest in Scotland among those aged 16-34 (72%), those in the C1 socio-economic group (62%) and higher-income households (take-up was 60% among mobile users with a household income of £17.5k+). It did not differ across Scotland’s urban and rural areas.

Figure 5.12 Take-up of smartphones among mobile phone users



Source: Ofcom research, Q1 2013 Base: Base: Adults aged 16+ who personally use a mobile phone (n = 3387 UK, 464 Scotland, 2020 England, 440 Wales, 463 Northern Ireland, 227 Scotland urban, 237 Scotland rural, 425 Scotland 2011, 430 Scotland 2012, 464 Scotland 2013) Question: 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.

Most mobile connections in Scotland are now post-pay contracts

The UK as a whole saw a significant shift away from pre-pay and towards monthly contracts in the year to Q1 2013, with a decrease of six percentage points to 39% in the proportion of mobile users using pre-pay services (Figure 5.13). For the first time in Scotland, most mobile connections were post-pay contracts with a handset in Q1 2013.

The increase in use of monthly contracts that include a handset (from 48% in Q1 2012 to 53% in Q1 2013) is likely to be related to the increasing take-up of smartphones, as post-pay services allow consumers to spread the high up-front cost of the handset across the length of their contract. While smartphone take-up did not differ between Scotland's urban and rural areas (see Figure 5.12), mobile phone users in urban areas were more likely to have a monthly contract that includes a handset.

Figure 5.13 Type of mobile subscription



Source: Ofcom research, Q1 2013 Base: Adults aged 16+ who personally use a mobile phone (n = 3387 UK, 464 Scotland, 2020 England, 440 Wales, 463 Northern Ireland, 227 Scotland urban, 237 Scotland rural, 425 Scotland 2011, 430 Scotland 2012, 464 Scotland 2013) Question: Which of these best describes the mobile package you personally use most often?

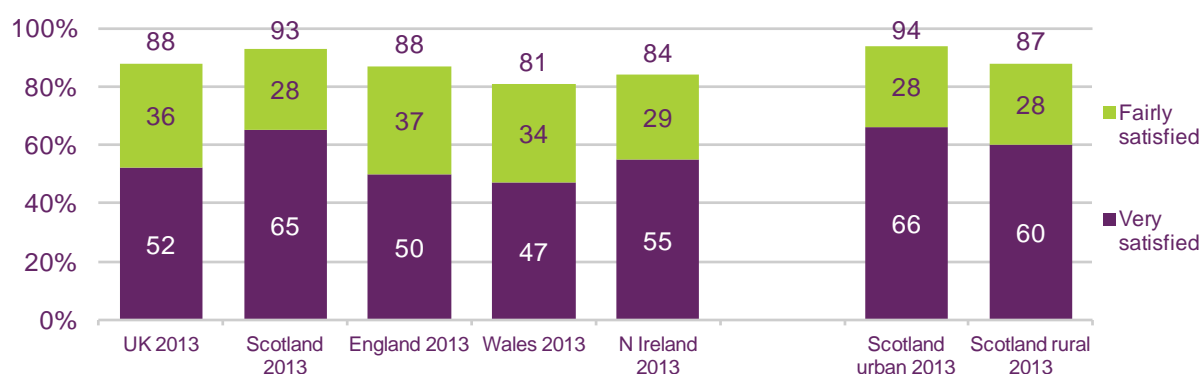
5.5 Satisfaction with telecoms services

Satisfaction with the ability to connect to the internet using a mobile network was high among smartphone users in Scotland

Satisfaction levels with regard to mobile phone services remained high in Scotland in Q1 2013, with at least nine in ten consumers in Scotland being 'very' or 'fairly' satisfied with their overall service and reception, the highest level among the UK nations.

In addition, as is shown in Figure 5.14 below, just over nine in ten smartphone users in Scotland (93%) were 'very' or 'fairly' satisfied with their mobile network service in terms of the ability to connect to the internet via 3G or 4G in Q1 2013. Scotland had the highest level of satisfaction in the UK; five percentage points above the UK average of 88%, and there were no significant differences across Scotland's urban and rural areas. Furthermore, Scotland also had the highest proportion of smartphone consumers who were 'very' satisfied (65% in Scotland compared to the UK average of 52%). Satisfaction levels in Scotland remained similar to those in 2012 (91%).

Figure 5.14 Satisfaction with ability to connect to the internet via 3G or 4G network

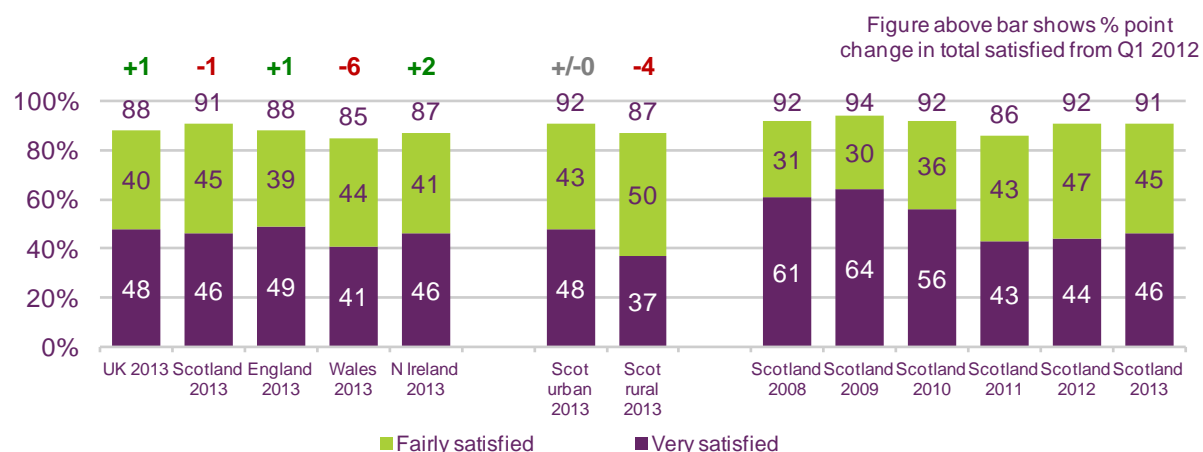


Source: Ofcom research, Q1 2013 Base: Adults aged 16+ who personally use a smartphone (n = 1683 UK, 220 Scotland, 1052 England, 212 Wales, 199 Northern Ireland, 109 Scotland urban, 111 Scotland rural) Question: Thinking about your mobile phone service only, how satisfied are you with (main supplier) 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

Overall satisfaction with fixed broadband services remained high in Scotland

Nine in ten fixed broadband users in Scotland (91%) were 'very' or 'fairly' satisfied with their fixed broadband service in Q1 2013, unchanged since 2012 and similar to the average for the UK as a whole (88%). Overall satisfaction with the fixed broadband service did not differ to any significant extent across Scotland's urban or rural areas, but those in urban areas are more likely to be 'very satisfied' (Figure 5.15).

Figure 5.15 Overall satisfaction with fixed broadband service



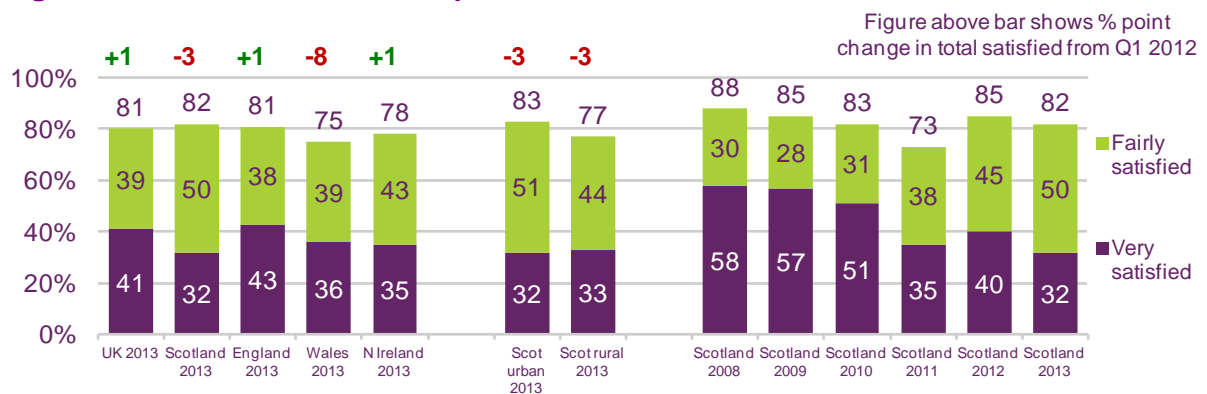
Source: Ofcom research, Q1 2013 Base: Adults aged 16+ with a fixed broadband connection at home (n = 2548 UK, 341 Scotland, 1562 England, 294 Wales, 351 Northern Ireland, 162 Scotland urban, 179 Scotland rural, 489 Scotland 2008, 528 Scotland 2009, 778 Scotland 2010, 294 Scotland 2011, 330 Scotland 2012, 341 Scotland 2013) Question: Thinking about your fixed broadband internet service, how satisfied are you with (main supplier) for the overall service provided by (main supplier)? Note: Figures above chart columns indicate the proportion of people who were 'very' or 'fairly' satisfied with their overall fixed broadband service

Satisfaction with the speed of fixed broadband services was unchanged in the year to Q1 2013

Eight in ten fixed broadband users in Scotland (82%) were 'very' or 'fairly' satisfied with the speed of their fixed broadband service in Q1 2013, unchanged since 2012 and similar to the

average for the UK as a whole (Figure 5.16). Overall satisfaction with the speed of service did not differ across Scotland's urban or rural areas to any significant extent.

Figure 5.16 Satisfaction with speed of fixed broadband service



Source: Ofcom research, Q1 2013 Base: Adults aged 16+ with a fixed broadband connection at home (n = 2548 UK, 341 Scotland, 1562 England, 294 Wales, 351 Northern Ireland, 162 Scotland urban, 179 Scotland rural, 489 Scotland 2008, 528 Scotland 2009, 778 Scotland 2010, 294 Scotland 2011, 330 Scotland 2012, 341 Scotland 2013) Question: Thinking about your fixed broadband internet service, how satisfied are you with (main supplier) for the speed of your service while online (not just the connection)? Note: Figures above chart columns indicate the proportion of people who were 'very' or 'fairly' satisfied with their speed of service while online

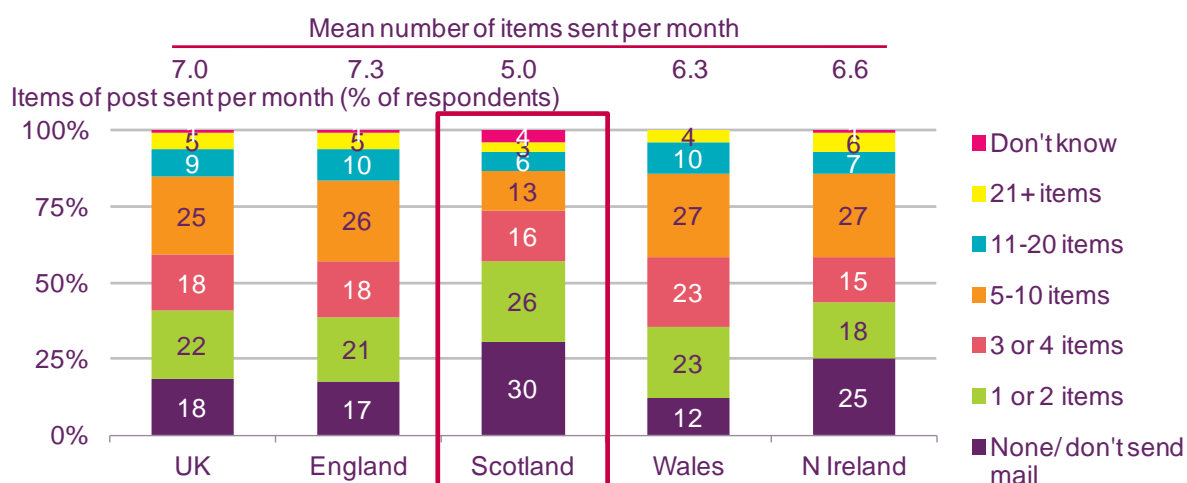
6 Post

6.1 Sending and receiving post in Scotland – residential customers

People in Scotland send the fewest items of post and are least likely to send post at all

Adults in Scotland claim to send an average of 5.0 items of post in an average month compared to 7.0 items across the UK as a whole, with three in ten (30%) claiming not to have posted anything in the past month (Figure 6.1).

Figure 6.1 Approximate number of items of post sent each month

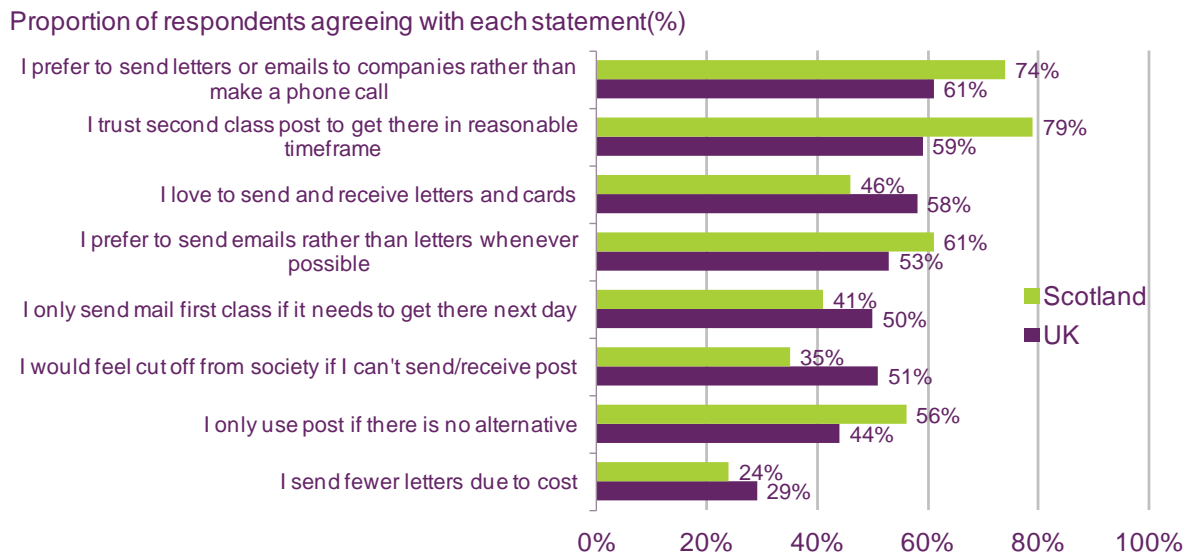


Source: Ofcom Residential Postal Tracker, Q3 2012-Q2 2013
 Base: All respondents (n = 4844 UK, 2789 England, 811 Scotland, 547 Wales, 697 Northern Ireland)
 QC1. Approximately how many items of post - including letters, cards and parcels - have you personally sent in the last month?

Six in ten adults in Scotland prefer to send emails rather than letters

The lower stated use of post in Scotland might be at least partly explained by the differing attitudes in this nation compared to the UK average (Figure 6.2). A higher proportion of respondents in Scotland compared to the UK overall agree with the statements 'I prefer to send emails rather than letters' (61% v 53%) and 'I only send post if there is no alternative' (56% v 44%).

Figure 6.2 Attitudes to sending/receiving post

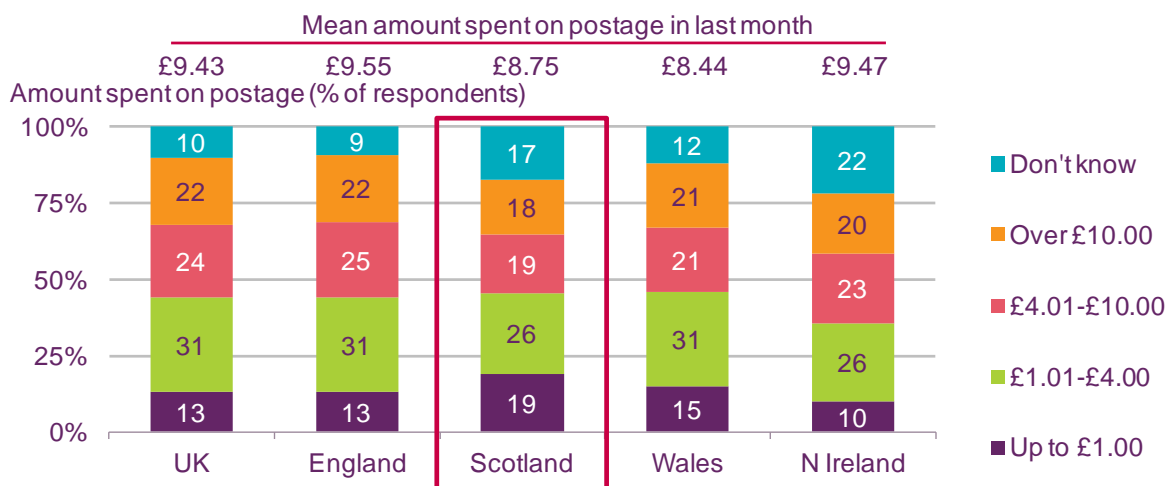


Source: Ofcom Residential Postal Tracker, Q3 2012-Q2 2013
 Base: All respondents (n = 4844 UK, 811 Scotland)
 QH2A-H. SHOWCARD - AGREEMENT WITH STATEMENTS ABOUT SENDING/ RECEIVING POST

Almost a fifth of adults in Scotland say they spend less than £1 on postage each month

People in Scotland are the most likely to have spent lower amounts on postage in the past month, with 19% spending less than £1, compared to 13% across the UK (Figure 6.3). This is driven by the number of people spending fifty pence or less (11% in Scotland v 5% across the UK).

Figure 6.3 Approximate spend on postage for items sent in past month

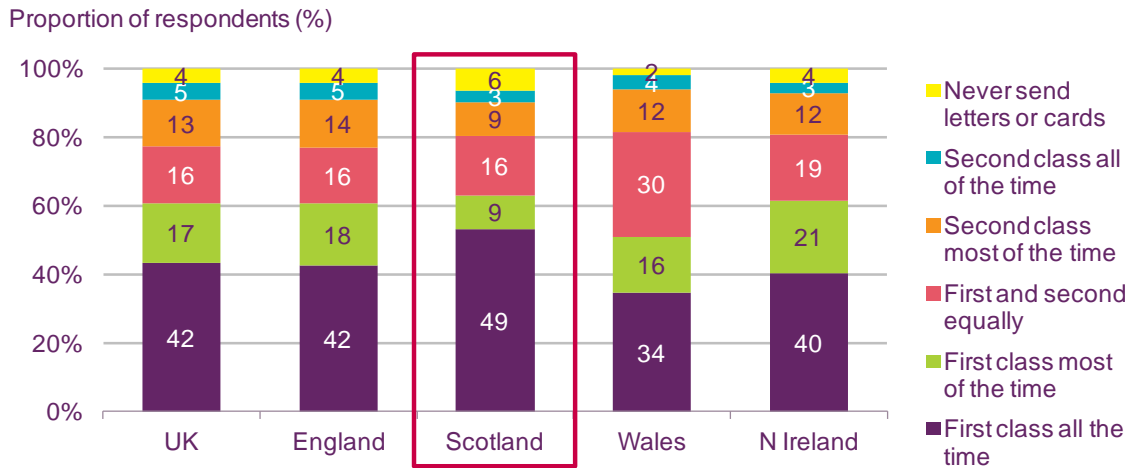


Source: Ofcom Residential Postal Tracker, Q3 2012-Q2 2013
 Base: All who have personally sent any items of post in the last week (n = 3889 UK, 2267 England, 595 Scotland, 503 Wales, 524 N Ireland)
 QC4. Approximately how much did you spend on the postage used for the items that you sent in the last month – including letters, cards and parcels?

Despite trust in Second Class, First Class is the preferred option for letters or cards

While nearly eight in ten (79%) say they trust Second Class post to 'get there in a reasonable amount of time', people in Scotland are more likely to say they use First Class postage. Almost half (49%) say they use this method all the time, compared to 42% across the UK as a whole (Figure 6.4). This preference is reflected in their perceptions of value for money of a First Class stamp; 31% agree that it is very good value, compared to just 14% across the UK as a whole. Second Class stamps are also seen as offering very good value among residents in Scotland (27% v 11% across the UK as a whole).

Figure 6.4 Services used to send letters or cards



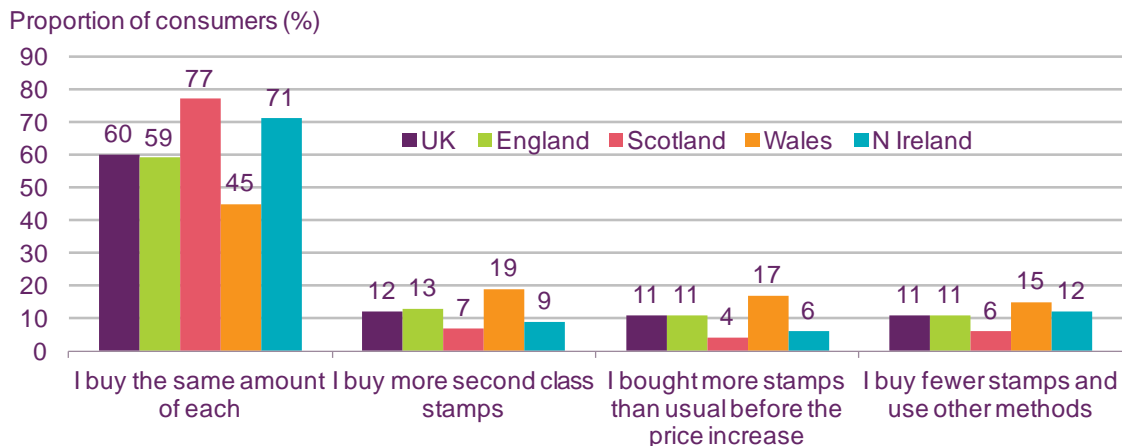
Source: Ofcom Residential Postal Tracker, Q3 2012-Q2 2013

Base: All respondents (n = 4844 UK, 2789 England, 811 Scotland, 547 Wales, 697 Northern Ireland) QF6. When sending letters or cards, which service do you use?

The price increase of stamps did not affect people in Scotland's use of post

When asked about the impact of the price rise of First and Second Class stamps in April 2012 on the amount of stamps they bought, over three-quarters (77%) of people in Scotland said they had continued to buy the same amount, compared to 60% across the UK as a whole.

Figure 6.5 Impact of price increase on purchase of First and Second class stamps



Source: Ofcom Residential Postal Tracker, Q3 2012-Q2 2013

Base: All respondents (n = 4844 UK, 2789 England, 811 Scotland, 547 Wales, 697 N Ireland)

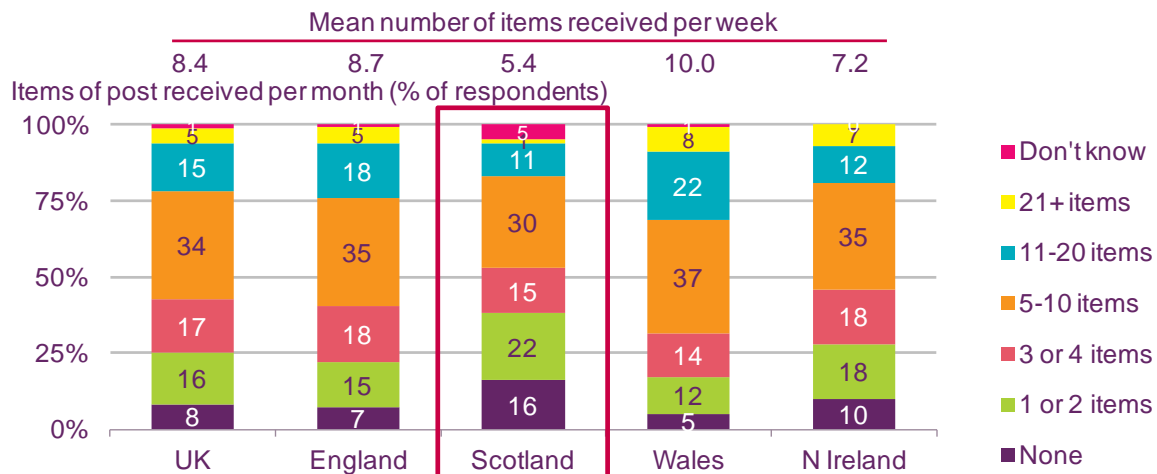
QF8. As you may know, the price of first and second class postage increased on 30th April 2012.

Which of these statements best describes the impact, if any, of the price rise on the stamps you have bought since then? MULTICODE

People in Scotland receive the fewest items of post each week

Eighty per cent of people in Scotland say they received any post in the past week compared to 91% across the UK. The volume of letters, cards or parcels received by households in Scotland is also much less than the UK average of 8.4 items received per week. This is largely driven by the finding that 16% of respondents in Scotland claim not to have received any items in the past week, compared to just 8% across the UK as a whole. Of those that had received post, this is more likely to be just one or two items than in the rest of the UK.

Figure 6.6 Approximate number of items received in the past week



Source: Ofcom Residential Postal Tracker, Q3 2012-Q2 2013

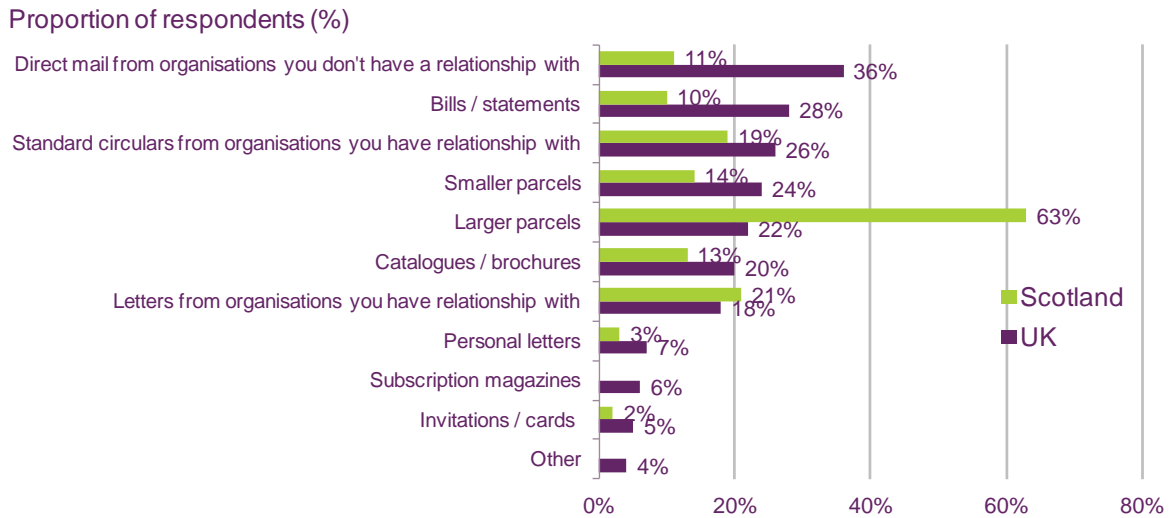
Base: All respondents (n = 4844 UK, 2789 England, 811 Scotland, 547 Wales, 697 N Ireland)

QD1. Approximately how many items of post - including letters, cards and parcels - have you personally received in the last week?

People in Scotland claim the amount of post they receive has increased over the past two years, driven by an increase in the amount of parcels received

Taking into account those who say the amount has increased and those who claim they send fewer items, respondents in Scotland perceive the amount to have increased (18% net). This is particularly driven by a significant increase in the amount of parcels they now receive; 63% of people in Scotland say they now receive more larger parcels compared to 22% across the UK as a whole (Figure 6.7).

Figure 6.7 Type of items people are receiving more often now



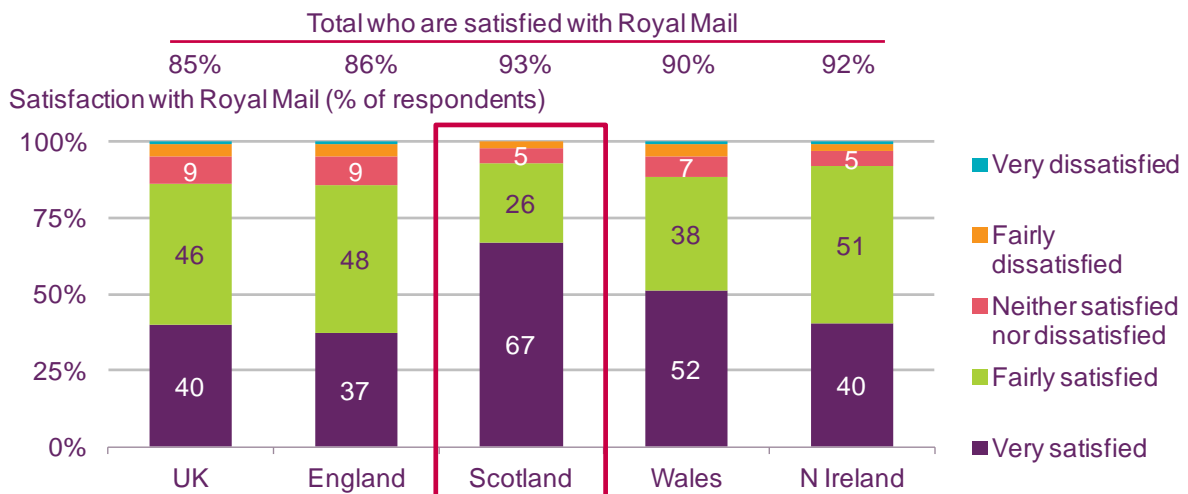
Source: Ofcom Residential Postal Tracker, Q3 2012-Q2 2013
 Base: All who say the number of items received by post has increased compared to two years ago (n = 1181 UK, 202 Scotland)
 QD6. Which of these types of addressed items are you personally receiving more often through the post now?

6.2 Attitudes towards Royal Mail in Scotland

Overall, residents in Scotland are more likely than people across the rest of the UK to be very satisfied with Royal Mail

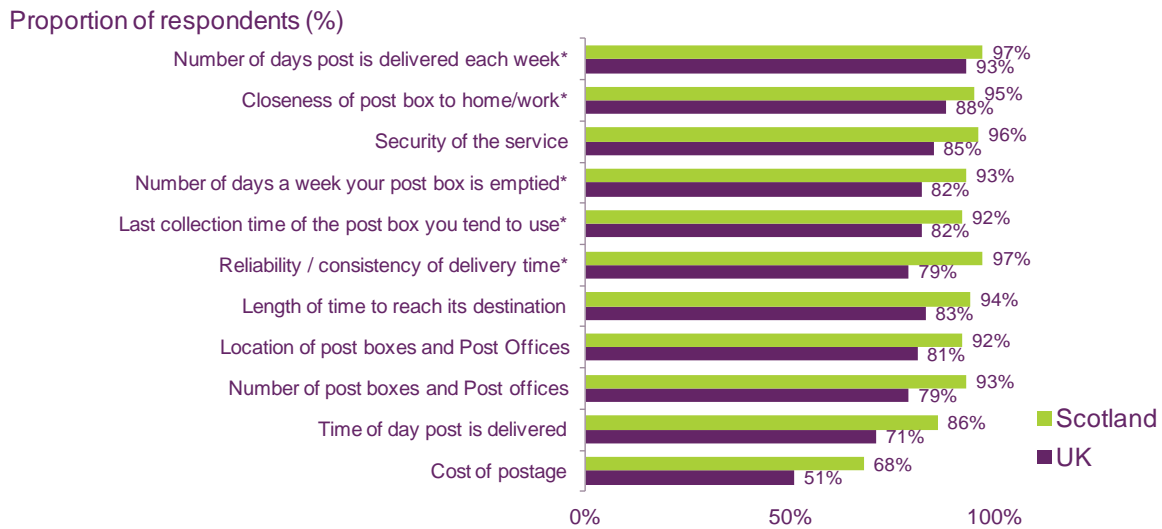
We asked people about their satisfaction with Royal Mail. Those in Scotland are significantly more likely to say they are very satisfied, compared to people across the whole of the UK (67% v 40%). Overall, 93% of people in Scotland are satisfied with Royal Mail. Figure 6.9 shows that this satisfaction applies to all aspects of Royal Mail's service, in particular the reliability and consistency of the delivery times. People in Scotland are more likely to be satisfied with the cost of postage compared to those across the UK overall (68% v 51%).

Figure 6.8 Overall satisfaction with Royal Mail



Source: Ofcom Residential Postal Tracker, Q3 2012-Q2 2013
 Base: All respondents (from Q1 2013) (n = 2397 UK, 1380 England, 402 Scotland, 286 Wales, 329 Northern Ireland)
 QE5. How would you rate your overall satisfaction with Royal Mail?

Figure 6.9 Satisfaction with specific aspects of Royal Mail's service



Source: Ofcom Residential Postal Tracker, Q3 2012-Q2 2013

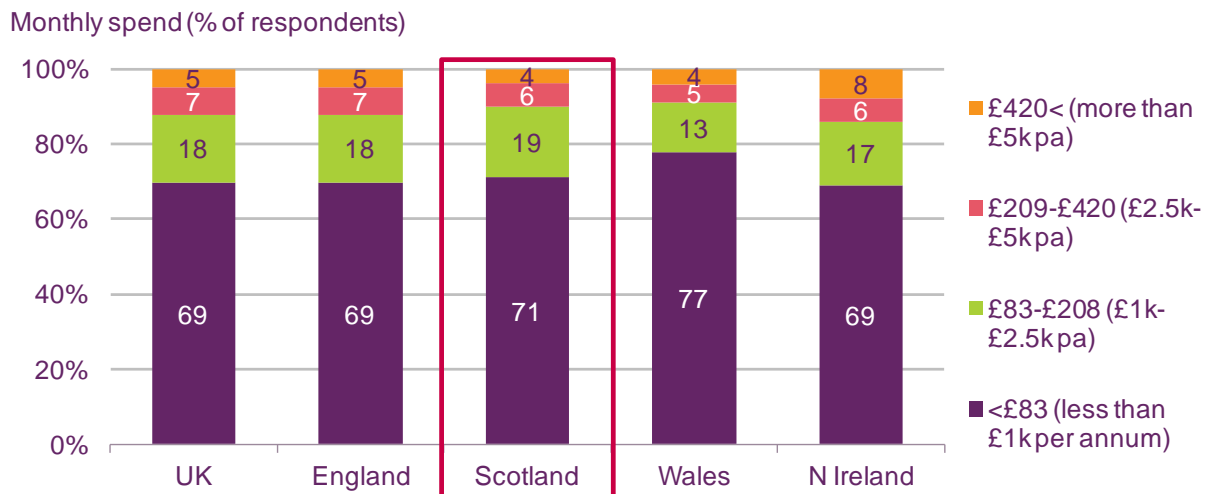
Base: All respondents (n = 4844 UK, 811 Scotland) *from Q1 2013 n = 2397 UK, 402 Scotland
 QE3A-K: SHOWCARD - SATISFACTION WITH ASPECTS OF ROYAL MAIL'S SERVICE

6.3 Sending and receiving post – business customers

For businesses in Scotland, the role of post is mainly administrative, with less than £1000 spent on it each year

When asked about the role of post within their business, over half (56%) of businesses within Scotland say it is mainly administrative, compared to 51% across the UK. Reflecting this attitude, 71% of the businesses we surveyed in Scotland spend less than £1000 each year on sending post (Figure 6.10).

Figure 6.10 Monthly spend on sending postal items



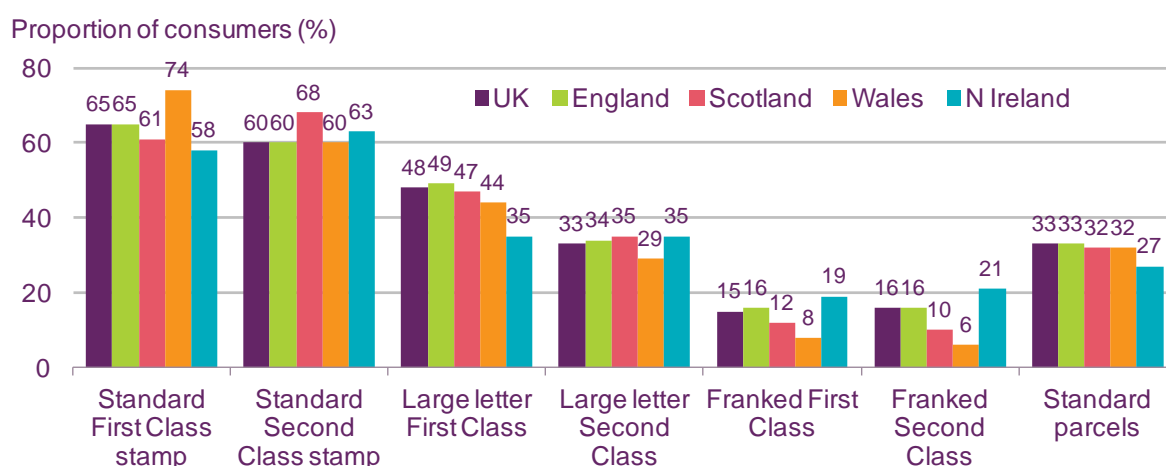
Source: Ofcom Business Postal Tracker, Q3 2012-Q2 2013

Base: All respondents (n = 1604 UK, 1023 England, 214 Scotland, 193 Wales, 174 N Ireland)
 QV1. On average, how much money does your organisation spend per month on sending mail items?
 Please think about all the letters, packets and parcels you may send as an organisation.

Businesses in Scotland are more likely to use Second Class stamps to send letters

Ninety eight per cent of businesses in Scotland use Royal Mail with 79% using no other provider. Figure 6.11 shows that among businesses who use Royal Mail services, those in Scotland are significantly more likely than businesses across the UK as a whole to use Second Class stamps to post standard letters (68% v 60%). Fifty five per cent of organisations in Scotland say they use Second Class when there is no urgency with the mail they are sending compared to 61% across the UK as a whole.

Figure 6.11 Royal Mail services used to send letters



Source: Ofcom Business Postal Tracker, Q3 2012-Q2 2013

Base: All respondents using RM standard delivery services (n = 1460 UK, 934 England, 197 Scotland, 168 Wales, 161 N Ireland)

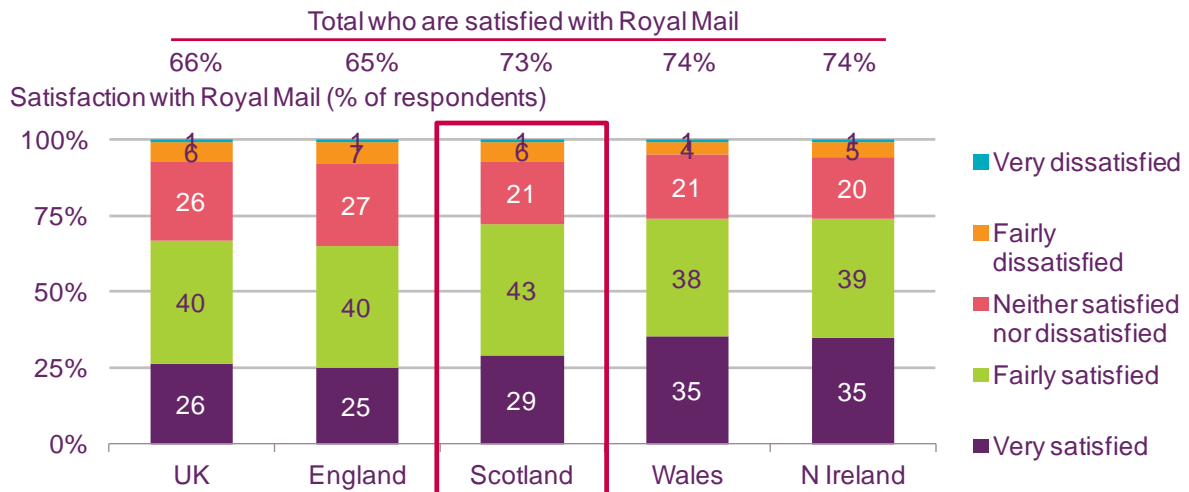
QV6d. Which, if any, of the following Royal Mail services does your organisation use to send your standard mail?

Nearly three-quarters of business customers in Scotland are satisfied with the quality of the service they receive from Royal Mail

When asked about the quality of the service they receive from Royal Mail, both as sender and recipient, 73% of organisations in Scotland say they are satisfied, compared to two-thirds (66%) across the UK.

Considering specific aspects of the Royal Mail service, businesses in Scotland are more likely to be satisfied with the delivery service compared to organisations across the UK. In particular, nine in ten are satisfied with the daily delivery (90% v 78% across the UK), 70% are satisfied with the consistency of the delivery service (64% across the UK) and 60% are satisfied with the delivery time (53% across the UK). For the UK as a whole, trustworthiness is the aspect that prompts the greatest level of satisfaction (81%).

Figure 6.12 Overall satisfaction with the quality of service from Royal Mail

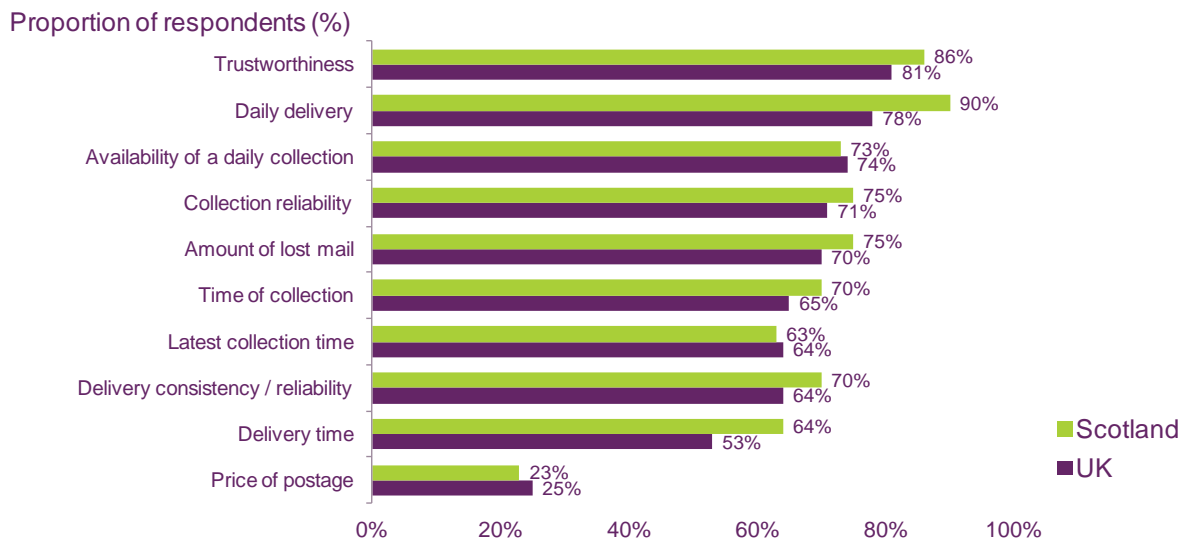


Source: Ofcom Business Postal Tracker, Q3 2012-Q2 2013

Base: All respondents who use Royal Mail (n = 1566 UK, 988 England, 209 Scotland, 188 Wales, 171 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?

Figure 6.13 Satisfaction with specific aspects of Royal Mail's service



Source: Ofcom Business Postal Tracker, Q3 2012-Q2 2013

Base: All respondents who use Royal Mail (n = 1566 UK, 988 England, 209 Scotland, 188 Wales, 171 Northern Ireland)

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?