The Consumer Experience of 2012

Research Document

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Section 1

Introduction

Background

This is Ofcom’s seventh annual report on the consumer experience of telecoms, the internet, digital broadcasting and now postal services. It discusses the results of our research programme, which measured how well consumers have fared over the past year in their use of these services.

This report has been published alongside Ofcom’s Consumer Experience Policy Evaluation, which considers the key findings and trends emerging from the research and uses these to assess the impact of Ofcom’s policy work and activities. This report focuses on the experience of residential consumers.

A variety of data sources were used in compiling this report: Ofcom’s communications tracking survey and its annual consumer switching survey, supported by a range of ad-hoc research. Full details of all the Ofcom research used in this report are available in Annex 1. The following is a brief outline of the research used.

Ofcom communications tracking survey

The communications tracking survey is run three times a year. It provides Ofcom with continuous understanding of consumer behaviour in the UK communications markets, helping us to monitor change and assess the degree and success of competition.

Ofcom consumer switching survey

Ofcom has run a survey of consumer decision-making since 2006, covering consumers in each of the fixed-line, mobile, fixed broadband and multichannel television markets, including bundle purchasers. Its main objective is to track the extent to which consumers participate in the communications markets. This survey is now Ofcom’s key data source for monitoring switching and satisfaction in communications markets.

Ofcom consumer concerns tracker

Ofcom monitors consumer concerns in the communications markets on a six-monthly basis. The objective is to measure and track consumers’ experience of specific topical issues.

Ofcom residential consumer postal tracking survey

The residential postal tracker is run throughout the course of the year and reported on a quarterly basis. The main objective is to help Ofcom to keep abreast with the UK postal market and to help us to quickly identify and react to any changes in attitudes and behaviours in the postal industry.

British population survey (BPS)

The British population survey is a third-party survey which is primarily focused on access to communications, readership of press and decision-making within households. It runs weekly throughout the year and is a face-to-face, in-home survey. Due to its large sample size it is able to inform Ofcom’s understanding of whether different disabled groups have access to communication technologies.
The scope

This report analyses the overall experience that consumers have had of the communications (including post) markets, in four areas:

- telecoms (fixed-line and mobile);
- internet (largely focusing on fixed broadband);
- digital broadcasting (television and radio); and
- postal service

In summary the report covers the following areas:

Changing use of communications – overview of the key changes occurring across the communications markets and the postal sector.

Availability of services and providers – details the range of options and coverage of providers and services; e.g. 3G mobile and superfast broadband.

Take-up of services and devices – demographic analysis of what services and devices consumers have, and consumers’ use of postal services.

Consumer choice and value – with a focus on purchasing and pricing, how are consumers choosing to purchase the services they have, how are these changing (e.g. bundles\(^1\), contracts) how UK prices have changed over time and how they compare internationally.

Consumer interest and activity – provides the latest update on consumer participation including switching levels, ease of switching across the communications markets, and satisfaction with current services and providers.

Consumer protection – highlights the latest consumer protection issues and where there may be a need for some form of intervention.

The report looks across various demographic groups, where relevant; over time, where the data are available; and across countries, where robust data are available.

With the exception of take-up data, findings have not been analysed at a national or regional level across the UK, as this is covered by Ofcom’s annual Nations & Regions Communications Market report, last published in July 2012\(^2\).

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\(^1\) More recently, providers have tended not to market bundles as ‘discounted’ which makes it increasingly difficult for consumers to know whether their package is in fact ‘cheaper’. Due to this we have adjusted the way we report ‘bundlers’. The data in the choices section is based on consumers taking more than one service from a single provider which the consumer considers a ‘package’ of services.

Coming soon:

Ofcom is currently undertaking research among ethnic minority groups, to update its understanding with regard to take-up, use and attitudes towards various communications services. This report will be available in quarter 2 2013.

We are also currently running additional analysis among disability groups, to broaden our understanding of the differences in ownership and use of communications services. This report will also be available in quarter 2 2013.

Later this year we will publish the findings of a combined qualitative and quantitative study that explored the relative importance of aspects of communications services in consumers’ decision-making processes, specifically when deciding whether to switch. The issues covered included: attitudes towards ‘save activity’ and its impact on switching; and the extent and importance of ‘saved content’ and ‘personalisation of services’ and the impact of these on consumers’ propensity to switch, particularly in relation to their ability to take this content with them.

Time series data

Where possible, data from Q2 or Q3 2012 have been compared with data from a similar time period in previous years. However, where analysis by nation has been included, different time periods have been used – 2012 data were collected in Q1 2012 and are compared to annual rolled data collected in 2006 and 2007 (Q1 – Q4 combined) and Q1 2008, 2009, 2010 and 2011 data.

The switching tracker questionnaire was revised in 2012 in order to provide switching data for each market as a whole, as well as comparisons by purchasing behaviour within market. This means that we can make trend comparisons on data among standalone purchasers, but total market data is not directly comparable with those from previous years, due to differing methodologies. The 2012 methodology is more robust. We have, therefore, been able to report only indicative trends on the total market data.

Statistical reliability

For reporting purposes, sub-group differences are noted in the report only when they are significantly different from the total sample or subgroups within the sample. We have reported differences at the 99% confidence level; this means that if you asked 100 people in the population, 99 of them would give a similar response to the finding reported. Where differences are referred to as ‘indicative’ these tested positive at the 95% confidence level.

Insufficient sample sizes (i.e. fewer than 50 respondents) were achieved for some demographic groups for some metrics. Where this is the case, no data have been reported.

Low sample sizes (i.e. between 50 and 100 respondents) were achieved for some demographic groups for some metrics. Where this is the case, it has been highlighted that the data should be viewed with caution and as indicative only, as they are subject to high margins of error.
Section 2

Executive summary

This report covers many aspects of the consumer experience. The following is a summary of the key themes and highlights from this year’s research.

The changing use of communications (page 13)

- **Text messages are the most-used method for daily communication with friends and family.** Around six in ten (58%) consumers said they use text message at least once a day to communicate with friends and family. This is higher than those who stated they communicate face-to-face (49%). Overall, two thirds (68%) of adults used any text based service compared to 63% using any voice based service.

- **Use of traditional methods of communication is falling due to increased use of digital services – a trend consumers see set to continue.** Consumers claimed that their level of communicating via digital means, such as email (17%), social networking (14%) and mobile voice (11%) had increased in the past two years. Alongside this, claimed levels of communicating using post (-30%) and fixed-line calls (-4%) have decreased. Consumers saw this level of use continuing; 17% claimed that they expected to communicate using email more (17%) in the next two years, with over one in five (22%) claiming that they expect their use of post to decrease as a form of communication in the next two years.

- **Ownership of connected devices continues to rise – driven by the growth in both smartphone and tablet take-up.** In total 82% of adults own at least one internet connected device. Among these devices the most significant increases since 2011 have been in ownership of smartphones (45% vs. 34%) and tablets (12% vs. 4%).

- **Mobile data use continues to rise, driven by smartphones.** The increased take-up of smartphones is enabling consumers to access new data services on their mobile phones. This has lead to an increase in the level of smartphone data consumption, which has doubled; from 71Mb in July 2010 to 154Mb in February 2012.

- **Just under a quarter of UK consumers access TV content online.** Twenty-three per cent of internet users claimed to access TV content over the internet every week, this increases to 42% when asked whether they had ever accessed TV content over the internet.

Availability of services and providers (page 22)

- **Fixed-line services are available universally across the UK as part of the universal service obligation (USO)**

- **99% of premises are covered by 2G and 3G services.** In 2012, 99.7% of premises are covered by 2G and 99.1% by 3G mobile services.
• **Average broadband speeds in UK continued to improve in 2012.** Ofcom research\(^3\) found that overall average actual download speed in the UK increased to 9.0 Mbit/s in May 2012 from 7.6 Mbit/s in November 2011.

• **Digital terrestrial TV is almost universal, as digital switchover completes in 2012.** Digital terrestrial (DTT) coverage stands at 98.5%, up from 85.0% in 2011.

• **Digital radio services on DAB are most widely available in London.** The BBC has widespread DAB coverage, with 11 stations available to 94.3% of households. National commercial digital multiplex (Digital One) is available to 84.6% of households. Greater London has the greatest number of radio services on DAB, with listeners able to listen to 61 services; this compares to just 21 available in Northern Ireland.

• **Royal Mail provides a universal service across the UK with competition concentrated on parcel and bulk mail delivery.**

• **Consumers have a greater choice of TV channels and radio stations.** The number of suppliers across the communications markets has remained stable in 2012, with the exception of TV and digital radio. In the UK there are now 525 television channels for consumers to choose from, 21 of which are public service channels and their HD and +1 variants (an increase of eight since 2011). There has also been an increase in DAB stations; 219 are currently available in 2012 (an increase of ten since 2011).

**Take-up and use of services and devices (page 30)**

• **Fixed-line ownership has stabilised in the UK with a small decline in take-up over the past five years compared to other countries.** Following the decline in fixed-line ownership seen in 2009, ownership levels have remained at 84% for a third consecutive year. As in all other comparative countries (with the exception of Brazil and Russia), there has been a fall in the number of fixed phone lines per head. The decline in the UK, however, has been far less than in other countries.

• **Four in five consumers are aware of VoIP services – although just under three in ten use the service.** Awareness of VoIP rose in 2012 to 78%, from 75% in 2011. Use of the service also continued to rise, with just under three in ten (29%) claiming to use VoIP; this is just under three times the level of take-up in 2008.

• **The majority of households continue to own both a fixed line and a mobile phone.** Seventy-nine per cent of households have both fixed-line and mobile services, with a further 15% mobile-only and 5% fixed-line only.

• **Over 90% of adults own a mobile phone, while smartphone ownership continues to rise.** Ninety-two per cent of UK adults stated that they personally owned a mobile phone, of which 45% said their mobile phone was a smartphone; this is a significant increase in ownership since 2011 (34%).

• **Over nine in ten adults aged between 16 and 64 use a mobile phone.** Ownership of a mobile phone is lower among older age groups, with just over four in five (83%) 65-74s and three in five (59%) adults aged over 75 owning a mobile device.

\(^3\) [http://stakeholders.ofcom.org.uk/binaries/research/broadband-research/may2012/Fixed_bb_speeds_May_2012.pdf](http://stakeholders.ofcom.org.uk/binaries/research/broadband-research/may2012/Fixed_bb_speeds_May_2012.pdf)
• **Mobile-only households continue to be younger consumers and from the DE socio-economic group.** Just over a quarter (27%) of 16-24s and the DE (26%) socio-economic group are in mobile-only households.

• **Take-up of the internet continues to rise – with four in five households able to access the internet at home, although mobile broadband on a dongle fell in 2012.** Seventy-seven per cent of households use either fixed and/or mobile broadband. Total use of fixed broadband has risen slightly; to 72% of adults, with a further 6% using mobile broadband only. Total use of mobile broadband has fallen over the last 12 months; from 17% to 12% in 2012, reflecting the fact that fewer consumers are using dongles to access the service.

• **Just under half of mobile broadband users use the service equally inside and outside the home.** Ninety-three per cent of adults with mobile broadband say they use it at home. But in 2012 there has been a significant increase in the number of consumers who use mobile broadband equally inside and outside the home (46% versus 34% in 2011). Twelve per cent of those with mobile broadband access mainly use it outside the home while 7% say they always use it outside the home.

• **Over nine in ten consumers have a digital television service.** Ninety-five per cent of households have a digital TV service in 2012. Digital terrestrial is the most-used service (50%), followed by digital satellite (40%) and digital cable (17%).

• **Around half of all UK adults access multi-channel television at home through Freeview.** Forty-six per cent of all adults use Freeview to access multichannel television at home; this compares to 40% using satellite and 17% using cable.

• **Take up of pay-TV has decreased among younger consumers.** The proportion of adults receiving pay-TV remained stable at 57% in 2012. The level of take-up among those aged between 16 and 24 decreased significantly in 2012; from 64% to 59%.

• **Just under two in three consumers claim to have access to digital radio services.** Take-up of digital services that can deliver digital radio has stabilised at around 98% of homes. Just under two in three (65%) consumers stated they have access to a digital radio service – suggesting that around one in three are unaware that they can access digital radio services at home.

• **Postal users receive five times more post than they send in a month.** On average, postal users claimed to send six items per month; this compares with consumers claiming to receive just over 30 items per month.

• **With the exception of fixed lines, ownership is lower among consumers with a disability.**

  Fixed line ownership is equal or higher than among those without a disability, across all demographic groups analysed.

  Mobile ownership is lower across each of the demographic groups and appears to largely be driven by socio-economic group, with lower ownership among C2DE groups.

  Home internet is significantly lower among each of the disability groups – with age playing an important role. Those aged 15 to 34 with a disability have a comparable level of use of the internet, but those over the age of 35 who have either a visual or a mobility impairment begin to fall behind those without a disability.
Digital TV - Freeview ownership is higher among all disability groups, with pay-TV ownership levels in all disability groups lower than for those without a disability.

Consumer choice and value (page 77)

- **The increase in bundled purchasing continues.** Since 2005 and the start of local loop unbundling (LLU), the proportion of consumers with bundled services has steadily risen. Over the past year bundled purchasing has risen a further 4 percentage points to 57%. Dual-play fixed line and broadband, and triple-play fixed line, broadband and multichannel TV bundles remain the most popular packages.

- **The trend towards at least 12-month mobile contracts continues.** Half (51%) of all mobile customers are now on at least a 12-month contract (up 4 percentage points since 2011) and a further 5% are currently on a SIM-only contract. Around 70% of new contract connections during Q1 2012 were for 24 months.

- **Pre-pay remains more common among older mobile customers and those in socio-economic group DE.** Younger consumers and ABC1s continue to drive the shift towards contracts. While pre-pay remains more popular among older customers and those in group DE, the shift towards contract is comparable to the average (a 5-6 percentage point rise).

- **UK residential fixed and mobile prices are converging.** Ofcom analysis of operator data shows that the average price of a UK mobile-originated residential voice call was 8.4 pence per minute in 2011, just 0.8 pence (10.7%) more than the 7.6 pence per minute average for residential fixed-originated voice calls. In comparison, five years previously the average price of a mobile-originated residential voice call minute was 14.4 pence per minute (taking inflation into account), 7.2 pence per minute (98.9%) more than the average fixed-originated residential voice call minute.

- **Cheaper options are available for bundled packages of fixed line services.** The majority of UK homes (54%) purchase their fixed voice service as part of a bundle, in most cases together with fixed broadband, and analysis undertaken using a pricing model provided by Teligen shows that the lowest price available for a residential ‘double play’ bundle of fixed voice and fixed broadband services (a fixed line with 428 minutes of use per month and a basic fixed broadband service) fell by 10.6% in real terms (i.e. adjusted for inflation) in 2012. However, prices for fixed voice when purchased on a stand-alone basis are rising. Teligen’s model also shows that the average standalone cost of four baskets of residential fixed telephony use (calculated as the average of the lowest prices from the three largest operators, weighted by retail market share) increased by 6.6% in real terms in the year to July 2012. Options for consumers to offset rising fixed-line prices include the ability to pre-pay the line rental element of their service at a discounted rate.

- **The average revenue per residential fixed broadband connection fell by 6.3% in real terms in 2011.** This rate of increase was less than half the 13.3% fall in 2010, and came despite increasing average actual connection speeds (Ofcom research shows that the average actual speed of a UK residential fixed broadband connection increased by over 70% to 9.0Mbit/s in the two years to May 2012).

- **The cost of some mobile packages is increasing.** While data provided to Ofcom by the UK mobile operators suggests that average mobile-originated voice call charges fell in 2011, Teligen’s pricing model shows that the weighted average price of nine mobile connections with varying voice, SMS and data use increased (which is calculated using
tariffs offered by the UK’s three largest mobile providers), increased by 7.0% in real terms between July 2011 and July 2012. As the larger mobile providers have prioritised post-pay, there has been rapid growth in specialist pre-pay operators, and this analysis excludes tariffs offered by these providers and the smaller networks, and does not cover all of the options available to consumers who shop around.

- **Communications service prices in the UK compare favourably with those in other countries.** Ofcom analysis using data provided by Teligen shows that four out of five of the lowest prices available for five baskets of communications services were found in the UK, as were all five of the lowest weighted average standalone prices for these baskets.

- **Awareness of stamp prices has increased.** Between December 2011 and September 2012 awareness of the price of first class stamps rose from 9% to 27%, with awareness of second class stamps rising from 6% to 13%. Likely due to the extensive press coverage around the price rise.

**Consumer interest and activity (page 104)**

- **In total, nearly a fifth (19%) of consumers switched at least one communications service in the past 12 months.** Overall yearly switching levels for each market (including any switching of services to or from bundles) remain broadly unchanged, at around one in ten in each of the fixed-line (10%), mobile (9%) and fixed broadband (9%) markets. Nearly a third of all switchers switched multiple services at the same time.

- **The gap between switching levels in the communications market and the utility market is closing.** Reported yearly switching levels in each of the gas (12%) and electricity markets (13%) are lower than in 2011 (15% and 17% respectively). Switching in the fixed-line market is now broadly comparable with gas and only slightly behind that for electricity. Yearly switching of main TV provider remains lower at 3%, comparable with switching bank accounts (4%).

- **Bundlers display the highest levels of interest and activity.** Over the past 12 months levels of engagement (i.e. the extent to which consumers are switching, keeping an eye on the market and/or interacting with their providers to negotiate a better deal) have risen in each of the mobile and fixed-line standalone markets. There has also been a notable rise in engagement among bundlers - up from 22% to 35% in the past 12 months. Bundlers also report some of the highest levels of 'interest', at 41%.

- **Switching is largely driven by bundlers in each market.** The higher levels of engagement among bundlers is at least partly due to higher switching levels among these consumers, compared to standalone purchasers, within each communications market. For example, switching levels stand at 11% among consumers who purchase their fixed broadband as part of a bundle (bundlers account for around three-quarters of the fixed broadband market) and compare to 4% among those who purchase it as a single service.

- **Difficulty switching in the fixed-line market increases when fixed broadband services are switched at the same time.** The fixed broadband market continues to report the highest levels of stated difficulty in switching; at 15%, equal to that for bank accounts. ‘Hassle’ continues to be stated as one of the main reasons for not switching this service among those who considered doing so. Furthermore, where fixed-line services are switched at the same time as at least one other service – most commonly fixed broadband – stated difficulty in the fixed-line market rises to 14%. This compares to 5% among standalone fixed-line customers.
• **Terms and conditions increase as a stated reason for not switching mobile network.** The shift towards mobile contracts has continued, largely driven by take-up of smartphones. While switching levels appear unaffected, or at least are not in decline (9%), around a quarter (27%) of consumers who considered switching but then chose not to, stated ‘terms and conditions’ as at least one of the reasons. This is a rise of 7 percentage points since 2011.

• **Around one in ten consumers across each of the fixed-line, mobile and fixed broadband markets have extended their contract in the past six months.** Around a quarter of consumers in each market said they had been offered a deal by their provider in the past six months. Around half of those who were offered a deal accepted this, and for a proportion of these (one-fifth to two-fifths across markets) this meant extending their existing contract.

• **Fixed standalone customers are becoming increasingly dissatisfied with value for money.** Overall, most consumers are satisfied with their communications services (85%-90%) and satisfaction is stated by around a fifth of ‘considerers’ as a reason for not switching. However, satisfaction varies for specific aspects in each market; such as reliability and value for money. Greatest dissatisfaction is noted with value for money in the fixed-line market among standalone purchasers – these consumers are becoming increasingly dissatisfied with this aspect of their service (15% dissatisfied; up from 10% in 2011).

**Consumer protection (page 130)**

• **Telecoms issues dominate complaints to Ofcom, with levels higher than in 2011.** The level of telecoms complaints is up year on year, at around 7000 per month (an additional c.1000 calls per month compared to 2011), although they have fallen in some categories. This compares to 1000-2000 complaints about broadcasting standards and around 45 relating to postal services.

• **Silent calls continue to be a key concern for consumers.** Complaints volumes reached a peak of just under 3400 in July 2012. Volumes have since declined but remain significantly higher than for any other issue. The second most complained-about issue was providers’ complaints handling. Monthly complaint volumes for this issue were below 800 for most of 2012.

• **Less than half are satisfied with their provider’s complaints handling.** The second most complained-about issue was providers’ complaints handling. Monthly complaint volumes for this issue averaged 750 per month. Research suggests that 6% of adults said that they had experienced difficulty resolving an issue with at least one of their communications providers. Furthermore, satisfaction with providers’ customer service in relation to complaints handling was around 43%-47%, significantly lower than satisfaction with customer service generally (62%-69%).

• **Fixed line mis-selling complaints are relatively stable following a period of decline.** Ofcom’s contact centre received between 400-500 complaints each month between May and September 2012, compared to 500-600 in the months prior to this and 700 throughout 2011.

• **Broadcasting complaints were dominated by complaints about content standards.** The top programmes complained about in 2012 include: *The Wright Stuff*, *The X Factor Results* and *The One Show*.
Two in five postal users experienced a problem with the service in the last year – largely driven by mis-delivered mail. The most common problem was mis-delivered mail (70%), followed by delayed (41%), damaged (41%) and/or lost mail (34%). Just over one in ten (14%) postal users who experienced a problem made a complaint.
Section 3

Changing use of communications

Introduction

Over the past few years there have been many changes within the communications market in terms of the availability and pricing of services and devices. This has had an impact not only on take-up but also on consumers’ use and experience of communications services.

In this section we look at the changing use of communications, including postal services, in order to set the context for the rest of the report. We explore how use is affected by the growth in ownership of new devices, as they become more affordable and mainstream.

Consumers’ changing use of communications services is important to bear in mind throughout this report, as it is likely to influence factors such as the propensity to switch, and it may raise issues for consumer protection, either among the general population or particular demographic groups.

Key trends

- **Text messages are the most-used method for daily communication with friends and family.** Around six in ten (58%) consumers said they use text messages at least once a day to communicate with friends and family. This is higher than those who stated they communicate face-to-face (49%). Overall, two thirds (68%) of adults used any text based service compared to 63% using any voice based service.

- **Use of traditional methods of communication is falling due to increased use of digital services – a trend consumers see set to continue.** Consumers claimed that their level of communicating via digital means, such as email (17%), social networking (14%) and mobile voice (11%) had increased in the past two years. Alongside this, claimed levels of communicating using post (-30%) and fixed-line calls (-4%) have decreased. Consumers saw this level of use continuing; 17% claimed that they expected to communicate using email more (17%) in the next two years, with over one in five (22%) claiming that they expect their use of post to decrease as a form of communication in the next two years.

- **Ownership of connected devices continues to rise – driven by the growth in both smartphone and tablet take-up.** In total 82% of adults own at least one internet connected device. Among these devices the most significant increases since 2011 have been in ownership of smartphones (45% vs. 34%) and tablets (12% vs. 4%).

- **Mobile data use continues to rise, driven by smartphones.** The increased take-up of smartphones is enabling consumers to access new data services on their mobile phones. This has lead to an increase in the level of smartphone data consumption, which has doubled; from 71Mb in July 2010 to 154Mb in February 2012.

- **Just under a quarter of UK consumers access TV content online.** Twenty-three per cent of internet users claimed to access TV content over the internet every week, this increases to 42% when asked whether they had ever accessed TV content over the internet.
3.0.1 Use of traditional methods of communication falling due to increased use of digital services - a trend consumers see set to continue

In 2012 research found that text messages were the most-used method for daily communications with friends and family (Figure 1). About six in ten (58%) stated that they used text messages at least once a day to communicate with friends and family. This is higher than the proportion claiming to communicate face to face (49%). Social networking is used daily by around a third (32%) of adults.

Looking at the overall ways in which people communicate with friends and family on a daily basis, over two-thirds (68%) used any text-based service and 63% use any voice-based service.

Figure 1  Methods used at least once a day to communicate with friends and family

![Method of Communication Bar Chart]

Source: Ofcom research, 2012
Q2a: How often do you use x to communicate with friends and family?
Base: UK adults aged 16+ who communicate, n = 1980
Any text based services: text messages, social networking, emails, instant messaging, comments on websites, micro-blogging, post
Any voice based services: voice calls on mobile, voice calls on fixed landline, VoIP

3.0.2 Use of traditional methods of communication is falling due to increased use of digital services - a trend consumers expect to continue

Consumers were asked which forms of communication they had used more or less often in the past two years. Figure 2 shows that respondents claimed their levels of communicating using digital means such email (17%), SMS (17%), social networks (14%) and mobile voice (11%) had increased in the past two years. Conversely, claimed use of more traditional ways of communicating such as post (-30%) and fixed line calls (-4%) had fallen.
When asked about which communication methods consumers thought they would use more over the next two years (Figure 3), the responses tallied with the claimed use in the previous two years. Respondents expect their use of digital services for communications to increase in the next two years, alongside an expected continued decline in their use of postal services (-22%).

Just under one in five respondents (17%) claimed they would use email more than they do now as a method of communication. Just under one in ten (7%) claimed that their use of a wide variety of other digital communication methods such as SMS, mobile-voice, VoIP and social networks, would increase.

Source: Ofcom research, 2012
Q6a/6b: Which of these methods of communication do you use to communicate More/ Less than you did two years ago? (Multiple choice)
Note chart shows net percentage (% who claimed to use more - % who claimed to use less)
Base: UK adults aged 16+, n=2009

Source: Ofcom research, 2012
Q7a/7b: In the next two years which of them do you think you will use MORE than you do now?
Note chart shows net percentage (% who predict to use more - % who predict to use less)
Base: UK adults aged 16+, n=2009
3.0.3 Email appears to be the main replacement for post

As shown in Figure 4, respondents, when asked, claimed that their use of post in the previous two years had declined, and they expect this decline to continue over the next two years. Among those who claimed that their use of post had decreased compared to two years ago, just under seven in ten (69%) stated that they now use email more often, instead of post. Just over three in five (31%) use text messaging/SMS more, and just over one in four (26%) make more calls on a mobile phone.

Among the different age groups, those aged between 35 and 54 are the most likely to use email as an alternative to post, with four in five choosing this response. Conversely, those aged over 55 are the least likely to say they would use email as an alternative to post (52%).

**Figure 4** Communication methods used instead of post, where use of postage has decreased compared to two years ago

Source: Ofcom Post tracking survey.
Base: All who say the number of items sent by post has decreased compared to 2 years ago Q3 2012 (314). QC13: As your use of post has decreased compared to two years ago, which, if any of these forms of communication are you using more often instead of post? (Multi code)

3.0.4 Ownership of connected devices continues to rise – driven by the growth in both smartphone and tablet take-up

2012 has seen an increase in the take-up of devices able to connect to the internet (Figure 5). In total, 82% of adults own at least one connected device (83% including smartphones). Ninety-five per cent of smartphone owners also have at least one other device in their household capable to connecting to the internet.

Among these devices, the most significant increases since 2011 have been in the ownership of smartphones (45% vs. 34%) and tablets (12% vs. 4%).
Figure 5  Ownership of connected devices in the home

Source: Ofcom communications tracking survey
*Note: Data for 2006-2010 based on Q2 data, all other data based on Q4. **Data for ‘Any’ for 2000-2010 refers to PC or laptop computers. Data for ‘Any’ for 2011-2012 also includes netbook or tablet computers but not smartphones.
QE1. Does your household have a PC, laptop, netbook or tablet computer?

Figure 6 compares ownership across age groups. There have been increases in device ownership for connected devices such as laptops, desktop PCs and tablets across most age groups but those over 65 remain at a lower level compared to the UK average; laptop (26% vs. 62%), desktop PC (30% vs. 46%), tablet (3% vs. 12%).

The significant growth in smartphone take-up is seen across all the age groups under 65. More than a third (37%) of 45-64 year olds now own a smartphone, although take-up continues to be highest amongst the youngest age group, with seven in ten 16-24s now personally using a smartphone. This is not matched among older consumers; just under one in ten (8%) 65-74s and 3% of over-75s have a smartphone.
3.0.5 Mobile data use continues to rise

The growth in take-up of smartphones has enabled many consumers to access data services on their mobile phone via the internet, that they were previously unable to access. As a result, consumers now undertake more activities using these devices.

Figure 7 shows that those who have a smartphone are not only more likely to carry out many of the online activities specified, but also more likely than non-smartphone users to make or receive calls (99% vs. 88%) and send or receive text messages (97% vs. 77%). The online activities that smartphone users are significantly more likely to undertake include: visit websites (60% vs. 3%), visit social networking sites (55% vs. 4%), and send or receive emails (50% vs. 2%). It is likely that use of these activities will have changed since this survey was conducted; updated data will be available in the next Media Literacy Adult Report due out in March 2013.
Figure 7  Mobile phone activities carried out at least once a week by smartphone users compared to those with another type of mobile phone: 2011

<table>
<thead>
<tr>
<th>Activity</th>
<th>Smartphone</th>
<th>Other type of mobile phone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Make or receive calls</td>
<td>99%</td>
<td>88%</td>
</tr>
<tr>
<td>Send or receive text messages</td>
<td>97%</td>
<td>77%</td>
</tr>
<tr>
<td>Visit websites</td>
<td>60%</td>
<td>3%</td>
</tr>
<tr>
<td>Take photos</td>
<td>58%</td>
<td>19%</td>
</tr>
<tr>
<td>Visit social networking sites</td>
<td>55%</td>
<td>4%</td>
</tr>
<tr>
<td>Send or receive email</td>
<td>50%</td>
<td>2%</td>
</tr>
<tr>
<td>Listen to music</td>
<td>48%</td>
<td>8%</td>
</tr>
<tr>
<td>Send or receive photo messages</td>
<td>33%</td>
<td>9%</td>
</tr>
<tr>
<td>Play games that are loaded on the phone</td>
<td>32%</td>
<td>5%</td>
</tr>
<tr>
<td>Visit sites like YouTube or Bebo to look at videos or clips posted by other people</td>
<td>30%</td>
<td>2%</td>
</tr>
<tr>
<td>Take videos</td>
<td>27%</td>
<td>7%</td>
</tr>
<tr>
<td>Download apps/ applications (including games)</td>
<td>26%</td>
<td>0%</td>
</tr>
<tr>
<td>Check your bank balance</td>
<td>24%</td>
<td>1%</td>
</tr>
<tr>
<td>Use features such as Maps or satellite navigation to get to where you want to go/ plot a route to a destination</td>
<td>20%</td>
<td>0%</td>
</tr>
<tr>
<td>Use Instant Messaging services</td>
<td>16%</td>
<td>1%</td>
</tr>
<tr>
<td>Play games over the internet</td>
<td>13%</td>
<td>1%</td>
</tr>
<tr>
<td>Send or receive Twitter updates</td>
<td>13%</td>
<td>0%</td>
</tr>
<tr>
<td>Send or receive video clips</td>
<td>11%</td>
<td>2%</td>
</tr>
<tr>
<td>Put photos or videos on sites like YouTube or Bebo for others to see</td>
<td>11%</td>
<td>1%</td>
</tr>
<tr>
<td>Use your phone to make or receive calls over the internet on services such as Skype</td>
<td>9%</td>
<td>0%</td>
</tr>
<tr>
<td>Watch TV programmes</td>
<td>8%</td>
<td>0%</td>
</tr>
</tbody>
</table>

M8A-M8U – Please tell me from this list the types of things you use your mobile phone for, and how often you do each.
Base: All adults aged 16+ with a mobile phone (658 with a Smartphone, 989 with another type of mobile phone). Significance testing shows any difference between these two groups
Source: Ofcom research, fieldwork carried out by Saville Rossiter-Base in September to October 2011

This increase in mobile phone activity online has resulted in an increased demand for, and use of, mobile data, specifically among smartphone users. As Figure 8 shows, analysis of consumer bills by BillMonitor shows that monthly data use by smartphone users doubled in the 18 months to January 2012 – up from 71Mb in July 2010 to 154MB in January 2012.

Around a quarter (27%) – illustrated by the 25% line in Figure 8 – of smartphone users consumed over 250MB of data per month in January 2012, with more than one in ten (illustrated by the 10% line) consuming over 500MB per month.
3.0.6 Just under a quarter of UK consumers access TV content online every week

Figure 9 shows the proportion of internet users who use their home internet connection to watch TV online. UK consumers are most likely to access TV content over the internet. Almost a quarter (23%) of internet users claimed to do this every week – a figure which increases to 42% when they were asked whether they had ever accessed TV content over the web.

This is most likely to be driven by the popularity in the UK of internet TV catch-up services from the free-to-air broadcasters, such as BBC iPlayer, 4oD and ITV Player. According to data from the BBC, BBC iPlayer continues to grow in popularity, with 151 million requests for TV programmes in August 2012 (driven by high demand for Olympics coverage), up from 115 million in 2010 and 91 million requests in August 2009.
Figure 9  Accessing television content online

Proportion of respondents that access online TV (%)

<table>
<thead>
<tr>
<th></th>
<th>Ever</th>
<th>Weekly</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>42%</td>
<td>23%</td>
</tr>
<tr>
<td>FRA</td>
<td>31%</td>
<td>13%</td>
</tr>
<tr>
<td>GER</td>
<td>19%</td>
<td>9%</td>
</tr>
<tr>
<td>ITA</td>
<td>26%</td>
<td>12%</td>
</tr>
<tr>
<td>USA</td>
<td>31%</td>
<td>17%</td>
</tr>
<tr>
<td>JPN</td>
<td>11%</td>
<td>3%</td>
</tr>
<tr>
<td>AUS</td>
<td>27%</td>
<td>12%</td>
</tr>
<tr>
<td>ESP</td>
<td>34%</td>
<td>16%</td>
</tr>
</tbody>
</table>

Source: Ofcom Consumer Research October 2012
Base: Total sample size UK=1065, France=1016, Germany=1024, Italy=1015, US=1010, Japan=1004, Australia=1007, Spain=1001

Q. Which of the following activities do you use your home internet connection for?

In the UK, internet users aged 18-24 are most likely to access TV content online (31% claiming to do so), while 45-54 year olds are the least likely to do so (19%). This pattern is generally consistent across the countries, although in some countries such as the USA, those aged 25-35 have a higher propensity than 18-24 year-olds to watch TV over the internet (Figure 10).

Figure 10 Access television content online by age

Proportion of respondents accessing online TV weekly(%)
Section 4

Availability of services and providers

Introduction

This section of the report highlights the availability of communications services across the UK. It also reports trends in availability of technology within sector; for example, 3G and superfast broadband services.

By tracking levels of availability we can monitor the market and see how different consumers are accessing the different services, thereby highlighting any issues relating to their not being able to use a specific service for reasons outside their control.

Key trends

- **Fixed-line services are available universally across the UK as part of the universal service obligation (USO)**

- **99% of premises are covered by 2G and 3G services.** In 2012, 99.7% of premises are covered by 2G and 99.1% by 3G mobile services.

- **Average broadband speeds in UK continued to improve in 2012.** Ofcom research[^4] found that overall average actual download speed in the UK increased to 9.0 Mbit/s in May 2012 from 7.6 Mbit/s in November 2011.

- **Digital terrestrial TV is almost universal, as digital switchover completes in 2012.** Digital terrestrial (DTT) coverage stands at 98.5%, up from 85.0% in 2011.

- **Digital radio services on DAB are most widely available in London.** The BBC has widespread DAB coverage, with 11 stations available to 94.3% of households. National commercial digital multiplex (Digital One) is available to 84.6% of households. Greater London has the greatest number of radio services on DAB, with listeners able to listen to 61 services; this compares to just 21 available in Northern Ireland.

- **Royal Mail provides a universal service across the UK with competition concentrated on parcel and bulk mail delivery.**

- **Consumers have a greater choice of TV channels and radio stations.** The number of suppliers across the communications markets has remained stable in 2012, with the exception of TV and digital radio. In the UK there are now 525 television channels for consumers to choose from, 21 of which are public service channels and their HD and +1 variants (an increase of eight since 2011). There has also been an increase in DAB stations; 219 are currently available in 2012 (an increase of ten since 2011).

These key trends are explored in more detail under the following sub-headings:

- availability of services across the UK; and

- range of communications providers available

4.1 Availability of services across the UK

4.1.1 Fixed-line, broadband and digital broadcasting are available to nearly all consumers, with varying degrees of mobile coverage across the UK

Fixed-line telephony, broadband and digital broadcasting are available to nearly everyone in the UK. In 2012, 99.7% of premises were covered by 2G and 99.1% by 3G mobile services. As part of the award of spectrum for ‘4G’ (LTE) services, due to be made in early 2013, Ofcom will include a coverage obligation on one licensee to provide 4G services to at least 95% of premises in each nation by 2017.\(^5\)

Fixed-line PSTN services are universally available across the UK. The universal service obligation (USO) is currently provided by BT and Kingston Communications in Hull. All households in the UK must be able to access a fixed line at a standard charge, although additional connection charges apply when a household is so remote that installation would cost the supplier over £3,400 to provide the line.

Ofcom’s *Infrastructure Report* includes data on predicted mobile signal strength (based on operator planning models) for both 2G and 3G in the UK, and calculates two measures of coverage.\(^6\) The first considers the proportion of postal addresses that are within coverage of the networks (‘premises coverage’), while the second considers overall geographic coverage; i.e. what percentage of the UK’s land mass they serve (‘geographic coverage’). We have based our analysis on a signal strength that should be sufficient to make or receive a call outdoors.\(^7\)

A summary of coverage across the UK and for each of the nations is shown in Figure 11 below.

---

\(^5\) The overall coverage commitment is 98% of premises

\(^6\) There are a number of other mobile coverage projects elsewhere, such as the BBC’s mobile coverage research (http://www.bbc.co.uk/news/technology-14582499) and OpenSignalMap (http://www.opensignalmaps.com/), both of which use consumer-end devices to measure mobile coverage. The outcomes of this crowd-sourcing approach are limited by the number of test devices and where the phones are used.

\(^7\) See Annex 1 in Ofcom’s *Infrastructure Report* for details on the signal thresholds we have used
4.1.2 Almost all consumers have some form of broadband available although distance from the exchange and technical quality may limit total availability

In the UK, local loop unbundling (LLU),\(^9\) the availability of cable and mobile broadband and the ability to bundle services together give consumers a wide choice of broadband products, access platforms and purchasing options.

The availability of unbundled local loop lines has grown from 80% of households at year-end 2007 to 92% at year-end 2011. The availability of any broadband service has not changed since 2008; at 99.98%, although local factors such as distance from the exchange and the technical quality of local networks may limit total broadband availability.

While the most recent data available to Ofcom show that 45% of UK homes were able to receive triple-play cable services from Virgin Media in May 2012, figures from June 2010 reported that 48% of households were in proximity to cable. As such, comparisons between the availability of cable in 2011 and previously should be treated with caution.

The speed of broadband services also continues to improve. Ofcom research\(^{10}\) has found that the overall average actual download speed in the UK had increased to 9.0Mbit/s in May 2012.

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\(^{8}\) [http://stakeholders.ofcom.org.uk/market-data-research/other/telecoms-research/broadband-speeds/infrastructure-report-2012/]

\(^{9}\) LLU is the process whereby the incumbent operators (in the UK it is BT and Kingston Communications) make their local network (the lines that run from customers premises to the telephone exchange) available to other communications providers.

\(^{10}\) [http://stakeholders.ofcom.org.uk/binaries/research/broadband-research/may2012/Fixed_bb_speeds_May_2012.pdf]
2012, from 7.6Mbit/s in November 2011 (see Figure 12). This rise is due to a number of network and service upgrades\textsuperscript{11}.

**Figure 12 Average actual broadband speeds: November/December 2010 to May 2012**

<table>
<thead>
<tr>
<th>Speed (Mbit/s)</th>
<th>Nov/Dec-10</th>
<th>May-11</th>
<th>Nov-11</th>
<th>May-12</th>
</tr>
</thead>
<tbody>
<tr>
<td>All connections including 'up to' 2Mbit/s and less</td>
<td>6.2</td>
<td>6.8</td>
<td>7.6</td>
<td>7.9</td>
</tr>
<tr>
<td>Above 'up to' 2Mbit/s and up to and including 10Mbit/s</td>
<td>6.2</td>
<td>6.1</td>
<td>6.3</td>
<td>6.6</td>
</tr>
<tr>
<td>Above 'up to' 10Mbit/s and less than 'up to' 30Mbit/s</td>
<td>7.2</td>
<td>7.4</td>
<td>7.0</td>
<td>7.3</td>
</tr>
<tr>
<td>'Up to' 30Mbit/s and higher</td>
<td>41.1</td>
<td>38.6</td>
<td>35.5</td>
<td>35.8</td>
</tr>
</tbody>
</table>

Source: SamKnows measurement data for all panel members with a connection in May 2012. Panel Base: 1,105.

4.1.3 **Digital terrestrial coverage is almost universal**

UK viewers can choose from four types of digital distribution technology to receive live broadcast-quality television - digital terrestrial, satellite, cable and IPTV. However, they are subject to varying degrees of availability.

Figure 13 shows that digital TV services delivered over the airwaves were the most widely available in 2012. Digital terrestrial (DTT) had near-universal coverage of 98.5%, rising from 85.0% in 2011 as the UK approached the completion of digital switchover in late 2012. Cable coverage capable of offering cable fixed telecoms and/or pay-TV services stands at 46% of UK homes (the 2011 and 2012 figures are lower than in previous years due to a change in the measurement of cable availability, explained in Figure 13 below).

\textsuperscript{11} The next publication is expected in February 2013 based on data collected in November 2012.
Figure 13 Availability of digital television

Source: Ofcom and operators
Note: * While we are unaware of exactly where digital services overlap and therefore cannot determine exact total digital coverage, in 2012 we assume that total digital television coverage, while not universal, is higher than that offered by any one platform. ** The 2012 figure is for the proportion of homes passed by Virgin Media’s cable broadband network, May 2012. This excludes households that are not also able to receive Virgin Media’s cable fixed telecoms and/or pay-TV services. The figure is not directly comparable to those of previous years.

4.1.4 BBC DAB is available to over nine in ten consumers – Greater London has the highest number of digital stations available to consumers

The BBC has the most widespread DAB coverage, with the BBC’s network of 11 stations available to 94.3% of households (Figure 14). The national commercial digital multiplex, Digital One, is available to 84.6% of households. Digital One broadcasts 12 commercial stations, including simulcasts of the three stations available nationally on analogue. The local DAB multiplexes cover an aggregate of 66.4% of UK households, but as the figures for local DAB coverage are derived from a set of assumptions which have recently been changed following extensive testing, the actual coverage of local DAB will be greater than is shown here.
The availability of radio services on DAB is highest in the Greater London region, where listeners can receive up to 61 radio services, and lowest in Northern Ireland where the comparable figure is 21. Outside London, the majority of homes in the UK where DAB is available receive between 30 and 45 services. Figure 15 shows the number of services as well as the number and type of digital multiplexes which are available across the UK. Further detail on the number of stations which are available across the UK on analogue and DAB is available in Ofcom’s third Digital Radio Report. \(^\text{12}\)

**Figure 14 Availability of DAB radio**

![Graph showing availability of DAB radio services in the UK.]

Source: Ofcom

Note: The figures for local DAB coverage are derived from a set of assumptions which have recently been changed following extensive testing. Consequently, the actual coverage of local DAB will be greater than is shown here.

**Figure 15 Number of services available on DAB, UK map**

![Map showing the number of services available on DAB in the UK.]

<table>
<thead>
<tr>
<th>No. services</th>
<th>BBC national</th>
<th>Commercial national</th>
<th>No. local multiplexes</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>11</td>
<td>✓</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>23</td>
<td>✓</td>
<td>✓</td>
<td>-</td>
</tr>
<tr>
<td>24-35</td>
<td>✓</td>
<td>✓</td>
<td>1</td>
</tr>
<tr>
<td>36-45</td>
<td>✓</td>
<td>✓</td>
<td>2</td>
</tr>
<tr>
<td>45+</td>
<td>✓</td>
<td>✓</td>
<td>3</td>
</tr>
</tbody>
</table>

Source: Ofcom, September 2012

\(^{12}\) [http://stakeholders.ofcom.org.uk/binaries/research/radio-research/drr-2012/2012_DRR.pdf](http://stakeholders.ofcom.org.uk/binaries/research/radio-research/drr-2012/2012_DRR.pdf)
4.1.5 Royal Mail provides a universal postal service to consumers across the UK with competition concentrated on parcel and bulk mail delivery

Royal Mail is the designated universal service provider in the UK. As such, it is subject to legal requirements and regulatory conditions, including the requirement to provide one delivery and one collection of mail for every UK household and business six days a week. Among other criteria, the universal service obligation requires that prices must be affordable, and uniform throughout the UK.

Royal Mail must also provide sufficient post boxes and other access points (e.g. at post offices) to meet the reasonable needs of users of the universal postal service. This includes a requirement that, in postcode areas where there are at least 200 delivery points per km², there must be sufficient access points so that 99% of the population in those areas are within 500 metres of an access point and, across the UK as a whole, at least 95% of postal users are within 5 km of an access point capable of receiving large postal items (i.e. in practice, a post office). Currently the UK has over 115,000 post boxes and 11,818 post offices.

As businesses are responsible for the majority of mail sent in the UK, competition in the postal sector has developed with a focus on businesses sending bulk mail. For consumers who want to send an addressed letter or greetings card, the provider they use is most likely to be the universal service provider, Royal Mail.

For consumers who are sending parcels, however, a range of providers are able to provide this service. Apex Insight has identified over 15 companies who operate significant parcels networks in the UK, including international operators such as DHL, UPS, FedEx, TNT and DPD as well as national operators including City Link, UK Mail, Yodel and Hermes. Although the majority of these operators primarily offer services to businesses, they also offer services to consumers wishing to send parcels and packets.

DHL, for example, have customer-facing outlets in branches of Ryman’s stationers. Collect+, a parcel service operated by Yodel and PayPoint, has a network of over 5,000 local shops where consumers are able to send and receive parcels. The Collect+ network also handles returns for some online retailers. Online services such as Parcel2Go and Parcelmonkey act as intermediaries, aggregating nationwide courier services and offering an online service to book the collection of parcels. In many areas in the UK, local couriers operate delivery networks, often offering a same-day service within a defined geographical area.

A range of parcel collection and delivery services are offered by a number of providers at a range of prices. The types of services offered allow users to choose a service that best meets their needs, in terms of whether to include tracking, insurance, time or day definite delivery slots. Some providers limit their coverage and exclude certain areas such as Northern Ireland, the Scottish Highlands and Islands, the Isle of Man and the Isle of Wight, which has an impact on the level of choice in these areas.

4.2 Range of communication providers available

Consumers in the UK are able to choose from a number of communications providers offering a wide range of standalone and bundled communications services and content choices. Figure 16 below shows the range of providers and content choices available within the communications market.

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13 Apex Insight is an independent provider of research, analysis and advice covering business-to-business markets.
4.2.1 Number of providers offering services remains relatively stable but consumers have greater choice of TV channels and radio stations

There are at least 13 major suppliers of bundled residential communications services (for example, a fixed line and a multichannel TV bundle, where the customer has to take both services to get the advertised price). This has remained unchanged over the past few years.

Similarly, there has been no change in the number of provider options for consumers in the fixed-line market. There are estimated to be 114 providers offering services in the fixed-line market subject to the Conditions of Entitlement (the conditions they must fulfil in order to offer communications services).

Consumers continue to be able to choose from mobile services offered by four mobile network operators (MNOs) – Vodafone, O2, Three and Everything Everywhere. Since the 2010 merger of T-Mobile and Orange, Everything Everywhere has continued to operate two retail brands for its 2G and 3G offerings. There are also many virtual mobile network operators (MVNOs) and resellers.

Consumers in the UK now have 525 television channels available to choose from. Twenty-one of these are public service channels and their HD and +1 variants; an increase of eight channels since last year. The remaining 504 are commercial channels. Consumers have 536 analogue radio services in the UK, including local and UK-wide commercial stations, BBC local, UK-wide and community stations, and an increasing number of stations available on DAB (currently 219 stations, of which 52 are digital-only brands).

**There are also many virtual mobile network operators (MVNOs) and resellers.** An MVNO or reseller is a company that resells services from one of the four network operators but does not own its own mobile network infrastructure. For example, Virgin Mobile uses the T-Mobile network (which is being integrated with the EE network) and Tesco Mobile uses the O2 network. MVNOs often offer niche services such as low-cost international calls to customers from minority ethnic groups and immigrant communities.
Section 5

Take-up of services and devices

Introduction

In this section we highlight the extent to which consumers have communications services and devices available in their household. We illustrate how take-up has changed over time, and highlight any demographic differences in ownership as well as making broad comparisons internationally. This section also looks at the changes in usage levels and changes in the types of activities being undertaken over time.

By examining take-up and use of communications services we are able to identify whether there are any issues surrounding non-ownership that we need to consider.

Key trends

- **Fixed-line ownership has stabilised in the UK with a small decline in take-up over the past five years compared to other countries.** Following the decline in fixed-line ownership seen in 2009, ownership levels have remained at 84% for a third consecutive year. As in all other comparative countries (with the exception of Brazil and Russia), there has been a fall in the number of fixed phone lines per head. The decline in the UK, however, has been far less than in other countries.

- **Four in five consumers are aware of VoIP services – although just under three in ten use the service.** Awareness of VoIP rose in 2012 to 78%, from 75% in 2011. Use of the service also continued to rise, with just under three in ten (29%) claiming to use VoIP; this is just under three times the level of take-up in 2008.

- **The majority of households continue to own both a fixed line and a mobile phone.** Seventy-nine per cent of households have both fixed-line and mobile services, with a further 15% mobile-only and 5% fixed-line only.

- **Over 90% of adults own a mobile phone, while smartphone ownership continues to rise.** Ninety-two per cent of UK adults stated that they personally owned a mobile phone, of which 45% said their mobile phone was a smartphone; this is a significant increase in ownership since 2011 (34%).

- **Over nine in ten adults aged between 16 and 64 use a mobile phone.** Ownership of a mobile phone is lower among older age groups, with just over four in five (83%) 65-74s and three in five (59%) adults aged over 75 owning a mobile device.

- **Mobile-only households continue to be younger consumers and from the DE socio-economic group.** Just over a quarter (27%) of 16-24s and the DE (26%) socio-economic group are in mobile-only households.

- **Take-up of the internet continues to rise – with four in five households able to access the internet at home, although mobile broadband on a dongle fell in 2012.** Seventy-seven per cent of households use either fixed and/or mobile broadband. Total use of fixed broadband has risen slightly; to 72% of adults, with a further 8% using mobile broadband only. Total use of mobile broadband has fallen over the last 12 months; from 17% to 12% in 2012, reflecting the fact that fewer consumers are using dongles to access the service.
• **Just under half of mobile broadband users use the service equally inside and outside the home.** Ninety-three per cent of adults with mobile broadband say they use it at home. But in 2012 there has been a significant increase in the number of consumers who use mobile broadband equally inside and outside the home (46% versus 34% in 2011). Twelve per cent of those with mobile broadband access mainly use it outside the home while 7% say they always use it outside the home.

• **Over nine in ten consumers have a digital television service.** Ninety-five per cent of households have a digital TV service in 2012. Digital terrestrial is the most-used service (50%), followed by digital satellite (40%) and digital cable (17%).

• **Around half of all UK adults access multi-channel television at home through Freeview.** Forty-six per cent of all adults use Freeview to access multichannel television at home; this compares to 40% using satellite and 17% using cable.

• **Take up of pay-TV has decreased among younger consumers.** The proportion of adults receiving pay-TV remained stable at 57% in 2012. The level of take-up among those aged between 16 and 24 decreased significantly in 2012; from 64% to 59%.

• **Just under two in three consumers claim to have access to digital radio services.** Take-up of digital services that can deliver digital radio has stabilised at around 98% of homes. Just under two in three (65%) consumers stated they have access to a digital radio service – suggesting that around one in three are unaware that they can access digital radio services at home.

• **Postal users receive five times more post than they send in a month.** On average, postal users claimed to send six items per month; this compares with consumers claiming to receive just over 30 items per month.

• **With the exception of fixed lines, ownership is lower among consumers with a disability.**

  Fixed line ownership is equal or higher than among those without a disability, across all demographic groups analysed.

  Mobile ownership is lower across each of the demographic groups and appears to largely be driven by socio-economic group, with lower ownership among C2DE groups.

  Home internet is significantly lower among each of the disability groups – with age playing an important role. Those aged 15 to 34 with a disability have a comparable level of use of the internet, but those over the age of 35 who have either a visual or a mobility impairment begin to fall behind those without a disability.

  Digital TV - Freeview ownership is higher among all disability groups, with pay-TV ownership levels in all disability groups lower than for those without a disability.

These key trends are explored in more detail below under these sub-headings; at a UK level, and internationally where possible:

• Take-up of communications services and devices across the UK

• Telecoms ownership (including broadband), in detail

• Digital broadcasting, in detail
Postal users
Ownership of connected devices
Non-ownership of communications services; and
Ownership among people with disabilities

5.1 Take up of communications services and devices across the UK

5.1.1 Broadband take-up continues to rise while other markets stabilise

Figure 17 shows that the highest levels of penetration are mobile phone and digital TV, with over nine in ten consumers having access to these services in their household. Broadband ownership has continued to rise, with over three in four households (77%) now having this service.

Figure 17 Take-up of communications services in the household

Source: Ofcom communications tracking survey
*Note: Data for 2006-2012 based on Q2, all other data based on Q4

5.1.2 Over nine in ten households in the nations have at least one mobile phone and/or digital TV

Among the nations (Figure 18), England has the highest level of fixed-line ownership (85%); this compares with eight in ten in Scotland, Wales and Northern Ireland. Over nine in ten consumers now have a mobile phone, apart from those in Scotland, where 86% say they have a mobile phone in their household. Home broadband is also highest in England, with just under eight in ten (78%) stating they have this service, compared to just over seven in ten (72%) among the other nations. Within the nations, Northern Ireland has the highest incidence of claimed access to digital radio at home (73%), and Wales has the lowest, with just under three in five (59%) claiming to have access.
## Figure 18 Take-up of communications services in the household by nation

<table>
<thead>
<tr>
<th></th>
<th>UK</th>
<th>England</th>
<th>Scotland</th>
<th>Wales</th>
<th>Northern Ireland</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed line</td>
<td>84%</td>
<td>85%</td>
<td>81%</td>
<td>81%</td>
<td>79%</td>
</tr>
<tr>
<td>Mobile Phone</td>
<td>94%</td>
<td>95%</td>
<td>86%</td>
<td>93%</td>
<td>96%</td>
</tr>
<tr>
<td>Digital TV</td>
<td>95%</td>
<td>95%</td>
<td>95%</td>
<td>97%</td>
<td>92%</td>
</tr>
<tr>
<td>Digital Radio*</td>
<td>65%</td>
<td>66%</td>
<td>60%</td>
<td>59%</td>
<td>73%</td>
</tr>
<tr>
<td>Broadband</td>
<td>77%</td>
<td>78%</td>
<td>72%</td>
<td>72%</td>
<td>72%</td>
</tr>
<tr>
<td>Mobile broadband ONLY</td>
<td>6%</td>
<td>6%</td>
<td>4%</td>
<td>2%</td>
<td>8%</td>
</tr>
<tr>
<td>Fixed broadband ONLY</td>
<td>65%</td>
<td>66%</td>
<td>60%</td>
<td>60%</td>
<td>63%</td>
</tr>
<tr>
<td>Fixed and mobile broadband ONLY</td>
<td>6%</td>
<td>6%</td>
<td>8%</td>
<td>9%</td>
<td>1%</td>
</tr>
</tbody>
</table>

Source: Ofcom communications tracking survey  
Base: All adults 16+ (Q2 2012, 2893)  
* Claimed access to digital radio at home  
Note: UK data taken from Q2 2012 as opposed to Q1 2012 among the nations, therefore the figures are not directly comparable.

Figure 19 shows the take-up of devices across the nations. By household, the levels of personal ownership of a mobile phone are lower in Scotland compared to the UK average (85% vs. 92%). Personal ownership of smartphones is also lower in both Northern Ireland (37%) and Scotland (39%). Northern Ireland also has lower levels of DAB (25% vs. 43%) and e-readers (8%), when compared to the other nations.
Figure 19 Take-up of devices in the household by nation

<table>
<thead>
<tr>
<th></th>
<th>UK</th>
<th>England</th>
<th>Scotland</th>
<th>Wales</th>
<th>Northern Ireland</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile phone take-up</td>
<td>92</td>
<td>92</td>
<td>85</td>
<td>92</td>
<td>94</td>
</tr>
<tr>
<td>Smartphone take-up</td>
<td>45</td>
<td>46</td>
<td>39</td>
<td>47</td>
<td>37</td>
</tr>
<tr>
<td>DAB ownership amongst radio listeners**</td>
<td>43</td>
<td>44</td>
<td>41</td>
<td>34</td>
<td>25</td>
</tr>
<tr>
<td>Smart TV ownership among TV homes**</td>
<td>5</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Tablet computer take-up</td>
<td>12</td>
<td>12</td>
<td>13</td>
<td>11</td>
<td>10</td>
</tr>
<tr>
<td>E-reader take-up (personal use)</td>
<td>12</td>
<td>12</td>
<td>10</td>
<td>14</td>
<td>8</td>
</tr>
</tbody>
</table>

Source: Ofcom communications tracking survey  
Base: All adults 16+ (Q2 2012, 2893)  
** Figures from Q1 2012 (Radio listeners 2963, TV homes 3713)

5.1.3 Satellite-only households have increased in both Scotland and Wales

All nations have experienced an increase in proportions of the population using satellite-only, with the exception of Northern Ireland (16% versus 17%). The most significant increase was in Scotland (where the proportion has increased from 25% in 2011 to 34%) and in Wales (where they have increased from 35% to 43%). For both nations, the increases are largely due to a decrease in satellite and Freeview customers. Customers in Northern Ireland are more likely than any of other nations to have both satellite and Freeview rather than just one of those services.
The following sub-sections highlight the trend in take-up of individual communications services across the UK, then compare the UK with other countries. This is followed by a more detailed look at the UK data by demographic.

5.2 Telecoms ownership in detail

5.2.1 Fixed-line ownership has stabilised in the UK, with a smaller decline in take-up over the past five years compared to other countries

Following the decline in fixed-line ownership noted in 2010 (from 87%), ownership has remained at 84% for the third consecutive year.
In the UK, as in all other comparator countries except Brazil and Russia, there has been a fall in the number of fixed phone lines per head of population over the past five years (from 57 per 100 people in 2006 to 53 in 2011, see Figure 22). This fall is primarily due to the increasing use of mobile, with a growing number of households choosing to use a mobile for all of their telephony needs (and typically saving on expenditure, compared to having both fixed and mobile connections).

However, the decline in the UK has been less than in some other countries. There are two main explanations for this:

- The requirement to pay for line rental in order to receive DSL broadband has inhibited the growth of mobile-only households. DSL broadband (broadband delivered over the PSTN) accounted for 78% of fixed-line broadband connections in the UK in 2011. By comparison, those countries where cable broadband unbundled with fixed voice has higher take-up (for example, the US) have seen a sharper fall in fixed-line connections. Similarly, in countries where ‘naked DSL’ is available (that is, where consumers can buy DSL without having to purchase a telephone service, such as the Netherlands, Sweden and France), a higher proportion of households have opted to give up their voice line and use mobile for their phone calls. Furthermore, in the UK, cable operator Virgin Media has priced its broadband (for which a telephone line is not required) and fixed telephone bundles so that the price of renting a fixed voice line as part of a bundle is very low.

- The pricing strategies of fixed service providers also play a role in determining the extent to which households subscribed to these services. BT is the only incumbent operator in Europe which does not have its own mobile network, so is more vulnerable to the threat from mobile, and has developed strategies to retain fixed line subscribers. One of the more significant strategies is its introduction of an advance payment option for line rental, which cuts the monthly price by £3.85. The Line Rental Saver product locks in customers for 12 months because it requires an upfront annual payment\(^\text{15}\). BT also offers unlimited off-peak calls and free calling features (such as voicemail) to try to persuade customers not to abandon their fixed line.

\(^{15}\) With no refund for any early contract termination, so giving a reduced monthly price for consumers only if they remain customers for a full fixed term. Ofcom has powers in respect of contract terms that are unfair in this regard.
5.2.2 UK fixed-line take-up remains highest among older consumers and those in rural areas

There has been no significant change in fixed-line ownership across all age groups since 2011 (Figure 23), with over nine in ten consumers (96%) aged 65+ likely to have a fixed-line service. This compares to 72% of those aged between 16 and 24 years old.
Figure 23 Age and gender profile of consumers who have taken up fixed-line services

Source: Ofcom communications tracking survey
Base: All adults 16+ (Q2 2008, 2109) (Q2 2009, 2085) (Q2 2010, 2106) (Q1 2011, 2862) (Q2 2012, 2893)

Figure 24 shows there has been no change in take-up by socio-economic group, with AB socio-economic groups more likely to take up fixed-line services than DE socio-economic groups. Those living in a rural environment are more likely to have a fixed-line service than those living in an urban environment (89% vs. 84%).

Figure 24 Socio-economic and urbanity profile of consumers who have taken up fixed-line services

Source: Ofcom communications tracking survey
Base: All adults 16+ (Q2 2008, 2109) (Q2 2009, 2085) (Q2 2010, 2106) (Q2 2011, 2862) *2010 data for £11.5-17.5k income households from Q1 due to data fluctuations in Q2

5.2.3 Four in five consumers are aware of VoIP services – although just under three in ten use the service

VoIP is an alternative to fixed-line voice communication. In some countries VoIP is already having an impact on use of fixed voice telephony. Due to methodological changes in 2009 please view 2008 data as indicative only.

Figure 25 shows that awareness, and current use of VoIP services both continued to rise in the UK in 2012. Awareness of the ability to make voice calls over the internet rose to just under eight in ten (78%). Just over one three in ten (35%) adults said they had access to
VoIP services at home – with 29% saying they currently use them - almost three times the level reported in 2008 (10%).

Adults aged 16-54 years, males, ABC1s and those working continue to drive awareness. Over-65s remain least likely to be aware of the service. Younger age groups, males, ABC1s and those with children in the household are driving access to VoIP, with those in socio-economic group AB driving current use.

The three main VoIP suppliers that consumers say they are using are: Skype, MSN Messenger and BT.

**Figure 25 Awareness and use of VoIP**

Source: Ofcom communications tracking survey
Base: All adults 16 (Q2 2009, 2085) (Q2 2010, 2106) (Q2 2011, 2862) (Q2 2012, 2893)
QE29. Before now, were you aware that voice calls could be made using the internet?/ QE30. Have you or anyone in your household ever used one of these services to make voice calls using the internet at home?

5.2.4 Most household continue to own both a fixed and mobile phone – one in ten has only a fixed line

Figure 26 shows that, as in 2011, the majority of households (79%) have both fixed-line and mobile phone services, with a further 15% being mobile-only and 5% fixed-line only. Mobile-only households are discussed in more detail later in this section.
Figure 26 Take-up of fixed-line and mobile services

Source: Ofcom communications tracking survey

QC1. Is there a landline phone that can be used to make and receive calls? / QD1. How many mobile phones do you and members of your household use?

5.2.5 Over 90% of adults own a mobile; this compares favourably to comparative countries but is the third lowest increase in ownership over the past 5 years.

The following chart (Figure 27) illustrates the trend in mobile ownership among UK households and UK adults. ‘Household penetration’ means at least one mobile phone within a household, and is compared to the proportion of adults who personally own and use a mobile at least monthly.

Take-up of mobile services remains stable: Ninety-four per cent of households have access to at least one mobile phone, with 92% of adults stating they personally use a mobile phone. Among those who personally use a mobile phone, over four in ten (45%) have smartphones; an increase from 34% from 2011. Among smartphone owners 84% are on a monthly contract.

Figure 27 Take-up of mobile services: 2000-2012

Source: Ofcom communications tracking survey

*Note: Data for 2006-2012 based on Q2, all other data based on Q4
There were 82 million active mobile connections\textsuperscript{16} in the UK at the end of 2011, equivalent to 130 connections for every 100 people. Figure 28 indicates that this level of penetration is comparable to that in Germany, the Netherlands and Australia, is significantly higher than in France, the US, Canada and Japan and lower than in Russia, Sweden and Italy.

In a saturated market, multiple SIM ownership has driven increasing numbers of connections. In part this is due to multiple device ownership; for example, people having one mobile for home use and one for work use, or one mobile phone connection and one mobile broadband connection. However, high numbers of connections are closely connected to the take-up and availability of pre-pay SIM cards. For example, in the UK and other countries where there are more mobile connections than people, pre-pay connections account for a higher proportion of the total than post-pay and consumers may often have more than one mobile connection active at any one time. Because pre-pay SIM cards are typically inexpensive (and are sometimes even free of charge), they may be infrequently used. The widespread availability of low-priced SIM cards also encourages consumers to acquire different SIM cards from different providers and swap them in and out of their handset in order to take advantage of different promotions and tariffs. There is, however, a growing trend in the UK from pre-pay tariffs towards contract deals, as discussed in the section below.

\textbf{Figure 28 Take-up of mobile connections, by country}

\begin{itemize}
\item UK: 115, 130 (5 year change +15, +24)
\item FRA: 104, 140 (5 year change +22, +25)
\item GER: 81, 135 (5 year change +23, +26)
\item ITA: 103, 158 (5 year change +24, +27)
\item USA: 78, 135 (5 year change +25, +28)
\item CAN: 74, 140 (5 year change +26, +29)
\item JPN: 99, 140 (5 year change +27, +30)
\item AUS: 105, 153 (5 year change +28, +31)
\item ESP: 99, 135 (5 year change +29, +32)
\item NED: 121, 153 (5 year change +30, +33)
\item SWE: 108, 153 (5 year change +31, +34)
\item IRL: 95, 131 (5 year change +32, +35)
\item POL: 53, 122 (5 year change +33, +36)
\item BRA: 122, 164 (5 year change +34, +37)
\item RUS: 13, 75 (5 year change +35, +38)
\item IND: 34, 74 (5 year change +36, +39)
\item CHN: 74, 103 (5 year change +37, +40)
\end{itemize}

Source: IDATE / industry data / Ofcom

\subsection{5.2.6 Over nine in ten adults between 16 and 64 personally use mobile phone services}

Figure 29 shows that mobile phone ownership among 16-44s remains almost universal (98% among 16-24s and 97% among 25-44s). Mobile phone ownership among 65-74s remains at just over eight in ten (83%) after the ten percentage point increase in 2010. Those aged 75+

\textsuperscript{16} A mobile connection is considered active if it has been used in the previous 90 days.
are the least likely to personally use a mobile phone, with just under six in ten (59%) claiming to do so.

**Figure 29 Age and gender profile of those who personally use mobile services**

![Age and gender profile graph]

Source: Ofcom communications tracking survey  
Base: All adults 16+ (Q2 2008, 2109) (Q2 2009, 2085) (Q2 2010, 2106) (Q2 2011, 2862) (Q2 2012, 2893)

Mobile use among all socio-economic groups and urban/ rural locations has remained stable since 2011 (Figure 30).

**Figure 30 Socio-economic and urbanity profile of those who personally use mobile services**

![Socio-economic and urbanity profile graph]

Source: Ofcom communications tracking survey  
Base: All adults 16+ (Q2 2008, 2109) (Q2 2009, 2085) (Q2 2010, 2106) (Q2 2011, 2862) (Q2 2012, 2893)

5.2.7 No change in proportions opting for mobile only telephony – most common amongst younger adults and DE households

The following charts illustrate the changing profile of adults who live in a household with access to a mobile phone but no fixed line. The proportion of households using only mobile services has remained stable since 2010 at 15%.

The profile of consumers who rely only on a mobile phone in the household remains broadly unchanged and is most common among younger age groups and those in DE socio-
economic groups. Around a quarter of each of these demographic groups have access only to mobile telephony at home.

**Figure 31 Age and gender profile of users of mobile-only telephony**

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>12</td>
<td>13</td>
</tr>
<tr>
<td>16-24</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>25-44</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>45-64</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>65-74</td>
<td>19</td>
<td>19</td>
</tr>
<tr>
<td>75+</td>
<td>21</td>
<td>21</td>
</tr>
<tr>
<td>Male</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>Female</td>
<td>13</td>
<td>13</td>
</tr>
</tbody>
</table>

**Source:** Ofcom communications tracking survey  
**Base:** All adults 16+ (Q2 2008, 2019) (Q2 2009, 2085) (Q2 2010, 2106) (Q2 2011, 2862) (Q2 2012, 2893)

Mobile-only telephony also continues to be higher in urban than in rural locations (16% vs. 10%).

**Figure 32 Socio-economic and urbanity profile of users of mobile-only telephony**

<table>
<thead>
<tr>
<th>Socio-economic Category</th>
<th>Total</th>
<th>AB</th>
<th>C1</th>
<th>C2</th>
<th>DE</th>
<th>Urban</th>
<th>Rural</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>12</td>
<td>4</td>
<td>7</td>
<td>5</td>
<td>12</td>
<td>28</td>
<td>44</td>
</tr>
<tr>
<td>Male</td>
<td>13</td>
<td>7</td>
<td>5</td>
<td>10</td>
<td>13</td>
<td>21</td>
<td>35</td>
</tr>
<tr>
<td>Female</td>
<td>15</td>
<td>10</td>
<td>6</td>
<td>4</td>
<td>15</td>
<td>26</td>
<td>26</td>
</tr>
</tbody>
</table>

**Source:** Ofcom communications tracking survey  
**Base:** All adults 16+ (Q2 2008, 2019) (Q2 2009, 2085) (Q2 2010, 2106) (Q2 2011, 2862) (Q2 2012, 2893)

5.2.8 **Take-up of the internet continues to rise, with four in five households able to access the internet at home**

We measure take-up of the internet in two ways. The first metric covers consumers who access the internet at home\(^{17}\), and the second measures the proportion of consumers who access the internet in any location.

Take-up of the internet at home has continued to rise steadily (Figure 33), and now stands at four in five households.

\(^{17}\) Internet access at home includes access via a mobile phone
Among those with internet access, 1% of adults say they use a dial-up internet connection for their home internet. The sample size is too small to analyse data further.

**Figure 33 Take-up of the internet at home**

![Internet usage graph](image)

Source: Ofcom communications tracking survey

*Note: Data for 2006-2011 based on Q2, all other data based on Q4

QE2. Do you or does anyone in your household have access to the internet/Worldwide Web at home?

5.2.9 Men are significantly more likely to know the speed of their fixed broadband connection – on average seven in ten were unaware

In the fixed broadband market consumers are increasingly able to choose from a range of speed and pricing options for their broadband service. It is important for them to be aware of some of the technical aspects of their internet connections, such as speed, in order for them to make informed supplier and service choices.

Figure 34 shows that in 2012 there are indications of a rising proportion of broadband customers unaware of the advertised or actual speed of their broadband connection. The proportion unaware of their advertised speed rose from 61% to 68% and the proportion unaware of the actual connection speed has also risen to just over seven in ten (71%)\(^{18}\).

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\(^{18}\) Due to a change in question wording in 2012 differences between 2012 and previous years should be taken as indicative only.
Some of this rise may be attributed to the changing profile of broadband customers, the profile becoming less aware as broadband ownership rises among older age groups. The proportion of broadband customers aged 75+ unaware of their connection speed stands at 89% (Figure 35).

However, there was little difference in stated awareness of broadband connection speeds across other age groups. Younger consumers (16-24) were as likely as older consumers (65-74) to say they did not know their internet connection speed (Figure 35). The lack of awareness in this younger age group may be due to these consumers not being the decision-maker (i.e. the person responsible for purchasing the service) in the household. There was however, a clear gender divide, with men significantly more likely than women to know their connection speed.

**Figure 35 Those unaware of broadband connection speed, by age and gender**

*Base size for 75+ adults in 2008 and 2009 too low for reporting

Source: Ofcom communications tracking survey

Base: All adults 16+ with broadband as their main connection (Q1 2008, 3209) (Q1 2009, 3702) (Q1 2010, 5941) (Q1 2011, 2481) (Q1 2012, 2726)

*Note: Data for 2008-2011 based on all adults aged 16+ with broadband as their main connection at home; data for 2012 based on all adults aged 16+ who use broadband to connect to the internet at home
Those in socio-economic groups C2 or DE were more likely to be unaware of broadband connection speeds than were ABs (Figure 36). Consumers in urban locations were more likely to be unaware of broadband connection speed than those in rural locations (71% versus 66%).

**Figure 36 Those unaware of broadband connection speed, by socio-economic group and urbanity**

Source: Ofcom communications tracking survey
Base: All adults 16+ with broadband as their main connection (Q1 2008, 3209) (Q1 2009, 3702) (Q1 2010, 5941) (Q1 2011, 2481) (Q1 2012, 2726)
*Note: Data for 2008-2011 based on all adults aged 16+ with broadband as their main connection at home; data for 2012 based on all adults aged 16+ who use broadband to connect to the internet at home*

5.2.10 Take-up of broadband continues to rise, although there has been a decline in mobile broadband among 16-44s

Take-up of broadband as a method of internet connection at home has continued to rise, and now 77% of households use either fixed and/or mobile broadband. Total use of fixed broadband has risen slightly, with 72% of adults using a fixed connection, and 6% also using mobile broadband. Total use of mobile broadband has fallen over the past 12 months, from 17% to 12% (Figure 37).

The largest increase in broadband access has been among those aged 65-74, driven by the adoption of fixed broadband. This corresponds with the rise in device ownership (as shown below) among this age group. Younger age groups continue to dominate ownership of broadband, while the over-75s remain the least-likely group to have broadband access at home, and also the least likely to own any connected device.

Mobile broadband continues to be most popular among younger age groups - in particular sole use of mobile broadband, used by between 7% and 8% of the two youngest age groups. The recent decline in use of mobile broadband is most notable among 16-24s and 25-44s, where use of mobile broadband fell from 23% to 14% and 22% to 15% respectively.
As with device ownership, broadband access, particularly mobile broadband, levels are higher among ABC1s and households with children.

5.2.11 Just under half of mobile broadband users use the service equally inside and outside the home

Despite the ‘mobile’ functionality of mobile broadband, large amounts of use continues to take place in the home; 93% of adults with mobile broadband say they use it at home. However, in 2012 there has been a significant increase in the number of consumers who use mobile broadband equally inside and outside the home (46% versus 34%). Twelve per cent of those with mobile broadband access mainly use it outside the home while 7% say they always use it outside the home (Figure 39).
5.2.12 Broadband ownership has increased significantly internationally since 2006, and the UK is in the top six

Figure 40 compares the number of fixed broadband connections per 100 households in the UK with levels in other countries.

It should be noted that, because separate data for residential and business broadband connections are not available for most countries, the numbers below include some business connections (although the corporate access market is excluded) and so are not comparable with consumer survey data published elsewhere in this report. The data also exclude mobile broadband connections, of which there are eight for every 100 people in the UK.

All the countries in this comparison have seen significant increases in broadband ownership since 2006. However, levels of broadband penetration across European countries vary significantly. The Netherlands had the highest take-up, at 41 connections per 100 people. The density of the population in the Netherlands enables the deployment of mobile services at relatively low cost to providers and 95% of households are passed by cable, which is available at a relatively low price. The lowest take-up among these comparator countries was in India, with one connection per 100 people – this is due to relatively low GDP per capita, a fast-growing mobile infrastructure and poor fixed-line infrastructure.

With 33 broadband connections per 100 people, the UK has relatively high take-up of broadband services. This reflects the near-universal availability of DSL broadband since 2005, and also relatively low broadband pricing, compared to other countries, particularly when taken in a bundle with other services such as fixed-line voice or pay-TV.
5.2.13 Four in five consumers now access the internet either at home or elsewhere

The second method of assessing internet access is to look at the proportion of adults who use the internet in any location.

Figure 41 shows that use of the internet has remained stable at an overall level, but there have been some significant rises among those aged between 16-24 (90% vs. 95%) and 65-74 (53% vs. 61%). This notable increase in those two groups may be at least partly due to the rise in home internet connections and the rapid take-up of smartphones across most age groups.
Use of the internet anywhere, by age and gender

Source: Ofcom communication tracking survey
Base: All adults 16+ (Q1 2008, 5812) (Q1 2009, 6090) (Q1 2010, 9013) (Q1 2011, 3474) (Q1 2012, 3772)

QE2. Do you or does anyone in your household have access to the Internet/Worldwide Web at home? And do you personally use the internet at home? IN6. Do you ever access the internet anywhere other than in your home at all?

Use of the internet anywhere, among both socio-economic groups and those in urban or rural locations (Figure 42) remained stable, with those in the AB group the most likely to use the internet anywhere (93%), although there was a significant increase among those in the DE group (61% vs. 65%).

Source: Ofcom communication tracking survey
Base: All adults 16+ (Q1 2008, 5812) (Q1 2009, 6090) (Q1 2010, 9013) (Q1 2011, 3474) (Q1 2012, 3772)

QE2. Do you or does anyone in your household have access to the Internet/Worldwide Web at home? And do you personally use the internet at home? IN6. Do you ever access the internet anywhere other than in your home at all?

5.3 Digital broadcasting in detail

Digital switchover completed in the UK at end of 2012, so we are no longer reporting demographic analysis of digital TV take-up, although in this section we will continue to look at the different platforms.
5.3.1 Over nine in ten consumers now have a digital television service, with the UK having the third highest take-up of digital terrestrial TV – behind Spain and Italy

The chart below (Figure 43) shows the continued growth of digital TV take-up, currently at 95% of households. Take-up has risen consistently year on year since 2000, although the current level remains broadly similar to that reported last year. The previous growth was driven by the increase in digital terrestrial (Freeview) penetration, which has remained stable since 2010. Satellite ownership fell to four in ten, while cable rose over the same period (17%).

Figure 43 Take-up of digital TV services, by platform

Source: Ofcom Digital Television Update, figures rounded up to a whole %

People in the UK (99%), Spain (100%) and France (97%) have almost universal access to digital television on their main television sets (Figure 44). The UK completed digital switchover in 2012, before which almost all main televisions received DTV.
Figure 44 Take-up of digital television, by country: 2011

Figure 45 illustrates that digital satellite is the largest platform in the UK, with 44% of TV households using it on their main television set at the end of 2011. Digital terrestrial (38%) is the second most popular television platform and take-up is higher than in any other comparator country except Spain (69%) and Italy (43%). Digital cable services are received in 15% of households in the UK, and unlike most comparator countries, the upgrade from analogue to digital cable is virtually complete. However, the UK has comparatively low take-up of internet protocol TV (IPTV).

Figure 45 Take-up of digital television – international comparisons, by platform, 2011

Source: IDATE / industry data / Ofcom
5.3.2 Around half of UK adults access multi-channel television at home through Freeview

Figure 45, above, shows household data provided by industry. It is not possible to derive demographic information from this data, so consumer data are used in the following figures. Penetration figures differ between the two data sources, as one is by subscription (industry) and the other is claimed (survey figures).

Figure 46 shows that just under half (46%) of all adults use Freeview to access multichannel television at home. This compares to 40% using satellite and 17% using cable. Digital take-up among older consumers, while remaining over half, has fallen for the first time since 2008, mainly driven by the decrease in Freeview-only ownership (down by 6% for 65-74s and 8% among over-75s). There were no significant differences to the average trend by gender.

Figure 46 Trend in multi-platform ownership, by age

Source: Ofcom communications tracking survey
Base: All adults 16+ (Q2 2008, 2109) (Q2 2009, 2085) (Q2 2010, 2106) (Q2 2011, 2862) (Q2 2012, 2893)
QH1A. Which, if any, of these types of television does your household receive at the moment?
Note: Remaining percentages are those who own other types of TV (e.g. via Broadband DSL)

Multi-platform ownership has remained relatively stable for all socio-economic groups. DE groups continue to be more likely to use Freeview than satellite or cable services (Figure 47).
Both rural and urban areas have seen an increase in multichannel ownership since 2008, driven by Freeview (Figure 48). Freeview ownership is higher among consumers in rural locations than those in urban locations. Perhaps due to its lower availability, cable is used by only 2% of adults in rural areas, compared to 17% in urban areas, and might explain the lower take-up of triple-play bundles in rural areas (Figure 83).

5.3.3 Take-up of pay-TV decreased among younger consumers

The proportion of adults receiving pay-TV remained stable at 57% in 2012. All age groups have experienced either a slight decline, or remained stable compared to 2011. The exception to this are 16-24s; this group fell significantly from 64% to 59%. The overall pattern, however, remains unchanged; those aged 64 and over are less likely to have pay-TV (Figure 49).
Figure 49 Age and gender profile of consumers receiving pay-TV

![Age and gender profile of consumers receiving pay-TV](image)

Source: Ofcom communication tracking survey  
Base: All adults 16+ (Q2 2009, 2085) (Q2 2010, 2106) (Q2 2011, 2862) (Q2 2012, 2893) 
QH1A. Which, if any, of these types of television does your household receive at the moment?

Socio-economic groups C1 and C2 have contributed to the static pay-TV take-up level in 2012, level for the first time since 2009. Consumers in socio-economic group DE remain the least likely to receive paid-for channels (49%). Those in an urban location (59%) are more likely to receive pay-TV than those in a rural location (46%) which is consistent with higher use of Freeview in these areas (Figure 50).

Figure 50 Socio-economic group and urbanity profile of consumers receiving pay-TV

![Socio-economic group and urbanity profile of consumers receiving pay-TV](image)

Source: Ofcom communication tracking survey  
Base: All adults 16+ (Q2 2009, 2085) (Q2 2010, 2106) (Q2 2011, 2862) (Q2 2012, 2893) 
QH1A. Which, if any, of these types of television does your household receive at the moment?

5.3.4 LoveFilm subscribers grew by just under a third between October 2011 and October 2012

As set out in the Availability of services and providers section, a range of providers now offer online TV and film services. Many of these services offer a free monthly introduction followed by a paid subscription (usually on a monthly basis). According to UKCOM/Nielsen (Figure 51) between October 2011 and October 2012 LoveFilm led the market (growing by 45% in 12 months to 2.5 million unique views), with Yahoo!Movies in second position with 1.3 million unique views. There were also some notable changes in early 2012 with the arrival of new entrants, particularly the launch of Netflix in the UK in January 2012, which by October 2012
had consolidated third position within the over-the-top service market with 1.1 million unique users.

**Figure 51 Unique audiences for selected online film and TV sites (millions)**

Unique audience (m)

Source: UKOM/Nielsen, home and work panel. Note: ‘Active reach’ is the percentage of all active unique persons aged 2+ who visited the site or used the application. ‘Active is defined as anyone who used an internet-enabled computer within the time period.

**5.3.5 DAB take-up highest in south east England and lowest in areas with least choice**

Take-up of digital services that can deliver digital radio (i.e. digital TV and internet) has stabilised at around 98% of homes, after increasing steadily since 2008 (Figure 52). Just under two-thirds (65%) of consumers claimed to have access to digital radio services at home (via DTV, internet or DAB radio set). This suggests that around a third of consumers are unaware that they have access to digital radio services at home, or are perhaps simply unaware that the radio services they have are ‘digital’.

**Figure 52 Access to digital radio services in the home**

Source: Ofcom communication tracking survey
Levels of claimed access to digital radio channels in the home remain stable, with the exception of consumers aged 75+, where the proportion fell significantly from 44% in 2011 to 38% in 2012; lower than claimed levels in 2009.

Households in the DE socio-economic group are the least likely to say they can access digital radio services in the home (56%), and households in the AB socio-economic group are the most likely to say they can do so (73%).

Figure 53 shows that DAB set take-up varies across the UK. It is highest in south-east England, and lowest in the Scottish Borders, Northern Ireland and Cumbria. Take-up is low in the areas where the choice of stations is lowest.

**Figure 53 Take up of DAB digital radio sets, by multiplex area**

Source: RAJAR, Q2 2012

Note: this map is based on analysis which uses the total survey area (TSA) of the individual station which best represents the coverage area of each digital multiplex.
Postal users in detail

As reported in the ‘Changing use of Communications’, consumers are using post less than they were two years ago, largely due to increased use of digital communications such as email, text messaging and, for older consumers, more traditional voice calls via fixed and mobile phones.

However, regardless of how infrequently people are using post, there is evidence that users are reliant on postal services as a means of communication, with three in five respondents stated that they were either ‘very’ or ‘fairly’ reliant on the post as a means of communication. Furthermore, over half (58%) of residential customers said that they would feel cut off from society if they could not send or receive post.

Figure 54 below illustrates consumers’ stated reliance on post as a way of communicating. Levels of claimed reliance on the postal service as a method of communication did not vary greatly across the demographic groups. However, the proportion claiming to be ‘very reliant’ did vary according to age, with 13% of 16-34 year olds stating they were reliant on the service, compared to 20% of those over the age of 55.

Figure 54 Reliance on post as a way of communicating

Postal users receive five times more post than they send in a month

Consumers were asked about the amount of post they both sent and received (Figure 55 and Figure 56). Eighty per cent of consumers claimed to have sent at least one item of post over the past month, with 12% sending over ten items per month. Those aged 35-54 send more items per month on average than other age groups, while the ABC1 demographic on average send 1.5 more items per month than those in C2DE.

Overall, 18% of respondents said they did not send any items of post in the past month, but this rises to a quarter (26%) among those aged 16-34.
Figure 55 Number of items sent in past month

Source: Ofcom post tracking survey.
Base: All respondents Q3 2012 (1232) QC1: Approximately how many items of post – including letters, cards and parcels – have you personally sent in the last month? (Single Code) Prompted.

Given that consumers tend to receive more mail than they send, the following analysis is based on mail received ‘per week’ as opposed to amount sent ‘per month’, as reported above. Figure 56 shows the average consumer claims to have received 7.8 items of post in the past week; this equates to just over 30 items a month. Twenty-one per cent of the population received over ten items of post in a week, while 9% claimed not to have received any post in the past week. Those in the 16-34 age group claimed to receive less post on average than those in other age groups (6.0 items per week), whereas those in the 35-54 age group receive the most post, with an average of 9.2 items per week. Those in the ABC1 group also claimed to receive significantly more post than those in C2DE households (8.3 vs. 7.2).
**Figure 56 Number of items received in last week**

Source: Ofcom Post tracking survey. Base: All respondents Q3 2012 (1232). QD1: Approximately how many items of post – including letters, cards and parcels – have you personally received in the last week? (Single Code) Prompted.

**Reduction in personal correspondence accounts for the greatest decline in mail sent**

In total, a quarter of adults said their use of post had decreased in the past two years (Figure 57). Forty-four per cent of those sending less mail claimed that they were sending fewer personal letters than they did two years ago, and a third (32%) said they were sending fewer invitations, greetings and postcards. A similar proportion (35%) said they were using the post less to send formal letters to organisations and individuals.
Figure 57 Decrease in postal use/items being sent less often by post than two years ago

Source: Ofcom post tracking survey.
Base: All respondents. Q3 2012 (1232).

However, as Figure 58 shows, just over one in ten respondents (13%) stated that their use of the postal service had increased compared to two years ago. Twenty-eight per cent of these said they were sending more personal letters and 24% said they were sending more invitations/greetings and postcards. This compares to 36% of those sending more post than two years ago, who said they sent more formal letters than previously.
Bills, invoices and statements most frequently received types of mail

The most common type of post received are bills, invoices and bank statements, with 84% of respondents reporting having received one of these types of communication in the past month (Figure 59).

Consumers over the age of 55 are the most likely to receive personal letters, with 31% of them claiming to have received at least one personal letter in the post in the past month. Conversely, this age group is the least likely to report having received a parcel (either small or large) in the past month. There is little difference between the type of mail received by men and women, although 42% of women claim to receive catalogues and brochures, compared to 37% of men.
Consumers say the postal service should meet eight needs

Given the changing use of postal services, noted above, Ofcom commissioned a study to understand the current needs of postal users across the UK. This study elicited eight ‘stated user needs’ which were derived from discussions with postal users. The full report can be found here (http://stakeholders.ofcom.org.uk/consultations/review-of-user-needs/). The eight stated ‘user needs’ are summarised below:

- **Trust** – basic requirement. Users unable to rely on mail unless delivered by trustworthy organisation.
- **Simplicity** – ability to calculate what to expect from a service, make an informed decision and plan.
- **Range** – of products.
- **Speed** – next-day service. In many cases this is a ‘want’ as opposed to ‘need’ but there are cases when next day delivery is ‘essential’.
- **Affordability (cost)** – a key need for all in society.
- **Control** – the level of confidence user has in delivery times. Importance increases for time-sensitive/valuable mail.
- **Fit with demands of modern life** – postal services need to be as ‘convenient’ as possible particularly with regards to parcel delivery/collection.
- **Predictable** – largely a need stated by businesses relating to the ability to plan around mail delivery times. Business users ideally ‘wanted’ to preserve early delivery times, although the ‘need’ is more one of ensuring predictable deliveries.
5.4 Ownership of connected devices

5.4.1 Ownership of connected devices continues to increase – driven by the rise in both smartphone and tablet ownership

Ownership of any connected device has risen in 2012 from 78% to 82%. This continues the steady increase in ownership seen since 2000.

Figure 60 below shows a steady increase in laptop ownership and a decline in PC ownership since 2009. Laptops are now the most popular device in the household, with just over three in five (62%) adults having one in the household, followed by a PC (46%). This is the first time since 2009 that there has not been a decline in desktop PC ownership.

For the first time we have been able to compare the trends in ownership of smartphones, netbooks and/or tablet computers (such as an iPad). Smartphone ownership has continued to rise in 2012, with 45% of UK adults now stating they personally own a smartphone device. Ownership of a netbook has also grown slightly from 5% to 8%, with the growth in ownership of tablet computers increasing significantly from 4% to 12% in 2012.

Figure 60 Ownership of connected devices in the home

Source: Ofcom communications tracking survey
Note: Data for 2006-2010 based on Q2 data, all other data based on Q4. **Data for ‘Any’ for 2000-2010 refers to PC or laptop computers. Data for ‘Any’ for 2011-2012 also includes netbook or tablet computers but not smartphones.
QE1. Does your household have a PC, laptop, netbook or tablet computer?

Figure 61 shows that the increase in ownership levels of laptops and PCs has been largely driven by those aged 16-64, with the highest levels of laptop ownership among those aged between 16 and 44 (over 7 in 10). Levels of desktop PC ownership remain highest among those aged 45-64, although the overall levels of ownership of this device among all age groups remains unchanged. The growth in tablet ownership is seen across all those between 16 and 64 years old, with those aged between 25 and 44 being the most likely (15%) to have a tablet.
There has been a rise in laptop ownership among all socio-economic groups except C1, where it has remained at 68%, although the highest rise is among ABs where just under four in five (77%) have a laptop. Unlike in 2010 and 2011 there has been an increase in ownership of desktop PC among both C1 (51%) and DE (32%) groups. Among socio-economic groups the rise in tablet ownership is driven by ABs, with just over one in five (21%) owning a tablet, compared to 6% of those in the DE group (Figure 62).

Device ownership remains most popular among the under-65s, where over four in five have access to at least one of these devices at home (Figure 63). However, since 2010 there have been significant levels of growth in ownership among the over-65s; over three-fifths (63%) of 65-74 year olds now have access to at least one of these devices at home, as do just under a third (32%) of those aged 75+.
Figure 63 Age and gender profile of those who own a PC, laptop, netbook or tablet computer

Source: Ofcom communications tracking survey
Base: All adults 16+ (Q2 2008, 2109) (Q2 2009, 2085) (Q2 2010, 2106) (Q2 2011, 2862) (Q2 2012, 2893)
QE1. Does your household have a PC, laptop, netbook or tablet computer?

Figure 64 illustrates that ownership of these devices at an overall level has risen slightly in 2012 for all socio-economic groups, and is highest among ABs (96%). The presence of children in the household has a large impact on ownership with over nine in ten (93%) owning devices, compared to three in four households without children.

Figure 64 Socio-economic, urbanity and children-in-home profile of those who own a PC, laptop, netbook or tablet computer

Source: Ofcom communications tracking survey
Base: All adults 16+ (Q2 2008, 2109) (Q2 2009, 2085) (Q2 2010, 2106) (Q2 2011, 2862) (Q2 2012, 2893)
QE1. Does your household have a PC, laptop, netbook or tablet computer?

5.4.2 Smartphone ownership growth continues to be driven by younger consumers

There has continued to be growth in smartphone take-up in the past 12 months (Figure 65). Ofcom’s Communications Market Report 2012 reports that smartphone sales nearly doubled between Q1 2010 and Q1 2012, and by the first quarter of 2012, just under two in three (64%) new handsets sold were smartphones (defined by the operating system).

Ofcom research has monitored take-up of smartphones since the start of 2011, and as Figure 65 below shows, between 2011 and 2012 there has been a continued growth in
smartphone ownership. Forty-five per cent of all UK adults now claim to own a smartphone - an increase of 11% since 2011. This growth has been driven mainly by younger mobile customers. Smartphone ownership among 16-34s rose by 16% to 70% and by 12% to 60% among those aged 25-44. This level of ownership of smartphones is not reflected among the older population; less that one in ten of those over 65 have a smartphone. Smartphone ownership is also higher among men than women (46% versus 39%) and those in socio-economic group AB (56%).

Figure 65 Age, gender, socio-economic and urbanity profile of smartphone owners

There are indications that smartphone growth may slow down over the next 12 months; 2% of non-smartphone users say they are certain to get a smartphone in the next 12 months and a further 9% say they are likely to get one. Just under a quarter (23%) of non-smartphone owners say they are unlikely to get one, and 32% say they are certain that they will not.

5.5 Non-ownership of communications services

5.5.1 Non-ownership of communications services remains unchanged

Understanding non-ownership and the reasons for it tells us whether there are any problems that need to be addressed to enable consumers to access communication services.

There are many reasons for not owning a particular communications service, and these generally fall into one of two categories: voluntary and involuntary. Voluntary non-ownership is where potential consumers do without services because they perceive they do not need them, or because they are satisfied with alternative services. Involuntary non-ownership is where potential consumers do without services but not through choice; this is mainly due to affordability.

The following figures show non-ownership of communications services in general, before looking specifically at voluntary and involuntary reasons.

Figure 66 shows that non-ownership of communications services has not changed significantly since 2011, although there continues to be a decline in the number of consumers who do not have internet, broadband and digital TV services corresponding with the rise in take-up in these markets.
Among those living in a household without access to a fixed line, as in the previous two years, the majority (95%) personally own a mobile phone and 96% have access to at least one mobile in their household (Figure 67).

### Figure 67 Access to mobile services among those who do not have access to a fixed line

Source: Ofcom communication tracking survey  
Base: All adults 16+ who do not own a fixed-line (Q2 2008, 261) (Q2 2009, 274) (Q2 2010, 340) (Q2 2011, 400) (Q2 2012, 446)  
QC1. Is there a landline phone in your home that can be used to make and receive calls?  
QC2. Do you personally use a mobile phone?

The number of consumers who do not intend to take up fixed line services remains unchanged, with just over one in ten (11%) without a fixed line. There was a significant fall in the number of consumers who do not intend taking up internet services, from 17% in 2011 to 14% in 2012 (Figure 68).
5.5.3 Voluntary non-ownership of internet services remains highest among those aged over 75

This section assesses the numbers, and profiles, of consumers who do not have internet services for voluntary reasons.

Voluntary non-ownership is where potential consumers have not taken up services, primarily due to their perceived lack of need for a service, or their satisfaction with alternative services. Where both voluntary and involuntary reasons were stated, involuntary non-ownership is reported. This assumes that involuntary reasons take precedence over voluntary reasons (although this is not always the case). It should also be noted that some consumers may give ‘voluntary’ non-ownership reasons because they do not wish to disclose financial/affordability issues to the researcher.

The percentage and profile of consumers who have not taken up internet services for voluntary reasons has declined steadily since 2008 (Figure 69). Just over one in five (22%) of those over 75 years old voluntarily do not take up internet services. There is little differentiation of voluntary non-ownership among those not taking up fixed-line services.
5.5.4 Involuntary non-ownership of internet has risen significantly among those aged over 75, with mobile phones and PC’s causing over 65s the most difficulty to use

Involuntary non-ownership is where potential consumers have not taken up a service, but not through choice. Involuntary non-ownership is primarily due to affordability. Relatively few consumers gave reasons that were both voluntary and involuntary; these responses have been reported under ‘involuntary’ non-ownership.

Figure 70 shows that the levels of involuntary non-ownership of the internet has remained relatively stable for all ages over time, and remains significantly higher among the 65-74s (22%) and those aged over 75 (42%). The rise in involuntary non-ownership among the over 75s is a significant increase on 2011.

Figure 70 Involuntary non-ownership of internet, by age and gender

Source: Ofcom Communication Tracking Survey
Base: All adults 16+ (Q2 2008, 2109) (Q2 2009, 2085) (Q2 2010, 2106) (Q2 2011, 2862) (Q2 2012, 2893)

Involuntary non-ownership of the internet has also remained relatively unchanged among socio-economic groups and location (Figure 71). Involuntary non-ownership of the internet is higher among lower socio-economic groups, accounting for almost one in four (22%) DEs.
Levels of involuntary non-ownership between rural and urban areas remain similar to those in 2011, with no differences between locations.

**Figure 71 Involuntary non-ownership of internet, by socio-economic group and urbanity**

![Graph showing involuntary non-ownership of internet by socio-economic group and urbanity](image)

Source: Ofcom Communication Tracking Survey
Base: All adults 16+ (Q2 2008, 2109) (Q2 2009, 2085) (Q2 2010, 2106) (Q2 2011, 2862) (Q2 2012, 2893)

Difficulty using communications technology can affect people's ability to make the most of the services that are available to them.

The proportion of consumers saying they have difficulty using communications services has remained stable, with one in ten mobile phone owners claiming to have difficulty using them (Figure 72).

**Figure 72 Difficulties using communications services**

![Graph showing difficulties using communications services](image)

Source: Ofcom communications tracking survey

Older consumers, particularly the over-75s, are the most likely to state that they have difficulties using each of the communications services. Fifty-four percent of this age group said they had difficulty using their PC, followed by 43% stating they had difficulty using their
mobile phone (Figure 73). These levels of difficulty are lower than reported in 2011 for those over the age of 75; mobile phone (43% vs. 57%), PC (54% vs. 66%) and TV (20% vs. 28%).

**Figure 73** Difficulties using various communications services, by age and gender

![Graph of difficulties using various communications services, by age and gender](image)

Source: Ofcom communications tracking survey  
Base: All adults 16+ with a fixed line (Q2 2012, 2445). Mobile (Q2 2012, 2582). PC (Q2 2012, 2172). Television (Q2 2012, 2832)

Figure 74 shows that those in socio-economic group DE appear to have the most difficulty using the various communication services, although there are few differences between the groups. There were also no differences between locations.

**Figure 74** Difficulties using various communications services, by socio-economic group and urbanity

![Graph of difficulties using various communications services, by socio-economic group and urbanity](image)

Source: Ofcom communications tracking survey  
Base: All adults 16+ with a fixed line (Q2 2012, 2445). Mobile (Q2 2012, 2582). PC (Q2 2012, 2172). Television (Q2 2012, 2832)

### 5.6 Ownership amongst people with a disability

Previous analysis among disability groups has been limited to estimates of take-up at an overall level among consumers with hearing, visual and/or mobility impairments. We recognised the limitations of this approach, and in 2012 commissioned a question in the British Population Survey identifying respondents who self-reported a disability or long-tem illness that affected their day to day life.

The survey achieved a total sample of 4095 GB adults aged 15+ with a disability and 17,412 adults without a disability and allowed analysis on ownership of communications services not
only with greater confidence in results by disability but more detailed demographic analysis within disability. The initial analysis is reported below, although, we will publish a more detailed report later in 2013. This will help us identify any issues, which are driving lower ownership of communications services in these groups.

The following analysis is based on unweighted data and compares ownership among consumers with a single disability (i.e. hearing or visual impairment) with each other and with consumers without a disability. The more detailed report will include analysis of consumers with multiple disabilities.

Please note: The data below amongst non-disabled consumers is not comparable with the data amongst UK adults contained earlier in this section of this report. The non-disabled sample has a younger than average age profile largely due to the strong correlation between age and disability.

5.6.1 With the exception of fixed-line telecoms, ownership is lower among consumers with a disability

Figure 75 shows that the level of fixed-line ownership is equal to or higher than among those without a disability, across each of the demographic groups analysed (age and socio-economic group). The trend in ownership follows a similar pattern to the UK average – higher the older age groups and lowest among those aged 15-34.

For those with a visual impairment, fixed-line ownership is significantly below that of non-disabled consumers in the two youngest age groups but comparable or higher in the older age groups (55-64’s are more likely to have a fixed line).

Fixed-line ownership follows a similar pattern for people with mobility problems; lower than non-disabled respondents in the two youngest age bands but broadly comparable from the age of 55 upwards.

Figure 75 Fixed-line ownership - comparing people with single disability to non-disabled consumers, by age and socio-economic band

Source: British Population Survey
Base: All adults 15+ (No disability: 17412, 6174 (15-34), 5674 (35-54), 2544 (55-64), 2441 (65+); Visual: 367,81,85,65,136,144,199; Hearing: 505,45,70,89,302,220,254; Mobility: 1134, 157,345,226,283,398,572

Mobile ownership is lower than for those without a disability, across each of the disability groups analysed (Figure 76) and in particular among those in C2DE groups. The trend in ownership by age follows a similar pattern to the UK average – higher among those aged 15-64 and lowest among those aged 65+.
Ownership in all except the oldest age group is broadly comparable among consumers with and without a disability. Those over 65 with a visual impairment are significantly less likely than other over 65s to have a mobile (65%). Those aged between 35 and 54 with a hearing impairment are the most likely (96%) to own a mobile phone compared to others in this age group.

Figure 76 Mobile ownership - comparing people with a single disability to non-disabled consumers, by age and socio-economic band

Source: British Population Survey
Base: All adults 15+ (No disability: 17412, 6174 (15-34), 5674 (35-54), 2544 (55-64), 2441 (65+); Visual: 367,81,85,65,136,144,199; Hearing: 505,45,70,89,302,220,254; Mobility: 1134, 157,345,226,283,398, 572

5.6.2 Home internet use has the greatest variation within age bands

Figure 77 shows that home internet use is significantly lower among each of the disability groups reported. Use of the internet at home is where we see the greatest variation within age bands, when comparing use by consumers with and without a disability.

Among 15-34 year olds, use is comparable to non-disabled consumers for those with a mobility impairment (90% vs. 92%). Among visual and hearing impaired 15-34 year olds internet use is 4-5 percentage points below (88% and 87% respectively).

People with hearing impairments report levels of home internet use more comparable with non-disabled consumers across the 35-64 age groups. Use among those aged 65+ (47%) is significantly lower than those of the same age without a reported disability (54%), although usage levels are higher than for those over 65 with either a visual (32%) or a mobility (28%) impairment.

For people with either a visual or a mobility impairment, internet use starts to fall behind that of the non-disabled consumers after the age of 35, and for those with a visual impairment it gets progressively lower with age.

There are also variations in use among disability groups across socio-economic group – in particular, the C2DE group with a mobility impairment (39%). This figure is close to half that of non-disabled C2DE’s (73%). Use among those with a hearing impairment in this socio-economic group is higher, at 48%, and broadly comparable with consumers in this socio-economic group with a visual impairment (51%), but again, significantly below that of C2DEs without a disability.
5.6.3 Freeview ownership amongst visually-impaired people is comparable to non-disabled people across all age groups except those aged 55-64 – where it is higher

As shown in Figure 78, Freeview ownership is higher amongst all disability groups analysed compared to the average for non-disabled consumers, and tends to increase with age. Among 15-34s with a hearing impairment Freeview ownership is significantly higher (44%) than for other disability groups (26% and 32%) in this age band, and for the non-disabled group (27%).

Ownership is also higher than among non-disabled people for those with a mobility disability, except for those over 65, where Freeview ownership is comparable.
Pay-TV ownership is below the average for non-disabled consumers across each of the disability groups analysed, and broadly comparable between groups, particularly among C2DEs (Figure 79).

People with a hearing impairment report pay-TV ownership at broadly comparable, if not higher, levels than non-disabled adults, across most age groups, with the exception of 15-34 year olds; here ownership is significantly lower (40%) compared to 58% among 15-34s without a disability.

Among those with a visual impairment, pay-TV ownership begins to drop below that of non-disabled consumers at age 35, and gets progressively lower with age – standing at 24% among people with a visual impairment aged 65+. This compares to 37% among consumers in this age group without a stated disability.

Pay-TV ownership amongst people with a mobility impairment stands at around 50% across all except the oldest age band and is broadly comparable with that of non-disabled consumers at age 55+. 

Source: British Population Survey
Base: All adults 15+ (No disability: 17412, 6174 (15-34), 5674 (35-54), 2544 (55-64), 2441 (65+); Visual: 367,81,85,65,136,144,199; Hearing: 505,45,70,89,302,220,254; Mobility: 1134, 157,345,226,283,398, 572

Pay-TV ownership amongst people with a mobility impairment stands at around 50% across all except the oldest age band and is broadly comparable with that of non-disabled consumers at age 55+. 

Source: British Population Survey
Base: All adults 15+ (No disability: 17412, 6174 (15-34), 5674 (35-54), 2544 (55-64), 2441 (65+); Visual: 367,81,85,65,136,144,199; Hearing: 505,45,70,89,302,220,254; Mobility: 1134, 157,345,226,283,398, 572
Figure 79 Pay-TV ownership - comparing people with a single disability to non-disabled consumers, by age and socio-economic band

Source: British Population Survey
Base: All adults 15+ (No disability: 17412, 6174 (15-34), 5674 (35-54), 2544 (55-64), 2441 (65+); Visual: 367,81,85,65,136,144,199; Hearing: 505,45,70,89,302,220,254; Mobility: 1134, 157,345,226,283,398, 572
Section 6

Consumer choice and value

Introduction

In this section we look at purchasing choices and which service packages consumers are currently using. We provide an overview of the prices of communications services in the UK, how these have changed over time, and where possible, how these compare internationally.

Key trends

- **The increase in bundled purchasing continues.** Since 2005 and the start of local loop unbundling (LLU), the proportion of consumers with bundled services has steadily risen. Over the past year bundled purchasing has risen a further 4 percentage points to 57%. Dual-play fixed line and broadband, and triple-play fixed line, broadband and multichannel TV bundles remain the most popular packages.

- **The trend towards at least 12-month mobile contracts continues.** Half (51%) of all mobile customers are now on at least a 12-month contract (up 4 percentage points since 2011) and a further 5% are currently on a SIM-only contract. Around 70% of new contract connections during Q1 2012 were for 24 months.

- **Pre-pay remains more common among older mobile customers and those in socio-economic group DE.** Younger consumers and ABC1s continue to drive the shift towards contracts. While pre-pay remains more popular among older customers and those in group DE, the shift towards contract is comparable to the average (a 5-6 percentage point rise).

- **UK residential fixed and mobile prices are converging.** Ofcom analysis of operator data shows that the average price of a UK mobile-originated residential voice call was 8.4 pence per minute in 2011, just 0.8 pence (10.7%) more than the 7.6 pence per minute average for residential fixed-originated voice calls. In comparison, five years previously the average price of a mobile-originated residential voice call minute was 14.4 pence per minute (taking inflation into account), 7.2 pence per minute (98.9%) more than the average fixed-originated residential voice call minute.

- **Cheaper options are available for bundled packages of fixed line services.** The majority of UK homes (54%) purchase their fixed voice service as part of a bundle, in most cases together with fixed broadband, and analysis undertaken using a pricing model provided by Teligen shows that the lowest price available for a residential 'double play' bundle of fixed voice and fixed broadband services (a fixed line with 428 minutes of use per month and a basic fixed broadband service) fell by 10.6% in real terms (i.e. adjusted for inflation) in 2012. However, prices for fixed voice when purchased on a stand-alone basis are rising. Teligen’s model also shows that the average standalone cost of four baskets of residential fixed telephony use (calculated as the average of the lowest prices from the three largest operators, weighted by retail market share) increased by 6.6% in real terms in the year to July 2012. Options for consumers to offset rising fixed-line prices include the ability to pre-pay the line rental element of their service at a discounted rate.

- **The average revenue per residential fixed broadband connection fell by 6.3% in real terms in 2011.** This rate of increase was less than half the 13.3% fall in 2010, and
came despite increasing average actual connection speeds (Ofcom research shows that the average actual speed of a UK residential fixed broadband connection increased by over 70% to 9.0Mbit/s in the two years to May 2012).

- **The cost of some mobile packages is increasing.** While data provided to Ofcom by the UK mobile operators suggests that average mobile-originated voice call charges fell in 2011, Teligen’s pricing model shows that the weighted average price of nine mobile connections with varying voice, SMS and data use increased (which is calculated using tariffs offered by the UK’s three largest mobile providers), increased by 7.0% in real terms between July 2011 and July 2012. As the larger mobile providers have prioritised post-pay, there has been rapid growth in specialist pre-pay operators, and this analysis excludes tariffs offered by these providers and the smaller networks, and does not cover all of the options available to consumers who shop around.

- **Communications service prices in the UK compare favourably with those in other countries.** Ofcom analysis using data provided by Teligen shows that four out of five of the lowest prices available for five baskets of communications services were found in the UK, as were all five of the lowest weighted average standalone prices for these baskets.

- **Awareness of stamp prices has increased.** Between December 2011 and September 2012 awareness of the price of first class stamps rose from 9% to 27%, with awareness of second class stamps rising from 6% to 13%. Likely due to the extensive press coverage around the price rise.

These trends are explored in more detail under the following sub-headings:

- Purchasing choices
- Billing preferences
- Spend and pricing of UK communications services; and
- International comparisons of the price of communications services

### 6.1 Purchasing choices

#### 6.1.1 Increase in bundling particularly for fixed line and fixed broadband services

Since 2005, and the start of LLU, there has been an increase in the number of ‘bundles’ or packages of communications services offered to consumers. This was particularly evident throughout 2006 with the launch of bundled offers, particularly in the areas of fixed-line and broadband, with discounts for taking two services together.

More recently, providers have tended not to market bundles as ‘discounted’, or do not offer the services individually. This makes it increasingly difficult for consumers to know whether their package is in fact cheaper. We therefore no longer report on the basis of ‘discounted bundles’. The following data are based on respondents purchasing more than one service from any given provider, which they consider a ‘package’.

Figure 80 illustrates the trend in bundled purchasing. The number of consumers with bundled services rose from 53% in 2011 to 57% in 2012. Dual-play fixed-line and broadband, and triple-play fixed-line, broadband and multichannel TV bundles remain the most popular packages among consumers.
Dual-play fixed-line and broadband bundles have continued to increase since 2011 (27% up from 24%) as have triple-play fixed line, broadband and multichannel TV (19% up from 16%).

**Figure 80** Trends in purchasing multiple communications services from a single supplier

Source: Ofcom communication tracking survey  
Base: All adults 16+

QG1. Do you receive more than one of these services as part of an overall deal or package from the same supplier?

Among the different age groups there have been significant increases in the number of consumers between the ages of 45 and 74 with a bundled service (Figure 81). Consumers aged over 75, and those in socio-economic group DE (43%) are the least likely to bundle any communications services.

**Figure 81** Age, gender and socio-economic profile of consumers with a bundled service

Source: Ofcom research, Quarter 1 2012  
QG1. Do you receive any of these services as part of an overall deal or package from the same supplier?
In the fixed line market just over half (52%) of consumers purchase this service as part of a bundle – up from 45% in 2011 (Figure 82). Alongside the fixed market, just over half (52%) of consumers in the fixed broadband market purchase the service as part of a bundle. The trend towards bundling in the fixed broadband market suggests the rise in take-up was largely driven by bundled purchasing. In the mobile market the majority of consumers still purchase this as a single service (87%).

**Figure 82 Percentage of consumers buying multiple communications services**

Source: Ofcom communication tracking survey (Q1 and Q3 rolled data from 2010), Q1 2011, Q1 2012

6.1.2 Older bundlers and those in rural areas are the least likely to purchase triple play – probably linked to lower broadband ownership

Figure 83 shows that across all age groups and both genders, dual-play fixed-line and broadband bundles are the most popular, followed by triple-play fixed-line, broadband and multichannel TV. Those aged over 65 are the most likely to have dual-play fixed-line and broadband (64%) compared to the other age groups, although they are less likely to have a triple-play bundle.

Dual-play fixed-line and broadband bundles account for a large proportion of the bundling in rural areas (71%); this compares to 45% of those in urban areas with this type of bundle. Over one in three (36%) of those in urban areas have triple-play fixed-line, broadband and multichannel TV, compared to 16% in rural areas. The lower level of triple-play in rural areas is likely to be linked to the lower cable availability.
Figure 83 Trends in purchasing multiple communications services, by age, gender, socio-economic group and urbanity

Source: Ofcom communication tracking survey
Base: All adults 16+ who bundle at least two services and receive a discount or special deal (Q1 2012, 2007).
QG1. Do you receive more than one of these services as part of an overall deal or package from the same supplier?/ QG3. Do you receive a discount or special deal for subscribing to this package of services?)

6.1.3 Half of all mobile customers now on at least a 12-month contract

Figure 84 illustrates the proportion of consumers using each of the mobile packages on offer.

The proportion of mobile customers opting for contract packages has been increasing since 2005, and now 57% of mobile users have a contract service, with the majority (51%) on at least a 12-month contract. Most of this increase has been driven by longer-term contracts as opposed to the SIM-only option (5% of mobile phone users now have a SIM-only contract).

The most likely reason for increasing take-up of pay-monthly and longer contracts is the growth in the take-up of smartphones, as users repay much of the cost of an expensive handset over a number of months, rather than upfront. In Q2 2012, 84% of adults with a smartphone were on a monthly contract.

In addition, as internet access on mobile phones becomes more widespread, pay-monthly tariffs may be more attractive than pre-pay tariffs, as the majority of post-pay tariffs now include some element of bundled data use.

19 Please note that “Other contract” and “SIM only contract” figures are rounded to calculate the percentage of mobile customers with a contract service.
6.1.4 Younger consumers and ABC1s driving shift towards contracts

The following charts illustrate the changing profile of pre-pay and contract users.

This shift in mobile payment choices continues to be driven by 16-64s, although the decline in use of pre-pay in 2012 is less pronounced than in 2011, and for the first time can be seen among all age groups. Three in four consumers aged between 65 and 74 continue to have a pre-pay contract, a figure that rises to 84% among those over 75 (Figure 85).
All socio-economic groups experienced a decline in use of pre-pay mobiles (Figure 86), although use continues to remain highest among DEs with just over three in five (61%) having a pre-pay mobile. Conversely just under seven in ten (69%) of those in the AB socio-economic group have a contract mobile phone, rising from just under half (48%) in 2008.

Those in rural locations are now just as likely to have a contract mobile phone as a pre-pay mobile, but are less likely than those in urban areas (58% contract vs. 50% pre-pay).

**Figure 86 Socio-economic profile of pre-pay and contract users**

Source: Ofcom communications tracking survey
Base: Adults 16+ who personally use a mobile phone (Q2 2008, 1699) (Q2 2009, 1835) (Q2 2010, 1892) (Q2 2011, 2543) (Q2 2012, 2582)

Figure 87 below shows the trend in the contract length of new mobile phone connections. One-month contracts (i.e. SIM-only) came onto the market in Q3 2007 and rapidly increased in popularity through the later half of 2007 and 2008. Growth has slackened slightly and in Q1 2012 SIM-only accounted for 14% of new mobile contract connections; these are now less common among consumers than 12-month contracts (16%). The biggest increase in connections since 2008 is among those taking longer contracts, with just over two-thirds (67%) of new contract connections in Q1 2012 being made on the basis of a 24-month contract.
Figure 87 Length of new mobile contract connection

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

6.2 Billing preferences

6.2.1 Online billing most popular method in all except the fixed line market

Figure 88 shows that consumers in each of the mobile contract and bundle markets are most likely to check their bills every month (about two-thirds of customers in each of these markets). This compares to around half in each of the other markets (46% to 52%). In the mobile pre-pay market one in ten consumers check their balance daily, and a further two in ten do it on a weekly basis.

Figure 88 Frequency consumers check how much they have paid for communications services

Source: Kantar face to face omnibus survey, Feb/March 2012
Base: All adults with fixed line (1606), mobile contract (2152) fixed broadband (734), mobile broadband (291) Pay TV (690), Bundle (2565)
Q4. How often, if at all, do you check how much you have paid each month for your [service]?
Data for individual services are for standalone purchases – i.e. receives separate bill for this service
Traditionally consumers would receive paper bills through the post to advise them of the charges for their communications services and for some consumers this tradition continues (Figure 89). However, while paper billing remains fairly common in the fixed line market (71% of those who check their payments use a paper bill), at most a third say they check their payments via a paper bill in each of the other communications markets.

Online billing is the most popular method for mobile contract customers (56%), mobile broadband (55%) and fixed broadband customers (49%) with around half of those who check their regular payments doing so online.

Figure 89 Methods of checking charges for communications services

![Bar chart showing methods of checking charges for communications services]

Source: Kantar face to face omnibus survey, Feb/March 2012
Base: All adults who check how much paid - fixed line (1234), mobile contract (1833) fixed broadband (519), mobile broadband (186), Pay TV (456), Bundle (2086)
Data for individual services are for standalone purchases – i.e. receives separate bill for this service.

6.3 Spend and pricing of UK communications services

6.3.1 Change in spend on residential telecoms services

Average UK household spend on communications services continued to decline in 2011 in real terms (i.e. adjusted for inflation), despite increasing take-up of fixed broadband, mobile and pay-TV services during the year (Figure 90). On average, UK households spent £97.62 per month on communications services in 2011, £2.53 (2.5%) less than in 2010 and £12.88 (11.7%) less than in 2006. This was equivalent to 4.6% of total household spend in 2011, down 0.1 percentage point compared to 2010, and 0.2 percentage points less than in 2006. Falling spend on communications services is partly due to increased product bundling, and often comes despite increasing average use (as is the case for mobile voice and data services) and enhanced service offerings (for example, Ofcom research shows that average residential UK fixed broadband speeds increased from 6.8Mbit/s to 9.0Mbit/s in the year to May 2012).20

The largest fall in household communications spend in 2011 was an 8.2% decline in average spend on fixed voice and access to £22.06 per month. Average monthly household spend on fixed internet services increased by 2.4% to £10.78 during the year; this was as a result of growing fixed broadband take-up, as average revenue per connection fell slightly during the year (see Figure 97) despite growing take-up of higher speed, including superfast, services. Falling prices led to a 3.8% fall in average spend on mobile voice and data

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services, even though average use and smartphone take-up increased during the year. Average spend on TV services increased by 1.8% to £29.94 in 2011, partly due to increasing take-up of HD services, while average household spend on radio (which is funded via the TV licence fee) declined slightly to £2.64 per month.

**Figure 90 Average household spend on telecoms services**

![Graph showing average household spend on telecoms services](image)

Source: Ofcom / operators / ONS

Notes: Fixed voice spend includes the price of fixed-line access; radio data prior to 2004 were compiled using a different methodology and are not directly comparable to subsequent figures; TV includes PPV from 2004 onwards; 2011 proportion of average household spend uses an estimate of household spend based on data for the previous four years; figures are adjusted for RPI.

### 6.3.2 Pricing of services

The pricing index which includes telecom services increased faster than the overall consumer prices index in 2011

The Office of National Statistics tracks the prices of 'baskets' of services in order to monitor inflation levels, and for much of the period from 2009 onwards the rate of increase in the price of the ‘telephone and telefax equipment and services’ basket (which includes telecoms services and hardware) has been higher than the overall rate of inflation (Figure 91). Prices of telecoms services and equipment continued to increase during 2011, with the ONS telephone and telefax equipment and services index increasing by 6.1% during the year, higher than the overall change in the consumer prices index (4.2%).
The average price of residential fixed and mobile-originated calls were relatively stable in 2011

We are able to estimate the average retail per-minute price of residential fixed- and mobile-originated calls from call revenue and volume data submitted to Ofcom by operators. This analysis shows that the price per minute for both fixed and mobile calls was relatively stable in 2011, when the estimated average price of a mobile-originated residential voice call was 8.4 pence per minute, just 0.8 pence (10.7%) more than the 7.6 pence per minute average for residential fixed-originated voice calls (Figure 92).

In comparison, five years previously the average price of a mobile-originated residential voice call minute was 14.4 pence per minute (taking inflation into account), 7.2 pence per minute (98.9%) more than the average fixed-originated residential voice call minute. The average price of a fixed voice call minute increased by 2.4% (0.2 pence per minute) in 2011 in real terms, while the average price of a mobile-originated voice call fell by 2.6% (0.2 pence per minute).
6.3.3 Fixed voice pricing

Standalone fixed telephony prices are increasing

In order to track the price of UK residential communications services, Ofcom commissions pricing consultancy Teligen to collect data on all tariffs available from the largest retail providers in July of each year. The pricing model used identifies the minimum price required to fulfil ‘baskets’ of communications services using each of these operator’s tariffs, these baskets being designed to be representative of the communications needs of five ‘typical’ households.21

Although a growing majority of UK consumers now purchase fixed voice services as part of a bundle (Ofcom’s technology tracker research suggests that the proportion of homes buying bundled communications services increased from 45% to 57% in the three years to Q1 2012),22 some consumers still purchase fixed voice separately from other communications services. In order to monitor residential fixed voice service prices for these standalone consumers, we calculate a ‘weighted average’ price from the standalone best-offer prices available from the three largest providers (BT, TalkTalk and Virgin Media in the case of fixed voice services), weighted by retail market share.23 When calculating the ‘weighted average’, tariffs that are over 100% higher than those offered by the lowest-priced provider are excluded from the weighted average in order to avoid ‘skewing’ the results (the aim being to exclude tariffs which are clearly not targeted at the usage profile we are analysing).

Figure 93 below shows the weighted average standalone best-offer price of the fixed voice elements of those baskets which include this service, both including and excluding line rental pre-payment tariffs. Line rental prepayment tariffs enable consumers to save money by

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21 These baskets allow the comparison of prices with those in previous years, but do not necessarily indicate the prices paid by average consumers as they may not reflect average consumers’ usage, nor do they consider tariffs available from providers other than the largest three providers in each market. In addition, the weighted average the calculation assumes that standalone consumers are on the optimal tariff for their usage profile, which will seldom be the case.

22 By May to July 2012 this had risen to 60%.

23 ‘Fixed voice’ is taken to mean ‘calls plus access’ throughout this section of the report.
paying the line rental element of their fixed telephony service a year in advance, and these tariffs were available from BT in July 2011 and from BT and TalkTalk in July 2012 (Virgin Media has subsequently launched its own line rental pre-payment tariff).

The analysis indicates that when line rental pre-payment tariffs are taken into account, ‘weighted average’ standalone fixed voice prices for the two higher-use household types (Baskets 2 and 3) were lower in July 2012 than in July 2011, and the overall price of fulfilling the usage requirements of all four baskets fell over the same period (by 0.7% in nominal terms and by 3.8% when inflation is taken into account). However, in 2012 the price of Virgin Media’s lowest-priced tariff for the usage profiles of Baskets 2 and 3 were excluded from the calculation as they were more than twice that of the lowest priced service. When Virgin Media’s tariffs are included in the analysis, the ‘weighted average’ price of these two baskets also increases, and the overall cost of all four baskets increased by 10.0% in nominal terms and by 6.6% when inflation is taken into account.

When line rental pre-payment products are excluded from the analysis (and Virgin Media’s services are included in the weighted average calculation), the increase in the cost of fulfilling all four baskets was higher in the year to July 2012, averaging 17.7% in nominal terms and 14.1% when inflation is taken into account. Our analysis therefore suggests that UK residential landline users who purchase the service outside a bundle, and in particular those who do not pay 12 months of line rental in advance, are likely to have seen prices increase in the year to July 2012.

The majority of UK homes (54%) purchase their fixed voice service as part of a bundle, in most cases together with fixed broadband, and the analysis of standalone fixed voice telephony pricing is not relevant to the pricing experience of these consumers. The analysis of bundled services pricing, later in this section, may be more relevant to understand the experience of most UK fixed-line users.

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24 Provided they remain customers for the full term of the contract. Should they end the contract early, relevant contract terms often seek to allow the provider’s retention of the whole of the pre-payment. The savings to customers do not take into account any amount that may be foregone on early termination nor any other matter relating to contract terms and termination.


26 Indeed some providers do not actively market standalone fixed-voice services to consumers, and higher standalone fixed voice prices may be maintained in order to make bundled services more attractive to potential customers (as the extra cost related to additional service/s is lower).
Figure 93  Fixed-line voice - prices for typical baskets of standalone voice services: 2008 to 2012

<table>
<thead>
<tr>
<th>‘Typical household type’</th>
<th>Basket 1</th>
<th>Basket 2</th>
<th>Basket 3</th>
<th>Basket 4</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A retired low-income couple</td>
<td>A couple of late adopters</td>
<td>A ‘networked’ family</td>
<td>Affluent couple with sophisticated use</td>
</tr>
<tr>
<td>Outbound call minutes</td>
<td>223</td>
<td>428</td>
<td>593</td>
<td>246</td>
</tr>
<tr>
<td>Type of calls</td>
<td>97% UK geographic, and 3% UK mobiles</td>
<td>94% UK geographic, 3% UK mobiles and 3% international</td>
<td>91% UK geographic, 2% UK mobiles and 7% international</td>
<td>80% UK geographic, 12% UK mobiles and 8% international</td>
</tr>
<tr>
<td>Time of day</td>
<td>58% daytime, 25% evening and 17% weekend</td>
<td>58% daytime, 25% evening and 17% weekend</td>
<td>59% daytime, 25% evening and 16% weekend</td>
<td>59% daytime, 25% evening and 16% weekend</td>
</tr>
</tbody>
</table>

Including line-rental pre-payment tariffs
Monthly cost (£)

Excluding line-rental pre-payment tariffs
Monthly cost (£)

Source: Ofcom / Teligen
Note: Tariff data collected in July each year; nominal prices.
There have been changes in the prices of different call types

Individual call prices need to be considered in the context of a broader pricing trend, which has seen the bundling of calls into line rental, and the increase in price of calls outside these bundles, over the past five years (the same approach as that taken by mobile operators). This can lead to anomalies in price measurements based on types of call, as it does not reflect changes in consumers’ use of services in responses to price changes.

While the overall average price per minute of fixed-originated residential voice calls remained fairly stable since between 2007 and 2011 (falling by 0.7% in real terms over the period), there have been larger variations in the prices of different call types. The main driver behind changes in average fixed call prices is the price of UK geographic calls (these figures are calculated including the line rental fee as this fee usually includes an element of bundled calls to geographic numbers). The average for all call types is closely aligned to that for UK geographic calls (as is shown in Figure 94), as calls to geographic numbers make up over 80% of UK residential fixed call volumes.

The average per-minute price of a residential fixed-originated call to an international destination fell by 49% to 5.1 pence per minute in the four years to 2011, as traditional fixed-line operators have offered lower prices in order to compete with low-priced international mobile call tariffs and those offered by voice over IP (VoIP) providers. Most of the major residential fixed-line operators now offer service ‘add-ons’ which offer either discounted or ‘free’ international calls for consumers who pay an additional monthly fee.

The average pence-per-minute charge for residential fixed-to-mobile calls increased by 4% to 15.0 pence per minute between 2007 and 2011, although the average price of these calls has been falling since 2009. This may be due to a reduction in mobile termination rates, which has enabled fixed providers to cut the price of calls to mobiles and introduce ‘add-ons’ that include these calls.

Figure 94 Average per-minute residential fixed voice call charges

<table>
<thead>
<tr>
<th>Year</th>
<th>Calls to mobiles</th>
<th>Rental &amp; UK geographic calls</th>
<th>International calls</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>7.2</td>
<td>7.2</td>
<td>7.2</td>
</tr>
<tr>
<td>2007</td>
<td>7.7</td>
<td>7.7</td>
<td>7.7</td>
</tr>
<tr>
<td>2008</td>
<td>7.6</td>
<td>7.6</td>
<td>7.6</td>
</tr>
<tr>
<td>2009</td>
<td>7.4</td>
<td>7.4</td>
<td>7.4</td>
</tr>
<tr>
<td>2010</td>
<td>7.6</td>
<td>7.6</td>
<td>7.6</td>
</tr>
<tr>
<td>2011</td>
<td>7.6</td>
<td>7.6</td>
<td>7.6</td>
</tr>
</tbody>
</table>

Source: Ofcom / operators
Note: Nominal prices; Includes estimates where Ofcom does not receive data from operators; calculation of total and UK geographic calls prices includes line rental revenues; excludes non-geographic voice calls; adjusted for RPI; excludes VAT.
### 6.3.4 Fixed broadband pricing

**The prices of most residential broadband services are increasing in nominal terms**

The Ofcom analysis of Pure Pricing data in Figure 95 shows the tariffs available from the largest broadband providers in September of each year, and indicates general increases in the price of broadband from the leading residential providers between 2008 and 2012 (in nominal terms at least). However, prices available from BT for a bundle of broadband and voice, and broadband, voice and basic pay-TV services fell slightly in 2012, partly because in September 2009 restrictions, which prevented BT from offering discounted bundled services, were removed.

**Figure 95  Best price available for broadband bundles from the UK’s largest ISPs**

<table>
<thead>
<tr>
<th></th>
<th>Broadband</th>
<th>Broadband and basic landline</th>
<th>Broadband, basic landline and basic pay-TV</th>
</tr>
</thead>
<tbody>
<tr>
<td>BT</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>n/a</td>
<td>26.49</td>
<td>31.49</td>
</tr>
<tr>
<td>2009</td>
<td>n/a</td>
<td>26.90</td>
<td>41.58</td>
</tr>
<tr>
<td>2010</td>
<td>n/a</td>
<td>26.78</td>
<td>45.78</td>
</tr>
<tr>
<td>2011</td>
<td>n/a</td>
<td>27.90</td>
<td>42.40</td>
</tr>
<tr>
<td>2012</td>
<td>n/a</td>
<td>27.60</td>
<td>40.10</td>
</tr>
<tr>
<td>Virgin Media</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>17.00</td>
<td>20.00</td>
<td>30.00</td>
</tr>
<tr>
<td>2009</td>
<td>19.57</td>
<td>24.47</td>
<td>34.25</td>
</tr>
<tr>
<td>2010</td>
<td>20.00</td>
<td>24.49</td>
<td>29.99</td>
</tr>
<tr>
<td>2011</td>
<td>21.00</td>
<td>27.40</td>
<td>32.99</td>
</tr>
<tr>
<td>2012</td>
<td>22.50</td>
<td>28.40</td>
<td>33.90</td>
</tr>
<tr>
<td>TalkTalk</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>n/a</td>
<td>15.49</td>
<td>19.99</td>
</tr>
<tr>
<td>2009</td>
<td>n/a</td>
<td>17.74</td>
<td>19.56</td>
</tr>
<tr>
<td>2010</td>
<td>n/a</td>
<td>21.98</td>
<td>n/a</td>
</tr>
<tr>
<td>2011</td>
<td>n/a</td>
<td>20.30</td>
<td>n/a</td>
</tr>
<tr>
<td>2012</td>
<td>n/a</td>
<td>21.00</td>
<td>n/a</td>
</tr>
<tr>
<td>Sky</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>n/a</td>
<td>n/a</td>
<td>27.00</td>
</tr>
<tr>
<td>2009</td>
<td>n/a</td>
<td>n/a</td>
<td>28.50</td>
</tr>
<tr>
<td>2010</td>
<td>15.00</td>
<td>21.00</td>
<td>30.00</td>
</tr>
<tr>
<td>2011</td>
<td>n/a</td>
<td>22.25</td>
<td>32.25</td>
</tr>
<tr>
<td>2012</td>
<td>n/a</td>
<td>24.50</td>
<td>36.00</td>
</tr>
</tbody>
</table>

Source: Ofcom / Pure Pricing UK Broadband Pricing Briefings

Notes: Nominal prices; based on tariffs available in September each year; analysis excludes line rental pre-payment tariffs.
Line rental pre-payment tariffs offset price increases for some consumers

Ofcom’s annual analysis using Teligen’s communications service pricing model enables us to compare the lowest price available for a basket of fixed broadband and fixed voice services (a basic fixed broadband connection and 428 voice minutes) among those providers included in the model. We find that, when all tariffs are included, prices increased in 2011 and fell in 2012, and in 2012 the lowest-price option included a fixed-line rental pre-payment option, which meant that the price of fulfilling the basket fell in both nominal and real terms (down 7.8% and 10.6% respectively) during the year (Figure 96). However, when pre-payment tariffs are excluded from the analysis, the nominal and real prices both increased during the year (up by 4.1% and 0.9% respectively).

Figure 96  Best price available for a basket of voice calls and a basic broadband service

<table>
<thead>
<tr>
<th>Year</th>
<th>All tariffs</th>
<th>Excluding pre-payment tariffs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>23.24</td>
<td>23.24</td>
</tr>
<tr>
<td>2011</td>
<td>24.86</td>
<td>24.86</td>
</tr>
<tr>
<td>2012</td>
<td>22.92</td>
<td>25.87</td>
</tr>
</tbody>
</table>

Nominal change (all) | 7.0% | -7.8% |
Real change (all)    | 1.9% | -10.6%|
Nominal change (excl. pp) | 7.0% | 4.1% |
Real change (excl. pp) | 1.9% | 0.9% |

Source: Ofcom / Teligen
Notes: Nominal prices; based on tariffs available in July each year. Basket includes 428 voice minutes (95% UK geographic, 3% to UK mobile, 3% international), 58% of calls in daytime, 25% in evening, 16% at weekend. Basket of services includes special offers available such as discounted line rental for an introductory period.

Average revenue per residential fixed broadband connection continues to decline despite improved product offerings

We are able to calculate the average price of a residential fixed broadband connection from connection and revenue data provided to Ofcom by ISPs (Figure 97). When compiling these figures, ISPs split revenues from bundled services across those services included in the bundle, so the figures below should be purely for the fixed broadband element of any bundled services, and are based on the accounting conventions used to allocate bundled revenues. Our figures indicate that the average price of a residential broadband connection fell by a third to £15.73 a month in the five years to 2011, although the rate at which the average connection price is declining has slowed significantly, and the 1.4% fall in nominal terms in 2011 was significantly lower than those in previous years.

Falling residential revenue per broadband connection is to a large extent a result of consumers switching to lower-priced bundled services, particularly those provided by operators using local loop unbundling (LLU) to provide ADSL broadband. One factor behind the slowing decline in average revenue per broadband connection is likely to be consumers migrating to faster services, including those classed as being superfast (i.e. with an
advertised speed of 30Mbit/s or more). These typically require a price premium of £5 to £10 a month over a standard broadband connection, and Ofcom data show that in the year to May 2012 the proportion of UK residential fixed broadband connections that were superfast increased from 2% to 8%.

While average revenue per fixed broadband connection has continued to fall, service offerings have improved: the average actual speed of a UK residential fixed broadband connection increased by over 70% to 9.0Mbit/s in the two years to May 2012 and the data allowances included with many ISP packages have also become more generous.

Figure 97 Average monthly price of a residential broadband connection (excluding line rental)

<table>
<thead>
<tr>
<th>£ per month</th>
<th>2.5Mbit/s</th>
<th>4.8Mbit/s</th>
<th>6.4Mbit/s</th>
<th>8.3Mbit/s</th>
<th>12.8Mbit/s</th>
<th>16.8Mbit/s</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>£23.60</td>
<td>£20.51</td>
<td>£18.09</td>
<td>£17.59</td>
<td>£15.96</td>
<td>£15.73</td>
</tr>
<tr>
<td>Real change</td>
<td>-15.4%</td>
<td>-13.1%</td>
<td>-11.8%</td>
<td>-2.8%</td>
<td>-9.2%</td>
<td>-6.3%</td>
</tr>
</tbody>
</table>

Source: Ofcom / operators
Notes: Nominal prices; Includes VAT; Includes estimates where Ofcom does not receive data from operators.

6.3.5 Mobile pricing

There is evidence that the largest mobile providers may be increasing the price of some packages

Our annual analysis of tariffs available from the largest retail communications service providers enables us to track the prices available for ‘baskets’ of mobile services in the same way that we track those of fixed voice services.

Figure 98 below details the ‘weighted average’ prices for nine different ‘baskets’ of mobile phone services, based on the lowest prices available from the three largest mobile network operators, weighted by retail market share. This analysis considers the tariffs of the three largest mobile operators, and therefore excludes those offered by smaller providers such as Three, Tesco Mobile, giffgaff, Lebara and Lycamobile, all of which have grown in market share over the past few years.

Overall, we find that the total ‘weighted average’ price of these nine connections, calculated using the tariffs available from these three mobile providers, was higher in July 2012 than in July 2011, having increased by over 10% during the year (in 2011 it fell by 12.8%). During

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27 Ofcom fixed line broadband performance reports: [http://stakeholders.ofcom.org.uk/market-data-research/other/telecoms-research/broadband-speeds/?a=0](http://stakeholders.ofcom.org.uk/market-data-research/other/telecoms-research/broadband-speeds/?a=0)
the year to July 2012, the weighted average cost of the two lowest-use connections and the three highest-use connections all increased, although it is unclear whether these increases are due to the baskets used in the analysis, or if there was an actual increase in residential mobile prices. This uncertainty is due to the necessary simplifications made when monitoring prices, and also the need to ignore the fact that consumers may change their usage patterns in response to price changes.

The four highest-use connections in our mobile pricing analysis all require an element of mobile data use, and the largest weighted average price increases among all nine connections were for connections 7, 8 and 9, which all require monthly data use of 300MB or more. Over the past year, unlimited mobile data packages have become increasingly uncommon, as network operators attempt to use prices to manage network capacity and increase mobile data revenues. While tariffs offering unlimited data allowances are now relatively scarce, tariffs offering unlimited SMS, or unlimited voice and SMS, have become increasingly common.

Over recent years, Everything Everywhere, O2 and Vodafone have incentivised consumers to switch from pre-pay tariffs to SIM-only monthly contract services. This has been achieved by increasing pre-pay pricing or making subsidised smartphones available only on post-pay packages, and is part of a continuing effort to secure longer-term revenue from their customers via post-pay contracts with 18 or 24 month minimum terms. As the larger mobile providers have prioritised post-pay, there has been rapid growth in specialist pre-pay providers. These include Lebara, which focuses on low-priced overseas calling, and giffgaff, which has sought to reduce the cost of offering services by having a web-only self-service interface.

One element of the larger mobile providers’ strategy to increase post-pay has been to increase the attractiveness of ‘SIM-only’ tariffs (whereby customers do not receive a subsidised handset when signing a new mobile contract, but are supplied with a SIM card to use in a handset they already own). SIM-only tariffs often offer lower monthly charges for similar levels of included minutes, SMS and data (thereby indicating that there is a saving due to the network not having to recoup the handset subsidy). These SIM-only tariffs often have shorter contract lengths, usually 1 month or 12 months. In the UK almost half (44%) of the best-offer tariffs feeding into the July 2012 UK weighted average best-pricing analysis were SIM-only contracts, up from 30% in July 2011 (our model factors in the cost of buying a handset separately).

Post-pay contracts have also proved popular with mobile users in the context of increasing smartphone take-up: high-end handsets have always been more expensive than less-featured handsets, and these have now been replaced by smartphones. Therefore, just as the price of a high-end phone has remained static, the benefit of a monthly contract (in that it enables consumers to spread the cost of the handset, which is often several hundred pounds, across the contract’s lifetime), has remained. By the end of June 2012, 51.1% of mobile phone subscribers were on post-pay contracts, up from 47.4% a year previously.
Figure 98 Composition of mobile phone baskets: 2011 and 2012

Almost half of new mobile contract sales have monthly rental of less than £20

The migration of pre-pay customers onto low-price post-pay monthly contracts, including SIM-only tariffs, and the increasing availability of services with a lower monthly fee are reflected in GfK Retail and Technology sales data showing the value of new post-pay mobile contracts. In Q1 2012 almost half of all new post-pay contracts sold (49%) were for less than £20 a month, compared to just 5% of those sold in Q1 2007 (Figure 99). Most of this growth was in post-pay contracts with a monthly rental fee of less than £15 a month, which accounted for 29% of those sold in Q1 2012, having been virtually non-existent five years previously.

As mentioned previously, the low monthly price and limited contractual commitment makes SIM-only contracts attractive to users who continue to use their existing handsets, and in November 2012 Virgin Media and Talkmobile both offered SIM-only tariffs, with a one-month minimum term, at £7 a month or less. Both of these services included at least 100 inclusive minutes, along with text message and mobile data allowances. SIM-only contracts often include a large number of text messages; indeed, tariffs offering unlimited texts are available for around £10 a month, making them attractive to younger users who are often very high users of text messaging.
Lower prices for pay-monthly contracts are also associated with longer minimum contract periods, and GfK’s data also show that in Q1 2012 67% of new mobile contracts were for 24 months, up from 1% five years previously, while in Q1 2012 14% of contracts had a one-month minimum term (almost all of these will be SIM-only).

**Figure 99 Monthly line rental prices for new mobile contract connections**

![Graph showing monthly line rental prices for new mobile contract connections](image)

Source: GfK Retail and Technology UK Ltd, Contract Handset Acquisitions: price segments.

Notes: England, Scotland and Wales only (excludes Northern Ireland); based on GfK’s coverage of 94% of the consumer market; based on new post-pay connections; excludes contract renewals; only represents sales through consumer channels (i.e. most business connections are excluded).

### 6.3.6 Pay-TV pricing

**Promotions mean that pay-TV prices fell in the year to July 2012**

The TV licence fee was unchanged in 2012, as in October 2010 the government announced that it would be frozen for six years (at £145.50 per year for a colour licence).

The lowest price available for a basic pay-TV service (which is defined as one that includes channels which are not available on free-to-air platforms) has fallen since 2008, and although it fell in the year to July 2012, the decline (from £12.50 per month to £9.75 per month) was due to an increase in the monthly charge for Virgin Media’s TV Size M+ with V HD service being offset by a promotional discount which halved its monthly fee for six months (Figure 100).

The lowest price available for a premium pay-TV service (which is defined as a package including both live Premier League football and a top entertainment package, including films) has increased steadily since 2008. However, the number of channels included (particularly the number of HD channels) has increased significantly for these premium services over the period, as has the range of additional services included in a subscription, such as a DVR and on-demand/’catch-up’ programming. In fact, the lowest price available for premium pay-TV services (both in standard definition and HD) fell slightly in the year to July 2012, these decreases (for Sky World and Sky World + HD Mix) also being due to the price increases during the year being offset by the introduction of promotional offers giving a reduced monthly fee for six months.
6.3.7 Bundled service pricing

In order to represent the prices available to consumers, it is necessary to include ‘bundled’ services as well as those available on a single-service basis (Ofcom’s technology tracker research suggests that 60% of UK households bought communications services as part of a bundle in May to July 2012).

Figure 101 shows the lowest prices available for a household purchasing a fixed voice service with high use (593 minutes per month), a fixed broadband connection, four mobile phones with varying usage levels and a basic pay-TV subscription (including a DVR), based on single-service and ‘bundled’ tariffs from the UK’s largest providers. In all three years the lowest prices available involved buying some of these services in a bundle, although in 2012 the difference between the best-offer price and the lowest price of fulfilling the basket’s requirements using stand-alone services was just £6 a month (5%).

The services that were included in the ‘best-offer’ bundle were different in July 2012 to those in July 2010 and 2011: in 2012 the lowest-priced option included a fixed voice and broadband double-play offer and standalone pay-TV and mobile services (the bundle was TalkTalk’s Essentials with Line Rental Saver service with bolt-ons giving inclusive anytime calls, inclusive calls to 36 international destinations and 100 minutes of calls to mobiles), while in 2010 and 2011 it was a Sky triple-play of fixed voice, broadband and pay-TV, and separate mobile services.

The lowest price for this basket of services fell by nearly over £9 a month (8%) in the year to July 2012, with this decrease primarily being driven by declining prices for the three lower-use mobile connections that are included in the basket.
Figure 101 Lowest prices available for a basket of communications services typical of a ‘networked family’ household (fixed voice, fixed broadband, four mobile phones with differing usage levels, basic pay-TV service)

Source: Ofcom / Teligen
Notes: Based on tariffs available from the largest operators (BT, Virgin Media, TalkTalk Group, Sky, Orange, T-Mobile, Vodafone, O2) in July of each year; TV includes the licence fee, the price of a set-top box/decoder and installation.

6.4 International comparisons of the price of communications services

UK communications service prices compare favourably with those in other countries

In Ofcom’s International Communications Market reports, we compare the prices available to UK consumers with those available to consumers in France, Germany, Italy, Spain and the US. This analysis defines baskets of communications services for five typical household types: a retired low-income couple, a couple of late adopters, a mobile-only ‘power user’, a networked family and an affluent couple with sophisticated use.

When considering the prices available to consumers on a single-service basis (i.e. excluding bundles), the lowest weighted average prices in July 2012 (calculated as the average of the lowest prices from the three largest operators for each service, weighted by retail market share) were available in the UK for all five baskets (Figure 102). This was driven primarily by lower prices for mobile phone services in the UK (which constitute the largest single pricing component for all households in most countries), but is also a result of the UK offering the lowest price for standalone fixed broadband services, and among the lowest prices for mobile broadband and basic pay-TV.

While the UK had the lowest ‘weighted average’ standalone basket prices in 2012, the gap between it and the other countries included in the analysis narrowed in 2012.

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28 [http://stakeholders.ofcom.org.uk/market-data-research/market-data/communications-market-reports/]
Figure 102  Comparative ‘weighted average’ pricing of single services for baskets of communications services typical of five household types

Source: Ofcom / Teligen
Note: Based on weighted average of the best tariffs available from the three largest operators in each country in July 2012; PPP adjusted; TV includes the licence fee, the price of set-top box/decoder and installation.

Four of the five ‘best-offer’ basket prices were found in the UK in 2012

The analysis also enables comparison of the lowest prices available from the largest operators in each country, including when the lowest overall price is achieved by buying some services in a bundle (Figure 103). Again, UK prices compared favourably with those available in other countries. Overall prices in the UK were lowest for four of the five baskets, and the second lowest for the other basket (the connected family).

Figure 103  Comparison of lowest-priced services, including multi-play, for baskets of communications services typical of five household types

Source: Ofcom / Teligen
Note: Based on tariffs available from the three largest operators for each service in each country in July 2012; PPP adjusted; TV includes the license fee, the price of set-top box/decoder and installation.
6.4.1 International stamp price comparison

The following section looks at domestic stamp prices across the countries analysed in this report. In each case, we have considered the fastest letter mail product, which predominantly carries a next-day delivery target (D+1), although as Figure 104 shows, there is some variance in each territory. The products that we have looked at are all single piece, domestic tariffs available to all consumers. In line with other currency conversions within this report, prices have been converted into British Sterling using the International Monetary Fund average exchange rates for 2011. The prices of the products compared are as they are published on the operators' websites and have not been adjusted for purchasing power parity.

Figure 104 Delivery specifications for the prices analysed

<table>
<thead>
<tr>
<th>Country</th>
<th>Delivery Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>D+1</td>
</tr>
<tr>
<td>FRA</td>
<td>D+1</td>
</tr>
<tr>
<td>GER</td>
<td>D+3</td>
</tr>
<tr>
<td>ITA</td>
<td>D+2-4</td>
</tr>
<tr>
<td>USA</td>
<td>Variable</td>
</tr>
<tr>
<td>CAN</td>
<td>D+1-4</td>
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<td>JPN</td>
<td>D+3</td>
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<tr>
<td>AUS</td>
<td>D+1</td>
</tr>
<tr>
<td>ESP</td>
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</tr>
<tr>
<td>NED</td>
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</tr>
<tr>
<td>SWE</td>
<td>D+1</td>
</tr>
<tr>
<td>IRE</td>
<td>D+1-3</td>
</tr>
<tr>
<td>POL</td>
<td>Variable</td>
</tr>
<tr>
<td>BRA</td>
<td>D+2-6</td>
</tr>
<tr>
<td>RUS</td>
<td>Variable</td>
</tr>
<tr>
<td>IND</td>
<td>Variable</td>
</tr>
<tr>
<td>CHI</td>
<td>Variable</td>
</tr>
</tbody>
</table>

We have looked at the prices for three mailings with different characteristics, based on typical envelope sizes. These are:

- **Small letter** – based on a DL envelope, 110mm by 220mm by 5mm, weighing 20g or less
- **Standard letter** – based on a C5 envelope, 229mm by 162mm by 5mm, weighing 100g or less;\(^{29}\) and
- **Large letter** – based on a C4 envelope, 324mm by 224mm by 25mm, weighing 101-150g

As Figure 105 shows, at 63p, Japan is the most expensive country to send a small letter, followed closely by the UK (60p). Among the European countries analysed in this report, the UK is the most expensive, just ahead of Sweden, where it costs 58p to send a small letter. The cheapest country for this size of letter is India, where it costs just 7p, followed by China (12p). The US is also among the cheapest, costing 28p.

However, when it comes to sending a standard letter, the UK is among the cheapest in Europe. This is due to most postal operators in Europe using tariff structures which start at a lower price for smaller letters, or postcards, which weigh 20g or less. A higher price is charged for letters which weigh in excess of 20g, or exceed the dimensions of a DL envelope. In the UK, the US, and China the price threshold comes at a higher size and weight.

The Netherlands and Italy are the most expensive countries in which to send a standard letter (£1.30), followed by Sweden (£1.15) and Japan (£1.09). China is the cheapest (12p), followed by the US (28p). The lowest price among the European countries in our report is in Poland, where it costs 51p to send a standard letter.

\(^{29}\) Most greetings cards in the UK are no larger than a C5 envelope
Figure 105  Published stamp prices for small (DL) and standard (C5) domestic letters: October 2012

Source: Operators’ websites, [accessed 10 October 2012]
Note: Small letter is based on DL envelope, 110x220x5 <=20g; Standard letter is based on C5 envelope, 229x162x5 <=100g; Large letter is based on C4 envelope, 324*224*25 101g-150g
Values converted from the local currency unit to British Sterling (£1 = €1.154 / US$1.604 / CAN$1.587 / ¥127.979 / AUS$1.555 / SEK10.413 / PLN4.751 / BRL2.683 / RUB47.117 / INR74.841 / CNY10.362)

Figure 106 shows that within Europe, the cheapest country to send a large letter is Poland (74p), followed by the UK (£1.20). The lowest price overall is in China (31p), followed by India (53p). The most expensive overall is Australia (£4.24). This is because the maximum thickness of a large letter in Australia is 20mm, and as this analysis is based on the prices for letters which are 25mm thick, this price represents the lowest parcel price. To send a large letter up to 20mm thick in Australia would cost £1.16, cheaper than the UK.

Figure 106  Published stamp prices for large letters: October 2012

Source: Operators’ websites, [accessed 10 October 2012]
Note: Small letter is based on DL envelope, 110x220x5 <=20g; Standard letter is based on C5 envelope, 229x162x5 <=100g; Large letter is based on C4 envelope, 324*224*25 101g-150g
Values converted from the local currency unit to British Sterling (£1 = €1.154 / US$1.604 / CAN$1.587 / ¥127.979 / AUS$1.555 / SEK10.413 / PLN4.751 / BRL2.683 / RUB47.117 / INR74.841 / CNY10.362)

6.4.2 Following price increases in April 2012, awareness of the cost of stamps has increased

The prices for sending individual letters and postcards have increased every year since 2004. Until 2006, however, the increases in stamp prices did not keep pace with inflation.
The largest increase in stamp prices took place in 2012 as both first and second class stamps rose by 14p; to 60p and 50p respectively\(^{30}\) (Figure 107).

**Figure 107  Royal Mail first and second class stamp prices: 2000-2012**

![Graph showing Royal Mail first and second class stamp prices from 2000 to 2012.](image)

*Source: Royal Mail. Figures are nominal.*

In April 2012 Royal Mail increased the prices of first and second class stamps to 60p and 50p respectively. As an apparent consequence of this price increase, the proportion of consumers who were able to correctly state the cost of first and second class stamps rose significantly between December 2011 and September 2012. The number of those able to state the correct price of a first class stamp rose from 9% to 27% and from 6% to 13% for second class stamps (Figure 108).

**Figure 108  Awareness of price of first and second class postage stamps - trend analysis: 2009-2012**

![Bar chart showing awareness of stamp prices from 2009 to 2012.](image)

*Source: Postcomm customer survey 2009 (n=1116)
Ofcom postal omnibus 2011 (n=3621)
Ofcom Residential consumer postal tracker Q3 2012 (n=1232)*

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\(^{30}\) Please see *Policy evaluation report* for more details on the regulatory change to stamp prices
Section 7

Consumer interest and activity

Introduction

To take advantage of competitive markets, consumers need to be equipped to shop around to obtain the best deal. This section of the report sets out to what extent consumers are interested in, and engaged with, each of the communications markets, and satisfied with their current provider.

We also explore reasons why consumers choose not to switch; this helps to identify current and emerging barriers to switching.

Consumer information plays an important role in enabling interested consumers to participate in the communications market. This section explores whether or not consumers know where to go to obtain comparative information to help them make informed choices.

Analysis changes to note:

Please note that measures of switching reported in this section exclude consumers who switched service provider(s) as part of moving house.

As noted in the Methodology section, the findings analysed among bundlers in this year’s report are among any bundlers; they are not limited to those who considered their bundle had been ‘discounted’, as in previous years’. This year’s report also provides a comparison of switching levels across total markets, and compares purchasing behaviour within markets i.e. standalone fixed customer vs. bundle fixed customer. This allows us better to understand the impact of purchasing choices on switching behaviour. Trends reported on total market data should be treated as indicative only, as the methodology used to calculate ‘total market data’ was revised in 2012 to provide more robust analysis.

For the charts in this chapter, the base for broadband from 2010 onwards represents those with fixed broadband rather than fixed or mobile broadband as in previous years. Incidence of mobile broadband among UK adults is too low to allow individual analysis of this market using the data sources for this report. Trend data prior to 2010 may be affected.

It should be noted that the satisfaction data in this section are not directly comparable to the satisfaction data published in Ofcom’s Communications Market Report 2012. This report publishes satisfaction among decision-makers, whereas the Communications Market Report 2012 published satisfaction levels among owners of each service.

Key trends

- In total, nearly a fifth (19%) of consumers switched at least one communications service in the past 12 months. Overall yearly switching levels for each market (including any switching of services to or from bundles) remain broadly unchanged, at around one in ten in each of the fixed-line (10%), mobile (9%) and fixed broadband (9%) markets. Nearly a third of all switchers switched multiple services at the same time.

- The gap between switching levels in the communications market and the utility market is closing. Reported yearly switching levels in each of the gas (12%) and electricity markets (13%) are lower than in 2011 (15% and 17% respectively). Switching
in the fixed-line market is now broadly comparable with gas and only slightly behind that for electricity. Yearly switching of main TV provider remains lower at 3%, comparable with switching bank accounts (4%).

- **Bundlers display the highest levels of interest and activity.** Over the past 12 months levels of engagement (i.e. the extent to which consumers are switching, keeping an eye on the market and/or interacting with their providers to negotiate a better deal) have risen in each of the mobile and fixed-line standalone markets. There has also been a notable rise in engagement among bundlers - up from 22% to 35% in the past 12 months. Bundlers also report some of the highest levels of ‘interest’, at 41%.

- **Switching is largely driven by bundlers in each market.** The higher levels of engagement among bundlers is at least partly due to higher switching levels among these consumers, compared to standalone purchasers, within each communications market. For example, switching levels stand at 11% among consumers who purchase their fixed broadband as part of a bundle (bundlers account for around three-quarters of the fixed broadband market) and compare to 4% among those who purchase it as a single service.

- **Difficulty switching in the fixed-line market increases when fixed broadband services are switched at the same time.** The fixed broadband market continues to report the highest levels of stated difficulty in switching; at 15%, equal to that for bank accounts. ‘Hassle’ continues to be stated as one of the main reasons for not switching this service among those who considered doing so. Furthermore, where fixed-line services are switched at the same time as at least one other service – most commonly fixed broadband – stated difficulty in the fixed-line market rises to 14%. This compares to 5% among standalone fixed-line customers.

- **Terms and conditions increase as a stated reason for not switching mobile network.** The shift towards mobile contracts has continued, largely driven by take-up of smartphones. While switching levels appear unaffected, or at least are not in decline (9%), around a quarter (27%) of consumers who considered switching but then chose not to, stated ‘terms and conditions’ as at last one of the reasons. This is a rise of 7 percentage points since 2011.

- **Around one in ten consumers across each of the fixed-line, mobile and fixed broadband markets have extended their contract in the past six months.** Around a quarter of consumers in each market said they had been offered a deal by their provider in the past six months. Around half of those who were offered a deal accepted this, and for a proportion of these (one-fifth to two-fifths across markets) this meant extending their existing contract.

- **Fixed standalone customers are becoming increasingly dissatisfied with value for money.** Overall, most consumers are satisfied with their communications services (85%-90%) and satisfaction is stated by around a fifth of ‘considerers’ as a reason for not switching. However, satisfaction varies for specific aspects in each market; such as reliability and value for money. Greatest dissatisfaction is noted with value for money in the fixed-line market among standalone purchasers – these consumers are becoming increasingly dissatisfied with this aspect of their service (15% dissatisfied; up from 10% in 2011).
These key trends are explored in more detail in the following section and are grouped into the following sub-headings:

- Consumer participation in the communications markets
- Switching in the communications markets
- Ease of switching in the communications markets
- Satisfaction with communications services and providers; and
- Consumer information sources

### 7.1 Consumer participation in communications markets

Participation in communications markets is measured by looking at a wide range of ways in which consumers can participate in the market, including switching suppliers, negotiating with current suppliers, staying informed, and being aware of changes in the markets. The segments analysed below are based on measures of past and present behaviour.

#### 7.1.1 Bundlers display the highest levels of interest and activity

To provide a direct trend comparison the following chart is based on standalone purchasers. An overview of current levels of participation across each market as a whole is reported in Figure 109 below.

Over the past 12 months, levels of engagement have risen among each of the mobile and fixed-line standalone markets. There has also been a notable rise in engagement among bundlers - up from 22% to 35% in the past 12 months. The bundle market also reports some of the highest levels of ‘interest’, at 41%

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31 See annex 3 for further details on how these segments were calculated
As mentioned above, we are now able to look at levels of participation in each market as a whole, and according to how consumers have chosen to purchase these services. (Figure 110 below). Over a fifth of consumers in each of the fixed-line (24%), mobile (23%) and fixed broadband (22%) markets are defined as ‘engaged’. There is a significantly lower level of engagement reported in the digital TV market (12%).

Comparing levels of engagement within each market by purchasing behaviour, we see higher levels of engagement among bundlers than among standalone purchasers. The exception to this is in the fixed broadband market.
7.2 Switching in the communications market

7.2.1 A third of all switchers changed provider for multiple services simultaneously

In this report, the data-points which report switching behaviour are defined as a consumer actively changing supplier while remaining at the same address. This may not be comparable to industry subscriber data for churn\(^{32}\).

New analysis for 2012 reports that nearly a fifth (19%) of consumers across the communications markets switched at least one service in the past 12 months and nearly a third of these said they switched at least two services simultaneously. The chart below compares the extent of switching single and multiple services across each market as a whole, and within market, by purchasing behaviour.

In the fixed-line market, switching among standalone purchasers is 8%, with the majority of these (6%) switching only their fixed line. This compares to 5% switching in the standalone fixed broadband market, where the majority (4%) switched this at the same time as other services (Figure 111).

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\(^{32}\) Industry churn data includes all customers who have terminated their services from that supplier, excluding customers who have reinstated their services, within a given time period (generally 12 months).
Overall, switching levels for each market (including any switching of services within bundles) remain broadly unchanged (although there are indications of a rise for fixed-line) at around one in ten in each of the fixed-line (10%), mobile (9%) and fixed broadband (9%) markets. The total level of switching the main TV provider remains lower, at 3%. In the mobile market, contract customers (11%) remain more likely than pre-pay customers (7%) to have switched in the past year (Figure 112).

In total, 14% of bundlers have switched provider for at least one of their services in the past 12 months (up from 10% last year).
Consistent with the higher levels of engagement among bundlers, switching tends to be driven by those currently purchasing their services as part of a bundle (Figure 113). In the fixed broadband market in particular, bundlers are more than twice as likely as non-bundlers to have switched in the past 12 months (11% vs. 4%). The recent rise in broadband ownership, driven by bundling, is likely to have influenced switching levels among these consumers. Currently around two-thirds of fixed-line customers and three-quarters of fixed broadband customers purchase these respective services as part of a bundle.

Figure 113 Switching in communications markets in the past 12 months

Source: Ofcom decision making survey carried out by Saville Rossiter-Base in July to August 2012
Base: All adults aged 16+ who are the decision maker for fixed line (whole market, 1636) (single purchase, 610) (service in bundle, 1026), mobile (whole market, 1714) (single purchase, 1653) (service in bundle, 61), broadband (whole market, 1341) (single purchase, 328) (service in bundle, 1013), digital TV (whole market, 1483) (single purchase, 982) (service in bundle, 501). Too few interviews were conducted with those with mobile broadband to report these separately. *Caution: Low base.

7.2.2 Younger consumers continue to drive switching across all markets

Switching continues to be less prevalent among consumers aged 65 and over (Figure 114). In the mobile market switching continues to be driven by younger consumers aged 16-44 and switching appears to tail off in the fixed-line and fixed broadband markets among the over-65s.
Socio-economic group and location, in terms of rural or urban, has little impact on propensity to switch. The only exception is digital TV, where people in the C2 socio-economic group are significantly more likely than average to have switched provider for their main TV service (6%). This is the only demographic group to report a rise in switching in this market in the past two years.

In the mobile market consumers living in rural areas report a significant rise in switching levels – up from 4% in 2011 to 11% currently (Figure 115).

7.2.3 Switching communications provider now more comparable with utilities

The following switching data for communications services is based on switching across the total markets.
Consumers were asked whether they had switched certain utility suppliers within the past 12 months (Figure 116). Of the markets compared, consumers remain most likely to switch their car insurance provider on a yearly basis (38%). Due to a decline in stated switching in each of the gas and electricity markets, the gap between switching levels in the communications market and these utilities is closing. Yearly switching in the fixed-line market (10%) is now broadly comparable with gas, and only marginally behind electricity (12% and 13% respectively).

![Figure 116 Proportion of customers who have switched communications and utilities suppliers in the last 12 months](source)

Source: Ofcom decision making survey carried out by Saville Rossiter-Base in July to August 2008, 2009 and 2010, June to July 2011, July to August 2012


7.2.4 Between 6% and 8% of consumers ‘looking’ but not ‘switching’

As noted above, around one in ten consumers in all except the TV market (lower at 3%) have switched their provider in the past 12 months. A consistent proportion (2-4%) of consumers across markets say they are ‘actively looking for an alternative provider’. However, nearly twice as many (6-8%) said they started looking but did not switch.

Changes happening across the communications markets have the potential to create or enhance existing barriers to switching for consumers. The following section explores contract lengths, perceptions of hassle, and customer retention (i.e. deals made by the current provider).

**Terms and conditions**

In the mobile market the proportion of consumers tied into a contract is growing (up from 52% - 57% in the past 12 months). Alongside this, the average length of contracts, in this market in particular, is increasing. In Q1 2012 67% of new mobile contract connections were for 24 months, and a third of contract customers said they had in excess of 12 months remaining on their contract. These longer contracts enable consumers to pay the cost of their equipment (e.g. smartphones, set-top boxes) in small amounts over a longer period.
Despite rising contract lengths, switching levels in the mobile market appear unaffected, or at least are not in decline. However, a rising proportion (27%, up from 20% in 2011) of mobile customers who considered switching but didn’t do so said this was due to their terms and conditions.

**Figure 117 Reasons for considering, but not switching provider**

Perceived ‘hassle’

‘Hassle’ continues to be a key factor preventing considerers from switching in the fixed voice market (24%) and even more so in the fixed broadband market, where a third (33%) of considerers said they did not switch due to either the actual or the perceived hassle involved. ‘Hassle’ as a stated reason for not switching has declined in the fixed voice market (by 6 percentage points) but grown for fixed broadband – up from 31% in 2011.

Satisfaction and availability

Around one in five considerers who did not switch in each market said this was because they were satisfied with their provider. Further details on satisfaction appear later in this section.

The way consumers are using their devices, in terms of the amount of content purchased and/or stored, has the potential to increase perceptions of ‘hassle’; e.g. the ease of transferring data between devices. We will publish further research later this year which explores consumers’ attitudes towards transferring data between devices, and its relative importance in consumers’ decisions on whether or not to switch.

No cost benefit

Lack of perceived cost benefit is another continuing, and increasing, reason why consumers in each of the communications markets decide not to switch provider. ‘No cost benefit’ as a stated reason for not switching has risen in all except the fixed broadband market, most notably for fixed-line (up 5 percentage points since 2011).
There are indications that ‘lack of cost benefit’ is a greater barrier among bundlers than among standalone purchasers. In the standalone fixed voice market 28% stated this as a reason why they considered but didn’t switch, rising to 35% in the total fixed voice market – two-thirds of which comprises bundlers. This stated reason for not switching may be affected by consumers’ ability to compare providers on cost (this is covered in more detail in the consumer information sources section) and consumers negotiating, or being offered, a better deal with their current provider.

The proportion of consumers in each market who have been offered a deal by their current provider is higher than the proportions actively seeking one for themselves. Around a quarter of consumers in each market said they had been offered a deal by their provider in the past six months.

Around half of those offered a deal accepted it, and for around one in ten consumers in each of the fixed, mobile and fixed broadband markets this acceptance meant extending their current contract with their existing provider.

### Figure 118  Offer and acceptance of deals by existing provider, across total markets

<table>
<thead>
<tr>
<th>Service Type</th>
<th>Took up offer and extended contract</th>
<th>Took up offer, no need to extend contract</th>
<th>Took up, unsure if extended contract</th>
<th>Offered but did not take up deal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed line</td>
<td>7</td>
<td>5</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>Mobile</td>
<td>10</td>
<td>4</td>
<td>1</td>
<td>11</td>
</tr>
<tr>
<td>Fixed broadband</td>
<td>8</td>
<td>7</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Pay TV</td>
<td>5</td>
<td>9</td>
<td>13</td>
<td></td>
</tr>
</tbody>
</table>

Source: Ofcom decision making survey carried out by Saville Rossiter-Base in July to August 2012 Base: All adults aged 16+ who are the decision maker for fixed-line (2012, 1636), as a standalone service (2012, 610), as part of a bundle of services (2012, 1026)

Research planned for publication later this year seeks to further explore the incidence and consumer attitudes towards ‘retention’. It will assess the degree to which consumers spontaneously accept deals, whether they compare deals with offers from other providers and whether they are happy with the decision they made.

As mentioned above, the proportion actively seeking out a deal for themselves is lower than those being pro-actively offered deals by communications providers. Figure 119 below compares the proportions actively\(^{33}\) negotiating with their provider in each of the standalone markets and with bundle providers in the past two years. These proportions have not changed significantly over the last few years, with bundlers and mobile customers remaining most likely to say they have at least tried to negotiate a deal with their provider in the last two years.

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\(^{33}\) By ‘active’ we mean consumers who have contacted their supplier with the intention of negotiating a new deal.
7.3 Ease of switching in the communications markets

For consumers to take advantage of the increasing competition in the communications markets, and for communications markets to work effectively, consumers must be able to switch with comparative ease, if they choose to do so. As mentioned above in the Consumer choice and value section 57% of consumers choose to purchase at least some of their households communications services as part of a package or bundle, and a third of all switchers across markets switched more than one of service at the same time.

7.3.1 Fixed broadband continues to drive difficulty in switching – stated difficulty is comparable with difficulty switching bank account

The majority of switchers (between 85% and 89%) considered it very or fairly easy to switch provider. But for some switchers (between 8% and 15%) changing provider was something they considered ‘difficult’. Stated difficulty varied across markets and was influenced by whether or not multiple services were being switched at the same time (Figure 120).

The fixed broadband market continues to report the highest levels of stated difficulty in switching, at 15%. Stated difficulty in this market is broadly consistent regardless of purchasing behaviour, or whether additional services are switched at the same time.

However, where fixed-line services are switched at the same time as at least one other service – most commonly fixed broadband – stated difficulty in the fixed-line market rises to 14%. This is three times higher than stated difficulty among standalone fixed-line customers (5%). This suggests that either managing multiple processes and/or issues relating to the fixed broadband switch are having an impact on ease of switching for fixed-line customers.
Among single-service purchasers, there has been very little change in ease of switching over the past 12 months

**Figure 120 Consumer opinions about ease of switching supplier, by purchasing behaviour**

Source: Ofcom decision making survey carried out by Saville Rossiter-Base in July to August 2012
Base: All adults aged 16+ who are the decision maker and have ever switched provider for fixed line (2012, 508), mobile (2012, 61), broadband (2012, 373), digital TV (2012, 105). Too few interviews were conducted with those with mobile bundlers to report these separately and insufficient sample for mobile and digital TV consumers who switched multiple services at the same time.

Of the markets compared, car insurance (where we see the highest levels of yearly switching, at 38%) continues to report the lowest stated difficulty with switching, at 3%. This compares to those who switched bank account in the past 12 months (this market has some of the lowest switching levels at 4%), where the proportion stating difficulty was significantly higher at 15%.

The stated difficulty in switching bank account is broadly comparable with stated difficulty in switching in the fixed broadband market (15%). For switching gas and electricity, around one in ten switchers said this was difficult. Difficulty of switching gas supplier, in particular, is up since last year – from 3% to 10%.

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34 Due to changes in methodology trend analysis is currently available only for standalone purchasers.
7.3.2 Many continue to perceive switching as more difficult than the reality

The mobile market reports the lowest levels of perceived difficulty in switching amongst non-switchers at around one in ten. Around twice as many non-switchers in each of the other communications markets perceive switching to be either very, or fairly difficult. This perception may increase the 'hassle' barrier for some potential switchers.

Source: Ofcom decision making survey carried out by Saville Rossiter-Base in July to August 2010, June to July 2011
Base: All adults aged 16+ who are the decision maker and have switched provider in the last 12 months for electricity (2012, 196), gas (2012, 166), car insurance (2012, 517), bank account (2012, 62). *Caution: Low base in 2012, and base too low for reporting in 2010 and 2011
Figure 122  Ease of switching supplier – perceived vs. Actual, by total markets

Source: Ofcom decision making survey carried out by Saville Rossiter-Base in July to August 2008, 2009 and 2010, June to July 2011, July to August 2012

7.4  Satisfaction with communications services and providers

Please note – with the exception of the data that report satisfaction with value for money, the following satisfaction data are not directly comparable with previous reports. Trend data contained in this report have been adjusted to report on satisfaction across each market as a whole, rather than just standalone purchasers\(^{35}\). Subsequent charts highlight demographic differences in the levels of dissatisfaction, and draw out any differences by purchasing behaviour.

7.4.1 The majority of customers remain satisfied with their services overall with dissatisfaction highest in fixed broadband at one in ten

The majority of customers in each market remain satisfied with their services overall, with dissatisfaction at between 6% and 10% across markets - highest in the fixed broadband market. One in ten fixed broadband customers said they had had cause to complain about their fixed broadband service in the past 12 months, as reported in the Consumer protection section.

Levels of overall satisfaction have remained fairly consistent over the past 12 months across each of the communications markets with very little variation in levels of dissatisfaction across the demographic groups within each market.

\(^{35}\) Data for 2012 is not directly comparable with previous years, so although analysis provides a good indication of trend we cannot be certain whether any changes indicated are real or due to the change in methodology
Figure 123  Satisfaction with overall services from communications supplier, over time

Source: Ofcom decision making survey carried out by Saville Rossiter-Base in July to August 2008, 2009 and 2010, June to July 2011; July to August 2012

7.4.2 Rising dissatisfaction with value for money amongst fixed line customers who do not bundle

Consumers who purchase a bundle of services tend to have a single bill or pay a set monthly fee for all the services included in their package. Therefore, the following analysis has been conducted amongst standalone purchasers in each market compared to those who bundle any services.

In the fixed line market there has been a marked shift towards bundling and an increase in dissatisfaction amongst these remaining standalone purchasers. Dissatisfaction amongst these consumers rose 5 percentage points in the last 12 months to 15%, the highest level of dissatisfaction across markets.

Levels of satisfaction (79% to 87%) and dissatisfaction (7% to 11%) across each of the other markets has remained fairly stable over time.
The rise in dissatisfaction with value for money among standalone fixed-line purchasers is consistent across all but the oldest age group, and among men more than women. Analysis by socio-economic group indicates that C1-DEs report the largest rise in dissatisfaction; up by at least 6 percentage points.
7.4.3 Indications of a rise in satisfaction with reliability of fixed services, but satisfaction with reliability of mobile services falls 5%

The reliability of a service should not vary according to how consumers purchase it, so, as with overall satisfaction, the following data are based on consumers across each market regardless of purchasing behaviour.

The communications markets have undergone various changes over the last few years, including the reduction in use of fixed lines, the shift towards contract packages and the...
increasing use of data in the mobile market. These changes in use are likely to influence consumers’ perception of a satisfactory level of service.

Figure 127 shows in the fixed-line market, satisfaction with reliability has risen from 89% to 94%. Over the same period satisfaction with mobile reliability has fallen; dissatisfaction now stands at nearly twice the level of last year (up from 7% to 13%).

The fixed broadband market reports the second-highest level of dissatisfaction, at 9% - unchanged since last year.

Figure 127  Satisfaction with reliability of service, over time\textsuperscript{36}

Source: Ofcom decision making survey carried out by Saville Rossiter-Base in July to August 2008, 2009 and 2010, June to July 2011, July to August 2012

In the mobile market, dissatisfaction is higher among younger customers (15% among 25-44s) than older customers (9% among 65-74s). This is consistent with the higher use of mobiles for all activities among younger customers, and potentially their greater reliance on mobile services.

In the fixed broadband market those in the AB socio-economic group are more dissatisfied (15%) than those in the C2 and DE groups (10% and 11% respectively).

\textsuperscript{36} Analysis not directly comparable – please treat as indicative only
7.4.4 Despite increasing availability of superfast broadband, satisfaction with broadband speeds remains unchanged at around 75%

A service aspect specific to the broadband market is speed. As stated in the earlier ‘Availability of services and providers’ section, Ofcom research has found that the overall average actual download speed in the UK had increased to 9.0Mbit/s in May 2012, from 7.6Mbit/s in November 2011.

Ofcom introduced the Voluntary Code of Practice on Broadband Speeds in 2008 and has subsequently strengthened this to ensure that consumers are provided with the most meaningful and accurate information on broadband speeds before they purchase a service. ISPs that sign up to the revised Code commit to give consumers a more accurate

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38 2010 Voluntary code of practice: broadband speeds
estimate of the maximum speed likely to be achievable on their line, through the use of a speed range rather than a single value. The intention is that if consumers have more accurate information about the service, they will have a more realistic expectation of the speeds they are likely to receive.

The rise noted last year in the proportion who were ‘very satisfied’ with their speeds has been maintained this year, with 41% of fixed broadband customers who expressed an opinion satisfied with the speed of their broadband service (Figure 130). In total, around three-quarters were satisfied, with 17% citing dissatisfaction. While this data is based on standalone purchasers, the findings are not dissimilar at a total market level39.

Figure 130 Satisfaction with speed of fixed broadband service, over time

![Figure 130 Satisfaction with speed of fixed broadband service, over time](image)

Source: Ofcom decision making survey carried out by Saville Rossiter-Base in July to August 2008, 2009 and 2010, June to July 2011, July to August 2012
Base: All adults aged 16+ who are the broadband decision maker who expressed an opinion** (2008, 460) (2009, 388) (2010, 218) (2011, 248) (2012, 324). Don’t know responses have been excluded from the base. **NB Base amended from 2010 to exclude those who receive this service along with another service from the same supplier without receiving a discount. Base for broadband from 2010 represents those with fixed broadband rather than fixed or mobile broadband as in previous years. Too few interviews were conducted with those with mobile broadband to report these separately. Trend data may be affected by these changes.

Figure 131 shows the level of satisfaction with the speed of mobile broadband service has remained stable in 2012, at just under eight in ten (78%).

39 42% very satisfied, 36% fairly, 6% neither, 10% fairly dissatisfied, 6% very dissatisfied.
Overall, 83% of adults stated they were either very or fairly satisfied with the postal service, although just over half of these (53%) stated they were fairly satisfied with the service (Figure 132). Just under one in ten (7%) stated they were either quite or very dissatisfied with the service, of which 2% claimed to be 'very dissatisfied'.
7.5 Consumer information sources

7.5.1 The internet continues to dominate as the main source of trusted information

Respondents were asked whether they could spontaneously name any information sources if they wanted to find out about:

- fixed-line providers, price plans and tariffs
- mobile phone handsets, price plans and tariffs and network providers
- broadband speeds, price plans packages and providers
- ways to of receiving multi-channel TV, channel packages and providers
- providers offering packages of services and the types of packages available

Over 90% could name at least one source of trusted information on aspects of the mobile (92%), broadband (92%) and bundle markets (93%). The proportion able to cite at least one source of information on the fixed line market was nearly 10 percentage points lower than each of these markets at 83%. Awareness of information on ways of receiving multi-channel TV and the packages and providers available stood at 87%.

However, awareness of trusted sources of information falls dramatically among older consumers in each of these markets. The proportions of consumers aged 65-74 unaware of any trusted sources of information are around double the average, and range from 13% in the mobile market to 27% for fixed-line. This lower awareness may indicate a lack of interest in these markets, but may also act as a barrier to switching, by increasing the perceived level of hassle involved for these consumers when searching for alternatives.
Figure 133  Actual sources of trusted information

<table>
<thead>
<tr>
<th>Landline providers, price plans and tariffs</th>
<th>Mobile phone handsets, price plans and tariffs and network providers</th>
<th>Broadband speeds, price plans and packages and providers</th>
<th>Ways of receiving multichannel TV, channel packages and providers</th>
<th>Providers offering packages of services and the types of packages available</th>
</tr>
</thead>
<tbody>
<tr>
<td>Websites of suppliers/service providers</td>
<td>3%</td>
<td>6%</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>Cost comparison websites</td>
<td>11%</td>
<td>7%</td>
<td>8%</td>
<td>5%</td>
</tr>
<tr>
<td>Internet in general</td>
<td>55%</td>
<td>49%</td>
<td>66%</td>
<td>59%</td>
</tr>
<tr>
<td>Family members</td>
<td>9%</td>
<td>9%</td>
<td>10%</td>
<td>11%</td>
</tr>
<tr>
<td>Friends</td>
<td>8%</td>
<td>8%</td>
<td>9%</td>
<td>10%</td>
</tr>
<tr>
<td>Colleagues</td>
<td>1%</td>
<td>1%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Supplier already using for this service</td>
<td>4%</td>
<td>6%</td>
<td>3%</td>
<td>4%</td>
</tr>
<tr>
<td>Another supplier not already using</td>
<td>2%</td>
<td>1%</td>
<td>1%</td>
<td>2%</td>
</tr>
<tr>
<td>Visit shop/store selling the technology/device</td>
<td>1%</td>
<td>22%</td>
<td>2%</td>
<td>5%</td>
</tr>
<tr>
<td>Magazines/newspapers</td>
<td>4%</td>
<td>3%</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>TV/radio programmes/advertising</td>
<td>2%</td>
<td>2%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Leaflets in store/post</td>
<td>2%</td>
<td>*%</td>
<td>*%</td>
<td>*%</td>
</tr>
<tr>
<td>Government body/regulator</td>
<td>1%</td>
<td>*%</td>
<td>*%</td>
<td>*%</td>
</tr>
<tr>
<td>Other source of information</td>
<td>*%</td>
<td>*%</td>
<td>*%</td>
<td>*%</td>
</tr>
<tr>
<td>Would not look for information/advice</td>
<td>2%</td>
<td>1%</td>
<td>1%</td>
<td>3%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>15%</td>
<td>7%</td>
<td>7%</td>
<td>10%</td>
</tr>
</tbody>
</table>

Source: Ofcom decision making survey carried out by Saville Rossiter-Base in July to August 2012
Base: All adults aged 16+ who are the decision maker for fixed line (2012, 1636), mobile (2012, 1714), broadband (2012, 1341), digital TV (2012, 1483), bundle (2012, 1079). Too few interviews were conducted with those with mobile broadband to report these separately

7.5.2 Consumers consider it easiest to make cost comparisons for fixed broadband services and bundles

The different ways consumers are using their devices, and the vast number of alternative tariffs and packages available makes it important that they are able to make comparisons across providers on the aspects important to them, with relative ease.

In the forthcoming research, due to be published later this year, we explore the aspects that switchers and considerers say are important to them when choosing a new provider, in each of the mobile contract, pay-TV and bundle markets. The following analysis focuses on the ease of making cost comparisons for standalone purchasers and for bundlers.

Consumers are more likely to say it is easy to make cost comparisons in the fixed broadband (71%) and mobile (70%) markets than in other markets. This compares to around two-thirds of bundlers and digital TV consumers, and six in ten fixed-line customers, who believe it is easy to make cost comparisons.
Figure 134  Consumers’ opinions on the ease of making cost comparisons

<table>
<thead>
<tr>
<th>Service</th>
<th>Very easy</th>
<th>Fairly easy</th>
<th>Fairly difficult</th>
<th>Very difficult</th>
<th>Don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed-line</td>
<td>15</td>
<td>43</td>
<td>18</td>
<td>9</td>
<td>15</td>
</tr>
<tr>
<td>Mobile</td>
<td>25</td>
<td>45</td>
<td>12</td>
<td>6</td>
<td>12</td>
</tr>
<tr>
<td>Broadband</td>
<td>23</td>
<td>48</td>
<td>16</td>
<td>5</td>
<td>8</td>
</tr>
<tr>
<td>TV</td>
<td>23</td>
<td>45</td>
<td>13</td>
<td>6</td>
<td>13</td>
</tr>
<tr>
<td>Bundled services</td>
<td>22</td>
<td>44</td>
<td>18</td>
<td>8</td>
<td>7</td>
</tr>
</tbody>
</table>


7.5.3 Demographic profile of those who find it difficult to make cost comparisons

Consumers aged 45-74 appear most likely to find it difficult to make cost comparisons across each of the markets. The lower stated difficulty among older consumers (aged 75+) may indicate a lack of interest, as opposed to less difficulty.

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40 This data is based on standalone purchasers in each market, compared to bundlers as a whole as consumers who bundle their services are unlikely to be able to separate out costs for services individually.
Figure 135  Age and gender profile of those who find it difficult to make cost comparisons

Source: Ofcom decision making survey carried out by Saville Rossiter-Base in July to August 2008, 2009 and 2010, June to July 2011, July to August 2012
Base: All adults aged 16+ who are the decision maker for fixed line (2012, 1636), mobile (2012, 1714), broadband (2012, 1341), digital TV (2012, 1483), bundle (2012, 1079). Too few interviews were conducted with those with mobile broadband to report these separately. *Caution: Low base size for 75+ adults for mobile, broadband and TV. Base too low for reporting for 16-24 for fixed-line, broadband, TV or bundled services. Base too low for reporting for 75+ for bundled services.

There are indications that consumers in the ABC1 socio-economic group are more likely to think it is difficult to make cost comparisons in the fixed-line, mobile, fixed broadband and bundled services market, compared to those in socio-economic group C2DE.

Figure 136  Socio-economic profile and urbanity of those who find it difficult to make cost comparisons

Source: Ofcom decision making survey carried out by Saville Rossiter-Base in July to August 2008, 2009 and 2010, June to July 2011, July to August 2012
Base: All adults aged 16+ who are the decision maker for fixed line (2012, 1636), mobile (2012, 1714), broadband (2012, 1341), digital TV (2012, 1483), bundle (2012, 1079). Too few interviews were conducted with those with mobile broadband to report these separately.
Section 8

Consumer protection

Introduction

This section reports on the types of complaints that consumers are making to Ofcom and their communications providers, as well as monitoring those who say they have had cause to complain but may not have made an actual complaint.

Key trends

- **Telecoms issues dominate complaints to Ofcom, with levels higher than in 2011.** The level of telecoms complaints is up year on year, at around 7000 per month (an additional c.1000 calls per month compared to 2011), although they have fallen in some categories. This compares to 1000-2000 complaints about broadcasting standards and around 45 relating to postal services.

- **Silent calls continue to be a key concern for consumers.** Complaints volumes reached a peak of just under 3400 in July 2012. Volumes have since declined but remain significantly higher than for any other issue. The second most complained-about issue was providers’ complaints handling. Monthly complaint volumes for this issue were below 800 for most of 2012.

- **Less than half are satisfied with their provider’s complaints handling.** The second most complained-about issue was providers’ complaints handling. Monthly complaint volumes for this issue averaged 750 per month. Research suggests that 6% of adults said that they had experienced difficulty resolving an issue with at least one of their communications providers. Furthermore, satisfaction with providers’ customer service in relation to complaints handling was around 43%-47%, significantly lower than satisfaction with customer service generally (62%-69%).

- **Fixed line mis-selling complaints are relatively stable following a period of decline.** Ofcom’s contact centre received between 400-500 complaints each month between May and September 2012, compared to 500-600 in the months prior to this and 700 throughout 2011.

- **Broadcasting complaints were dominated by complaints about content standards.** The top programmes complained about in 2012 include: *The Wright Stuff, The X Factor Results* and *The One Show*.

- **Two in five postal users experienced a problem with the service in the last year – largely driven by mis-delivered mail.** The most common problem was mis-delivered mail (70%), followed by delayed (41%), damaged (41%) and/or lost mail (34%). Just over one in ten (14%) postal users who experienced a problem made a complaint.

These key trends are explored in more detail below under the following sub-headings:

- Consumer complaints to Ofcom
- Experience of particular issues in the communications markets
- Making a complaint
8.1 Consumer complaints to Ofcom

Ofcom’s Consumer Contact Team (CCT) offers a point of contact for consumers enquiring or making complaints about issues in the telecoms, broadcasting and postal markets. Although Ofcom handles only a small share of the total number of complaints relating to communications services, these data give insight into the extent of certain issues.

8.1.1 Telecoms continues to dominate complaints, with average levels higher than in 2011 – but a decline noted for some issues

With the exception of September 2012, the number of telecoms complaints between February ’12 and October ’12 barely dipped below 7000. Silent calls, mis-selling, ETCs and the way that communications providers (CPs) handle complaints continue to drive complaints in this sector (Figure 137).

![Figure 137 Number of complaints received by Ofcom: 2011-2012, by month](image)

Source: Ofcom, CCT data

General = ‘General Enquiries’, these could relate to broadcast, spectrum or telecoms issues

8.1.2 Silent calls remains the most complained about issue in telecoms

Between December 2011 and February 2012 complaints about silent calls experienced a sharp increase (from 957 to 2,161). Since February the number of complaints about silent and abandoned calls have continued to increase, reaching a peak in July 2012 at 3,392. The number of complaints have declined since then but remain above 2400 per month.

One thing to note relating to the increase in the number of complaints relating to silent and abandoned calls is that, following a change to the telephone preference service (TPS) contract, the TPS have stopped recording complaints received about silent calls, and instead have advised all complainants to contact Ofcom from February 2012 onwards.

41 These issues account for over half of all telecoms complaints received by Ofcom – others not shown include ‘supplier customer relationship’.
Most abandoned\textsuperscript{42} and silent\textsuperscript{43} calls are not generated with malicious or mischievous intent but by technology used by call centres to automate the manual processes associated with physically making a call. Despite the likely cause of their origin, these calls can still understandably cause annoyance, inconvenience and anxiety.

Our \textit{Consumer Concerns} research indicates that just under half (47\%) of GB adults with a fixed-line phone in 2012 received a silent call in the previous six months. This indicates a rise since 2011, although it is important to note that the change in question phrasing between 2011 and 2012 means the data points are not directly comparable.

We have since recognised that there may be limitations with this methodology as a means to track the incidence of silent calls. These relate to consumers not reacting in the same way to nuisance calls; e.g. 78\% of people, when they hear a recorded message, hang up immediately while 22\% listen to at least some of it. Therefore if the same is true for silent calls, a proposition may hang up before the required time for the message to play – resulting in the perception of a silent call. We have commissioned a separate pilot study to compare current data with those obtained via a panel of consumers who will be asked to hold on the line for five seconds and monitor their experience, if any, of nuisance calls received on their fixed line. We hope this additional research will provide further insight into the incidence and sources of nuisance (including silent) calls.

\textbf{Focus on nuisance calls}\textsuperscript{44}

\textbf{Silent calls}

Our current market research data (collected via our \textit{Consumer Concerns Tracker}) conducted in September 2012 sought to understand consumers’ experiences and the impact of receiving silent calls.

Figure 138 below illustrates that older consumers are more likely to be adversely affected by silent calls. Those aged between 65-74 (55\%) and those aged 75+ (59\%) are the most likely to receive silent calls; compared to 33\% of those aged between 25-34. The most likely reason for this is higher fixed-line ownership and the potentially greater amount of time the older age groups spend at home.

\textsuperscript{42} An abandoned call is where a connection is established but terminated by its originator in circumstances where the call is answered by a live individual.

\textsuperscript{43} A silent call is a type of abandoned call where the person called hears nothing on answering the phone and has no means of establishing whether anyone is at the other end.

\textsuperscript{44} Nuisance calls can also be called unwanted calls.
As shown in Figure 139, four in five (80%) GB adults who have experienced silent calls on a fixed phone in the past six months claim to receive more than one a month. One in three (33%) of those who claim to have received them state that they receive between two and five silent calls per month and just under one in five (19%) say they get between six and ten per month. Twenty-eight per cent of those who receive silent calls say they receive more than 11 per month, of which 14% claim to receive over 21 silent calls per month.

Consumers who had received more than one silent call in a month were asked how frequently the calls were received (Figure 140). The majority of silent calls are spread over the month (70%), although one in five (20%) of those who receive silent calls experience them in the same week.
Among those who had experienced more than one call in a month, 29% said they had received two or more calls from the same number over a 24-hour period. However, just under half (46%) say they had never checked, indicating that this figure could be higher.

Our research also identified that silent calls are regarded as an inconvenience and a cause for concern by consumers: just over one third (35%) of consumers who have received silent calls in the past six months say they are very concerned about them, with indications that older consumers are more likely than younger consumers to be concerned about these calls. Over half of older receivers of silent calls (55%) say that they are very inconvenient.

As with fixed-line, this year we asked respondents if they had experienced silent calls on their mobile phone in the past six months. Twelve per cent of mobile phone users claimed they had experienced this (up from 4% a year ago), with ABs the most likely to claim to receive them (18%).

It is not just silent calls that are an issue for consumers; live and recorded calls are also a problem.

**Marketing calls**

The chart below (Figure 141) illustrates the profile of adults with a fixed line who have received live marketing calls on their fixed line phone in the past six months.

Just over seven in ten (71%) say have they received live marketing calls on their fixed-line phone in the past six months. Those aged between 16-34 (56%) are less likely than older consumers to have received these calls; four in five (80%) of people aged between 65 and 74 say that they receive these types of calls.

Base: All experiencing 2+ silent calls on fixed line in last six months (365)
Source: Consumer concerns tracker, Kantar Media omnibus, Sept 2012
Forty-three per cent of GB adults with a mobile phone state that they have received a marketing text message on their mobile in the past six months. Consumers aged 35-44 (60%) and ABs (56%) are the most likely to have received these types of marketing text messages on their mobile phone (Figure 142).

**Figure 142** Distribution of those who have received a marketing text message on their mobile phone in the last 6 months

Base: All GB adults with mobile phone (Sept 2012, 909)
*Base size less than 100; treat as indicative only
Source: Consumer Concerns Tracker, TNS omnibus

**Recorded messages**

Just under two in three (63%) GB adults have experienced recorded messages on their fixed-line phone in the past six months (Figure 143). Of these, over three-quarters (78%) say they hang up immediately, as soon as they realise it is a recorded message. Just over one in five (22%) say they listen to at least some of the message before hanging up, including 7% who listen to the full message before hanging up.
The Telephone Preference Service (TPS) – is a service that people can register with if they do not want to be called by companies selling or promoting their products or services. Around half (48%) of all adults with either a fixed line or a mobile had heard of this service. Just over one in five (22%) of all users have registered their number with the service, dropping to 11% for 16-34s.

8.1.3 Complaints handling is one of the top five telecoms complaints - less than half of complainants are satisfied with their provider’s complaints handling

As shown in Figure 137, the level of complaints received by Ofcom that relate to providers’ complaints handling over the course of 2012 has fluctuated between around 650 and 800 each month. In October 2012 the number of complaints rose to about 900 – broadly comparable to the high point noted around the same time in 2011.

Ofcom has recently published consumer research comparing the quality of customer service being received by consumers across the communications market. The data compare customer service across the main providers in each of the fixed-line, fixed broadband, mobile and pay-TV markets. The research suggests that between 62% and 69% of customers in each of these markets perceive providers to offer a satisfactory contact experience. However, there are variations by sector, with satisfaction with customer service lower in the broadband (62%) and fixed-line (64%) sectors than the mobile (67%) and pay-TV (69%) sectors.


---

**Figure 143 Distribution of those who have received a recorded message on their fixed line phone in the last 6 months**

- **Reason for call**
  - Telling you about a product/service (e.g. debt advice, PPI claim, a cruise)
  - Telling you a company has tried to call you, but when the call was put through there was no operator available to speak to you (i.e. an abandoned call)
  - Reminder about a hospital/NHS appointment
  - Other
  - None/don’t know

- **% who listened to message**
  - 75%
  - 34%
  - 2%
  - 1%
  - 7%

- **% all with landline**
  - 10%
  - 4%
  - >1%
  - >1%
  - 1%

---

**Base:** all adults with a fixed line (Sept 2012, 877)
**Base:** all adults who have received a recorded message on their fixed line (543)
**Base:** all who listened to some/full message (130)
Consumers with complaints tend to rate their customer service experience as less satisfactory than those simply calling with an enquiry. In total, overall satisfaction among those contacting their provider with a complaint falls to between 43% and 47%, depending on the market. There are some variations between providers within markets. The full report can be found on Ofcom’s website.

Furthermore, in September 2012, 6% of GB adults said they had personally experienced difficulty resolving an issue with one of their communications service providers/suppliers in the previous six months. This represents a small but significant rise since last year, of 2 percentage points (Figure 144).

Figure 144 Whether the respondent has experienced difficulty resolving an issue with the communications provider in the past six months

Source: Ofcom consumer concerns tracking survey
Base: All adults (2009, 1101); (2010, 1084); (2011, 1063); (2012, 1033)
Note: Data for 2010 based on Q2, all other data based on Q3

8.1.4 Fixed-line mis-selling complaints are lower than 12 months ago and mobile mis-selling complaints are low in comparison

As shown in Figure 145, the proportion of complaints received by Ofcom in relation to fixed line mis-selling has remained relatively stable over the last few months (around 500 per month on average), following a period of decline between September 2011 and May 2012.

The term ‘mis-selling’ covers a range of sales and marketing activities that can work against the interests of consumers and competition, and can undermine confidence in the industry as a whole. These include:

- the provision of false and/or misleading information (for example, about potential savings, or promising offers or gifts that do not actually exist);
- applying unacceptable pressure to change provider, such as refusing to leave until the customer signs, or using threatening or otherwise intimidating behaviour; and
- ‘slamming’, an extreme form of mis-selling, where customers are simply switched from one company to another without their knowledge or consent. Forms of slamming can include, for example, passing off (i.e. where representatives claim to represent a different
company to the one they are actually working for), and customers being told they are merely signing for information and then being switched to another provider.

Again, as shown above, a large proportion of complaints to Ofcom about mis-selling relate to fixed-line services – although these are at a lower level than in October 2011, at around 500 per month. Mis-selling complaints in the mobile market fluctuated between 200-300 per month between October 2011 and October 2012.

Data reporting the volume of fixed-line telecommunications mis-selling and slamming complaints (comprising CPS/WLR and full LLU\(^{47}\)) received by Ofcom each month is not available this year. Unfortunately, due to current industry reporting problems, which have reduced the overall reliability of these reports, we are unable to publish these data. We are working on rectifying this and hope to reintroduce these charts next year.

**Figure 145  Monthly complaints received by CCT regarding mis-selling**

Source: Ofcom, CCT data

**Mobile mis-selling complaints remain broadly unchanged but higher than in 2009**

The following chart illustrates the volumes of mis-selling complaints in the mobile market (Figure 146). Between 2009 and October 2012 there has been an increase in the average number of complaints about mobile mis-selling, from around 150 in 2009 to about 234 in October 2012, although there is some fluctuation between months. On average, complaints volumes are broadly comparable to those reported in 2011, but higher than in 2009.

The levels of complaints about cashback schemes are relatively stable, with an average of between ten and 20 complaints per month. Complaints peaked in January 2011 and then dropped back to the lower level.

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\(^{47}\) ‘CPS’ refers to carrier pre-selection; ‘WLR’, to wholesale line rental, and LLU refers to Local loop unbundling. See glossary for full description of these terms
8.1.5 Broadcasting complaints to Ofcom focus on content standards

Broadcasting complaints are few in comparison to the level of complaints received by Ofcom relating to telecoms, but have been at a similar level to spectrum complaints at points during the past year.

Over the course of 2012 the Standards team received between 1,000 and 2,000 complaints each month about the content of programmes. Complaints about radio programming have remained at a low level throughout 2012. In October 2012 there were 2,556 broadcasting complaints, of which 2,489 were about television and 54 were about radio (Figure 147).
The level of broadcasting complaints increased between November 2011 and January 2012 due to complaints about *The Wright Stuff* (Channel 5), *The One Show* (BBC 1) and *True Stories: Gypsy Blood* (Channel 4). There was also small rises in June and July 2012 largely due to complaints about *Big Brother* (Channel 5) and in October 2012 due to complaints about *The X Factor Results Show* (ITV1). Figure 148 shows the most complained about TV programmes between September 2011 and October 2012.

### Figure 147  Numbers of broadcasting complaints received by Ofcom, 2011-2012

![Graph showing broadcasting complaints from 2011 to 2012](image)

Source: Ofcom, Standards data

### Figure 148  Top programmes complained about, September 2011 - October 2012

<table>
<thead>
<tr>
<th>Month of broadcast</th>
<th>Top programmes complained about (over 100 complaints in a month)</th>
<th>number of complaints in a month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oct-11</td>
<td>X Factor</td>
<td>112</td>
</tr>
<tr>
<td>Oct-11</td>
<td>X Factor Result Show</td>
<td>111</td>
</tr>
<tr>
<td>Nov-11</td>
<td>The One Show</td>
<td>800</td>
</tr>
<tr>
<td>Dec-11</td>
<td>Black Mirror: The National Anthem</td>
<td>168</td>
</tr>
<tr>
<td>Dec-11</td>
<td>The Wright Stuff</td>
<td>2,358</td>
</tr>
<tr>
<td>Jan-12</td>
<td>True Stories: Gypsy Blood</td>
<td>505</td>
</tr>
<tr>
<td>Apr-12</td>
<td>Nizam e Mustafa</td>
<td>171</td>
</tr>
<tr>
<td>Apr-12</td>
<td>Keith Lemon's LemonAid</td>
<td>247</td>
</tr>
<tr>
<td>May-12</td>
<td>This Morning</td>
<td>134</td>
</tr>
<tr>
<td>Jun-12</td>
<td>Big Brother</td>
<td>1,138</td>
</tr>
</tbody>
</table>
Figure 149 below lists the most complained about television programmes between September 2011 and October 2012. *The Wright Stuff* (11%) and *Big Brother* (10%) were the two television programmes that received the highest number of complaints.

As there were no radio programmes which received more than three individual complaints during the timeframe specified, they have not been shown in the chart below.

<table>
<thead>
<tr>
<th>Month</th>
<th>Programme</th>
<th>Complaints</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jun-12</td>
<td>Big Brother</td>
<td>129</td>
</tr>
<tr>
<td>Jul-12</td>
<td>Big Brother's Bit on the Side</td>
<td>162</td>
</tr>
<tr>
<td>Jul-12</td>
<td>Live: The Silent Ascent</td>
<td>362</td>
</tr>
<tr>
<td>Jul-12</td>
<td>Big Brother</td>
<td>302</td>
</tr>
<tr>
<td>Jul-12</td>
<td>Beas Protest</td>
<td>143</td>
</tr>
<tr>
<td>Aug-12</td>
<td>Big Brother</td>
<td>106</td>
</tr>
<tr>
<td>Aug-12</td>
<td>Citizen Khan</td>
<td>169</td>
</tr>
<tr>
<td>Aug-12</td>
<td>Islam: The Untold Story</td>
<td>286</td>
</tr>
<tr>
<td>Oct-12</td>
<td>Sky News</td>
<td>309</td>
</tr>
<tr>
<td>Oct-12</td>
<td>The X Factor Results Show</td>
<td>1,342</td>
</tr>
</tbody>
</table>

Source: Ofcom, Standards data
Figure 149  Most-mentioned complaints to Ofcom\(^{48}\)

<table>
<thead>
<tr>
<th>Television</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>The Wright Stuff</td>
<td>11%</td>
</tr>
<tr>
<td>Big Brother</td>
<td>10%</td>
</tr>
<tr>
<td>The X Factor Results Show</td>
<td>8%</td>
</tr>
<tr>
<td>The One Show</td>
<td>5%</td>
</tr>
<tr>
<td>The X Factor</td>
<td>4%</td>
</tr>
<tr>
<td>True Stories: Gypsy Blood</td>
<td>2%</td>
</tr>
<tr>
<td>Sky News</td>
<td>2%</td>
</tr>
<tr>
<td>Live: The Silent Ascent</td>
<td>2%</td>
</tr>
<tr>
<td>This Morning</td>
<td>2%</td>
</tr>
<tr>
<td>Other (less than 1%)</td>
<td>55%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Telecoms</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Silent Calls</td>
<td>25%</td>
</tr>
<tr>
<td>Complaints Handling</td>
<td>13%</td>
</tr>
<tr>
<td>Mis-selling (Fixed Line)</td>
<td>5%</td>
</tr>
<tr>
<td>Additional Charges - ETC Breakdown (Consumer)</td>
<td>3%</td>
</tr>
<tr>
<td>Migration</td>
<td>3%</td>
</tr>
<tr>
<td>Mis-selling (Mobile)</td>
<td>3%</td>
</tr>
<tr>
<td>Charged for cancelled service</td>
<td>2%</td>
</tr>
<tr>
<td>Mis-selling (Bundled Services)</td>
<td>2%</td>
</tr>
<tr>
<td>Others (1% or less)</td>
<td>44%</td>
</tr>
</tbody>
</table>

Source: Ofcom, CCT and Standards data September 2011 to October 2012

As shown in Figure 149, in addition to the five complaints in telecoms discussed above, complaints about additional charges and broadband migration also appear in the list of most-mentioned complaints to Ofcom. These two additional issues are discussed in more detail below.

The relatively high level of ‘other’ issues (each mentioned by less than 1% of consumers) highlights the wide variety of issues that consumers complain about within the communications market.

\(^{48}\) ETC (early termination charges)
Complaints about additional charges declined year on year and stand at around 100 per month – dominated by complaints about early termination charges

As shown above (Figure 149), 3% of consumer contacts mentioned additional charges. These are charges that consumers may face from their communications supplier, over and above those which they already pay for the service. These charges can be due to a number of factors, including not paying by direct debit, late payment of bills, having a service restored following a restricted or suspended service following late payment, and early termination charges.

Consumers potentially suffer financial harm if such charges are unclear, or they do not take the charges into account when choosing their communications provider, and as a result do not make the best choice. In addition, competitive pressures may not act to reduce these charges, which can then be set significantly above cost, and consumers who are not aware of them cannot take measures to avoid them.

Some consumers are potentially more at risk from incurring additional charges; for instance, those who do not have a bank account and so cannot pay by direct debit.

Figure 150 illustrates the trend in the volume of complaints that Ofcom’s Consumer Contact Team has received about additional charges, across all communications services.

Complaints about additional charges have declined year on year, and are currently at just over 100 per month. Early termination charges (ETC) continue to account for the majority of these complaints.

![Figure 150 Complaints about additional charges](image)

Source: Ofcom, CCT data

8.1.6 Complaints about MAC codes declined and stood at under 100 for most of 2012, while Tag online complaints are low in comparison

When consumers wish to change their broadband supplier they often encounter two areas of difficulty. The first relates to requests for a migration authorisation code (MAC) to switch supplier. A MAC is a unique code that a customer must give to his or her new broadband
service provider, to allow the service to be transferred smoothly from the existing service provider.

The second is the existence of a ‘tag’ on the line. A broadband supplier puts an ‘electronic tag’ on a telephone line to flag the fact that they are the supplier to a particular household. The tag must be removed before the new supplier can begin service.

Since the beginning of 2007 there has been a decrease in the number of complaints to Ofcom about broadband migration in general. This reduction is likely to be due to:

- Ofcom’s broadband migration rules. The rules require suppliers to provide a MAC on request as well as to make sure that tags and other operational issues do not hinder customers’ ability to switch;

- The work of the Office of the Telecoms Adjudicator (OTA) which is working with industry to improve the migration process.

The following charts illustrate the trend in the volumes of complaints relating to MAC and tag-on-line.

Since Ofcom introduced the broadband migration rules in February 2007 there has been a significant decrease in the volume of customers complaining about difficulties in obtaining a MAC code, or an ISP refusing them a code, or complaints about the cost of getting a MAC code (Figure 151). A downward trend in complaints began in April 2008, and continued until May 2010. Between May 2010 and July 2011 we saw a general rise in complaints regarding MACs, but since September 2010 the number of complaints have fallen and in October 2012 there were 100 complaints. We will continue to monitor complaints in this area.

Figure 151  Monthly complaints specifically about MAC codes received by CCT

![Total CCT MAC Complaints](chart)

Source: Ofcom, CCT data
Tags are essentially a symptom of process deficiencies which result in the customer being prevented from setting up a broadband service, and there is currently no ‘quick fix’ for this problem. In practice, it will require sustained industry effort and leadership over several months to regulate fully. The Office of the Telecoms Adjudicator (OTA) is working to diminish tags. Complaints about tag-on-line have continued their steady decline throughout 2011 and 2012; in October 2012 Ofcom received a total of 43 complaints relating to tags (Figure 152).

Figure 152 Monthly complaints about tag-on-line (TAG) received by CCT

8.2 Experience of particular problems in the communications markets

The following section is based on consumer research designed to understand how many GB adults have personally experienced particular issues in each of the communications markets in the past six months, regardless of whether they have complained about it.

Respondents were read a list of known problems relating to each of the communications markets and asked whether they had experienced each issue in the past six months. Respondents had to be a consumer in each specific market to be asked the question. In the fixed line market the questions were focused on their experience of silent calls; the findings are detailed above.

For the first time this year the research asked about experience of children overriding age controls and being able to access adult content on their mobile phone. One per cent of adults claim to have experienced this in the past six months.

49 Previously data from the BT Wholesale helpdesk were reported, but this ceased to act as a consumer support facility earlier this year, and Ofcom now reports on complaints to its Contact Team (CCT).
8.2.1 Broadband speeds remain slower than expected for three in ten internet customers

As in previous years, Figure 153 shows that the most commonly-experienced issue in the internet market is the broadband speed being slower than expected; 29% of internet users experience this. This compares to 30% in 2011 and 35% in 2010 and 2009. See Ofcom’s Broadband Speeds Report\(^{50}\) for further detail.

All other prompted issues remain relatively stable at between 2-3%.

Figure 153 Whether the respondent has experienced a issue in the internet market in the past six months

Source: Ofcom consumer concerns tracking survey
Base: All adults with internet (2009, 702); (2010, 708); (2011, 759); (2012, 771)
Note: Data for 2010 based on Q2, all other data based on Q3

8.2.2 The proportion experiencing poor radio reception remains at half the level of 2009-10

As Figure 154 illustrates, poor reception on television (15%) continues to be the most common issue experienced in the broadcasting sector in the past six months. As in previous years, poor radio reception remains the second most common issue (6%), although this is at half the level reported in 2009 (11%). The remaining issue continuing to have low levels of incidence (1% or less).

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\(^{50}\) http://stakeholders.ofcom.org.uk/binaries/research/broadband-research/may2012/Fixed_bb_speeds_May_2012.pdf
8.2.3 Rising proportions experiencing issue with security/access to personal information

Consumers were also questioned about general issues that they might have experienced in the communications market in the past six months, Figure 155.

Six per cent of consumers stated they had difficulty resolving an issue with one of their communications service providers/ suppliers. Consumer experience of issues with security/access to personal information has significantly increased since 2011 (5%). Experience of being a victim of people making transactions using someone else’s bank details has remain unchanged in 2012 (4%).
8.3 Making a complaint

8.3.1 Consumers are more likely to report ‘cause to complain’ with the internet and postal service

Figure 156 shows that the percentage of consumers who feel that they have cause to complain are highest for post and internet services (10%). At an overall level, consumers in the internet market are the most likely to say they have made a complaint about their service.

The conversion from consumers feeling they have cause to complain to actually making a complaint is lowest for post, at 60% (4% of those with cause to complain about post), compared to 75% for fixed lines and 82% for mobile and broadband services.

Figure 156 Percentage of consumers who have had cause to complain in the past 12 months

Source: Ofcom communications tracking survey
Base: All adults 16+ (Q2 2012, 2893)
*Postal tracking survey Base: All adults (Q3 2012, 1232)

8.3.2 Cause to complain in the mobile market is largely driven by smartphone users – mentions of poor service, coverage or disruption

Younger fixed-line customers (16-34) were less likely to say that they had had cause to complain (3% vs. 7% for all other age groups). Those in socio-economic group AB were also more likely than average to say that they had had reason to complain (9%) compared to 5% for the DE group. The most common issue raised was disruption to service (42%).

In the mobile market those over the age of 55 were the least likely to feel they had cause to complain, at 2% compared to 7% for the 16-34s. This difference by age may be related to 16-34 year olds’ more frequent mobile use and their greater range of voice and data activities than older consumers. The most common issues raised were poor-quality service (25%), poor coverage (25%) and disruption to service (24%).

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Data from previous waves are not directly comparable due to change in questionnaire design which may have impacted results.
Consumers with monthly contracts, and smartphone users, were more likely to have felt they had cause to complain (6% and 7% respectively, compared to 3% among pre-pay customers and non-smartphone users).

In the internet market, 35-54s were the most likely to feel that they had cause for complaint (13%). The most common issue raised was disruption of service (50%), and 18% thought speed was an issue. Men were more likely than women to complain (87% vs. 77%).

### 8.3.3 Four in ten experienced problems with post, mis-delivered post being the main issue

In total, 44% of adults claimed to have had a problem with the postal service in the past 12 months (Figure 157). By far the biggest issue cited by postal users was mis-delivered post (70% of those with a problem) followed by delayed mail (41%), damaged mail (41%) and lost mail (34%).

![Figure 157 Problems with the Postal service in the last 12 months](image)

Source: Ofcom residential consumer postal tracker Q3 2012, Base: All respondents = 1232

The most likely to complain were ABC1s (8%) and those aged between 35 and 54 years old (9%).
Figure 158  Percentage of people experiencing problems with post and then going on to complain by demographic group

This equates to 14% of those who have experienced a problem

% Experiencing Problem  % That made a complaint

Source: Ofcom residential consumer postal tracker Q3 2012
Base: All respondents = 1232
Annex 1

Research methodologies

**Ofcom communications tracking survey**

**Methodology**  
Continuous face-to-face survey

**Core objective**  
To provide Ofcom with continued understanding of consumer behaviour in the UK communications markets, to help monitor changes and assess the degree and success of competition.

**Sample size**  
2000+ per quarter

**Fieldwork period**  
Q1 2012 (January, February, March), Q2 2012 (May, June, July)

**Sample definition**  
UK adults aged 16+, reflective of the UK profile by sex, age, socio-economic group, region, employment status, cabled/non-cabled areas, rural/urban areas and levels of deprivation.

**Weighting**  
Where necessary, the data have been weighted to ensure they are representative of the UK adult population.

**Ofcom consumer concerns tracking survey**

**Methodology**  
Ad hoc face-to-face survey

**Core objective**  
Monitoring consumers concerns in the communications markets. Tracking levels and types of concerns.

**Sample size**  
1000 per wave

**Fieldwork period**  
September 2009, June 2010, September 2011, September 2012

**Sample definition**  
GB adults aged 16+, reflective of the GB profile by sex, age, socio-economic group, region, employment status.

**Weighting**  
Where necessary, the data have been weighted to ensure they are representative of the GB adult population.

**Ofcom switching tracking survey**

**Methodology**  
Telephone survey to mobile and landline phones

**Core objectives**  
To explore the fixed line, mobile, internet/broadband markets, and multi-channel TV recognising that with increased convergence bundled purchasing may affect consumers’ decision-making.

To monitor levels of participation in terms of switching and
keeping an eye on the communications markets.

To monitor levels of supplier awareness and satisfaction by demographic groups to understand whether some groups are more vulnerable than others.

**Sample size**

2012: 1636 fixed-line decision-makers, 1714 mobile decision-makers, 1341 fixed broadband decision-makers, 1483 digital TV decision makers

**Fieldwork period**


**Sample definition**

Representative sample of UK adults aged 16+, reflecting the UK profile of sex, age, socio-economic group, region, employment status, cabled/non cabled areas, rural/urban areas and levels of deprivation.

**Weighting**

Data have been weighted to ensure the sample is representative of the UK adult population

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**Ofcom residential consumer postal tracking survey**

**Methodology**

Quantitative face-to-face, pen and paper. Average interview length of 30 minutes with UK adults who personally send and/or receive items through the post

**Core objectives**

To provide trend data that enables us to monitor the industry over time.

To collect data that enables comparisons to be made with historic data collected by Postcomm and other surveys in communications markets by Ofcom.

The topic areas covered in this summary include:

- The use of postal services
- Volumes and types of post sent and received
- Communication methods used instead of post
- Awareness of postal services providers
- Postal spend, cost awareness and perceived value for money of post
- Experience of problems with postal services
- Overall satisfaction with postal services and with elements of postal services
Sample size 400 UK adults per month rolling monthly interviews throughout the year rolled into quarterly waves of approximately 1200. 1232 interviewed completed in Wave 1. Total per year circa 4900.

Fieldwork period Wave 1 (Q3 2012 ) fieldwork July- September 2012

Sample definition Representative sample of UK adults aged 16+, reflecting the UK profile of sex, age, socio-economic group, region, employment status, cabled/non cabled areas, rural/urban areas and levels of deprivation.

Quotas set for each of the 98 sampling points across the UK to match Census information for that area for age, gender and socio-economic group.

Weighting Data have been weighted to ensure the sample is representative of the UK adult population Significant weighting applied to the data by geography to be representative of all UK adults - to take account of the coverage of remote rural locations, off-shore islands and areas East and West of the River Bann in Northern Ireland.

British Population Survey (BPS)

Methodology Continuous face-to-face survey

Core objective The British Population Survey (BPS) is a third-party product which includes data on access to telecommunications and broadcast devices and services.

Sample size 6000 to 8000 per month

Fieldwork period Mid – July to mid-October 2012

Sample definition GB adults aged 15+, reflective of the GB profile by sex, age, socio-economic group, region, employment status,

Weighting Data has been analysed unweighted as proportion and profile of disabled people within the GB population.
Annex 2

Glossary of terms and definitions

2G Second generation of mobile telephony systems. Uses digital transmission to support voice, low speed data communications, and short messaging services.

3G Third generation of mobile systems. Provides high-speed data transmission and supports multi-media applications such as video, audio and internet access, alongside conventional voice services.

4G Fourth generation of mobile systems. It is designed to provide faster data download and upload speeds on mobile networks.

ADSL Asymmetric digital subscriber line. A digital technology that allows the use of a standard telephone line to provide high speed data communications. Allows higher speeds in one direction (towards the customer) than the other.

Bandwidth Measure of maximum capacity of a data link in a telecommunications network. Usually expressed in Kbit/s or Mbit/s.

Broadband A service or connection that is capable of supporting always-on services which provide the end-user with high data transfer speeds. A large-capacity service or connection that allows a considerable amount of information to be conveyed - often used for transmitting bulk data or video or for rapid Internet access.

Bundling (or multi-play) A marketing term describing the packaging together of different communications services by organisations that traditionally only offered one or two of those services.

Cancel Other Industry term for a customer’s current provider cancelling the request from a new supplier to switch their customer account, due to the customer being slammed.

CCT Consumer Contact Team (previously known as the Ofcom Advisory Team).

Communications Act Communications Act 2003, which came into force in July 2003.

Complaints code of practice Document required of all communications providers that is easily accessible to consumers and sets out the correct procedures for consumers to follow should they need to make a complaint.

Connection speed The rate information can be transferred from the Internet to a computer. Dependent on the type of connection, i.e. modem, cable, DSL, etc.

CP Communications provider. A person or company providing an electronic communications network or providing an electronic communications service.

CPS Carrier pre-selection. The facility offered to customers which allows them to opt for certain defined classes of call to be carried by an operator selected in advance (and having a contract with the customer) without having to dial a routing prefix, use a dialler box, or follow any other different procedure to invoke such routing.

52 These are not binding or statutory definitions but are written in broad layman’s terms to aid the reader. More comprehensive definitions are in other Ofcom or legislative documents.
**DAB** Digital audio broadcasting. A set of internationally accepted standards for the technology by which terrestrial Digital Radio multiplex services are broadcast in the UK.

**DCMS** Department for Culture, Media and Sport

**DSL** Digital subscriber line. A family of technologies generally referred to as DSL, or xDSL, capable of transforming ordinary phone lines (also known as 'twisted copper pairs') into high-speed digital lines, capable of supporting advanced services such as fast internet access and video-on-demand. ADSL, HDSL (high data rate digital subscriber line) and VDSL (very high data rate digital subscriber line) are all variants of xDSL.

**DSO** Digital switchover. The process of switching over the current analogue television broadcasting system to digital, as well as ensuring that people have adapted or upgraded their televisions and recording equipment to receive digital TV.

**DTT** Digital terrestrial television. Currently most commonly delivered through the Freeview service.

**EPG** An electronic programme guide allows consumers to navigate through, search, and select services on digital television.

**ETC** Early termination charges. A charge for consumers who terminate their contract before the end of any Minimum Contract Period (or Subsequent Minimum Contract Period).

**Free to Air** Television service which can be received in a given area without charge to the viewer. Some free-to-air services may be broadcast in scrambled form in order to limit access to viewers in a specific geographic area. Other free-to-air services may be broadcast in the clear – i.e. unscrambled.

**Freeview** Free digital service giving access to over 30 TV channels, over 20 radio stations plus interactive services.

**GI (Geographic Interleave) spectrum** Capacity available within the spectrum that will be used after DSO to carry the six existing DTT multiplexes. The interleaved spectrum is so called because it can be used at a local level on a shared – or interleaved – basis with the DTT multiplexes.

**Internet** A global network of networks, using a common set of standards (e.g. the Internet Protocol), accessed by users with a computer via a service provider.

**Involuntary non-ownership** Where potential consumers are without access to a service but not through choice.

**IP (internet protocol)** The packet data protocol used for routing and carrying messages across the internet and similar networks.

**IPTV** Internet protocol television. The term used for television and/or video signals that are delivered to subscribers or viewers using internet protocol (IP), the technology that is also used to access the internet. Typically used in the context of streamed linear and on-demand content, but also sometimes for downloaded video clips.

**ISP** Internet service provider. A provider of access to the internet.

**Kbit/s** Kilo-bits per second (1,000 bits per second). A unit of measurement of data transmission speed.
LLU Local Loop Unbundling. Process where incumbent operators (in the UK this is BT and KCOM) make their local network (the lines that run from the customers' premises to the telephone exchange) available to other communications providers. The process requires the competitor to deploy its own equipment in the incumbent’s local exchange and to establish a backhaul connection between this equipment and its core network.

Local Loop Access network connection between the customer’s premises and the local PSTN exchange, usually a loop comprised by two copper wires twisted together.

LTE Long Term Evolution. This is a 4G technology which is designed to provide faster upload and downloads speeds for data on mobile networks.

Mbit/s Mega-bits per second (1,000,000 bits per second). A unit of measurement of data transmission speed.

Micro-payment Electronic payment method for small transactions.

Mis-selling A term that covers a range of sales and marketing activities that can work against the interests of both consumers and competition and can undermine confidence in the industry as a whole.

MMS Multimedia messaging service. The next generation of mobile messaging services, adding photos, pictures and audio to text messages.

MNO Mobile network operator, a provider who owns a cellular mobile network.

Mobile Broadband Various types of wireless, high speed internet access through a mobile telephone or a mobile data dongle.

Mobile termination The charge operators which originate calls have to pay to mobile operators to deliver calls to their mobile customers.

Multichannel In the UK, this refers to the provision or receipt of television services other than the main five channels (BBC One & Two, ITV1, Channel 4/S4C, Five) plus local analogue services. 'Multichannel homes' comprise all those with digital terrestrial TV, satellite TV, digital cable or analogue cable, or TV over broadband. Also used as a noun to refer to a channel only available on digital platforms (or analogue cable).

Multiplex A device that sends multiple signals or streams of information on a carrier at the same time in the form of a single, complex signal. The separate signals are then recovered at the receiving end.

MVNO Mobile virtual network operator. An organisation which provides mobile telephony services to its customers, but does not have allocation of spectrum or its own wireless network and instead, buys a wholesale service from a mobile network operator.

Narrowband A service or connection providing data speeds up to 128Kbit/s, for example via an analogue telephone line.

Net neutrality The principle that all traffic on the internet should be treated equally, regardless of content, site or platform.

Next generation access networks (NGA) New or upgraded access networks that will allow substantial improvements in broadband speeds and quality of service compared to today's
services. This can be based on a number of technologies including cable, fixed wireless and mobile. Most often used to refer to networks using fibre optic technology.

**Not-spot** An area which is not covered by any mobile networks.

**Omnibus** Quantitative market research survey carrying questions on different topics.

**Openreach** The access division of BT which provides equivalent inputs to services provided in downstream markets by other divisions of BT and other network and service providers.

**PC** Personal computer.

**Platform** The device on which a technology runs.

**Postcode** The geographic area identified by letters and numbers which appears as the first part of a post code, e.g. SW8.

**Postal Services Act** Postal Services Act 2011, which came into force in October 2011.

**PRS** Premium rate service. Services including recorded information and live conversation run by independent service providers. All calls to these companies are charged at a higher rate than ordinary calls to cover the companies' costs in providing the content of the call and the operator's cost for the special network facilities needed.

**PSTN** Public switched telephone network. The network that manages circuit switched fixed-line telephone systems (e.g. BT’s current copper telephone network).

**Silent call** Telephone call generated by a dialler which does not have an agent immediately available to handle the call.

**SIM-only** A mobile contract that is sold without a handset.

**Slamming** Unauthorised switching of a customer's phone service to another carrier.

**Smartphone** A mobile phone that offers more advanced computing ability and connectivity than a contemporary basic 'feature' phone.

**SMS** Short messaging service.

**Socio-economic Group (SEG)** A social classification, classifying the population into social grades, usually on the basis of the Market Research Society occupational groupings (MRS, 1991). The groups are defined as follows.

**A.** Professionals such as doctors, solicitors or dentists, chartered people like architects; fully qualified people with a large degree of responsibility such as senior civil servants, senior business executives and high ranking grades within the armed forces. Retired people, previously grade A, and their widows.

**B.** People with very senior jobs such as university lecturers, heads of local government departments, middle management in business organisations, bank managers, police inspectors, and upper grades in the armed forces.

**C1.** All others doing non-manual jobs, including nurses, technicians, pharmacists, salesmen, publicans, clerical workers, police sergeants and middle ranks of the armed forces.
C2. Skilled manual workers, foremen, manual workers with special qualifications such as lorry drivers, security officers and lower grades of the armed forces.

D. Semi-skilled and unskilled manual workers, including labourers and those serving apprenticeships. Machine minders, farm labourers, lab assistants and postmen.

E. Those on the lowest levels of subsistence including all those dependent upon the state long-term. Casual workers, and those without a regular income.

**Tariff** Schedule of rates and charges for a service.

**UHF** Ultra-High Frequency. The frequency range from 300 MHz to 1 GHz.

**Unbundle** See LLU.

**Usage cap** Monthly limits on the amount of data users can download, imposed by fixed and mobile operators for some of their packages.

**USO** Universal service obligation. The set of universal services that universal service providers are required to supply.

**VoIP** Voice over Internet Protocol. A technology that allows users to send calls using internet protocol, using either the public internet or private IP networks.

**Voluntary non-ownership** Where potential consumers are without access to services, primarily due to a perceived lack of need for a service or satisfaction with using alternative methods.

**VULA** Virtual unbundled local access provides a connection from the nearest ‘local’ aggregation point to the customer premise.

**WiMAX** A wireless MAN (metropolitan area network) technology, based on the 802.16 standard. It can be used for both fixed and mobile data applications.

**WLR** Wholesale line rental. A regulatory instrument requiring the operator of local access lines to make this service available to competing providers at a wholesale price so those other providers can offer services to retail customers using those lines.
Annex 3

Measuring participation in communications markets

The metric is created using measures of past and present participation behaviour.

**Past behaviour** – whether consumers have switched or considered switching, whether they have made a change to an existing contract – e.g. negotiated a better deal with their current supplier.

**Present behaviour** – whether they keep informed about developments, or ‘keep an eye out’ for better deals on the market.

Consumer segments:

1. **Inactive consumers** – consumers may have had some past involvement, but have low interest in the market. This group does not keep up to date with the market.

2. **Passive consumers** – more likely than inactive consumers to have participated in the past, and indicate some current interest in the market.

3. **Interested consumers** – while broadly similar to passive consumers in terms of their past behaviour, they are more likely to keep an eye on the market, looking out for better deals.

4. **Engaged consumers** – the most active group in terms of past behaviour and current interest.