



# The Communications Market 2012

## **4 Internet and web-based content**

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# 4.1 Key market developments in internet and web-based content

## 4.1.1 Introduction

Figure 4.1 UK internet and web-based content market: key statistics

UK internet and web-based content market	2007	2008	2009	2010	2011	2012
<sup>1</sup> PC/laptop take-up (%)	71	72	74	76	78	79
<sup>1</sup> Internet take-up (%)	64	67	73	75	77	80
<sup>1</sup> Total broadband take-up (%)	52	58	68	71	74	76
<sup>1</sup> Fixed broadband take-up (%)	n/a	n/a	68	71	67	72
<sup>1</sup> Mobile broadband take-up (%)	n/a	n/a	12	15	17	13
<sup>1</sup> Internet on mobile-phone take-up (%)	n/a	n/a	20	21	32	39
<sup>1</sup> Social networking online take-up (%)	n/a	20	30	40	46	52
<sup>2</sup> Internet advertising expenditure (£)	2.8bn	3.4bn	3.5bn	4.1bn	4.8bn	n/a
<sup>2</sup> Mobile advertising revenue (£)	n/a	29m	38m	83m	203m	n/a

Source: <sup>1</sup>Ofcom consumer research, Q1 each year, <sup>2</sup>Internet Advertising Bureau/PwC

The internet is at the heart of how many people communicate, find information and seek entertainment. And more and more devices are becoming internet-enabled. As a result it is becoming increasingly difficult to separate the use of internet services from conventional television, radio and voice communication services – they can all be provided by the same device.

The internet allows existing forms of content, such as TV-like programming and radio, to be consumed in new ways (for example: on demand, or interactively). Other chapters in this report consider content delivered via the internet in the context of television and other audio-visual content (chapter 2) and radio and audio content (chapter 3).

The internet has also allowed new internet-only content types, and new ways of communication, to emerge: social networking sites, user-generated content, and online shopping services. This section of the report considers how these are transforming the ways in which people communicate and seek information and entertainment.

It is split into three sub-sections.

In the first section, **key market developments**, we examine two themes which are central to the transformative effect of the internet on consumer behaviour and industry structures.

- **Two in every five adults now own a smartphone.** Smartphones have been a key enabler in the rise of the mobile internet; an internet-enabled device that has changed the way consumers live their everyday lives. We examine what activities consumers use their smartphone for, and the impact on other activities and devices.

- **More revenue is generated by internet advertising than by any other sector.** The internet now accounts for 30% of advertising revenue in the UK. Internet advertising is a key source of revenue for many of the online services consumers use. We examine how revenues have changed, and the diversification of internet advertising into new devices and new forms.

The second sub-section looks at the **internet and the devices** used to access it. We explore internet access in detail; from delivery platform, through the devices used, to the user. We examine how access has changed over time, how it differs between different groups in society, and why some groups do not use the internet at all.

Finally, we provide an overview of the **consumption of web-based content** in which we examine:

- how consumers navigate to content online;
- the most popular online services and websites; and
- consumer behaviours unique to the internet, such as social networking and online shopping.

#### 4.1.2 The changing behaviours of smartphone users

##### Introduction

This section examines the increasing the range of activities people use their smartphones for and how this is affecting the same activities on other devices and in other formats. It also examines new smartphone uses, such as checking prices while out shopping, checking-in to locations, and tweeting.

##### Methodology

Ofcom commissioned an omnibus survey among a representative sample of 2057 British (GB) adults to explore the relationship between people and their mobiles – with a particular focus on the activities people use their smartphones for. The survey was run by Kantar Media as part of the TNS CAPI (computer aided personal interviewing) omnibus. Fieldwork took place between 21 March and 25 March 2012. A similar study was run in 2011 so, where relevant, we have made year-on-year comparisons.

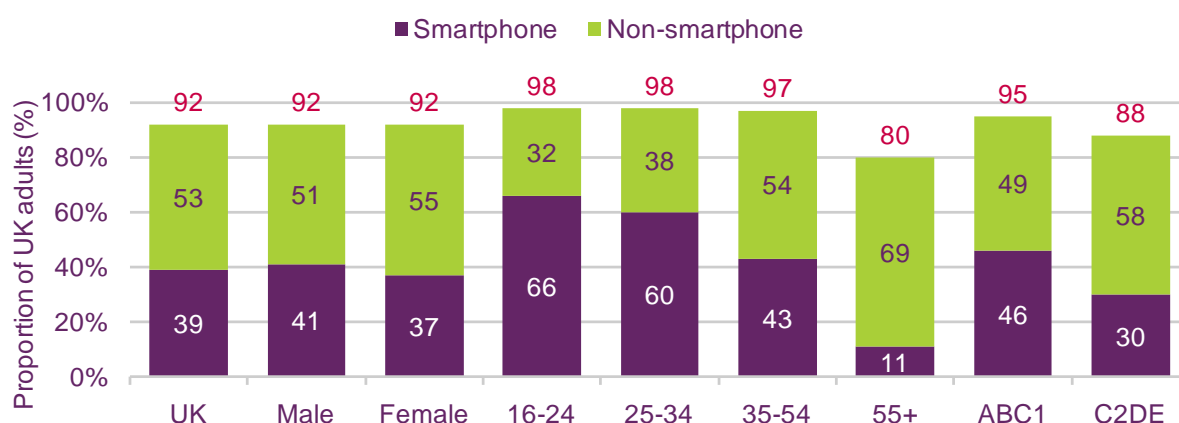
We define smartphones as being capable of a range of functions including playing audio and visual media, providing voice and data telecommunications, allowing access to emails, downloading files and applications, viewing websites and surfing the internet. The smartphone user has the ability to download multiple applications, giving each individual a unique handset offering unlimited functions developed through personal choice.

##### Two in every five UK adults now have a smartphone

Between 2011 and 2012 smartphone take-up rose from 27% to 39% of UK adults, representing 43% of mobile phone users<sup>84</sup>. Smartphone take-up is highest among younger age groups: 66% of those aged 16 to 24 and 60% of those aged 25 to 34 have a smartphone, as do 46% of the ABC1 socio-economic group.

<sup>84</sup> Note – the source of the take-up data is from the Ofcom Technology Tracker (Jan/Feb 2012), which provides a more robust base size for this data.

**Figure 4.2 Take-up of mobile phones and smartphones, UK adults**



Source: Ofcom Technology Tracker, Jan/Feb 2012

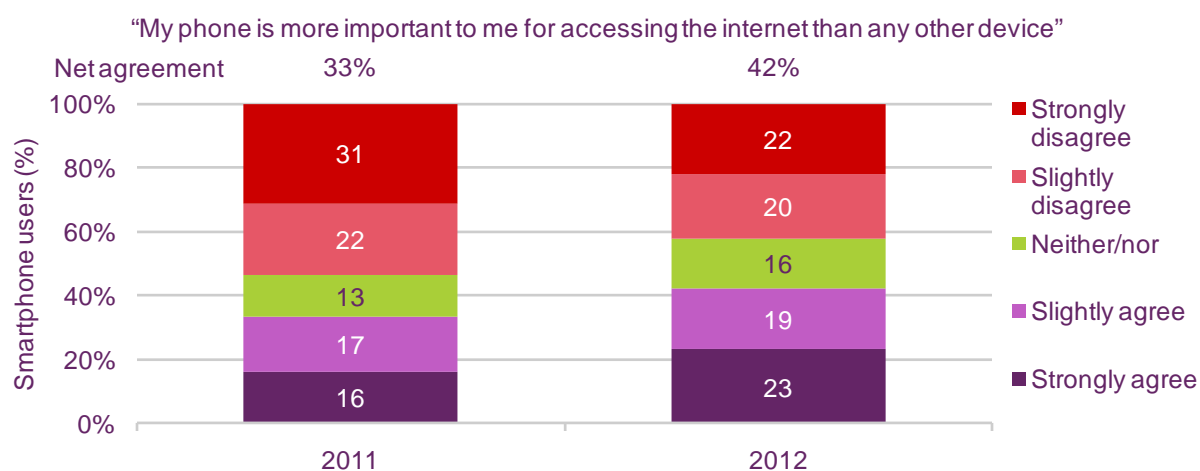
QD2. Do you personally use a mobile phone? /QD4 Do you personally use a smartphone?

Base: Total UK Adults aged 16+ (n = 3772 unweighted total)

### Smartphones are an important means of accessing the internet

More than four in ten smartphone users (42%) agree with the statement: “my phone is more important to me for accessing the internet than any other device” (Figure 4.3). Levels of agreement with this statement are highest among those aged 16 to 24 (51%) and 25 to 44 (48%). Levels of agreement have also increased over time, with 42% net agreement in 2012 compared to 33% net agreement in 2011.

**Figure 4.3 Importance of smartphones for internet access**



Source: Ofcom omnibus research, March 2012/2011

Q.13 Please tell me how much you agree or disagree with: My phone is more important to me for accessing the internet than any other device?

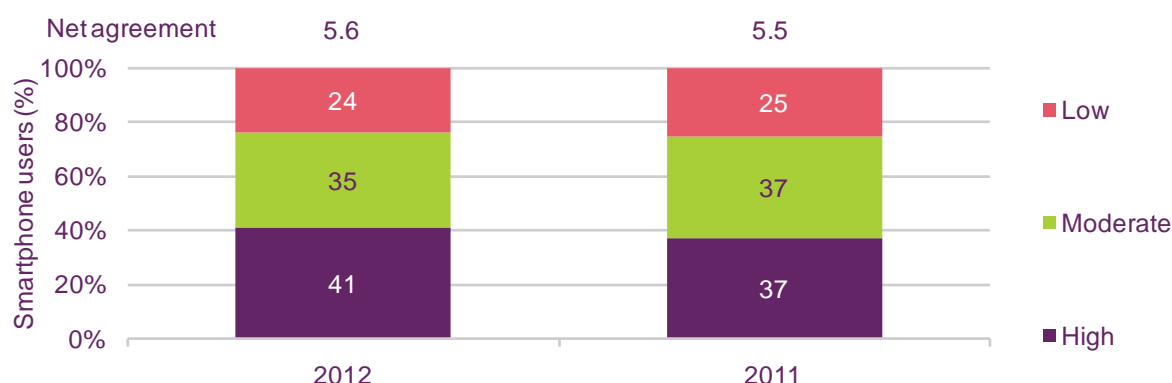
2012 Base: Total GB adults who use a smartphone (n = 654)/ Total 2011 GB adults who use a smartphone (n = 474).

### Smartphone users are highly dependent on their phone

Respondents were asked on a scale of 1 to 10 how addicted they are to their mobile phones, with 10 representing “completely addicted” to 1 “not at all addicted”. Just over four in ten (41%) smartphone users indicated high levels of addiction (7 or higher). This compares to 37% in 2011.

There are some age and gender differences among GB adults, with higher levels of phone ‘addiction’ measured among those aged 16 to 24 (41%), and among females (31%).

**Figure 4.4 Smartphone ‘addiction’**



Source: Ofcom omnibus research, March 2012/2011

Q14 Choose a number between 1 and 10, where 1 represents ‘I’m not at all addicted to my mobile phone’ and 10 represents ‘I’m completely addicted to my mobile phone’. Low is 1, 2, 3; moderate: 4, 5, 6, and high: 7, 8, 9, 10.

2012 Base: Total GB adults who use a smartphone (n = 654)/ Total 2011 GB adults who use a smartphone (n = 474).

### Smartphones are used for traditional internet activities and new internet phenomena

The top five activities or functions used regularly on a smartphone by GB adults are email (51%), internet surfing (44%), social networking (42%), taking photos/video (37%), and listening to music (35%)<sup>85</sup>. These are the same activities as recorded in the top five in the 2011 survey. Many of the activities listed have seen marginal increases since 2011 (2%-3%) with email measuring the biggest increase, up five percentage points from 46% in 2011.

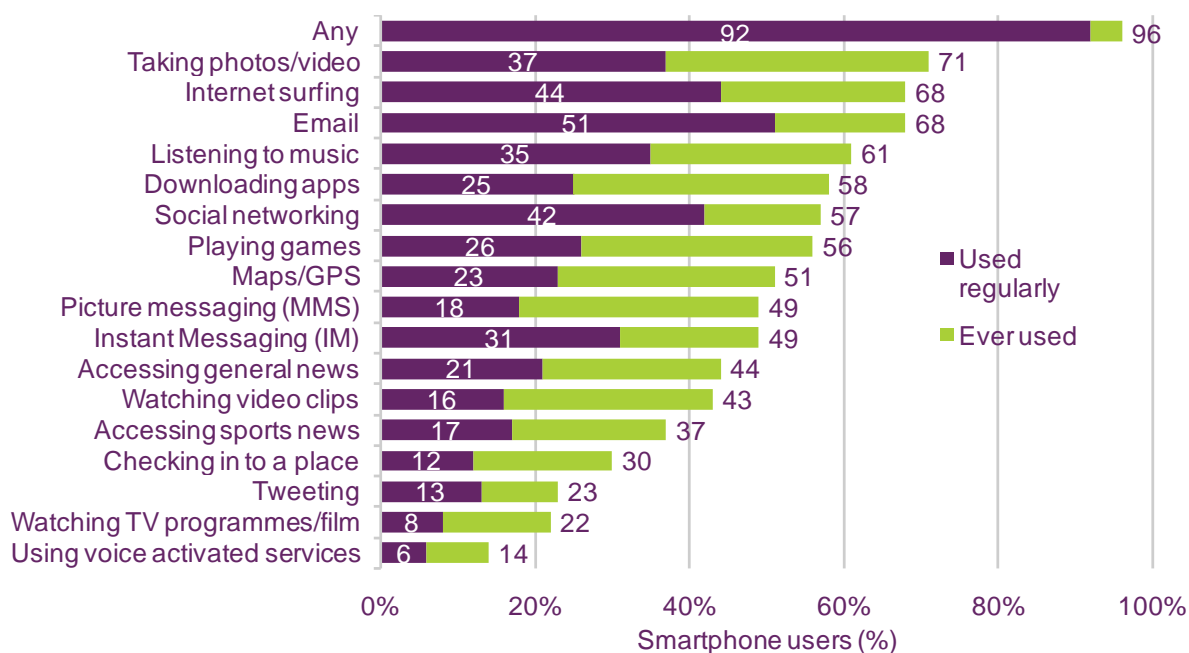
Activities or functions new to the 2012 survey are tweeting – sending a message on the social network Twitter, checking-in to a place or location on social networks such as Facebook or Foursquare, and using voice-activated services such as Apple’s Siri service on the iPhone. Thirty per cent of smartphone users claim to have checked into a location using their handset, while 12% claim to do this regularly. Nearly a quarter (23%) of smartphone users claim to have tweeted from their handset, while 13% users claim to do this regularly. The use of voice-activated services on smartphones has yet to achieve similar momentum, with the survey measuring just 6% of smartphones users regularly using this function.

Examining the profile of regular tweeters, they are more likely to be male (61% male versus 39% female), significantly more likely to be younger (41% are aged 16 to 24, and 31% aged 25 to 34), and more likely to be in a higher social-economic group (80% are classified ABC1).

Smartphone users who regularly check-in to places are significantly more likely to be female (59% female versus 41% male), younger (40% are aged 16 to 24, and 34% aged 25 to 34), and upmarket (69% are in the ABC1 social-economic group).

<sup>85</sup> Other activities conducted on a smartphone which are not specific to smartphone handsets have greater take-up among smartphone users. For example, 96% of UK smartphone users have ever sent or received an SMS message while 88% did so in the last week (Ofcom Tech Tracker, Q1 2012)

**Figure 4.5 Activities conducted on a smartphone by GB adults**



Source: Ofcom omnibus research, March 2012

Q.6 Which of the following functions or activities do you use regularly on your mobile?

Base: GB adults who use a smartphone (n = 654).

Source: Ofcom Tech Tracker Q1 2012

QD10 Which if any, of the following activities, other than making and receiving voice calls, do you use your mobile for?

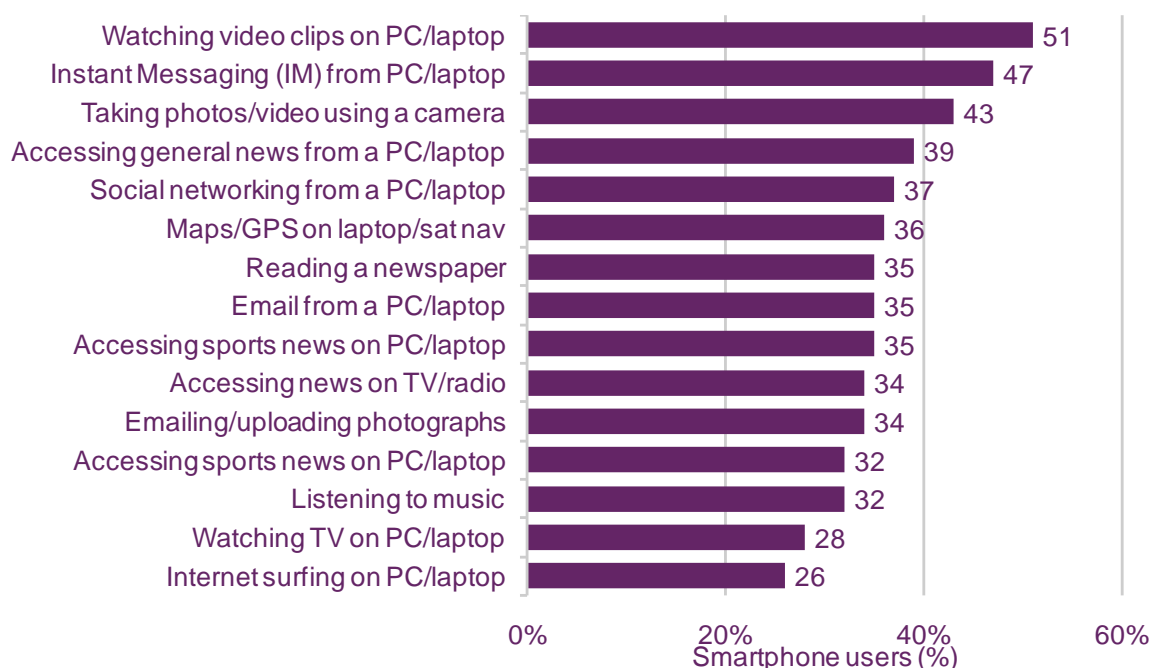
Base: UK adults who use a smartphone

### Smartphones are substituting for other devices and media formats

The activities that smartphone users claim their handset is substituting for most are: watching video clips on a PC or laptop (51%), instant messaging from a PC or laptop (47%), taking photos with a camera (43%), accessing general news from a PC or laptop (39%) and social networking from a PC or laptop (37%) (Figure 4.6). The strongest substitution appears to be for PCs and laptops, for some communications and short-form content consumption, while the substitution of smartphones for cameras is consistent with the trend towards higher-quality digital cameras being built into handsets.

But significant numbers of people say that they are still doing the same amount of activities on other devices since getting their smartphones. Around half of smartphone users still access news on TV/radio (50%), surf the internet on a PC/laptop (49%) and listen to music (42%) just as much as before getting their smartphone. Significant numbers of smartphone users also say they email from a PC/laptop (43%), access general news from a PC/laptop (45%), read a printed newspaper (44%), and access sports news on a PC/laptop (41%).

**Figure 4.6 Activities conducted less on other devices since getting a smartphone**



Source: Ofcom omnibus research, March 2012

Q.7 For each activity, please tell me whether you do more, less or the same amount on other devices since you have had your smartphone ?

Base: Total GB adults who ever conduct the activity on their smartphone (variable bases)

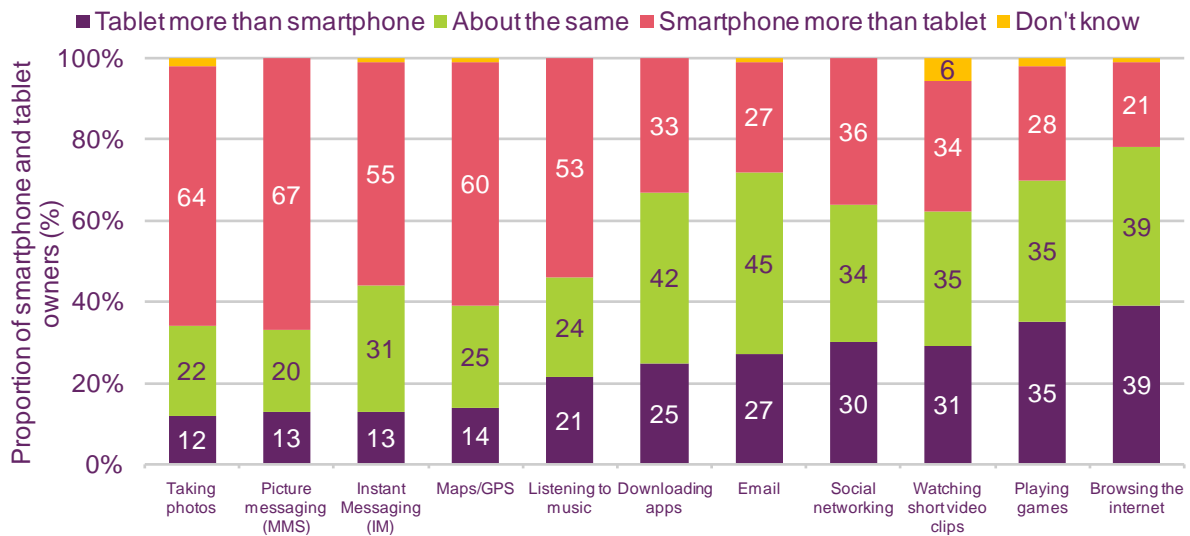
### **One in five (20%) of smartphone users also own a tablet PC.**

Tablet computers and smartphones have many features in common, such as touch-screen interaction, internet connectivity, and the ability to install and run applications. Tablets have larger screens, and are less easily portable. Despite the overlap in functionality, one in five smartphone owners also have a tablet computer in the household.

A range of activities can be done both on smartphones and on tablets. Figure 4.7 shows the principal device on which each activity is conducted. Picture-messaging (67% of consumers who own a tablet and a smartphone) and taking photos (64%) are conducted more on smartphones than on tablet computers, while browsing the internet (39%) and playing games (35%) were the only activities for which consumers preferred to use their tablet. However, a significant proportion of consumers, for each activity, claimed to use their smartphone and tablet equally. It is likely that the device used is determined by the location of the consumer, since tablets are primarily used at home while smartphones are a mobile device (see section 1.6.4). Furthermore, consumers' preference for using their smartphone rather than their tablet for communication is likely to be driven by the fact that two-thirds of consumers share their tablets in their household; a tablet is less likely to be seen as a personal communications device (see section 1.6.7).



**Figure 4.7 Principal device for selected activities among smartphone and tablet owners**



Source: Ofcom omnibus research, March 2012

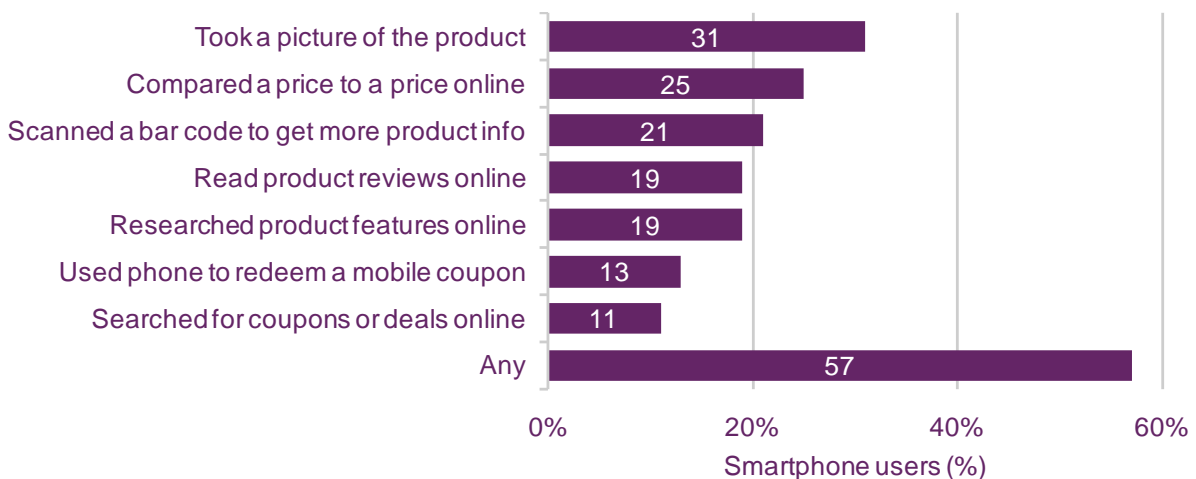
Q8 You mentioned earlier you have a tablet, which of the following activities do you use your tablet more or less for compared to your smartphone?

Base: All GB adults with a smartphone and tablet who have ever conducted the activity on their smartphone (all base over n = 75 shown)

**Consumers are using their smartphones to help them shop**

More than half (57%) of smartphone users claim to have used their handset in some way when out shopping. This includes simple things such as taking a photo of a product (31% claim to have done this), to making online price comparisons (25%), acquiring more product information by scanning bar codes (21%), reading product reviews online (19%), and researching product features (19%).

**Figure 4.8 Activities conducted on a smartphone while out shopping**



Source: Ofcom omnibus research, March 2012

Q.8b Which, if any of the following activities have you ever done on your smartphone while out shopping ?

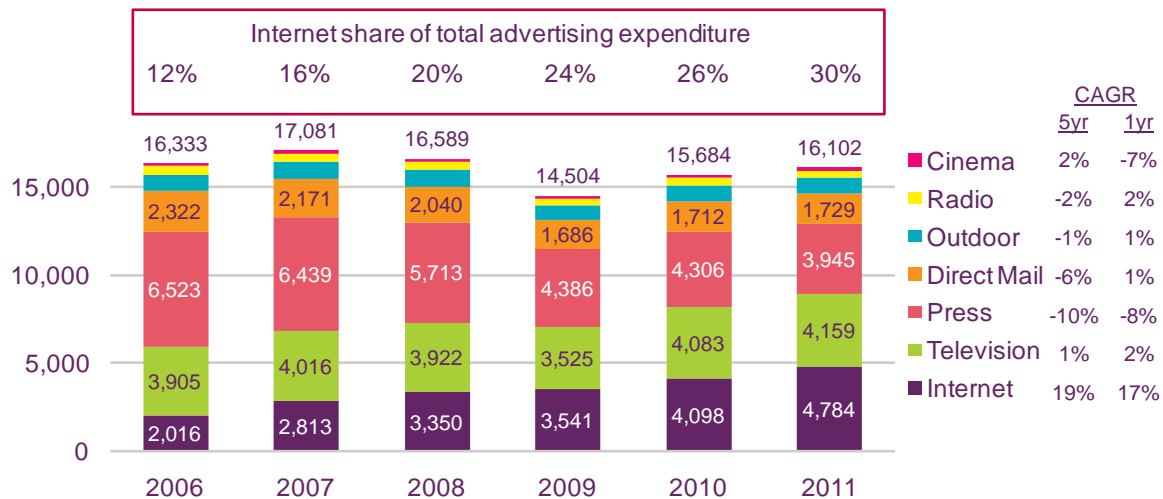
Base: GB adults who use a smartphone (n = 654).

### 4.1.3 Internet advertising bolstered by mobile and online video revenues

#### Internet advertising has established itself as the largest ad category by spend

In 2011 advertising spend on the internet was £4.8bn, for the first time larger than any other category of advertising. Last year, internet advertising spend was still second to press advertising spend, but declining spend on advertising in newspapers and magazines (down 8% year on year) and the continued strong growth of internet spend (up 17%) has established internet advertising as the largest category of expenditure.

**Figure 4.9 UK advertising expenditure, by category 2006 – 2011**



Source: AA/Warc Expenditure Report

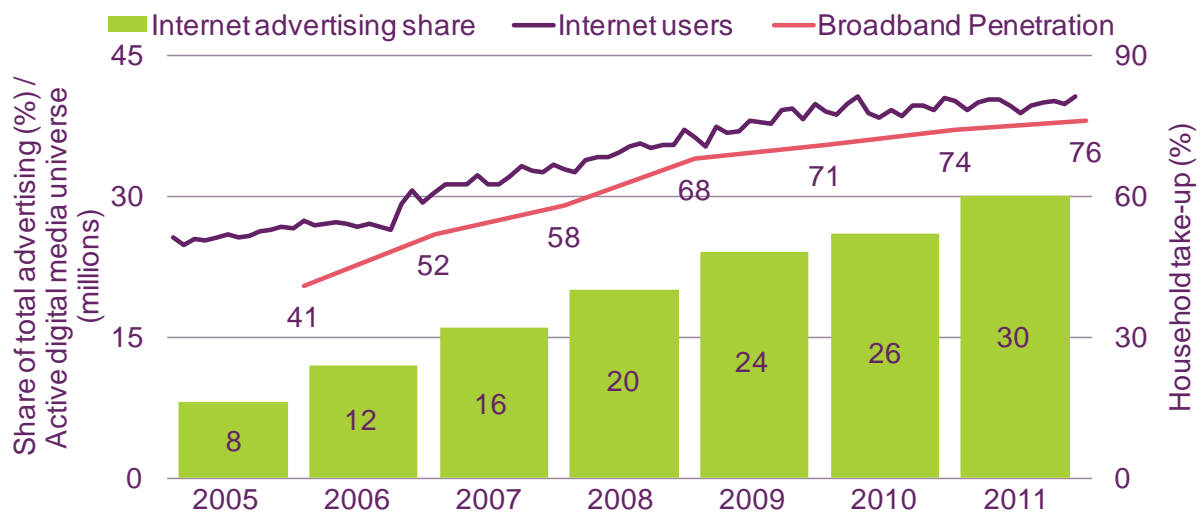
Notes: All figures are nominal; CAGR = compound annual growth

#### Advertisers have followed consumers onto the mobile internet

In the past five years, the share of advertising spend on the internet has doubled (Figure 4.10). At the start of 2007 approximately half of the population was online and half of households had broadband internet access (30.2 million active internet users<sup>86</sup>, and 52% household take-up of broadband) and internet advertising expenditure then stood at 16% of total advertising spend. As the audience online has grown and more households have adopted faster internet connections - allowing them to consume more content more quickly - so businesses have increased their spend on advertising to this audience. In December 2011, the number of people in the UK who had accessed the internet that month stood at 40.5 million, and in 2011 internet advertising spend accounted for 30% of all advertising.

<sup>86</sup> An active internet user is a member of the active digital media universe, which is the estimated number of people who accessed the internet at least once for a given month.

**Figure 4.10 Internet advertising share, internet users, and broadband penetration: 2005-2011**



Source: Internet Advertising Bureau, Nielsen Work and Home Panel, Ofcom  
 Note: Broadband household take-up figures are from Q1 of the following year.

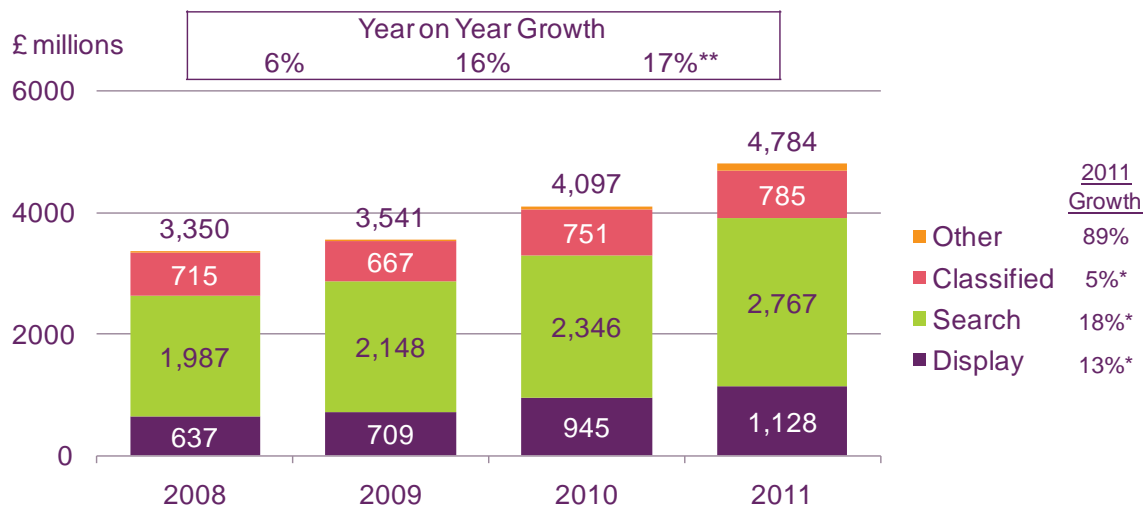
### Search and display are driving the growth of internet advertising

Search advertising (£2.8bn) was the largest source of internet ad spend in 2011, followed by display (£1.1bn), and classified (£0.8bn). Growth was fastest in search and display, up by 13% and 18% respectively on 2010 spend, while classified internet advertising has grown less quickly, up just 5% (Figure 4.11).

Search advertising revenues are generated by adverts placed against specific keywords that internet users search for on search engines such as Google, Yahoo! and Bing (see section 4.3.3 for more on search). Search advertising is unique to the internet and allows advertisers to target users who with specific interests. By contrast, internet display advertising is very similar to display advertising in the press and elsewhere, except adverts are placed as banners on web pages rather than newspaper pages. Internet classified adverts are also very similar to their print counterparts, being placed mainly by individuals buying or selling items on websites such as Gumtree or Autotrader.com. Further revenue is generated from emails, online audio, lead generation, and search affiliate advertising.

In 2008 classified and display internet advertising each earned similar revenues. Since then display has almost doubled, breaking the £1bn mark, while classified revenue shrank during the economic downturn in 2009 before returning to its present level, 10% above that in 2008. The strong growth of display and search can be accounted for in part by the emergence of two rapidly-growing internet advertising markets, discussed below.

**Figure 4.11 Internet advertising, by type: 2008 – 2011**



Source: Internet Advertising Bureau

Note: \*Like for like growth of the total market \*\*Like for like 2011 growth was 14%

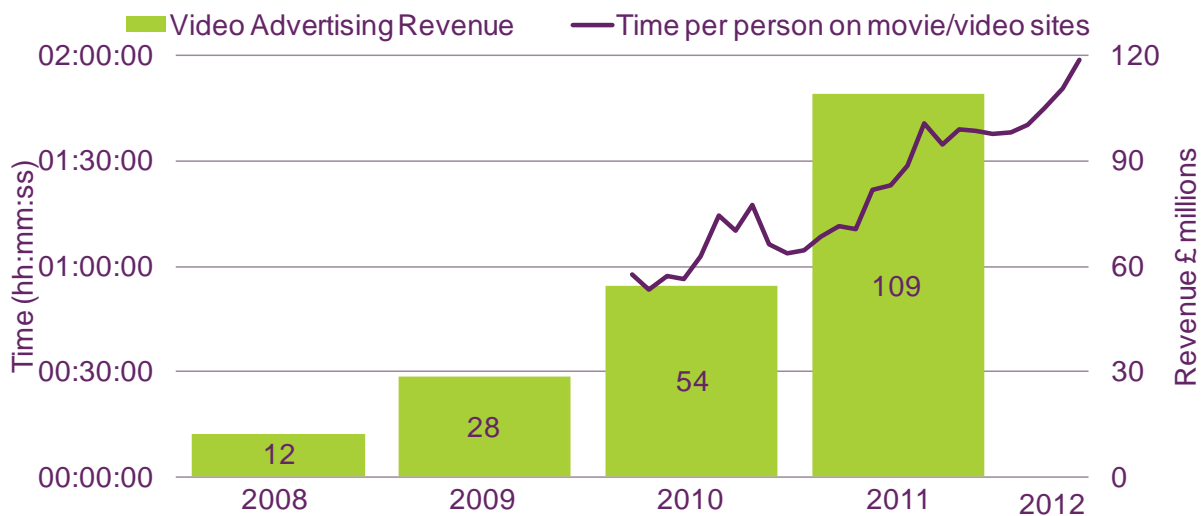
### Online video display advertising revenue has doubled every year since 2008

Video display advertising spend was £109m in 2011, approximately 10% of all internet display advertising revenue. Video display ads have seen exceptional growth since 2008, increasing their revenue eight-fold.

Online video advertising can take one of two forms. The first is similar to display advertising on websites, but in the form of an audio-visual advert rather than a static image or a series of animated images. The second is similar to traditional spot television advertising, where adverts are shown either before, after or mid-way through an online video.

A likely driving factor behind the rapidly-increasing revenues of video display advertising is the popularity of online video websites and the increasing amount of time internet users are spending on them (see section 4.3.5 on online video). In the past two years the time spent per internet user on film and video websites has increased in a similar proportion to online video advertising revenue. In March 2010 users spent an average of 58 minutes per person on these sites, increasing to 119 minutes per person by May 2012. Following the overall trend in internet advertising, advertisers are following audiences to where they consume most content.

**Figure 4.12 Video display advertising revenue and time spend on film/video sites: 2008 – 2011**



Source: Internet Advertising Bureau, Nielsen Work and Home Panel inc. applications.

Note: Time accounts for total time on sites of this category and not time spent viewing video content. 'Movie/video sites' is a collection of more than 400 sites including YouTube, BBC iPlayer, Dailymotion, LOVEFILM.com, Channel 4oD, ITV Player, Yahoo! Movies, blinkbox, Sky Go, Netflix and Vimeo.

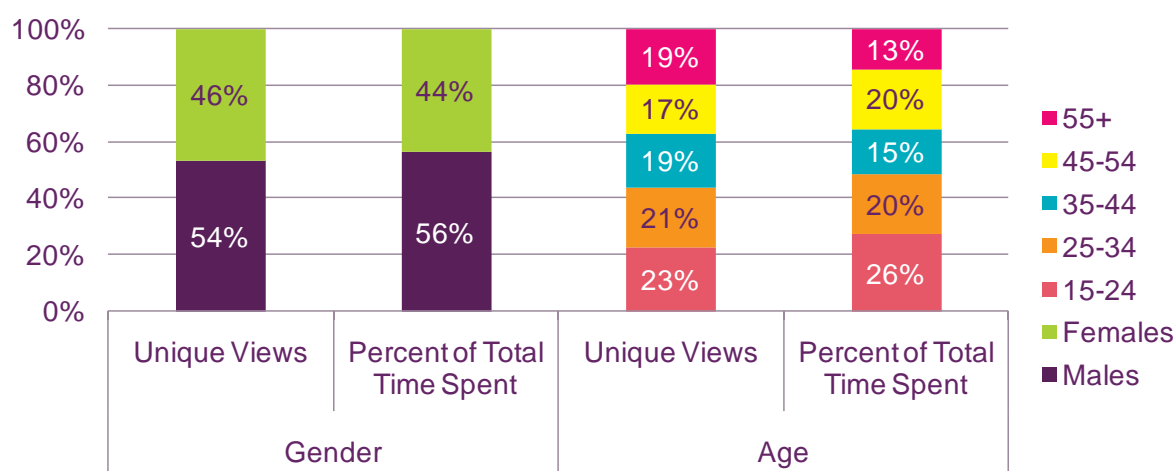
### Viewers of video ads are more likely to be younger and male

According to research published by comScore, just under 22 million internet users aged 6+ watched at least one online video advert in January 2012<sup>87</sup>. Men were more likely than women to view online video adverts (54% of unique views versus 46%) and almost one in four (23%) viewers of online video adverts were aged 15-24. Of all the time spent watching online video adverts, 56% of it was done by males, and more than a quarter (26%) of viewing time was by 15-24 year olds.

However, time spent viewing adverts is disproportionate to the age distribution of the unique audience for online video adverts: for example, while a fifth (19%) of the audience watching online video adverts was aged 55+, this age group accounted for only 13% of all *time spent* watching online video adverts.

<sup>87</sup>[http://www.comscore.com/Press\\_Events/Press\\_Releases/2012/3/64\\_Percent\\_of\\_UK\\_Online\\_Video\\_Audience\\_Exposed\\_to\\_Video\\_Ads\\_in\\_January](http://www.comscore.com/Press_Events/Press_Releases/2012/3/64_Percent_of_UK_Online_Video_Audience_Exposed_to_Video_Ads_in_January)

**Figure 4.13 Demographic profile of video advertisement viewers**



Source: comScore Video Metrix, internet users aged 6+

Note: Percent of Total Time Spent: % of Time Spent Watching Ad Videos by Demographic Segment / % of Total Internet Population from the Demo Segment x 100. Percent of Total Time Spent does not sum to 100% since not all ages groups are shown.

### As consumers have adopted the mobile internet, so have advertisers

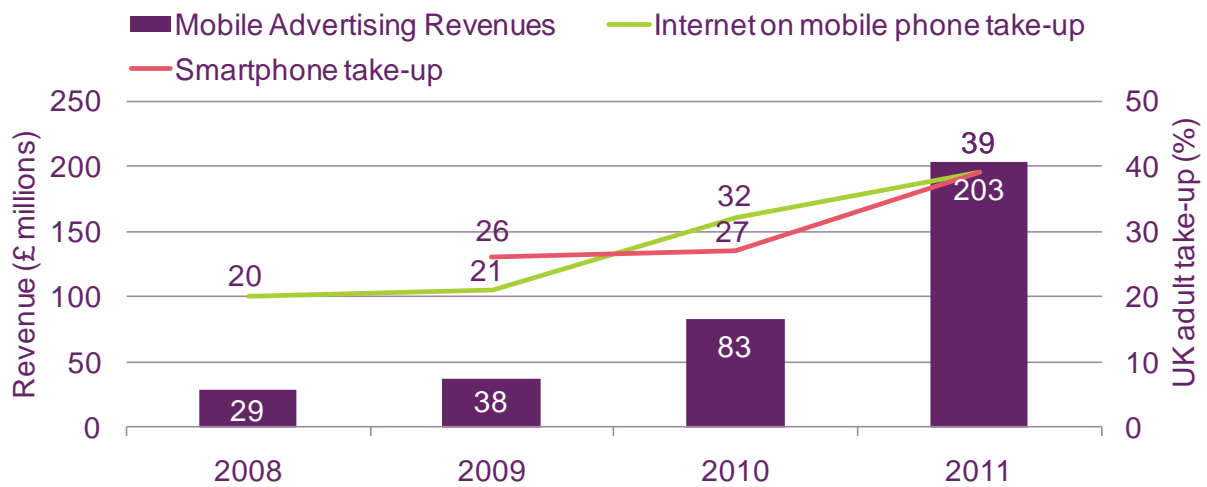
In 2011, expenditure on mobile advertising rose to £203m, more than double that of 2010, and representing like-for-like growth of 157%<sup>88</sup>. Since 2008, mobile advertising revenues have grown seven-fold and in the same time the proportion of adults using their mobile phone to access the internet has doubled (20% to 39%).

The *UK Communications Market Report 2011* highlighted the rise of the mobile internet and the likelihood that smartphone take-up was the primary driver of the increasing use of data services available on mobile phones<sup>89</sup>. It is also likely that smartphone take-up is the driver behind the growth of mobile advertising. Smartphones appear to facilitate the use of the mobile internet, increasing the mobile internet audience and making the platform a more attractive proposition for advertisers. Furthermore, the technological capabilities of today's smartphones, such as touchscreens, large high-definition displays, high-speed processors, and operating systems capable of installing apps, present a wider range of creative opportunities for advertisers.

<sup>88</sup> 'Like-for-like' growth between 2010 and 2011 only takes into account revenues of companies which submitted returns in both years to the IAB.

<sup>89</sup> See section 4.1.2, UK Communications Market Report 2011

**Figure 4.14 Mobile advertising revenues, and smartphone and mobile internet take-up**



Source: Mobile Advertising Revenues: IAB/PWC, Ofcom: take-up of internet on mobile phone and of smartphones

Note: Take-up figures are from Q1 of the following year.

### Search is two-thirds of mobile advertising spend

In 2011 two-thirds (66%) of mobile advertising revenue was generated by mobile search advertising, unchanged since 2010, and the remainder by mobile display (34%) (Figure 4.15). The advances in mobile handset technology represented by smartphones, and the move away from WAP, have increased the similarity of the mobile internet to the conventional PC internet. As such, mobile search adverts and mobile display adverts are very much the same as their counterparts described above.

**Figure 4.15 Search and display share of mobile advertising revenues: 2008 – 2011**



Source: Internet Advertising Bureau/Pwc

### Apps serve the majority of mobile display ads

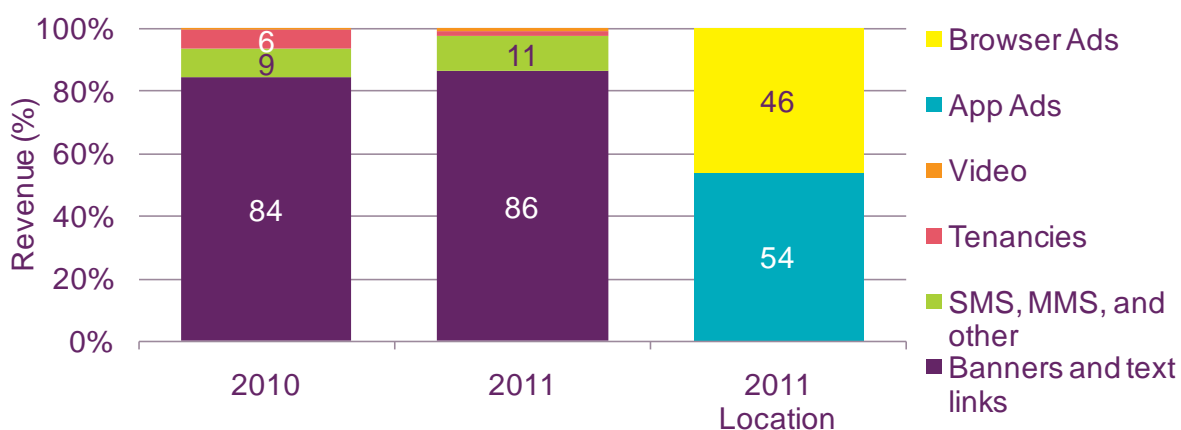
In 2011, 54% of mobile display advertising revenue was generated from an app (Figure 4.16). This is distinct from the wider internet advertising display market, where adverts are delivered inside the browser along with a website’s content. Space for display advertising is coded into a mobile application and the advert is delivered by a mobile advertising network. In recent years, players in the mobile advertising and smartphone markets have converged.

In January 2010, Apple, the manufacturer of the iPhone smartphone and iOS mobile device operating system, acquired mobile advertising company Quattro Wireless and re-launched the service as iAd the following July. In May the same year, Google, the company behind the Android operating system for smartphones, finished its acquisition of mobile advertising network AdMob, following approval from the US Federal Trade Commission<sup>90</sup>.

Mobile display advertising can be segmented further still. Figure 4.16 shows that the majority of display revenue was generated by display banners and text link advertising (86% of mobile display). The category of advertising containing SMS, MMS, and other advertising made up a tenth of mobile display advertising spend (11%), while the remaining spend was split between declining tenancies<sup>91</sup> revenue (£1.1m, down from £1.7m), and a small but increasing mobile video advertising revenue (£0.8m, up from £0.2m).

Adverts sent by SMS or MMS are compatible with a larger number of handsets and are charged by advertisers in a 'cost per click' fashion or by the number of impressions. SMS and MMS messages are also used in location-based advertising and pushed to consumers when they enter a particular cell on the network. The smallest segment of mobile display advertising, mobile video, is also similar to its PC counterpart. Despite the popularity of viewing short video clips on mobile phones (see Figure 4.5) the quantity of mobile video advertising is perhaps hampered by the diversity of smartphone operating systems and the hardware market, which increases the difficulty of delivering the same video experience across all handsets (e.g. the incompatibility of Flash video which is often used to deliver display advertising, on some handsets).

**Figure 4.16 Mobile display advertising revenues, by type and location: 2008 – 2011**



Source: Internet Advertising Bureau/Pwc

<sup>90</sup> <http://ftc.gov/opa/2010/05/ggladmob.shtm>

<sup>91</sup> Tenancy deals are typically long-term strategic partnerships between tenants (the advertiser) and media owners, which often include revenue share agreements.



## 4.2 Internet and devices

### 4.2.1 Introduction

As internet take-up has risen in the past decade, so has the number of devices which use it to communicate and deliver content. Internet-enabled devices greatly determine the consumer experience and the range of content, communications and services accessed on the internet. In this section we examine the popularity of these devices before considering internet access as a whole.

- Section 4.2.2 considers the **platforms consumers use to access the internet**, both fixed and mobile.
- Section 4.2.3 examines the take-up of **internet-enabled devices** and how this varies by age and social-economic group.
- Section 4.2.4 explores **internet take-up** and how this varies by age, gender and socio-economic group.
- Section 4.2.5 looks at the length of **time spent online** on laptop and desktop computers by UK internet users.
- Section 4.2.6 considers those consumers who are not online, and factors affecting **digital inclusion**.

### Key findings

The key findings from this section of the report are:

- **Eight in ten households have access to the internet.** Household internet access rose to 80% in Q1 2012, up three percentage points on the previous year. Internet access through a broadband connection stood at 76% of households, while 39% of households claimed to access the internet through their mobile phone.
- **Over half of all UK households have three or more internet-enabled devices.** Eighty five per cent of households own at least one internet-enabled device, and on average each household owns three different types of internet-enabled device. Only one household in a thousand owns all ten devices surveyed.
- **Games consoles are more popular than laptops or PCs among DE households.** Forty-six per cent of DE households own a games console, compared to just 44% who own a laptop computer and 30% who own a PC. In contrast, among AB households, 75% own a laptop and 56% own a PC, while 51% own games consoles.
- **Growth of accessing the internet on laptop and desktop computers is slowing.** Since January 2004 the number of desktop/laptop internet users in the UK rose by 6.2% on average each year to 39.7 million in January 2012. However, annual growth has slowed from 10.3% in January 2009 to just 1.6% in January 2012.
- **Young adult men spend the most time online on a laptop or desktop computer.** Men aged between 18 and 24 years old spent more time online via a laptop or desktop computer (34.1 hours) than any other age/gender group, and almost 10 hours more per month than the UK average of 24.2 hours for March 2012.

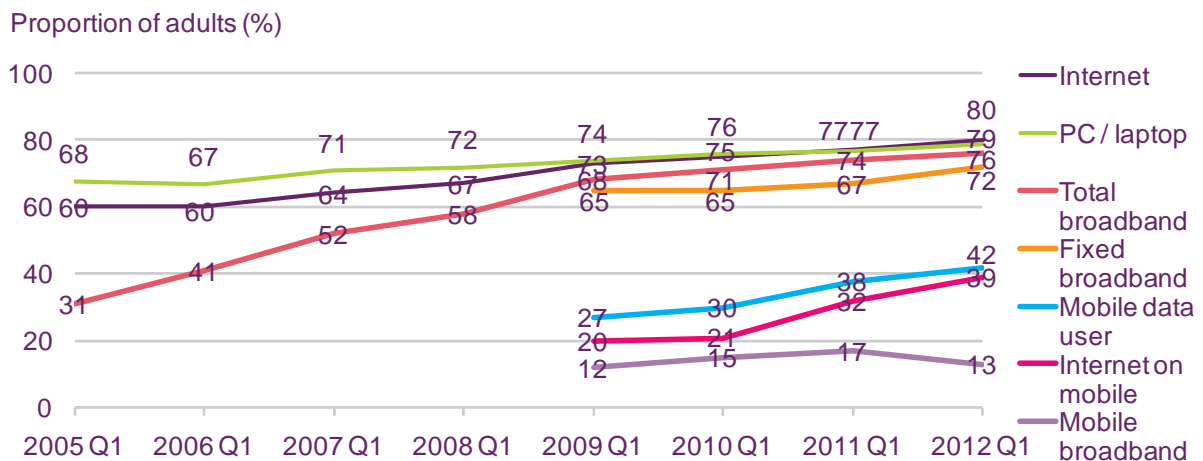
- **Two-thirds of 65-74 year-olds now have home internet access**, the largest rise among all age groups. The proportion of adults aged 65 to 74 with home internet access rose by nine percentage points to 64% between 2011 and 2012. Internet access was highest among those aged 16 to 34 (90%) and AB social groups (92%).
- **One in seven UK adults do not intend to get the internet in the next year.** One-third (33%) of people aged 65-74 and two-thirds (66%) of those aged 75 or over say they don't intend to get the internet. Three in ten (30%) of those in the DE socio-economic group say they don't intend to get the internet, compared to 6% of those in AB households. Overall, two-thirds (66%) cite lack of interest as the main reason for not getting the internet.

#### 4.2.2 Internet take-up, by platform

##### Eight in ten households have home internet access

Household internet access rose to 80% by Q1 2012, up three percentage points on the previous year, and for the first time exceeded the penetration of PCs and laptops (Figure 4.17). Internet access through a broadband connection stood at 76% of households, up two percentage points on Q1 2011 but with a different mix between fixed and mobile connections. Mobile broadband through a dongle or connection built into a laptop declined four percentage points to 13% of households in Q1 2012, while fixed broadband household take-up rose five percentage points to 72%. Three-quarters of the mobile broadband decline was among mobile-broadband-only households, while households with fixed and mobile broadband connections fell by one percentage point. The decline in mobile broadband internet access is likely to have been substituted by the rise in fixed take-up and the increased use of internet on a mobile phone (up seven percentage points to 39%).

**Figure 4.17 Household PC and internet take-up: 2005-2012**



Source: Ofcom technology tracker, Q1 2012

QE1: Does your household have a PC or laptop computer? / QE2: Do you or does anyone in your household have access to the Internet/Worldwide Web at HOME (via any device, e.g. PC, mobile phone etc)? / QE6: Which of these methods does your household use to connect to the Internet at home?

Base: All adults aged 16+ (n=3772)

Note 1: "Internet on mobile" is the % of adults who use a mobile phone for any of the following activities: instant messaging, downloading apps or programs, email, internet access, downloading video, video streaming, visiting social networking sites.

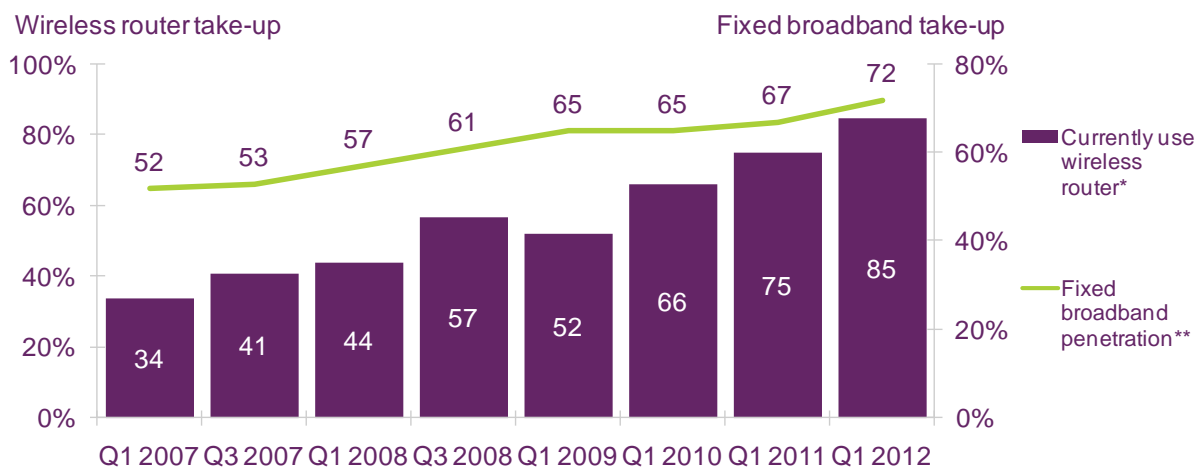
Note 2: From Q1 2009 the 'internet' figure includes those who access the internet on mobile phones.

## WiFi networks are a key enabler for homes with multiple internet-enabled devices

In Q1 2012 the proportion of homes with broadband using a wireless router rose ten percentage points to 85%. A wireless router, or WiFi router, enables a household to share its internet connection, over a wireless local area network, with devices that have a WiFi adapter or an embedded wireless module. WiFi adapters are typically external USB dongles or internal PCI cards used for desktop computers, or other internet-enabled devices such as games consoles and smart TVs. Embedded WiFi modules are typically found in portable internet-enabled devices such as laptops, netbooks, smartphones, portable games consoles, tablets and e-readers, but they are also becoming more prevalent in fixed devices such as television set-top boxes, smart TVs, and games consoles.

Internet service providers typically include a bundled WiFi router in their broadband service package; this is likely to have driven take-up of WiFi routers in homes. As highlighted above, a number of devices which were not widely available five years ago (e.g. netbooks, smartphones, and tablets) can be connected to the internet over WiFi. The next section will describe the take-up of these devices

**Figure 4.18 Use of wireless router versus broadband take-up: 2007 – 2012**



Source: Ofcom research, Quarter 1 2012

Base: Wireless router take-up - adults aged 16+ with a broadband connection at home (\* from 2009 this is based on fixed broadband connections only). Fixed broadband penetration based on all adults aged 16+ (\*\* prior to 2009 this is total broadband penetration).

### 4.2.3 Internet-enabled devices

#### The laptop is the internet-enabled device with the highest take-up

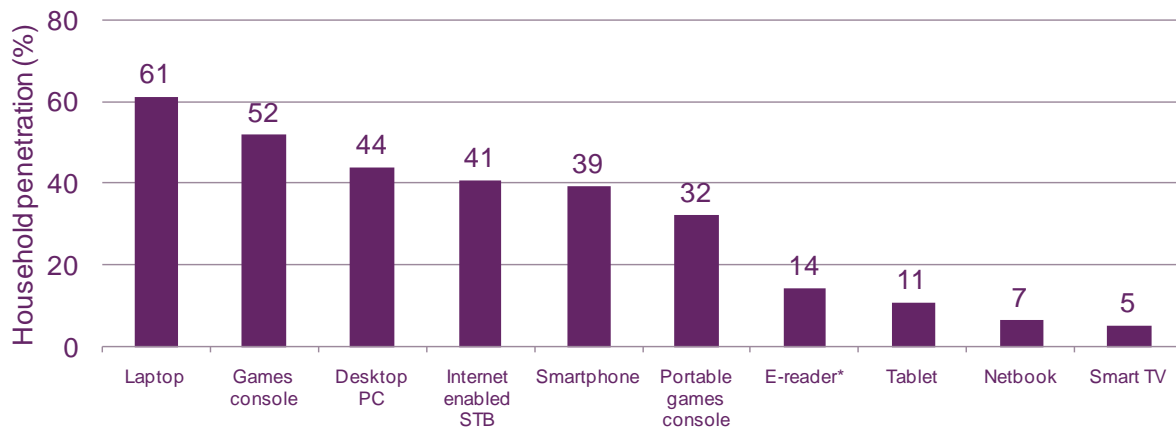
Each of the devices highlighted in Figure 4.19 can connect to the internet; however, the networks over which the device connects and the internet experience that the device delivers both vary. Furthermore, while each of the devices below is capable of being connected to the internet, the degree to which the internet is integral to the device experience differs by device and by consumer expectation. For example, the primary purpose of a games console or a set-top box, such as the Sky+ and V+ boxes, is to be able to play games, and watch television content, respectively. But both these devices can also be used to watch catch-up television, and neither internet experience is equivalent to the one delivered through a web-browser on a desktop PC or laptop.

We examine the use of internet-enabled devices in the following sections of this report:

- Tablets and e-readers – section 1.6 of the *Market in context* chapter.
- Smart TVs and internet-connected televisions (including games consoles and internet-enabled set-top boxes) – section 2.1.2 of the *Television and audio-visual* chapter.
- Smartphones – section 4.1.2 of this chapter.

The laptop is the most popular device that can connect to the internet among UK households (61% of households). Games consoles such as Sony’s Playstation 3, Microsoft’s Xbox 360, and Nintendo’s Wii are the second most popular type of internet-enabled device (52%), followed by the desktop PC, with ownership in 44% of households.

**Figure 4.19 Ownership of internet-enabled devices**



Source: Ofcom research, Quarter 1 2012

Base: Adults aged 16+ n = 2258

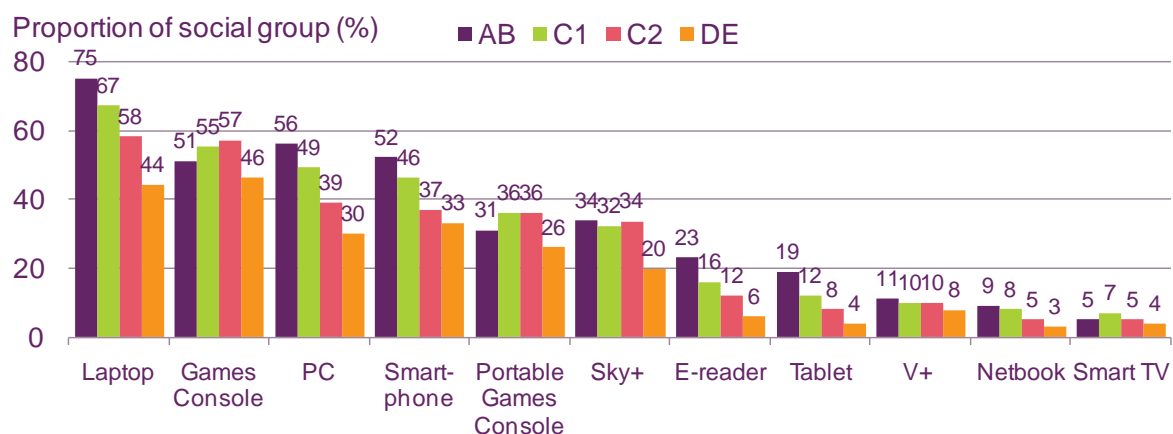
Note: Internet-enabled devices include laptop, games console, desktop PC, smartphone, portable games console, internet-enabled STB (Sky+, Sky+ HD, V+ and V+ HD set top boxes), e-reader, tablet, netbook, and smart TV. \*E-reader take-up stated here is household while elsewhere in the report we state e-reader take-up by individual.

### Games consoles are more popular than laptops or PCs among DE households

Figure 4.20 shows ownership of each type of internet-enabled device as a proportion of the AB, C1, C2, and DE socio-economic groups. For almost all internet-enabled devices, ownership is highest among AB households and lowest among DE households, probably related to the greater disposable income to spend on such devices in AB households. The exception to this rule is ownership of TV-based and portable games consoles, where take-up is higher among C1 and C2 households than in AB households.

Figure 4.20 also shows that the popularity of internet-enabled devices varies by socio-economic group. Counter to the UK average shown in Figure 4.19, games consoles are more popular than laptops or PCs among DE households (46% versus 44% and 30% respectively), while PCs and smartphones are more popular than games consoles among AB households (56% and 52% versus 51% respectively).

**Figure 4.20 The proportion of each social group owning internet-enabled devices**



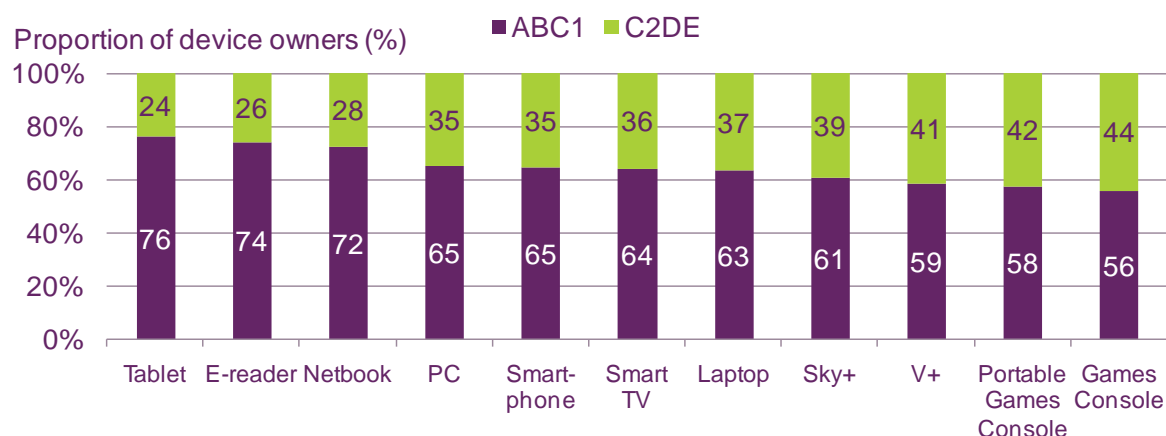
Source: Ofcom research, Quarter 1 2012

Base: Adults aged 16+, AB n = 822, C1 n = 1085, C2 n = 765, DE n = 1098

### ABC1s are more likely to adopt the most recent internet-enabled devices

Three-quarters of e-readers (74%) and tablets (76%) are owned by ABC1 households compared to just six in ten internet-enabled set top boxes such as Sky+ (61%) or V+ (59%). Figure 4.21 shows that internet-enabled devices of all kinds are more likely to be owned by ABC1 households than C2DE households, but that the balance of ownership varies according to device. Recent market entrants such as e-readers, tablets, and netbooks, the functionality of which is replicated among existing devices, are more likely to be owned by ABC1 households than C2DE<sup>92</sup>.

**Figure 4.21 Internet-enabled devices, by social group**



Source: Ofcom research, Quarter 1 2012

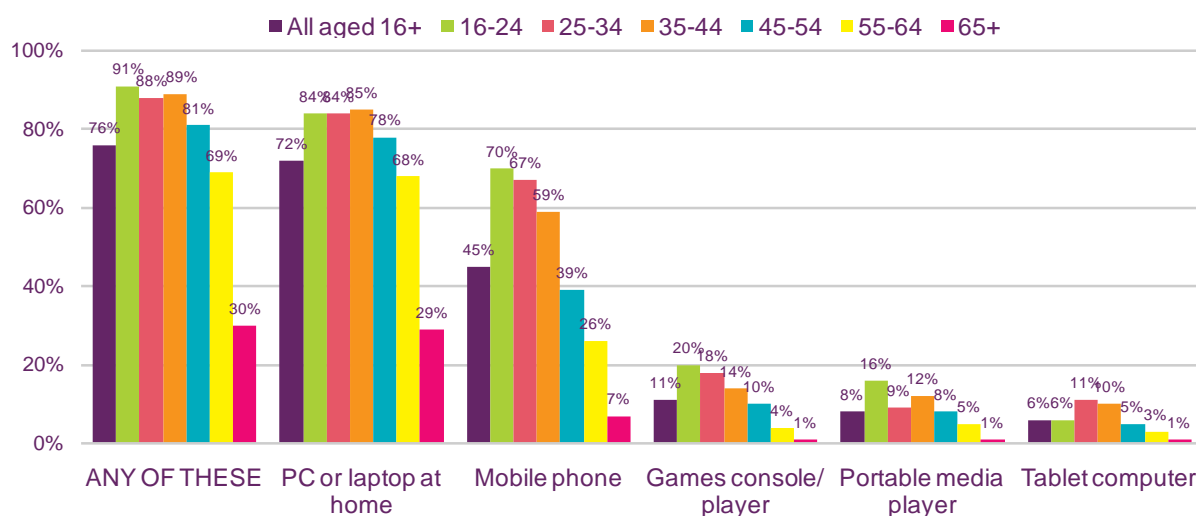
Base: Adults aged 16+

### Use of internet-enabled devices to access the internet varies by age and ownership

Those aged 16-24 were the most likely to have accessed the internet on a mobile phone, games console, or portable media player (Figure 4.22). However, those aged 25-34 and 35-44 were more likely than other age groups to have accessed the internet on a tablet computer. See section 1.6.3 for more information on tablet ownership by age group.

<sup>92</sup> The proportion of households by social group in the 2001 UK census was AB 22%, C1 29%, C2 15%, D 17% and E 16%.

**Figure 4.22 Devices used to visit internet websites in 2011, by age**



Source: Ofcom research, fieldwork carried out by Saville Rossiter-Base in September to October 2011

IN1/ IN2- Do you or does anyone in your household have access to the internet at home through a computer, laptop or notebook? And do you personally use the internet at home?/ Do you have and use any of the items shown on this card to access the internet or to visit internet websites? (Prompted responses, single coded)

Base: All adults aged 16+ (1823 aged 16+, 225 aged 16-24, 252 aged 25-34, 294 aged 35-44, 228 aged 45-54, 281 aged 55-64, 543 aged 65+). Significance testing shows any difference between any age group and all adults aged 16+

### Eighty-five per cent of households own at least one internet-enabled device

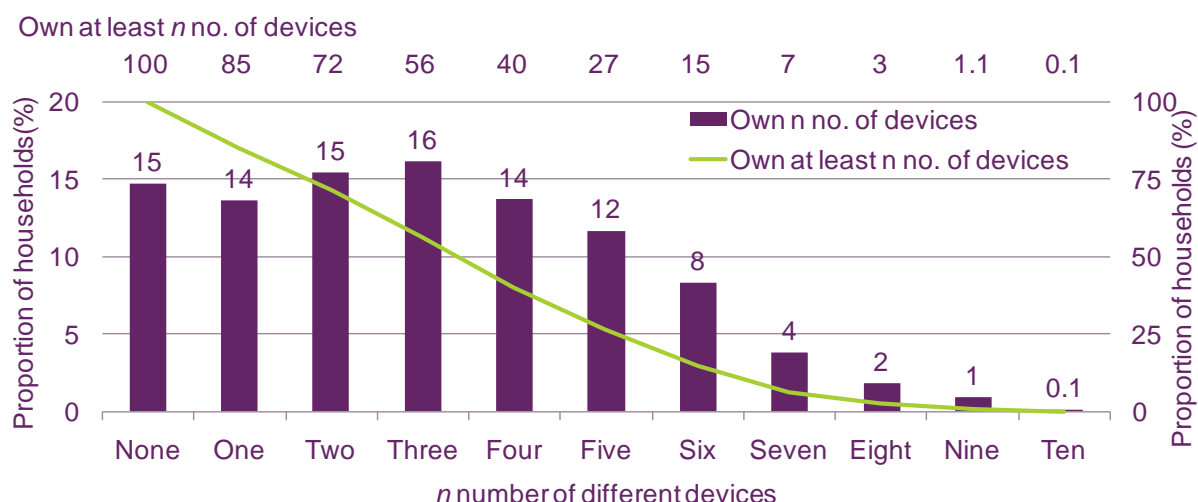
Each household in the UK has on average three<sup>93</sup> different types of internet-enabled device, and 85% of households have at least one (Figure 4.23). Only one household in a thousand owns all ten devices listed in Figure 4.19, although more than half of all households (56%) owned three or more different types of device.

According to research conducted by consultancy Deloitte, by December 2011 the average UK household owned 9.7 devices capable of accessing media via *any* transmission technology, up from 8.7 the previous year<sup>94</sup>.

<sup>93</sup> The sum of different device counts (6900) divided by the sum of respondents (2258).

<sup>94</sup> Deloitte, *State of the Media Democracy Survey*, n=2276, consumers aged 14-75, online-only survey. Q Which of the following media or home entertainment equipment does your household own?

**Figure 4.23 Number of different internet-enabled devices per household**



Source: Ofcom research, Quarter 1 2012

Base: Adults aged 16+ n = 2258

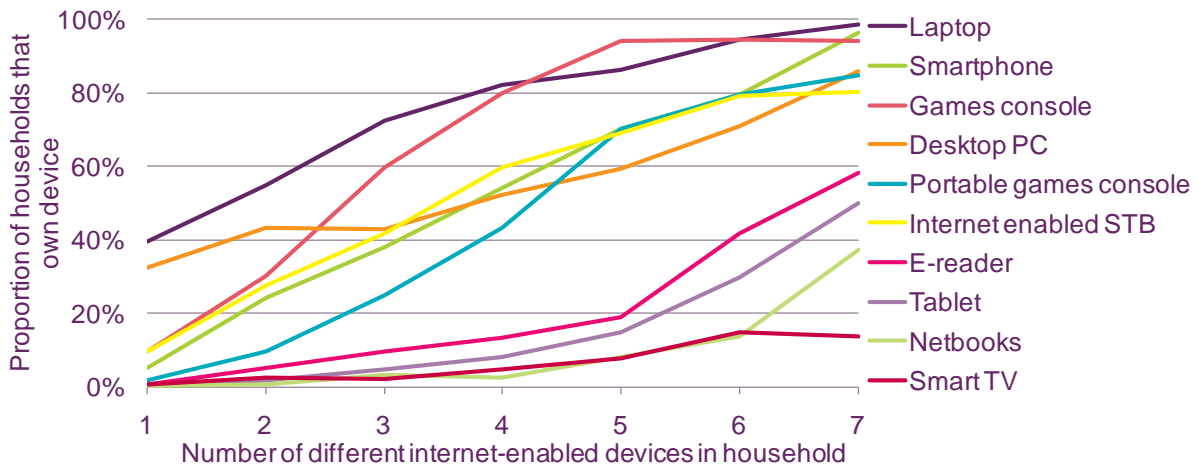
Note: IP-enabled devices include laptop, games console, desktop PC, smartphone, portable games console, internet enabled STB (Sky+, Sky+ HD, V+ and V+ HD set top boxes), e-reader, tablet, netbook, and smart TV.

**Consumers are least likely to have an e-reader, tablet, netbook or smart TV as their sole internet-enabled device**

Of the 85% of households that own at least one internet-enabled device, Figure 4.24 shows the penetration of each device as the number of devices per household increases. The chart provides an indication of the most likely order in which consumers adopt different internet-enabled devices. Laptops and games consoles achieve higher adoption levels among households with fewer devices, while e-readers, tablets, netbooks and smart TVs were very unlikely to be the sole internet-enabled device in a household. These devices are much more likely to be adopted by households with six or more different devices.

Within households with three different devices (the mean stated above) the devices with highest adoption are laptops and games consoles. A desktop PC, an internet-enabled STB, or a smartphone, each have a similar chance of being the third type of device.

**Figure 4.24 Device ownership, by the number of types of internet-enabled device in household**



Source: Ofcom research, Quarter 1 2012

Base: Adults aged 16+ who own at least one IP enabled device n = 1927 (one device, n=307; two devices, n=348; three devices, n=364; four devices n=309; five devices n=263; six devices n=187, seven devices n=86)

Note: IP-enabled devices include laptop, games console, desktop PC, smartphone, portable games console, IP enabled STB (Sky+, Sky+ HD, V+ and V+ HD set top boxes), e-reader, tablet, netbook, and smart TV.

## Internet protocol version 6: the next generation of internet addressing

### Internet address

The internet relies on a numeric address scheme to route packets of data across the globe. Each device connected to the internet must have access to a publicly routable internet protocol (IP) address. The current version of IP, version 4 (IPv4), provides around four billion unique addresses. The human-readable form of an IPv4 addresses is numeric: four numbers separated by a dot “.”. For example, the Ofcom website IPv4 address is 194.33.160.25.

### IPv4 exhaustion

The explosive growth and continuing demand for internet-connected devices has exceeded the address limitations of IPv4. The Internet Assigned Numbers Authority (IANA) oversees the distribution of IP address resources to the five Regional Internet Registries (RIRs). On the 3 February 2011, the IANA declared that the central pool of existing IPv4 addresses was “exhausted”. However, each of the RIRs is in varying states of IPv4 address depletion. Once full IPv4 address exhaustion occurs within a registry no further new IP address blocks will be available for allocation. It should be noted that despite IPv4 address exhaustion the internet will continue to operate normally.

### IPv6 – near-limitless internet addressing

The next generation of internet protocol, IPv6, offers a near-limitless supply of IP addresses. There will be  $2^{128}$  addresses, which is approximately 340 million million million million million million addresses. IPv6 incorporates new features, particularly around mobility, improved routing performance, and auto-configuration of devices.



The deployment of IPv6 will eliminate the scarcity of publicly-routable IP addresses and facilitate the connection of new types of devices to the internet. The 'internet of things' will allow sensor networks, machine-to-machine communication, and other new innovative uses of internet and communications technology.

It is likely that the full transition to IPv6 will take years, due to the global scale of existing IPv4 technology deployments. Communications providers, internet infrastructure organisations, online businesses, technology equipment manufacturers and software vendors are slowly moving towards the support of 'dual stack', the support of both IPv4 and IPv6 networking protocols.

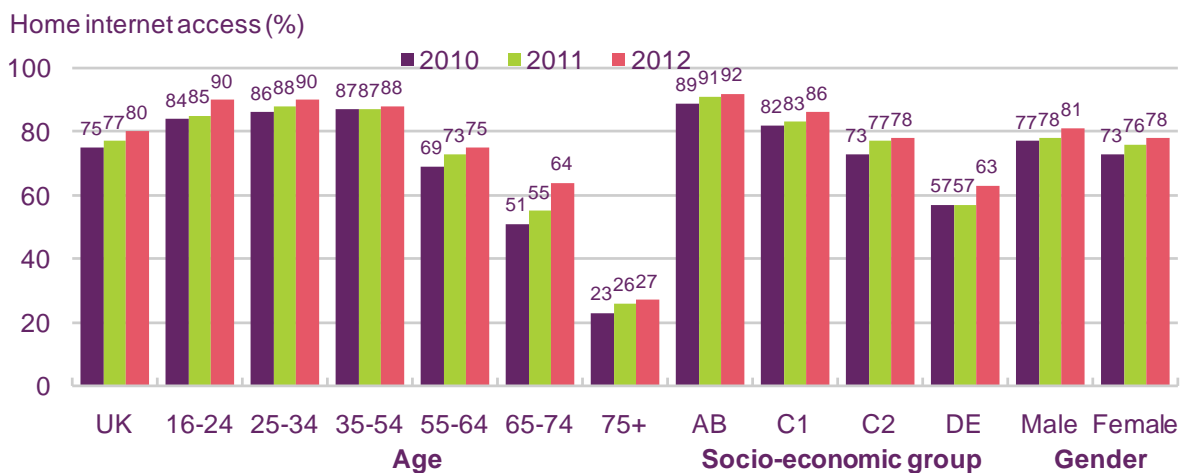
#### 4.2.4 Internet take-up

##### Two-thirds of 65 to 74 year-olds now have home internet access

Home internet access in the UK continues to grow, increasing by three percentage points to 80% for Q1 2012 (Figure 4.25). Home internet access is evenly spread across those aged 16 to 54 but decreases beyond this age range. However, the proportion of adults aged 65 to 74 with home internet access grew strongly over the year, rising nine percentage points to 64% by 2012. The proportion of 16-24 year olds with access to the internet grew by five percentage points between 2011 and 2012; to 90%, and brings this age group level with those aged 25 to 34 (90%) and 35 to 54 (88%).

Home internet access is highest for the AB socio-economic group (92%) and lowest for DEs (63%), while access is three percentage points higher among men (81%) than women (78%).

**Figure 4.25 Home internet access by age, socio-economic group, and gender**



Source: Ofcom technology tracker, Q1 2012.

QE2: Do you or does anyone in your household have access to the Internet/Worldwide Web at HOME (via any device, e.g. PC, mobile phone etc)? / QE6: Which of these methods does your household use to connect to the Internet at home?

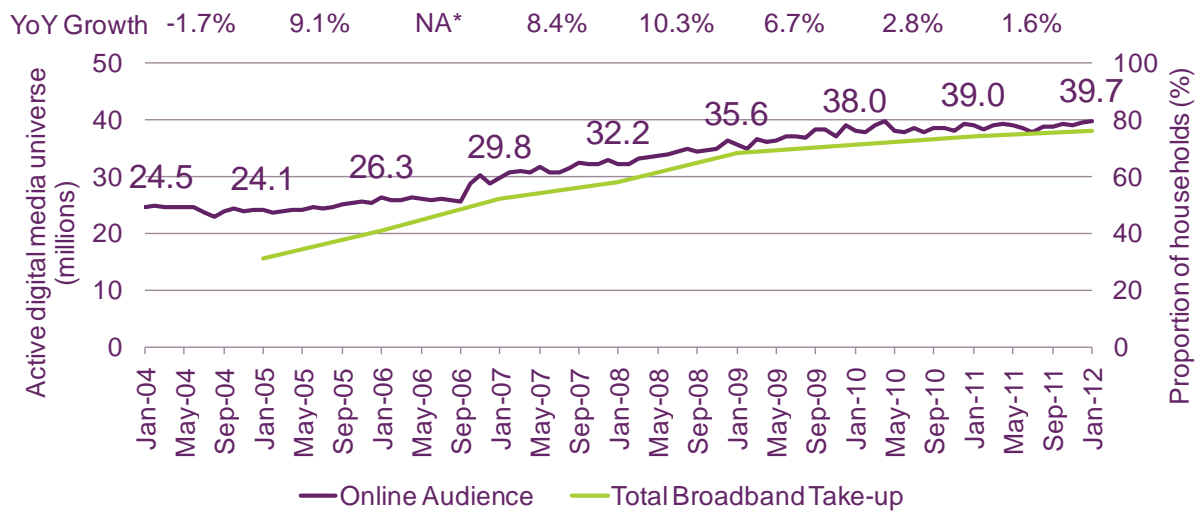
Base: All adults 16+ (n = 3772 UK, 483 16-24, 608 25-34, 1295 35-54, 596 55-64, 447 65-74, 341 75+, 822 AB, 1085 C1, 765 C2, 1098 DE, 1804 male, 1968 female)

##### Growth of accessing the internet on laptop and desktop computers is slowing

Since January 2004 the size of the UK online audience rose on average 6.2% each year; from 24.5 million to 39.7 million in January 2012. However, the rate of growth appears to be slowing. The year-on-year growth of active internet users in January 2012 was 1.6%,

compared to a high of 10.3% in January 2009. It is likely that the slowing growth of broadband take-up has contributed to the slowing growth of the online audience. Furthermore, Figure 4.26 does not show internet users accessing the internet using internet-enabled devices other than a laptop or desktop PC. Use of other devices to access the internet is also a likely driver of the plateau in active internet users when measured in this way.

**Figure 4.26 Laptop and desktop computer online audience vs. broadband take-up: 2004 – 2011**



Source: Nielsen UKOM, internet users aged 2+, home and work panels, applications included. Ofcom technology tracker, Q1 2012.

Base: Total broadband penetration - all adults aged 16+ (n=3772)

Note: The online audience is an individual aged 2+ that has used an internet enabled home or non shared work computer to go online at least once in the month. \*Due to a change in methodology figures prior to October 2006 should be treated with caution.

### UKOM/Nielsen data on internet use

We use data collected from the UKOM/Nielsen panel to report internet use in the UK.

The panel consists of over 48,000 internet users (44,000 at home and 4,000 at work) who are selected to be a representative sample of UK laptop and desktop computer users as a whole. Monitoring software installed on internet-enabled computers in the panellists' households and workplaces record every activity they undertake on the computer.

The data are collected from UKOM/Nielsen's home and work panel. This means that internet use at both home and work is included.

UKOM/Nielsen considers everyone in the UK aged 2 or above, and there are different measures of reach, or penetration, of internet sites and applications.

**Unique audience** – Unique audience is the total number of unique persons who have visited a website or used an application at least once within the specified reporting period. Persons visiting the same website, or using the same application more than once within the specified reporting period, are only counted once.

**Active reach** – Active reach is the percentage of all active persons aged 2+ who have visited a website or used an application at least once within the specified reporting period. Active is defined as anyone who used an internet-enabled computer within the specified reporting period, without necessarily having going online.

**Time per visitor** – Time per visitor is the total time spent on a website or application divided by its unique audience. This refers only to the 'in focus' website/application, towards which keyboard/mouse activity is directed, excluding minimised websites/applications or websites/applications running in the background. During periods of inactivity, where the mouse or keyboard are not used to control an application, Nielsen will measure up until 30 minutes before discounting the time since the last period of activity.

**Time spent online** – this is the sum of the time spent when the internet browser *and* any applications that utilise an internet connection was the 'in focus' application.

**Share of total time** – Share of total time is the percentage of the total time all users spent online which was spent on a specified site, application or activity, within the specified reporting period.

**Unique audience composition** – Unique audience composition is the percentage of the unique audience of a site which is from a specified demographic group. Site rankings by unique audience composition are determined by the size of a proportion relative to the unique audience composition of other sites for the same demographic group.

**Page views per person** – Page views per person is the total number of times a web page has been requested by users in the specified reporting period divided by its unique audience. Page views are counted only when they fully load into the browser window.

**Overlapping and unduplicated audience** – Overlapping audience is the unique audience of a site which also visited a second designated site within the specified reporting period. Unduplicated audience is the unique audience of a site which did not visit a second designated site within the specified reporting period.

**Proportion of referred traffic** – Proportion of referred traffic is the percentage of unique visitors to a site that were referred through a link from a designated source.

However, it should be noted that only internet use on laptop and desktop computers is captured. This means that internet use on mobile phones, and on other devices such as games consoles, tablet computers and internet-connected televisions is not included. Therefore total internet use is likely to be understated and data detailing change over time should be treated with some caution, as it may be that internet users are increasingly substituting time spent on the internet on a laptop or desktop computer with time spent accessing the internet via other devices.

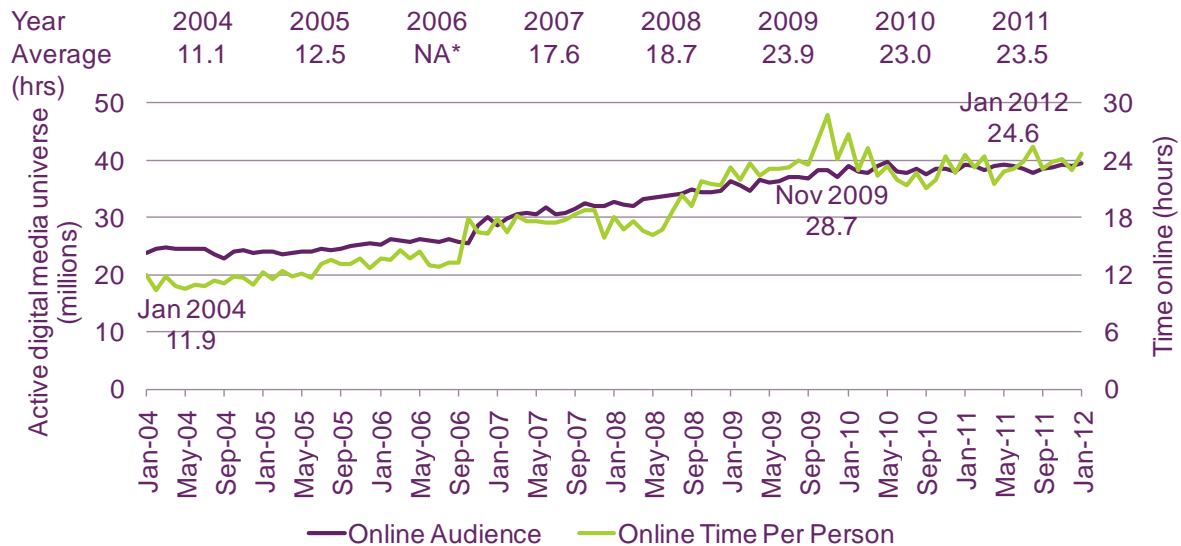
#### **4.2.5 Time spent online**

##### **In 2011 desktop and laptop internet users spent an average of 23.5 hours online per month**

In January 2012 the average amount of time internet users spent online through a laptop or desktop was 24.6 hours per month, more than double the amount of time users spent online in January 2004. However, the growth in time spent online appears to have plateaued. The average time online per month increased by only half an hour between 2010 and 2011; to 23.5 hours, and while increasing, this is still less than the peak average of 23.9 hours month in 2009. Two likely reasons for this slowed growth are the effect of late adopters and the

growth of other internet-enabled devices. Late adopters of the internet characteristically spend less time online than average, so as more late adopters get connected the average time online may decrease. Furthermore, the data in Figure 4.27 do not include time spent online on smartphones, tablets, or other internet-connected devices, which are likely to be substituting for time online on laptop and desktop computers.

**Figure 4.27 Active internet users and time online on a laptop or desktop computer: 2004 – 2011**



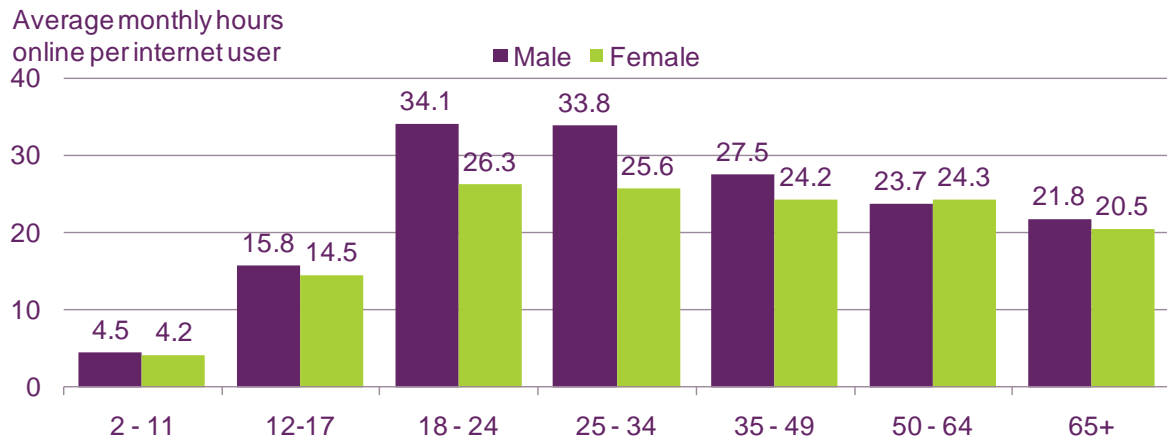
Source: Nielsen UKOM, internet users aged 2+, home and work panels, applications included.  
 Note: The online audience is an individual aged 2+ that has used an internet enabled home or non shared work computer to go online at least once in the month. Online time per person is the average time spent using a web browser or internet enabled application across the online audience.  
 \*Due to a change in methodology figures prior to October 2006 should be treated with caution.

### Young adult men spend the most time online on a laptop or desktop computer

Men aged between 18 and 24 years old spent more time online via a laptop or desktop computer (34.1 hours) than any other age/gender group, and almost 10 hours more per month than the UK average of 24.2 hours for March 2012.

Males spent more time online in all age groups apart from the 50-64 group, in which women spent approximately 36 minutes longer online per month than men. The greatest difference of time spent online on a desktop or laptop computer between genders was among 25-34 year olds, where men spent 8.2 hours online more than women. The smallest difference was in the youngest age group; children aged between two and eleven, where boys spent just 16 minutes more than girls online.

**Figure 4.28 Average time spent on the internet on a laptop or desktop, by age and gender**

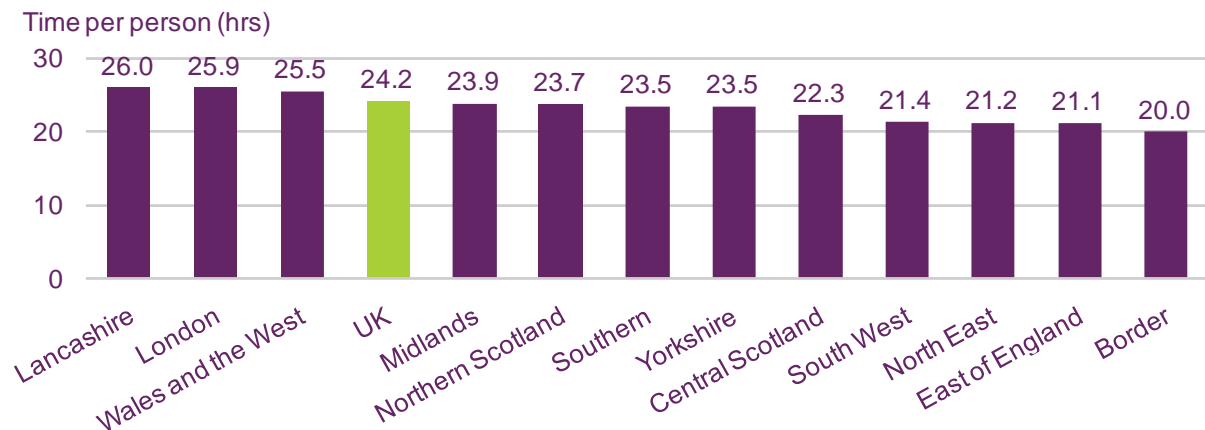


Source: UKOM/Nielsen, March 2012, Home and Work Panel, applications included

**Internet users in Lancashire and London spend the most time online on a laptop or desktop computer**

In March 2012, internet users in Lancashire and London spent the most time online on a laptop or desktop computer, averaging 26 hours, and 25.9 hours, per user per month. Internet users in Wales and the West, which includes Somerset, Avon and Wiltshire, also spent more than the average length of time online: 25.5 hours.

**Figure 4.29 Time spent online on a laptop or desktop computer, by region**



Source: UKOM/Nielsen, home and work panel, applications included. Month of March 2012. Regions based on ISBA regions.

Base: Internet users aged 2+.

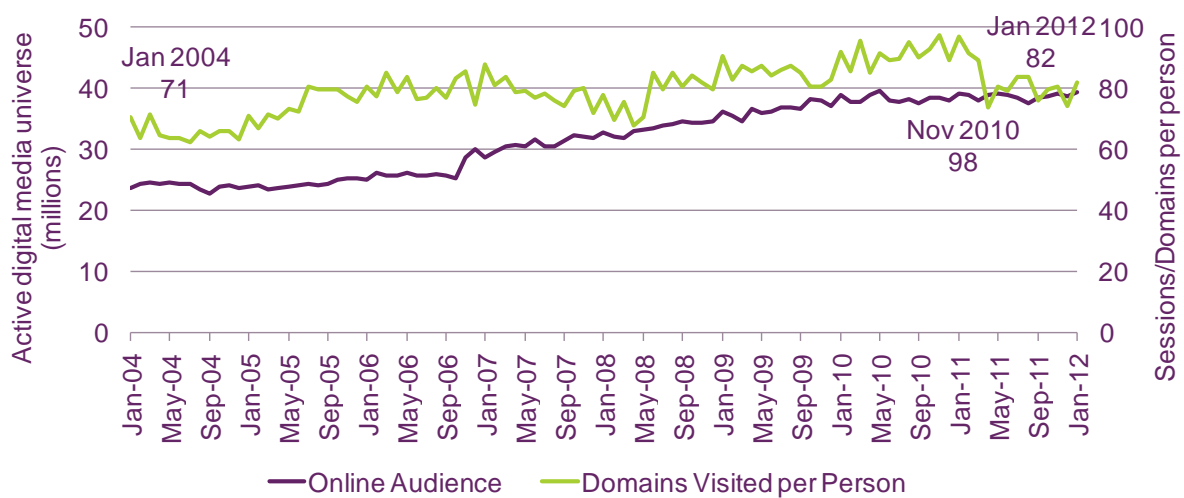
**On average, internet users are visiting fewer domains.**

A domain name is the string of number and letters which identify a website and end in .com, .co.uk, .gov.uk etc. Typically, one individual or organisation owns a domain name by which internet users can navigate different content and services. For example, bbc.co.uk is the domain for the BBC and a visit to BBC News (bbc.co.uk/news) and BBC Weather (bbc.co.uk/weather), while different websites, would count as a visit to one domain. The

average number of domains visited per person per month provides an indication as to the number of different websites representing one organisation that an internet user has visited.

The average number of domains an internet user visited in January 2012 was 82, eleven more than eight years previously in January 2004. However, the number of domains visited reached a peak of almost 100 per person (98) in November 2010. The decline since late 2010 indicates that internet users on average are visiting fewer websites. This could be accounted for by leading websites providing a number of different services or content to internet users; e.g. Google is now a search engine, an email provider, and provides a social network (see section 4.3.3). Alternatively, the decline could represent the fact that late adopters of the internet visit fewer websites, or reflect the use of alternative internet-enabled devices such as smartphones or tablets to access website content.

**Figure 4.30 Online audience and domains visited per person on laptop and desktop computers: 2004 – 2011**



Source: Nielsen UKOM, internet users aged 2+, home and work panels, applications included.  
 Note: The online audience is an individual aged 2+ that has used an internet enabled home or non shared work computer to go online at least once in the month. Due to a change in methodology figures prior to October 2006 should be treated with caution.

#### 4.2.6 Digital inclusion

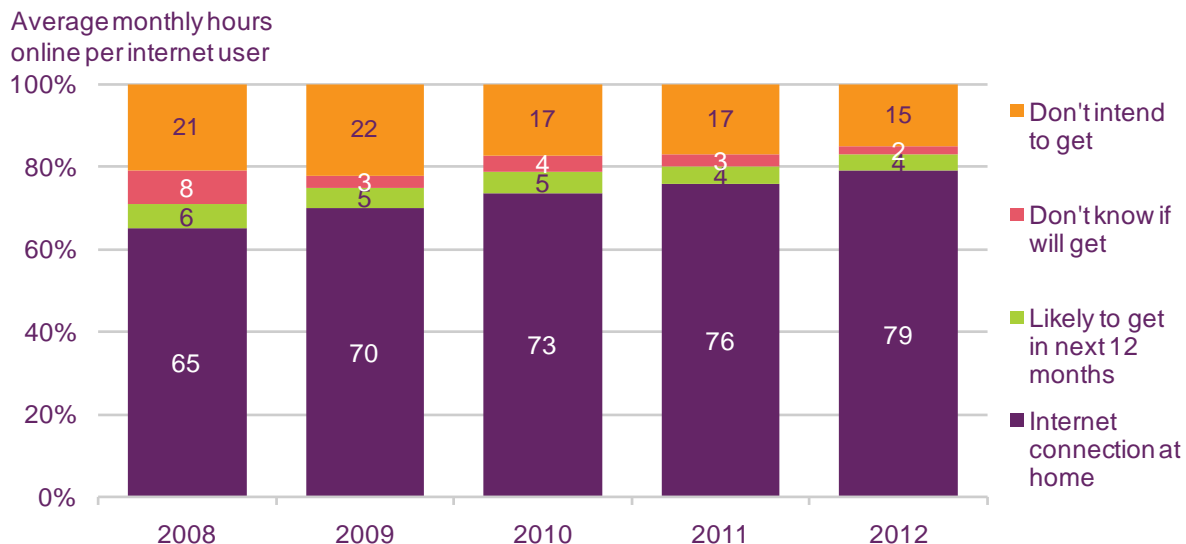
##### One in seven UK adults say they do not intend to get the internet in the next year

Ofcom’s *Internet Use and Attitudes Bulletin*, published as Annex A of this report, summarises a range of Ofcom survey data relating to digital inclusion issues. It monitors take up, breadth of internet use, and core attitudes towards the internet among a variety of sub-groups. It is important to understand which groups within the population are not participating or using the internet as much as others, and those in low income groups and from older age groups are particularly vulnerable in this respect.

The *Bulletin* also provides evidence about non-users of the internet – who they are, why they say they don’t want the internet, and their levels of interest in possible types of internet activity. These are described in the findings below.

Seventy-nine per cent of the UK adult population have the internet at home, and 77% use it<sup>95</sup>. So there remains a sizeable minority of the UK population who are not using the internet, and do not want to take it up. As Figure 4.31 shows, one in seven (15%) adults say they do not intend to get the internet in the next year.

**Figure 4.31 Internet take-up and intentions: 2008-2011**



Source: Ofcom research, QE2/ QE24 – Do you or does anyone in your household have access to the internet / world wide web at home (via any device)?/ How likely are you to get internet access at home in the next 12 months?

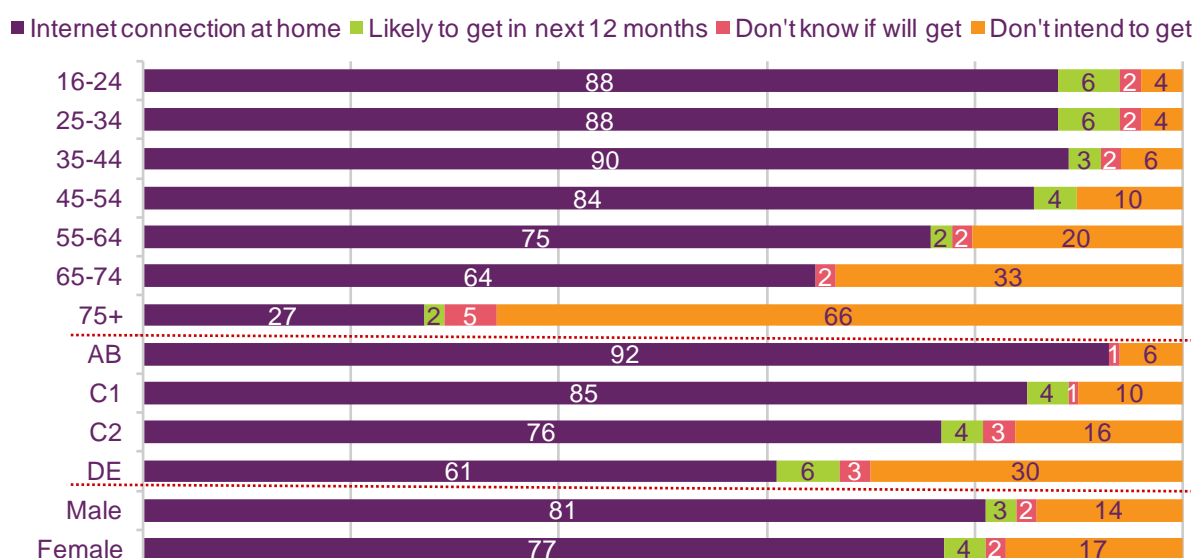
Base: All adults aged 16+ (5812 aged 16+ in 2008, 6090 aged 16+ in 2009, 9013 aged 16+ in 2010, 3474 aged 16+ in 2011, 3772 aged 16+ in 2012, 483 aged 16-24, 608 aged 25-34, 713 aged 35-44, 582 aged 45-54, 596 aged 55-64, 447 aged 65-74, 341 aged 75+, 822 AB, 1085 C1, 765 C2, 1098 DE), 1804 male, 1968 female).

Note: Ofcom research, fieldwork carried out by Saville Rossiter-Base in January to February 2012

There are a number of demographic groups for whom this is particularly the case, as Figure 4.32 illustrates. One-third (33%) of people aged 65-74 say they don't intend to get the internet in the next 12 months, and two-thirds (66%) of those aged 75 or over. Three in ten (30%) of those in the DE socio-economic group say they don't intend to get the internet, compared to 6% of those in AB households.

<sup>95</sup> 2% of households responded "Yes – have access but don't use at home" to the question QE3 (QE2). Do you or does anyone in your household have access to the internet/ world wide web at HOME (via any device, e.g. PC, mobile phone etc)? Source: Ofcom Technology Tracker Q1 2012. NB the 79% figure excludes respondents who did not state mobile phone as an access method but did use internet-enabled features of a mobile and is not equivalent to Figure 4.17

**Figure 4.32 Internet take-up and intentions, by demographic group**



Source: Ofcom research, QE2/ QE24 – Do you or does anyone in your household have access to the internet / world wide web at home (via any device)?/ How likely are you to get internet access at home in the next 12 months?

Base: All adults aged 16+ (5812 aged 16+ in 2008, 6090 aged 16+ in 2009, 9013 aged 16+ in 2010, 3474 aged 16+ in 2011, 3772 aged 16+ in 2012, 483 aged 16-24, 608 aged 25-34, 713 aged 35-44, 582 aged 45-54, 596 aged 55-64, 447 aged 65-74, 341 aged 75+, 822 AB, 1085 C1, 765 C2, 1098 DE), 1804 male, 1968 female).

Note: Ofcom research, fieldwork carried out by Saville Rossiter-Base in January to February 2012

### Most people without the internet at home cite lack of interest as the core factor

People who do not have the internet at home are asked in our media literacy survey why this is the case. They are unprompted, and can give as many reasons as they want to. Figure 4.33 gives a summary of the reasons given by those who do not intend to get the internet at home in the next 12 months.

Most give reasons relating to a lack of interest, as in previous years (78% in both 2011 and 2010). The next most likely reason for not intending to get internet access relates to cost (30% vs. 35%), followed by reasons relating to ownership / availability (20% vs. 26%); typically that they do not have a computer (18%), with some saying that they do not have a landline telephone (1%). Those who do not intend to get the internet at home then give reasons that relate to knowledge (14% vs. 17%); typically that they don't know how to use a computer (13%).

The incidence of nominating 'cost' as a reason for not getting internet access at home may exclude a proportion of respondents who did not feel comfortable nominating this particular reason. Those stating 'a lack of interest' as a possible reason could be masking those that do not intend to get the internet at home for various underlying reasons, such as a lack of experience or a lack of confidence regarding the internet, or a combination of such factors.

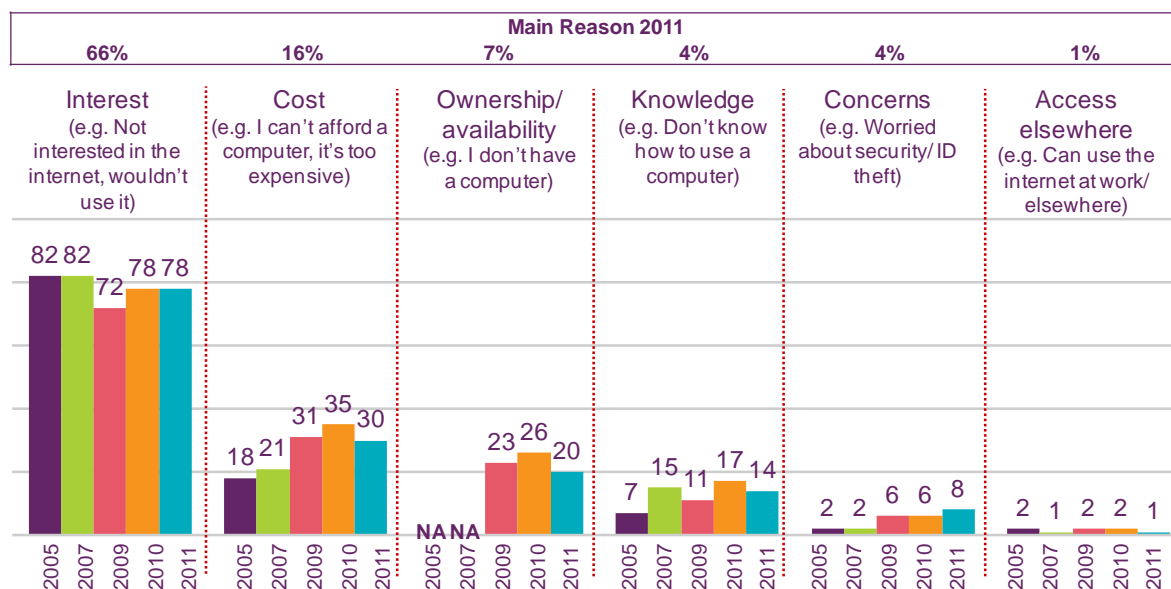
It is worth noting that as take-up of the internet has increased over time, the demographic make-up of the non-user population has changed. The reasons given by non-users over time will therefore reflect this change.

Adults were also asked to give their main reason for not getting internet access at home. As shown in Figure 4.33, two in three (66%) gave a main reason relating to a lack of interest,



with most others giving a main reason relating to cost (16%). Cost as a main reason for not intending to get the internet at home has decreased since 2010 (16% vs. 23%).

**Figure 4.33 Stated reasons for not intending to get home internet access in the next 12 months: 2005, 2007, 2009, 2010 and 2011<sup>96</sup>**



Source: Ofcom research, fieldwork carried out by Saville Rossiter-Base in September to October 2011

IN17/ IN18– Can you tell me what your reasons are for not getting internet access at home? (Unprompted responses, multi-coded)/ And what is your main reason for not getting internet access at home? (Unprompted responses, single coded)

Base: All adults aged 16+ who do not intend to get internet access at home (930 in 2005, 743 in 2007, 410 in 2009, 478 in 2010, 328 in 2011). Significance testing shows any change between 2010 and 2011. Percentages may add to more than 100% as respondents can nominate more than one reason.

### There is little appetite among non-users for internet activities

Finally, we ask respondents on our media literacy survey whether they have any interest in various types of internet activity, to gauge whether or not there is an appetite in these groups for being online.

We find that over time, levels of interest in various activities have remained very low, implying that untapped demand for internet access is small, with around one in eight (14%) or fewer expressing an interest in each activity. Across the functions, there are no differences since 2010.

As explored further in Ofcom's *Adults' media use and attitudes report*<sup>97</sup>, in 2011, non-users aged under 65 are more likely than those aged 65 and over to be interested in buying things over the internet (18% vs. 7%), transferring photos from a digital camera or mobile phone to a computer (18% vs. 7%), finding out about local services (18% vs. 6%), completing

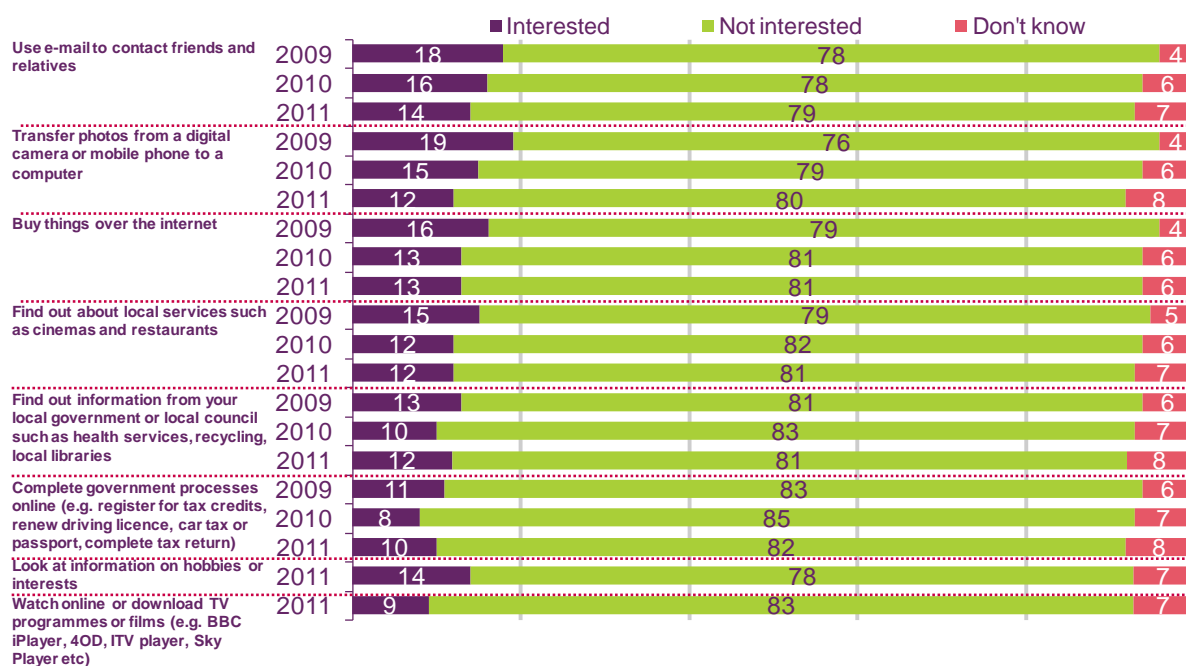
<sup>96</sup> The questionnaires used in the 2005 and 2007 surveys did not include non-ownership of equipment as a possible category for the responses people gave about why they did not intend to get access to the internet at home. The number of categories was extended in the 2009 survey.

<sup>97</sup> <http://stakeholders.ofcom.org.uk/binaries/research/media-literacy/media-use-attitudes/adults-media-use-2012.pdf>

government processes online (16% vs. 5%) and watching online or downloading TV programmes (14% vs. 6%).

There are four activities among non-users in which women are more interested than men: looking at information on hobbies and interests (19% vs. 10%), buying things over the internet (17% vs. 8%), finding out information from their local government or local council such as health services, recycling, local libraries (15% vs. 8%) and watching online or downloading TV programmes or films (13% vs. 6%).

**Figure 4.34 Interest in internet functions among non-users: 2009 - 2011**



Source: Ofcom research, fieldwork carried out by Saville Rossiter-Base in September to October 2011

IN10A-M –I’m going to read out some different types of tasks associated with the internet, PCs or laptops, and for each one please say which of the options on the card applies to you. (Prompted responses, single coded)

Base: Adults aged 16+ who do not use the internet at home or elsewhere (542 in 2009, 628 in 2010, 454 in 2011) – significance testing shows any change between 2010 and 2011

## 4.3 Web-based content

### 4.3.1 Introduction

This section explores the kinds of content and services which people access through the internet.

- Section 4.3.2 gives an overview of the most popular online sectors, websites and applications. This includes changes over time and a demographic breakdown by age group.
- Section 4.3.3 focuses in greater detail on functions related to search and browsing. There is some consideration of the range of other services offered by leading search engines.
- Section 4.3.4 examines social networking, both in terms of the popularity of different sites, and the potential for this platform to act as a driver of web traffic.
- Section 4.3.5 is concerned with online video, with most emphasis on video-sharing sites.
- Section 4.3.6 addresses the topic of online shopping, with particular attention to coupons and rewards sites.
- Section 4.3.7 considers the impact of the internet on the consumption of news, especially as it relates to the online versions of print newspapers.

### Key findings

The key findings from this section of the report are:

- **Google Search, Facebook and YouTube are the most popular websites in the UK.** In March 2012, Google Search had 31.2 million unique visitors, Facebook had 25.8 million unique visitors, and YouTube had 20.8 million unique visitors. These are mass audience internet phenomena, which lead the fields of search engines, social networks and entertainment sites respectively.
- **Nearly two-thirds of internet users in the UK are on Facebook.** In March 2012, 64% of the entire online audience visited Facebook. Between March 2011 and March 2012 the average time per visitor per month on the site was six and a half hours. The social network is also driving a great deal of web traffic, through links posted by members: 23.7% of all referred traffic to YouTube originated on Facebook in March 2012.
- **Time spent on video-sharing sites has increased, as visitors spend longer on YouTube.** Time spent on video-sharing sites grew by 43% between March 2011 and March 2012. YouTube accounts for most of this rise, although its unique audience remained flat over the same period. In January 2012, 3.7 billion videos were viewed on YouTube.
- **In the past three years e-commerce has grown at ten times the rate of other retail sales.** The value of retail sales transacted online increased by 44% from £1.8bn in February 2010 to £2.6bn in February 2012. This compares to an increase in the value of retail sales transacted on the high street of 4%; from £21.1bn to

£22.0bn. Amazon (18.5 million unique visitors in March 2012) and eBay (17.1 million) are the most popular shopping sites, and have more unique visitors than brands with a high street presence like Tesco (7.3 million).

- **Consumers are accessing multiple sources of news online.** Overlap of audiences between news sites is generally high, especially when content is available for free. Visitors to BBC News are also likely to visit the websites of newspapers, such as *The Independent* (64.2% of BBC News audience in March 2012), *The Guardian* (63.0%) and *The Telegraph* (60.9%).

### 4.3.2 Overview

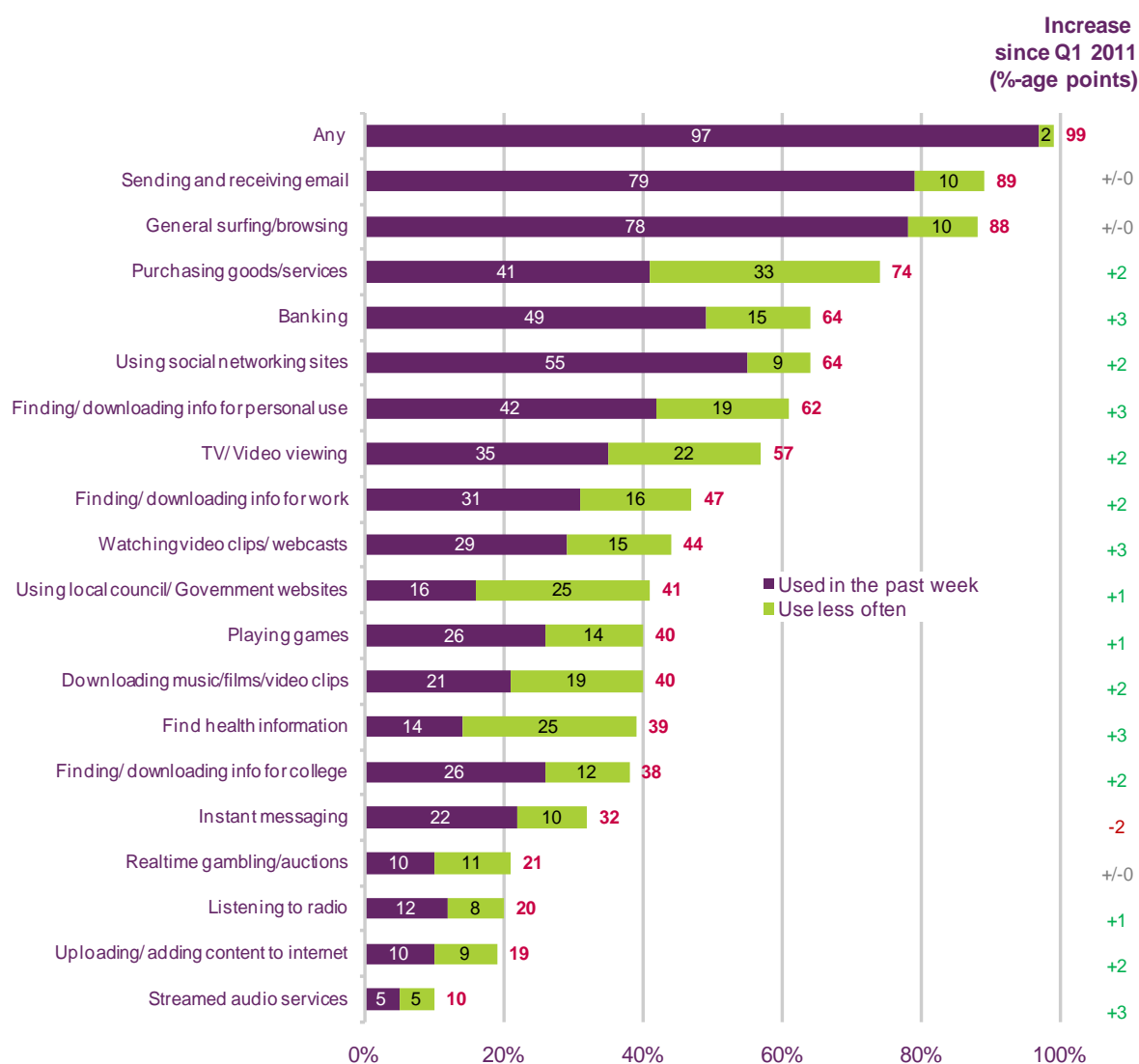
#### **Accessing email and surfing the web are the most widely undertaken activities on the internet in the UK**

The Ofcom *Technology Tracker* (Q1 2012) shows that among consumers with a broadband connection at home the most widely undertaken activities on the internet were sending and receiving email (89% of respondents) and general surfing or browsing of the web (88% of respondents) (Figure 4.35). These were also the activities which most respondents claimed to have engaged in within the last week (79% and 78% respectively).

While 74% of respondents had ever purchased goods or services on the internet, 64% had ever used online banking and 64% had ever accessed social networking sites. In the past week, 41% of respondents had shopped online, while 49% had used online banking and 55% had accessed social networking sites. This indicates that these activities are being undertaken more regularly, although among a smaller proportion of the online population than those who engage in e-commerce.

The most marked increases since last year were for online banking (up 3pp to 64%), finding or downloading information for personal use (up 3pp to 62%), watching video clips or webcasts (up 3pp to 44%), finding health information (up 3pp to 39%), and streaming audio services (up 3pp to 10%). The largest decrease was for instant messaging, which fell 2pp to 32%, although on mobile devices instant messaging increased by five percentage points (see section 5.1.4). Overall, Figure 4.35 shows little substantial change since Q1 2011.

**Figure 4.35 Claimed use of the internet for selected activities**



QE5. Which, if any, of these do you or members of your household use the internet for whilst at home?

Source: Ofcom research, Q1 2012

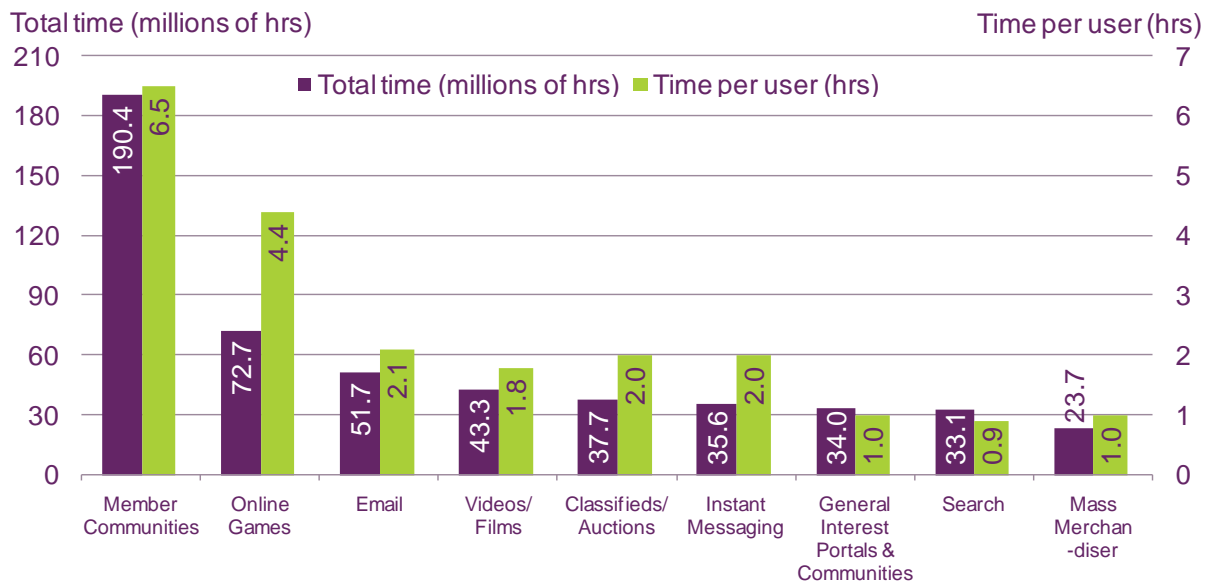
Base: Adults 16+ with a broadband connection at home (n=2727 UK)

### UK internet users spent most time on social networks and blogging communities

Drawing on data from UKOM/Nielsen, Figure 4.36 shows the total time spent on selected categories of websites and applications, and the time per user within each of those categories. Member communities, which includes social networks like Facebook and blogging communities like Tumblr, is the most popular category on both measures. In March 2012, 190.4 million hours were spent on sites like this, with each user averaging 6.5 hours per month. In terms of total time spent, member communities were much more popular than the next largest categories, online games (72.7 million hours), email (51.7 million hours) and videos/films (43.3 million hours). However, online games had a particularly high level of time per user: 4.4 hours per user per month, compared to 2.1 hours per user per month for email and 1.8 hours per user per month for videos/films. UKOM/Nielsen data only captures behaviour on desktop and laptop computers, and therefore does not take account of time

spent on other internet-enabled devices, such as smartphones, tablets and connected games consoles.

**Figure 4.36 Time spent on selected categories of websites and applications on desktop and laptop computers**



Source: UKOM/Nielsen home and work panel, desktop and laptop computers only, applications included, month of March 2012

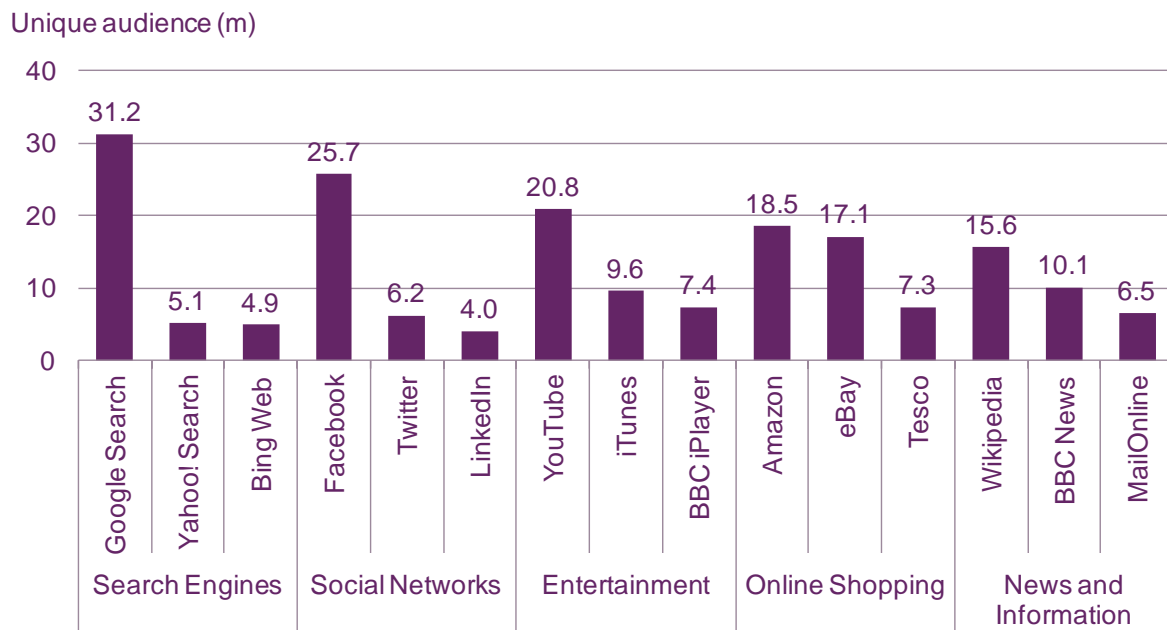
Note (1): Total time is the total time spent on sites and applications within the specified category.

Note (2): Time per user is the total time spent on sites and applications within the specified category divided by its unique audience.

### Google Search, Facebook and YouTube are the most popular sites on the web

In March 2012, Google Search, Facebook, YouTube, Wikipedia and Amazon were the most popular sites accessed on desktop and laptop computers by number of unique visitors, within the respective categories of search, social networking, entertainment, online shopping, and news and information (Figure 4.37). Google Search (31.2 million unique visitors per month), Facebook (25.7 million) and YouTube (20.8 million) had the largest unique audiences overall, and each had a substantial lead within its respective field. Among search engines, Google Search was ahead of the nearest competitor Yahoo! Search by 26.1 million unique visitors per month. Among social networks, Facebook was the leading site, with 19.5 million unique visitors per month more than Twitter. Among entertainment sites there was a margin of 11.2 million unique visitors per month separating the second-ranked site iTunes from YouTube. However, the differences between leading sites in online shopping and news and information were much smaller: 1.4 million unique visitors per month between Amazon and eBay, and 5.5 million unique visitors per month between Wikipedia and BBC News.

**Figure 4.37 Leading sites in selected categories, by unique audience**



Source: UKOM/Nielsen home and work panel, desktop and laptop computers only, applications included, month of March 2012

Note: Unique audience is the total number of unique persons who have visited a website at least once within the specified reporting period. Persons visiting the same website more than once within the specified reporting period are only counted once.

### Older users access services and information online, while younger users prefer watching videos and social networking

Figure 4.38 ranks sites according to the proportion of their unique audience that was from a particular age group in March 2012. The unique audiences of the ten most popular sites overall have been split by demographic segment, expressed as a proportion of the unique audience of each site. This allows for like-for-like comparisons between sites, within the specified age group.

Internet users aged between 2 and 17, and 18 and 24, constituted a larger proportion of YouTube's unique audience than they did for any other site. YouTube ranked tenth among those aged 50-64, and ninth among those aged 65 or over. Amazon was the leading site among these age groups, but ranked tenth among the two youngest age groups. Facebook and MSN/Windows Live/Bing ranked highly among users aged 2 to 34 years old, while Wikipedia and the BBC were more popular among users aged 35 and older. Younger age groups therefore seem to use the internet more for search, social networking and as an entertainment destination, while older age groups visit more for news, information, and online shopping websites.

**Figure 4.38 Relative popularity of the top ten websites on desktop and laptop computers, by age group**

Rank	2-17	18-24	25-34	35-49	50-64	65+
1	YouTube	YouTube	Microsoft	eBay	Amazon	Amazon
2	Google	MSN/Windows Live/Bing	MSN/Windows Live/Bing	BBC	BBC	Microsoft
3	Facebook	Facebook	Yahoo!	Amazon	Yahoo!	BBC
4	BBC	Wikipedia	Facebook	Wikipedia	Microsoft	Wikipedia
5	MSN/Windows Live/Bing	Yahoo!	YouTube	Yahoo!	eBay	Yahoo!
6	Wikipedia	Microsoft	eBay	MSN/Windows Live/Bing	Google	eBay
7	Yahoo!	Google	Google	Google	Wikipedia	Google
8	eBay	eBay	Amazon	Facebook	Facebook	Facebook
9	Microsoft	BBC	Wikipedia	YouTube	MSN/Windows Live/Bing	YouTube
10	Amazon	Amazon	BBC	Microsoft	YouTube	MSN/Windows Live/Bing

Source: UKOM/Nielsen home and work panel, desktop and laptop computers only, applications included, month of March 2012

Note (1): Unique audience is the total number of unique persons who have visited a website or used an application at least once within the specified reporting period. Persons visiting the same website or using the same application more than once within the specified reporting period are only counted once.

Note (2): Unique audience composition is the percentage of the unique audience of a site or application which is from a specified demographic group. The ranking of sites/applications is determined by the size of that proportion relative to the unique audience composition of other sites/applications for the same demographic group.

Note (3): Google excludes YouTube.

### Microsoft's Windows Media Player and Windows Live Messenger are the applications with the greatest reach on desktop and laptop computers

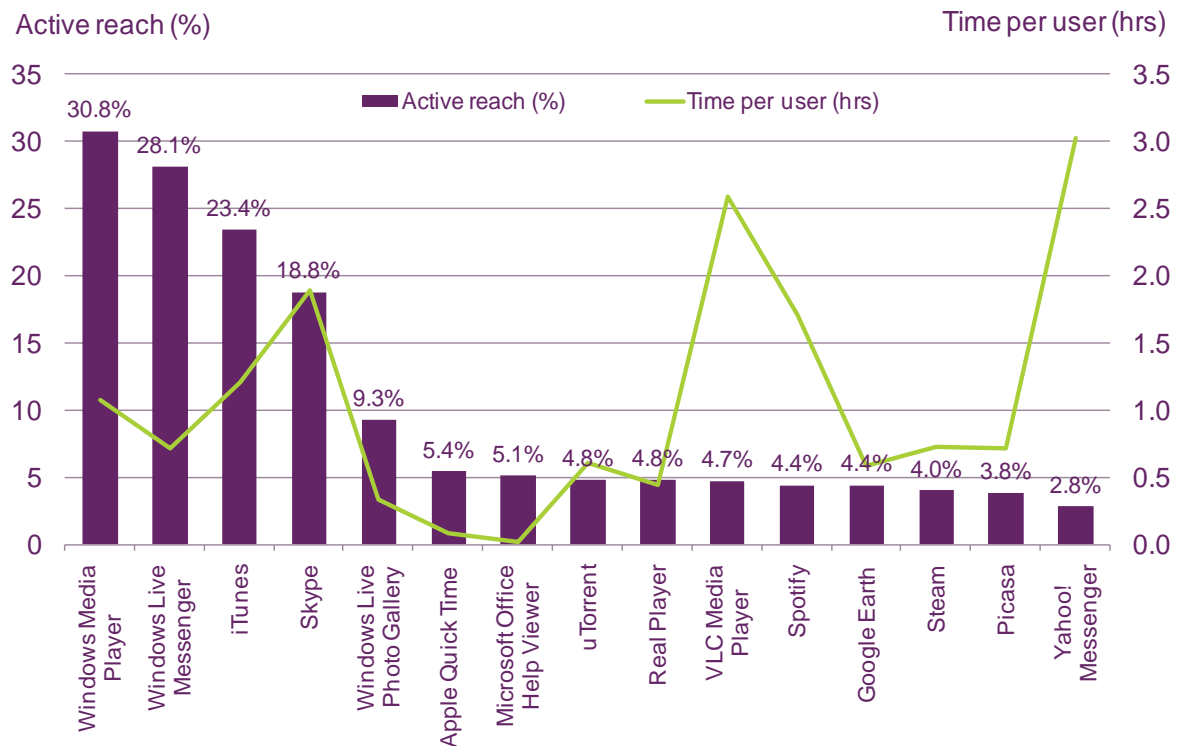
The most popular online applications for desktop and laptop computers in March 2012 were Microsoft's Windows Media Player and Windows Live Messenger (Figure 4.39). Of those who were active on an internet-enabled computer during the month, 30.8% used the media player application Windows Media Player, while 28.1% used the instant messaging application Windows Live Messenger. Apple's iTunes, an application for playing, organising and downloading music, had the third largest active reach, at 23.4%.

However, despite having smaller audiences, some competing applications appear to have higher levels of engagement among users. Users of Yahoo! Messenger, a rival instant messenger, spent an average of 3.0 hours per month using the application, compared to an average of 0.7 hours for Windows Live Messenger. Users of VLC Media Player, a rival media player, spent an average of 2.6 hours per month using the application, compared to an average of 1.1 hours for Windows Media Player. Nevertheless Microsoft's Skype, an



instant messaging and VoIP application, had both a comparatively high active reach and average time per user (18.8% and 1.9 hours per month respectively).

**Figure 4.39 Most popular applications on desktop and laptop computers, by active reach**



Source: UKOM/Nielsen home and work panel, desktop and laptop computers only, month of March 2012

Note (1): Active reach is the percentage of all active 2+ persons who used the application within the specified reporting period. Active is defined as anyone who used an internet-enabled computer within the specified reporting period.

Note (2): Time per user is the total time spent on the application divided by its unique audience. This refers only to the in focus application, towards which keyboard/mouse activity is directed, excluding minimised applications or applications running in the background. The metrics are not always compatible as applications that tend to require users to keep them in focus the whole time, such as video or messaging applications, will record higher time per person than audio applications which can run in the background.

### 4.3.3 Search and browsing

#### Higher levels of engagement with web-based email services than with search engines

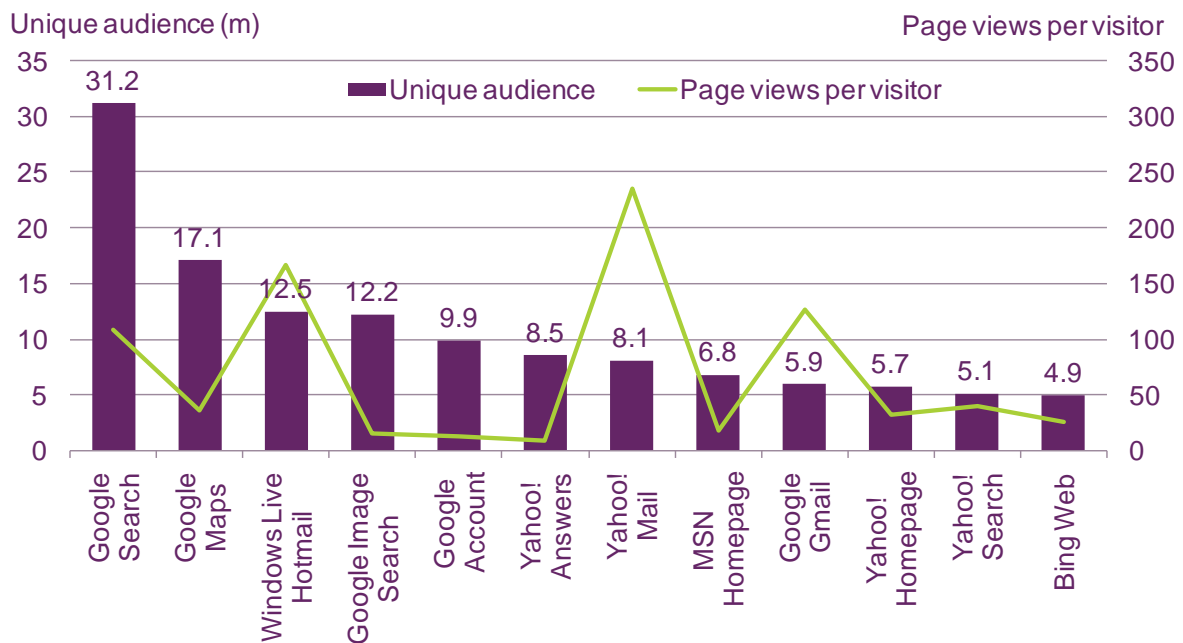
As highlighted in Figure 4.37, the three most popular search brands in the UK are Google, Yahoo! and Microsoft. However, each of these brands offers a range of services besides search, including web-based email, maps, news, instant messaging, social networking, and communities for sharing pictures, videos and music. Figure 4.40 illustrates the most popular search, email and reference services offered by Google, Yahoo! and Microsoft.

For Yahoo! and Microsoft, search is not the most popular service. For Yahoo!, Yahoo! Answers (8.5 million unique visitors per month), Yahoo! Mail (8.1 million) and the Yahoo! Homepage (5.4 million) are all more popular than Yahoo! Search (5.1 million), although Yahoo! Search is embedded within the Yahoo! homepage. For Microsoft, Windows Live Hotmail (12.5 million unique visitors per month), Windows Live Messenger (11.4 million) and

the MSN homepage (6.8 million) are all more popular than Bing Web (4.9 million). Again, Bing Web is embedded within the MSN Homepage. In contrast, Google Search is, by a considerable margin, the most popular of Google's search, email and reference services (31.2 million unique visitors per month), and this popularity extends to other search-based services such as Google Maps (17.1 million) and Google Image Search (12.2 million).

The web-based email services provided by Google, Yahoo! and Microsoft are each more frequently used per visitor than the search engines of these brands. In addition to unique audience, Figure 4.40 shows the average number of pages viewed, per month, by each of the visitors to the web services included in the chart. While unique audience is a measure of the popularity of a website among all web users, page views per person can be used as a comparative measure of how often a website is visited by those who use it. Yahoo! Mail is visited the most per visitor (235 page views per visitor per month), followed by Microsoft's Windows Live Hotmail (167 page views per visitor) and Google Gmail (126 page views per visitor).

**Figure 4.40 Most popular search, email and reference services offered by Google, Microsoft and Yahoo!**



Source: UKOM/Nielsen home and work panel, desktop and laptop computers only, applications included, month of March 2012

Note (1): Unique audience is the total number of unique persons who have visited a website or used an application at least once in the specified reporting period. Persons visiting the same website or using the same application more than once in the reporting period are only counted once.

Note (2): Page views per visitor is the total number of times a web page has been requested by a user in the specified reporting period divided by its unique audience. Page views are counted only when they fully load into the browser window.

### Search on desktop and laptop computers seems to be levelling off

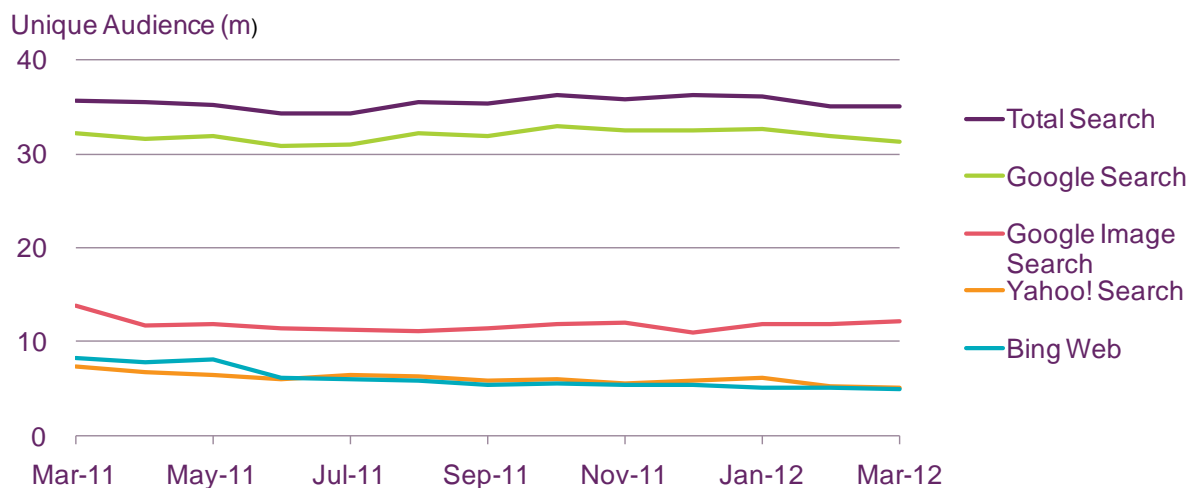
There has been little growth in the unique audiences of search engines on desktop and laptop computers (Figure 4.41). Between March 2011 and March 2012 Google Search remained the most popular search engine in the UK. The average number of unique visitors per month was 31.9 million. In the same period Google's competitor search engines Yahoo! Search (6.1 million unique visitors per month on average) and Bing Web (6.1 million)

attracted less than a fifth as many visitors, while Google Image Search had approximately twice their unique audience (11.9 million).

Yahoo! Search and Bing Web experienced declines in unique audience of 32% (to 5.1 million) and 40% to (4.9 million) respectively between March 2011 and March 2012. Competitor Google's search and image search have not obviously benefitted, with both also declining slightly, by 3% and 12% respectively. Possibly in a bid to mitigate these respective declines, Yahoo! Search has been entirely powered by Bing Web since October 2011 and there is a revenue-sharing deal on search advertising in place between Yahoo! and Microsoft.

The top-level measure of total search reflects the trend, seen across Yahoo!, Bing and Google, of growth apparently levelling off on desktop and laptop computers. This could be due in part to search transferring to mobile devices. In *PC and Mobile UK Internet Trends H2 2011*, Enders Analysis claims that while there are still fewer search engine page views on mobile, the intensity of use is now greater than on desktop and laptop computers. In the UK in December 2011, 5.1 page views per hour were the average on mobile, compared to 4.1 on desktop and laptop computers.<sup>98</sup> However, Figure 4.48 below also suggests that social networking might be beginning to rival search engines in terms of directing web traffic.

**Figure 4.41 Unique audiences of selected search engines on desktop and laptop computers: March 2011 to March 2012**



Source: UKOM/Nielsen home and work panel, desktop and laptop computers only, March 2011 to March 2012

Note: Unique audience is the total number of unique persons who have visited a website at least once in the specified reporting period. Persons visiting the same website more than once in the reporting period are only counted once.

### The battle between search brands extends from websites to web browsers

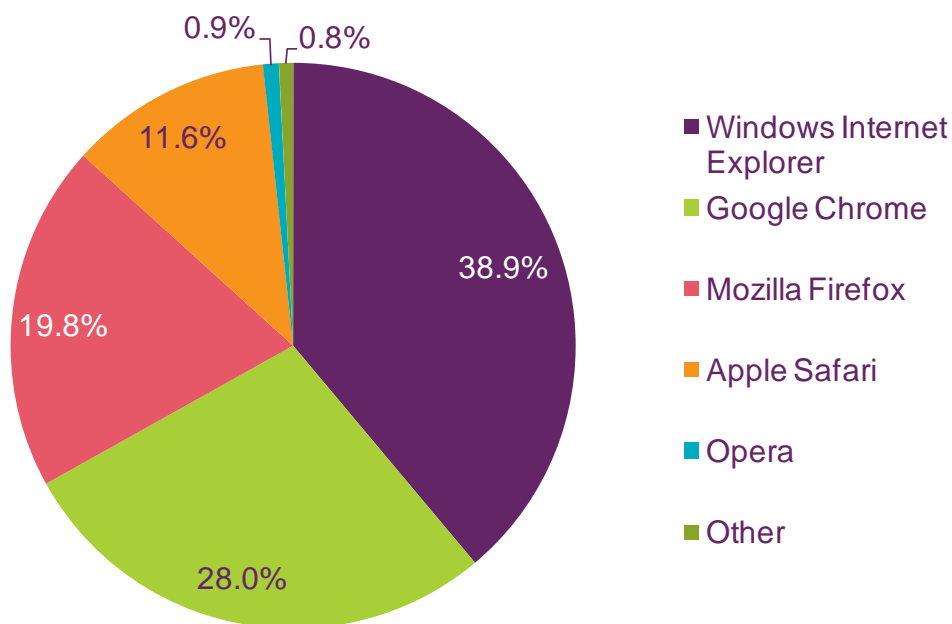
According to data from Statcounter, Microsoft's Windows Internet Explorer was the most popular web browser on desktop and laptop computers in the UK in March 2012 (Figure 4.42). A web browser is installed locally, and provides a point of access to websites, while a search engine is itself a website, which allows users to navigate the rest of the internet. As search engines are often embedded within web browsers, web browsers can contribute to traffic volumes on search engines. This is important, as search advertising was worth £2.8bn

<sup>98</sup> *PC and Mobile UK Internet Trends H2 2011*, Enders Analysis.

in the UK in 2011, according to the Internet Advertising Bureau UK and PricewaterhouseCoopers.<sup>99</sup>

Windows Internet Explorer had a share of 38.9% of total page views in March 2012. As Bing Web is embedded within Windows Internet Explorer, Microsoft's search engine could benefit from the leading position of its web browser. Google Chrome has made significant inroads since its launch in 2008 and now has a 28.0% share of total page views. Furthermore, Google Search is embedded within both Google Chrome and Mozilla Firefox. Google provides the most significant revenue stream for its smaller rival (85% of its total income), in return for securing a platform for its search engine across web browsers.<sup>100</sup> However, a strong position in the browser market does not necessarily entail success in the search market, as it is possible to change the default search engine in either of these web browsers.

**Figure 4.42 Web browsers' shares of total page views on desktop and laptop computers**



Source: StatCounter, month of March 2012

Note: Web browser market shares are based on aggregate data collected from across a global network of more than 3 million websites. StatCounter analyses each hit to its member sites to determine whether or not it came from a mobile device and to establish the browser used. The desktop and laptop computer sample exceeds 872 million page views per month for the UK.

### Device manufacturers take the lead on mobile web browsers

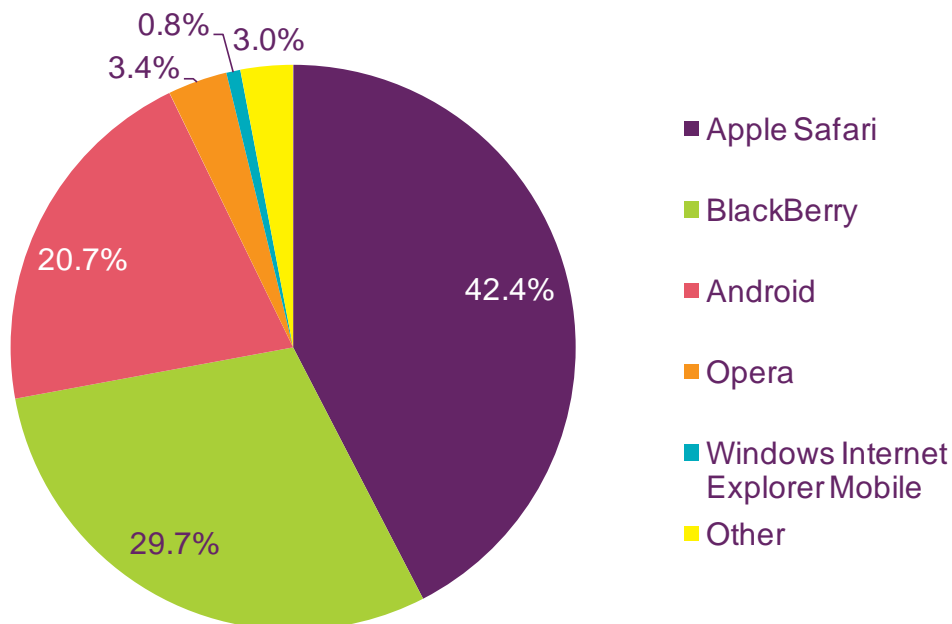
The web browser landscape is markedly different for mobile (Figure 4.43). The major players are device manufacturers like Apple and BlackBerry, and the operating system Android (from the Open Handset Alliance, led by Google). On Apple's iPhone and iPod Touch, Safari Mobile is the default web browser, giving it a market share of 42.4%. This compares to 11.6% for Apple Safari on desktop and laptop computers (Figure 4.42). While Windows Internet Explorer is the most widely-used among desktop and laptop computers, among mobile users it is one of the least-used web browsers (0.8% of page views on a mobile device). This is probably a consequence of its low share of the smartphone market, as sales

<sup>99</sup> <http://www.iabuk.net/about/press/archive/uk-internet-adspend-increases-144-to-48-billion>

<sup>100</sup> <http://www.bbc.co.uk/news/technology-16284196>

of WinMobile/Windows Mobile 7-based handsets indicate.<sup>101</sup> The default search engine on mobile devices is also likely to affect the search advertising revenues of Google and Microsoft (Google Search on Safari, and Bing on BlackBerry), although, as on laptop and desktop computer web browsers, the default search engine can be changed.

**Figure 4.43 Web browsers' shares of total page views on mobile devices**



Source: StatCounter, month of March 2012

Note (1): Web browser market shares are based on aggregate data collected from across a global network of more than 3 million websites. StatCounter analyses each hit to its member sites to determine whether or not it came from a mobile device and to establish the browser and/or operating system used. The mobile sample exceeds 83 million page views per month for the UK.

Note (2): Proportions given should be considered indicative only. BlackBerry and Android-based web browsers are aggregated up to device manufacturer and operating system reporting level.

#### 4.3.4 Social networking

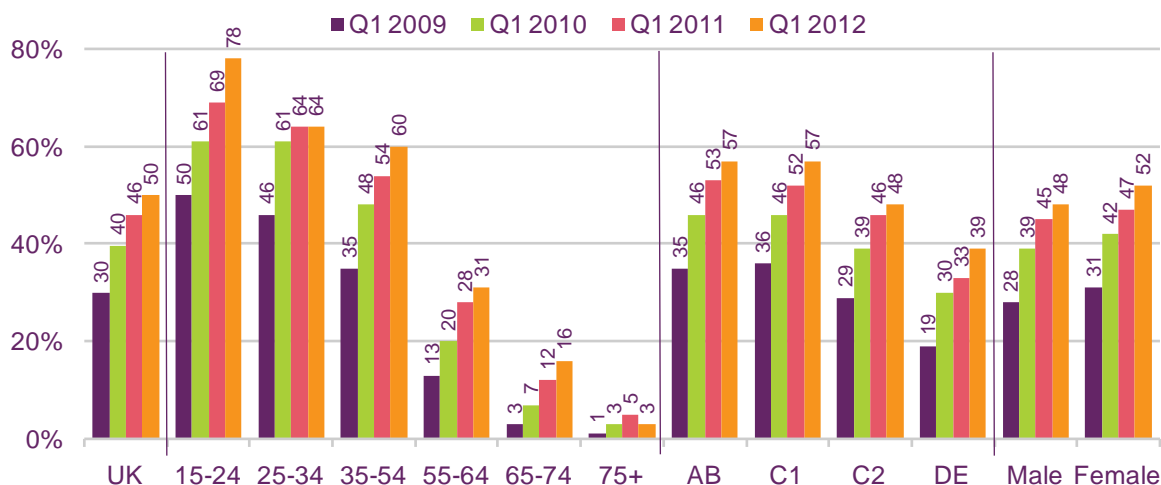
##### Half of UK households use social networking sites

The proportion of UK adults who lived in households which accessed social networking sites stood at 50% in Q1 2012 (Figure 4.44). Access was greatest among younger respondents (78% of those aged 15-24), ABC1 households (57%), and women (52% versus 48% for men).

The growth of social networking has slowed year on year, increasing only 4 percentage points in the year to Q1 2012 compared to 10 percentage points in the year to Q1 2010. Respondents aged 25-34 were no more likely to live in a household which accessed social networking sites between Q1 2011 and Q1 2012, while those aged 75 or over were less likely to have accessed social networking sites in the past year. However, among 15-24 year olds growth of household access to social networking sites appears to remain constant, up 9 percentage points from 69% in the year to Q1 2012.

<sup>101</sup> 2.3% for the twelve weeks ending 22/01/12, Kantar Worldpanel Comtech.

**Figure 4.44 Proportion of adults who live in households where social networking sites are accessed: Q1 2009 to Q1 2012**



QE12: Which, if any, of these do you or members of your household use the internet for while at home?

Source: Ofcom technology tracker, Q1 2012

Base: All adults 16+ (n = 5812 Q1 2008, 1581 Q3 2008, 6090 Q1 2009, 9013 Q1 2010, 3474 Q1 2011, 3772 Q1 2012)

### Nearly two-thirds of the entire online audience in the UK are on Facebook

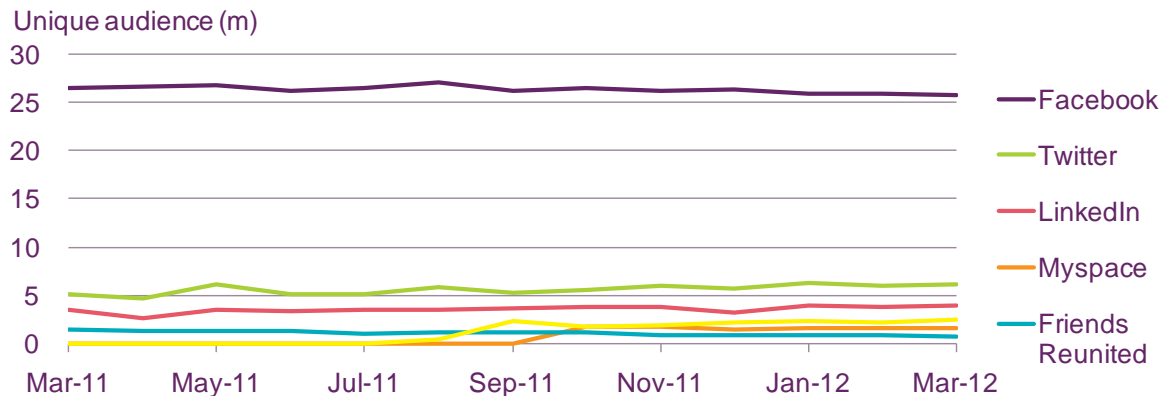
As shown in Figure 4.37, Facebook is the most popular social networking site in the UK, with a unique audience for March 2012 of 25.7 million. In that month, 64% of the entire online audience went on Facebook.<sup>102</sup> Globally, Facebook had 901 million active users by the end of March 2012. That is equivalent to nearly half of the two billion people currently online in the world.<sup>103</sup> Therefore, Facebook's popularity is more concentrated in the UK. Twitter (6.2 million unique visitors per month), LinkedIn (4.0 million), Google+ (2.5 million), Myspace (1.5 million) and Friends Reunited (0.7 million) are much smaller social networking sites in comparison (Figure 4.45).

While Twitter (+24%) and LinkedIn (+14%) both increased their unique audience between March 2011 and March 2012, Friends Reunited (-53%) declined significantly over the same period. Google+, launched in June 2011, had attracted 2.5 million unique visitors by March 2012. However, Facebook might be nearing saturation point, with growth flat on desktop and laptop computers.

<sup>102</sup> Source: UKOM/Nielsen home and work panel, desktop and laptop computers only, month of March 2012. Note: This figure is the unique audience of the site as a proportion as of active internet users for the specified reporting period.

<sup>103</sup> <http://www.sec.gov/Archives/edgar/data/1326801/000119312512208192/d287954ds1a.htm>

**Figure 4.45 Unique audiences of selected social networking sites on desktop and laptop computers: March 2011 to March 2012**



Source: UKOM/Nielsen home and work panel, desktop and laptop computers only, March 2011 to March 2012

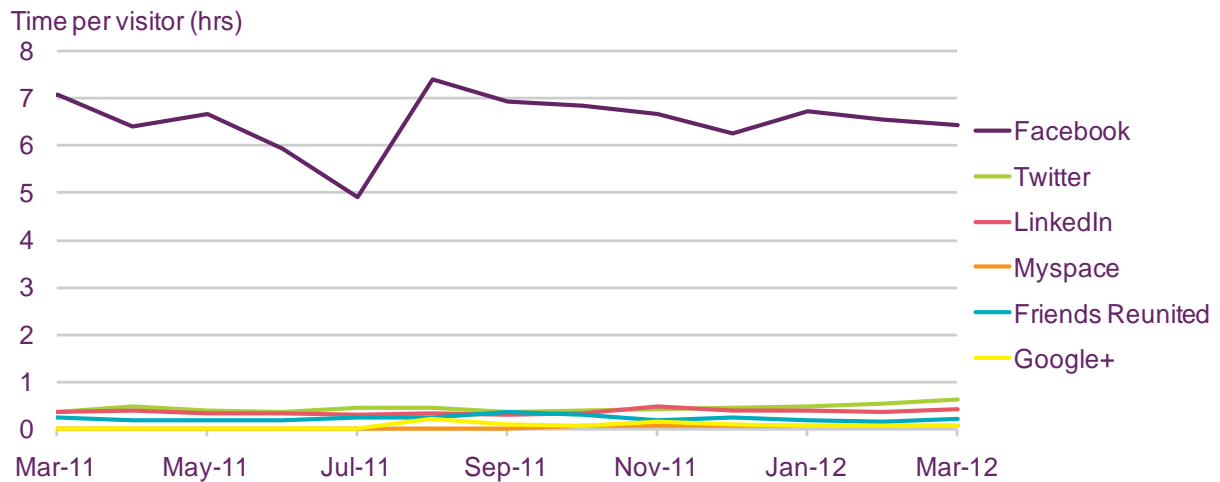
Note: Unique audience is the total number of unique persons who have visited a website at least once in the specified reporting period. Persons visiting the same website more than once in the reporting period are only counted once.

### Facebook users spend an average of six and a half hours per month on the site

Users of Facebook spend more time on the site than users of any other social network (Figure 4.46). Each user averaged six and a half hours per visitor per month between March 2011 and March 2012. While there have been fluctuations in the level of user engagement, Facebook has not declined significantly on this measure since last year. Furthermore, Figure 4.46 does not take account of time spent social networking via mobile devices. According to ComScore's *Connected Europe: How Smartphones and Tablets are Shifting Media Consumption*, Facebook had an active reach of 41.6% among UK mobile browser users in October 2011.<sup>104</sup> This could explain the plateau in use on desktop and laptop computers (Figure 4.45).

<sup>104</sup> *Connected Europe: How Smartphones and Tablets are Shifting Media Consumption*, ComScore, January 2012.

**Figure 4.46 Time spent, per visitor per month, on selected social networking sites, on desktop and laptop computers: March 2011 to March 2012**



Source: UKOM/Nielsen home and work panel, desktop and laptop computers only, March 2011 to March 2012

Note: Time per visitor is the total time spent on the website divided by its unique audience.

### Facebook is the most significant player, but other social networks perform different functions

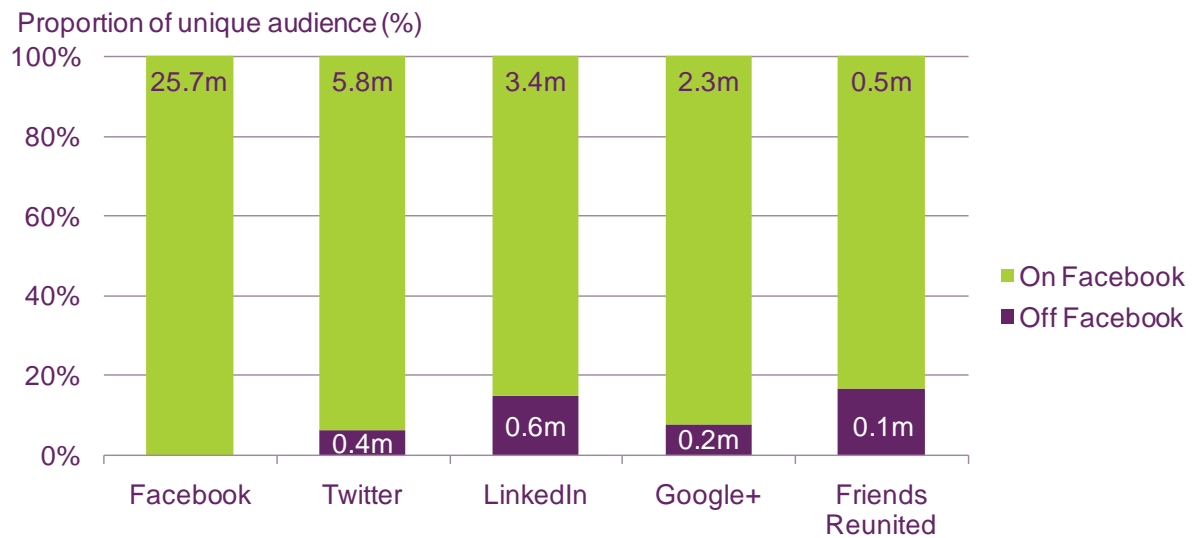
The overwhelming majority of users of other social networking sites also appear to have an account with Facebook (Figure 4.47). According to Wiggin’s 2011 *Digital Entertainment Survey*, 51% of social network users agreed with the statement: “I would prefer one social network enabling me to do everything.”<sup>105</sup> However, Figure 4.47 also shows the proportion of the unique audience of each social network which is not on Facebook. This suggests that social networks might perform different functions adapted to particular niches, despite the attitudes highlighted by Wiggin.

Twitter (6.6% of its unique audience is unduplicated) offers non-reciprocal friendship links, so that members can follow celebrities and entities such as football teams. Google+ (9.1% unduplicated) facilitates group video chats, probably its most distinctive feature. LinkedIn (14.8% unduplicated) and Friends Reunited (13.9% unduplicated) both have explicitly specialised target audiences, whether that is professional communities or those with an interest in nostalgia and genealogy. Nevertheless, Facebook remains the most significant player, as the numbers that only use these other social networking sites are still extremely small.

<sup>105</sup> 2011 *Digital Entertainment Survey*, Wiggin/Entertainment Media Research.



**Figure 4.47 Overlapping and unduplicated audiences of selected social networking sites on desktop and laptop computers**



Source: UKOM/Nielsen home and work panel, desktop and laptop computers only, month of March 2012

Note (1): Overlapping audience is the unique audience of a site which also visited a second designated site in the specified reporting period.

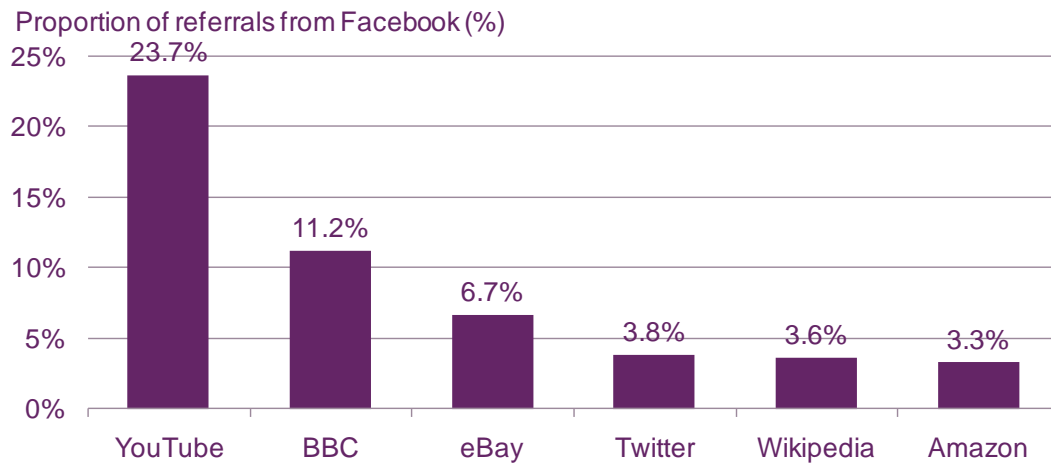
Note (2): Unduplicated audience is the unique audience of a site which did not visit a second designated site in the specified reporting period.

### Facebook is a major driver of web traffic to some of the leading sites in the UK

Users of Facebook often post links to other sites. The extraordinary reach of the social network means that this practice can have considerable impact, potentially rivalling search engines in terms of directing web traffic. Figure 4.48 ranks sites by the proportion of referrals to them which originate on Facebook. YouTube in particular scores highly, with almost a quarter (23.7%) of referred traffic to the video-sharing site coming from this source in March 2012. In comparison, 32.3% of referrals to YouTube were from Google Search.<sup>106</sup> The BBC (11.2%), eBay (6.7%), Twitter (3.8%), Wikipedia (3.6%) and Amazon (3.3%) also received a large number of referrals from Facebook, which demonstrates its influence across the web, as well as indicating the kinds of content which are commonly shared on social networking sites. These include video clips, news and information, and products on online shopping sites.

<sup>106</sup> Source: UKOM/Nielsen home and work panel, desktop and laptop computers only, month of March 2012. Note: Referred traffic is the unique visitors to a site that were referred through a link from a specified source.

**Figure 4.48 Selected sites ranked by proportion of referred traffic generated through referrals from Facebook**



*Source: UKOM/Nielsen home and work panel, desktop and laptop computers only, month of March 2012*

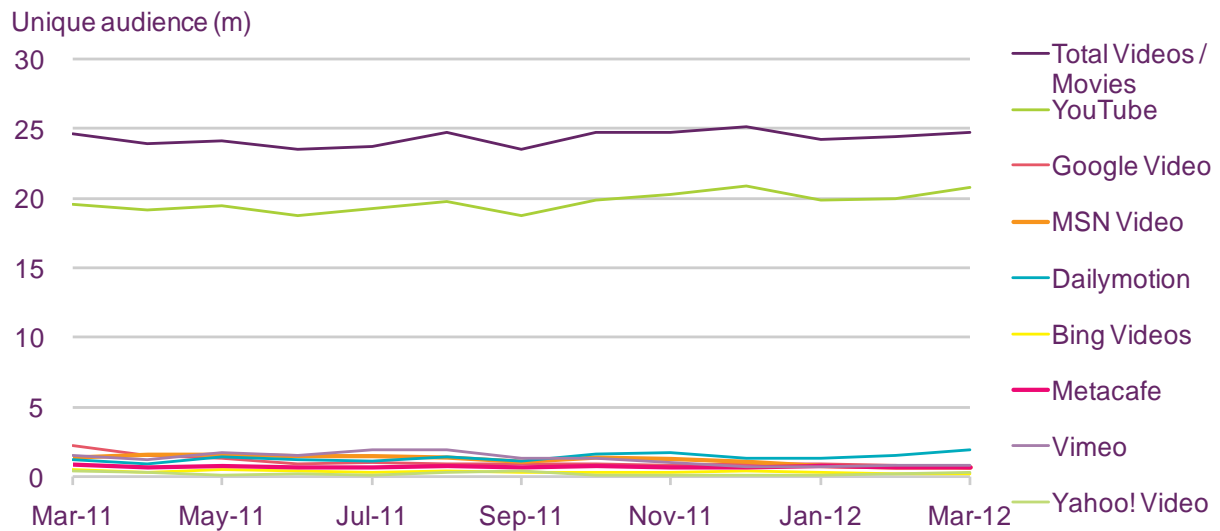
*Note: Referred traffic is the unique visitors to a site that were referred through a link from a specified source.*

#### **4.3.5 Online video**

##### **YouTube remains the most popular video-sharing site, although its audience has not increased significantly on desktop and laptop computers**

Google's YouTube is the most significant player among video-sharing sites, averaging 19.8 million unique visitors per month between March 2011 and March 2012 (Figure 4.49). This is far more than either of its closest competitors Dailymotion (1.4 million unique visitors per month on average) and Microsoft's MSN Video (1.2 million). While Dailymotion grew its unique audience by 51% from 1.3 million to 1.9 million, MSN Video declined by 51%; from 1.4 million to 0.7 million. Google Video, Google's legacy offering, decreased by 73% from 2.2 million unique visitors in March 2011 to 0.6 million unique visitors in March 2012. YouTube maintained a fairly stable audience size throughout the same period, and the overall total for videos and movies shows no change since last year.

**Figure 4.49 Unique audiences of selected video-sharing sites on desktop and laptop computers: March 2011 to March 2012**



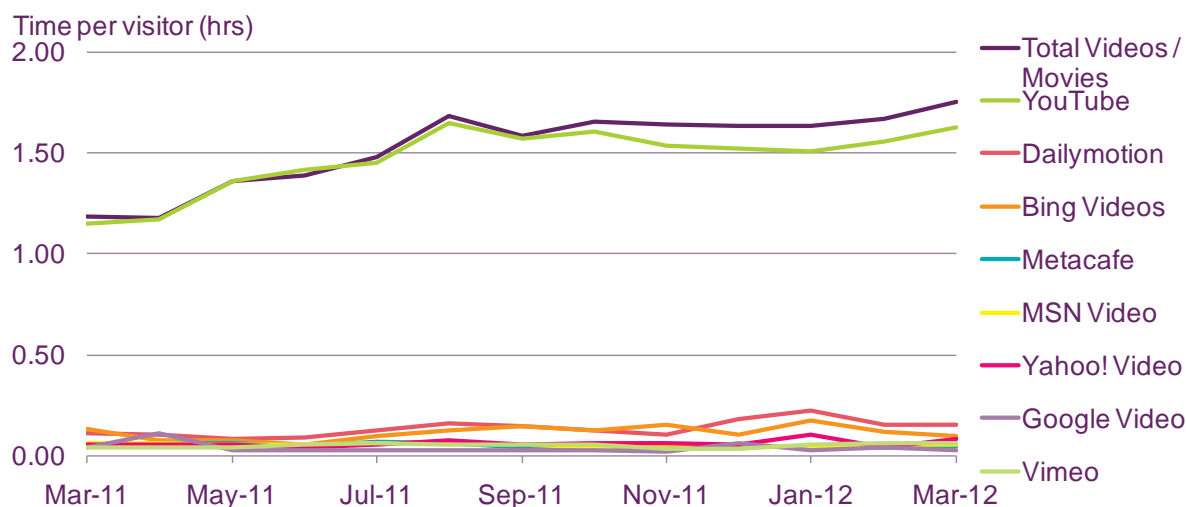
Source: UKOM/Nielsen home and work panel, desktop and laptop computers only, March 2011 to March 2012

Note: Unique audience is the total number of unique persons who have visited a website at least once in the specified reporting period. Persons visiting the same website more than once in the reporting period are only counted once.

### Users are spending longer on video-sharing sites

The average time per visitor per month spent on a video-sharing site between March 2011 and March 2012 was 1.52 hours (Figure 4.50). Although the number of unique visitors to these sites did not increase over this period, users are spending longer watching videos online. Time per visitor per month for all video-sharing sites rose by 43%; from 1.19 hours in March 2011 to 1.70 hours in March 2012. On the same measure, YouTube increased by 39%. Yahoo! Video (+20%) and Microsoft's Bing Videos (+15%) both saw users spending longer on their sites, although in the latter case this merely compensated for a similar decrease in time per visitor per month for MSN Video (-17%). Likewise, Google Video (-50%) declined by half, as the company continued to shift its emphasis to promoting YouTube. In December 2010, YouTube removed length limits on its videos, and started hosting more long-form content such as television programmes, which might also have contributed to the increase in viewing time.

**Figure 4.50 Time spent, per visitor per month, on selected video-sharing sites, on desktop and laptop computers: March 2011 to March 2012**



Source: UKOM/Nielsen home and work panel, desktop and laptop computers only, applications included, March 2011 to March 2012

Note: Time per visitor is the total time spent on the website divided by its unique audience.

### YouTube is also the leading platform for online videos, by volume of content consumed

YouTube accounts for over twenty times more videos watched online than the next largest platform for such content (Figure 4.51). VEVO, Perform Sports and the BBC sites combined make up less than a tenth of its total. VEVO is a music video site, with content syndicated on YouTube, sharing advertising revenue with Google. Perform Sports specialises in sports videos, covering a range of leagues, tournaments and events. BBC Sites include both short-form news videos on BBC News and long-form entertainment videos on BBC iPlayer.

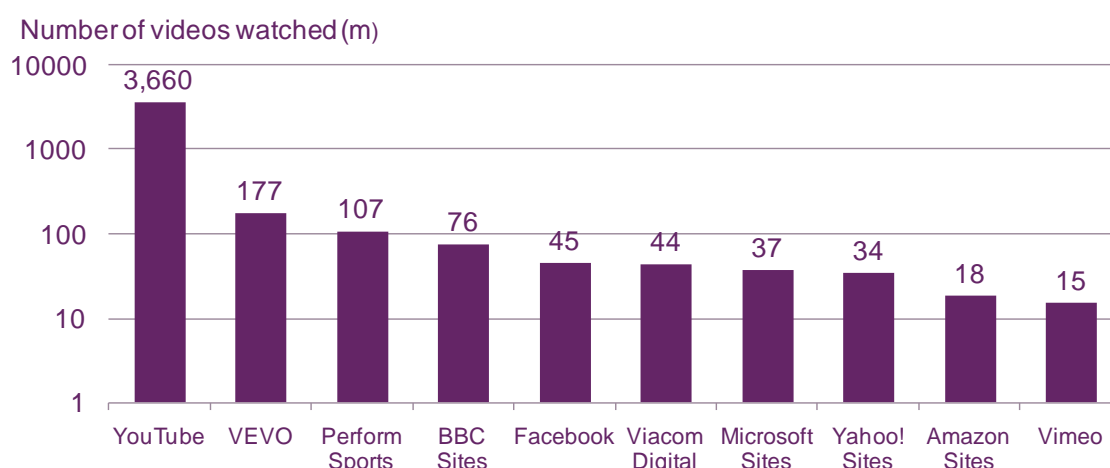
BBC iPlayer remains the most popular platform for online viewing of catch-up TV (see section 2.3.9). LoveFilm, included here under Amazon sites, has seen significant growth in the past year, as users access more over-the-top content (see section 2.3.10). While both of these sites concentrate on long-form content such as television programmes and feature films, Figure 4.51 quantifies the popularity of the various platforms in terms of the numbers of videos watched, without considering time spent.

Wiggin's 2011 *Digital Entertainment Survey* reveals that the most popular categories of videos watched online at least once a week were news (36% of respondents), music (33% of respondents), film (25% of respondents), comedy (24% of respondents) and sport (24% of respondents).<sup>107</sup> YouTube has the advantage of cutting across these themes, with deals in place to host some pay-per-view films, as well as catch-up and archive content from providers such as 4OD and Demand5, and news clips from organisations like the BBC and ITN. YouTube also has an enormous store of user-generated content, and claims that sixty hours of video is uploaded to its site every minute.<sup>108</sup>

<sup>107</sup> 2011 *Digital Entertainment Survey*, Wiggin/Entertainment Media Research.

<sup>108</sup> [http://www.youtube.com/t/press\\_statistics](http://www.youtube.com/t/press_statistics)

**Figure 4.51 Top platforms for video content, by number of videos watched**

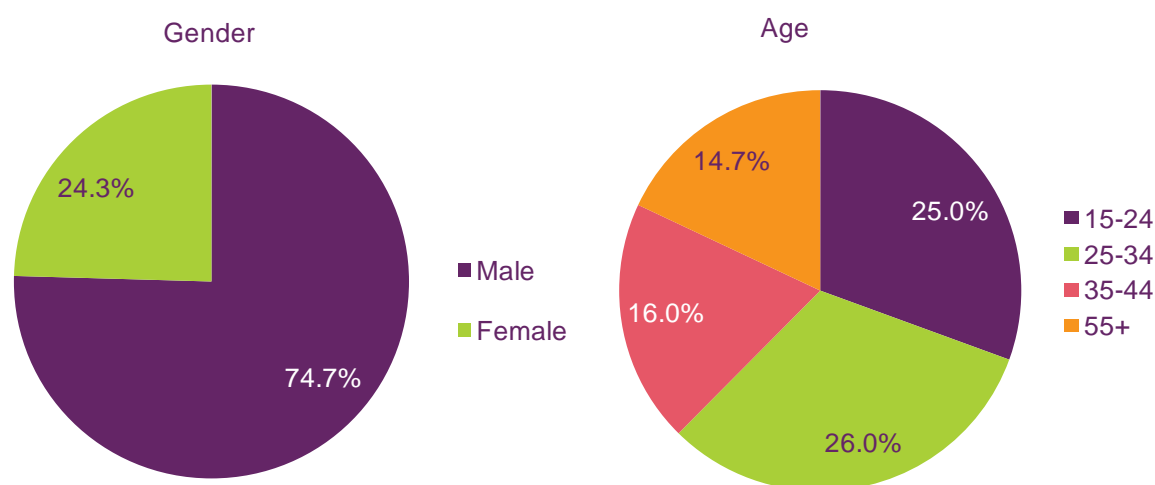


Source: ComScore Video Metrix, month of January 2012

### Men spend three times as much time as women watching videos online

Online video sites are most popular with men and younger age groups (Figure 4.52). In January 2012 almost three-quarters of video content, by proportion of total time spent by all visitors, was consumed by men (74.7%), while more than half was consumed by those aged 15–34 (51.0%).

**Figure 4.52 Total time spent watching videos online, split by gender and age**



Source: ComScore Video Metrix, month of January 2012

### 4.3.6 Online shopping

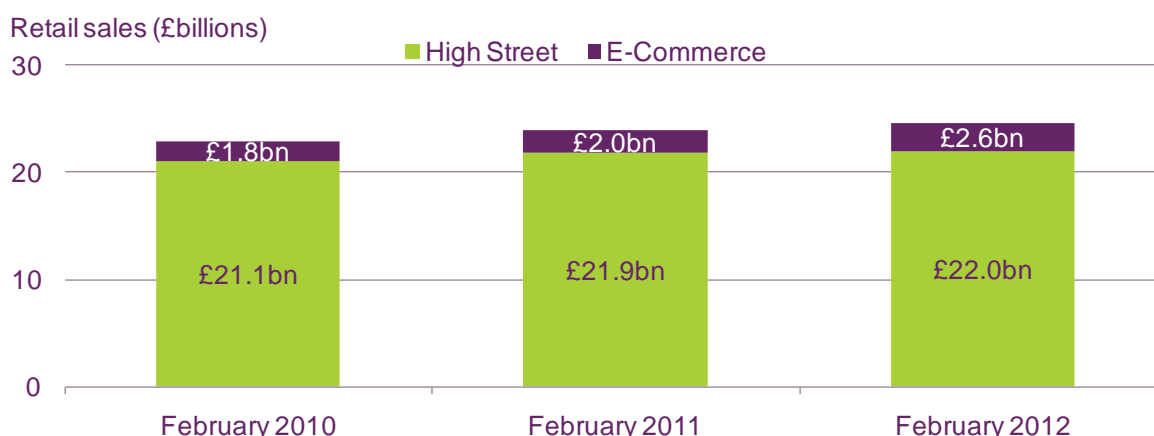
#### Online shopping increasing despite poor economic conditions

Retail sales transacted online were worth £2.6bn for the month of February 2012, growing from £2bn in February 2011 (Figure 4.53). Online shopping still only represents 11% of all retail revenue in a market that was worth £24.6bn in February 2012. Nevertheless, it has been the source of the majority of growth, up by £0.6bn, while high street sales grew by just £0.1bn in the same period. In the past three years e-commerce has grown at ten times the rate of retail sales on the high street, increasing by 44% between February 2010 and

February 2012. This compares to a 4% increase in the value of retail sales on the high street.

Growing consumer confidence in online shopping among late internet adopters is likely to be a contributory factor in the accelerating growth of online shopping revenue. Figure 4.38 demonstrates the popularity of online shopping websites such as Amazon and eBay among those aged 50-64 and 65+, while consumer research from Deloitte shows an increase of 70% between 2010 and 2011 of those aged 55+ who reviewed a product online.<sup>109</sup> Furthermore, reduced disposable incomes in poor economic conditions is likely to drive consumers to online retailers, who benefit from lower fixed costs and can undercut high street prices.

**Figure 4.53 UK retail sales, split by e-commerce and high street: February 2010, February 2011 and February 2012**



Source: Office of National Statistics, Retail Sales Statistical Bulletin, February 2010, February 2011 and February 2012

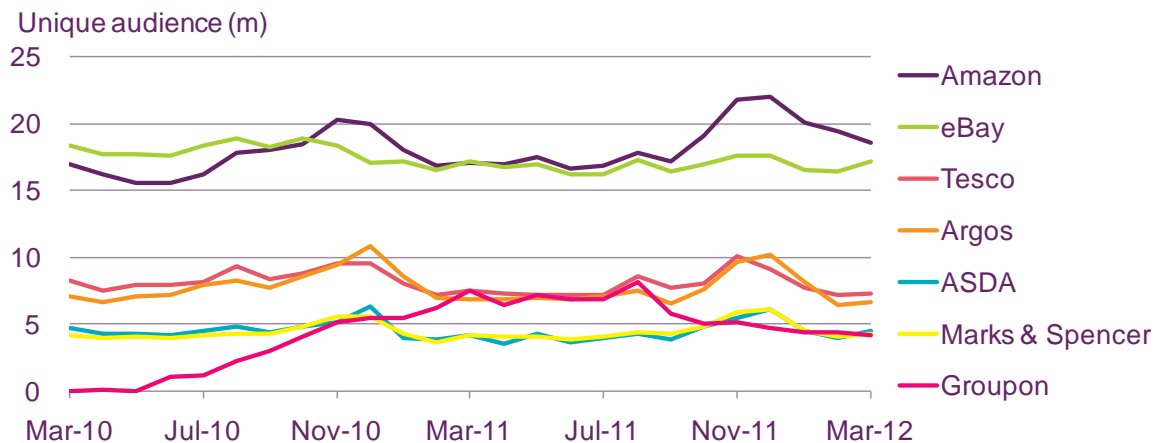
Note: Adapted from data from the Office of National Statistics licensed under the Open Government Licence v.1.0. These figures are not adjusted for inflation. Retail sales excludes automotive fuel.

### Amazon continues to grow, while Groupon’s audience has fallen

Between March 2011 and March 2012, Amazon (18.5 million unique visitors per month on average) and eBay (16.8 million), which are online-only retailers, had greater unique audiences on desktop and laptop computers than brands with a high street presence like Tesco (7.9 million) and Argos (7.4 million) (Figure 4.54). Over the full two-year period, shown in Figure 4.54, Amazon’s unique audience grew by 9%, from 16.9 million unique visitors in March 2010 to 18.5 million in March 2012. Groupon was the highest-ranking new entrant to the market, but there are signs that interest in the group-buying site is now receding. Groupon launched in the UK in January 2010 and reached a peak unique audience of 8.1 million in August 2011. This has since declined by 3.9 million (48%), to 4.2 million in March 2012.

<sup>109</sup> 2011 State of the Media Democracy Report, Deloitte.

**Figure 4.54 Unique audiences of leading shopping sites on desktop and laptop computers: March 2010 to March 2012**



Source: UKOM/Nielsen home and work panel, desktop and laptop computers only, March 2010 to March 2012

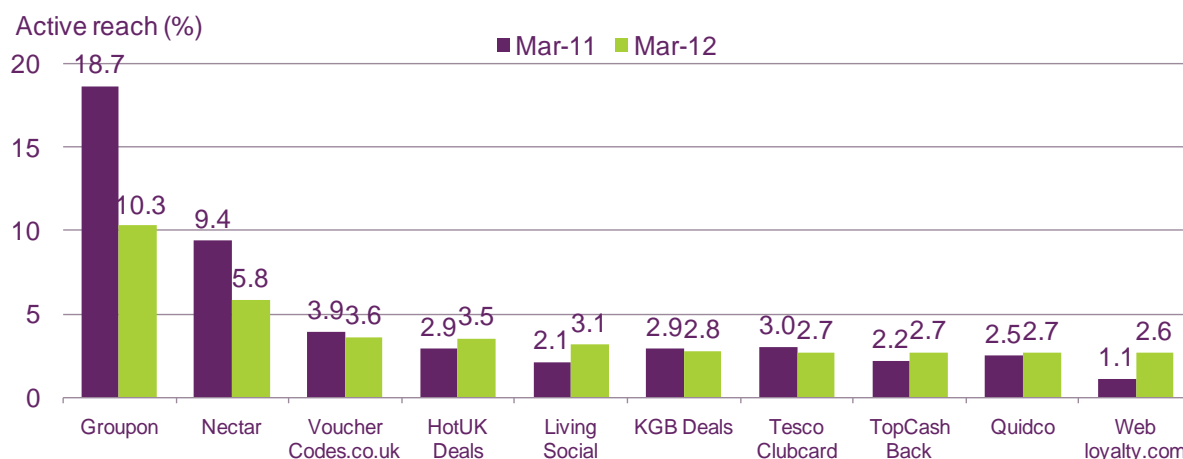
Note: Unique audience is the total number of unique persons who have visited a website at least once in the specified reporting period. Persons visiting the same website more than once in the reporting period are only counted once.

### Interest in coupons and rewards sites appears to be waning

There are several group buying sites other than Groupon, as well as a number of voucher aggregation and cashback or loyalty schemes (Figure 4.55). In March 2012, Groupon was visited by a tenth of the active online population on desktop and laptop computers (10.3%). This confirms its position as the leading site in the sector. Nectar, the second-ranked site, had a reach over half that of Groupon (5.8%). A number of sites had a smaller presence, such as VoucherCodes.co.uk (3.9%), HotUKDeals (2.9%) and LivingSocial (2.1%).

Compared to March 2011, Groupon's active reach decreased by 8.4pp, from 18.7%, while Nectar's decreased by 3.6pp, from 9.4%. The picture among the smaller coupons and rewards sites was more mixed, with slight increases for HotUKDeals, LivingSocial, TopCashBack, Quidco and Webloyalty.com. Nevertheless, VoucherCodes.co.uk, KGB Deals and Tesco Clubcard all experienced declines in their active reach, in line with the general trend of waning interest in coupons and rewards sites.

**Figure 4.55 Most popular coupons and rewards sites on desktop and laptop computers, by active reach: March 2011 and March 2012**



Source: UKOM/Nielsen home and work panel, desktop and laptop computers only, month of March 2012

Note: Active reach is the percentage of all active 2+ persons who accessed the website within the specified reporting period. Active is defined as anyone who used an internet-enabled computer within the specified reporting period.

### 4.3.7 News

#### BBC News is the most popular news site among UK internet users

According to research commissioned by Ofcom and conducted by Kantar Media, TV is the most popular platform for news in the UK. While 85% of the population access news through this medium, 53% use the radio and 53% use newspapers. In comparison, 41% of the population go online to access news.<sup>110</sup>

As shown in Figure 4.37, BBC News is the most popular source of news on the web in the UK. In March 2012, 10.1 million unique visitors accessed the site on desktop and laptop computers. According to Figure 4.56, MailOnline (6.5 million unique visitors), Guardian Online (5.1 million) and Telegraph Online (4.8 million) had the next largest audiences, followed by Yahoo! News websites (4.2 million).

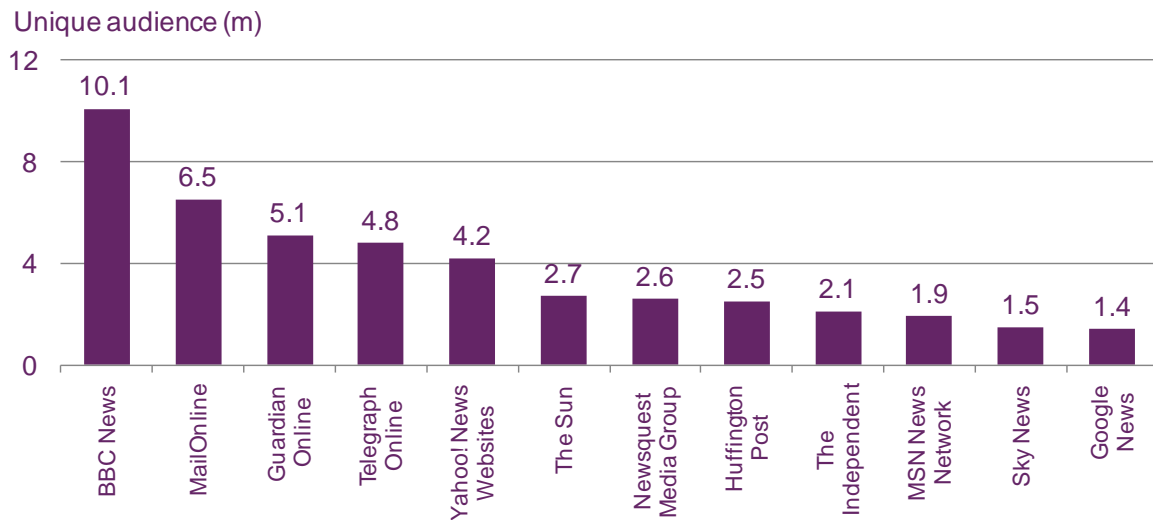
This illustrates the main types of platforms for accessing news on the internet in the UK. There are websites from broadcasters like the BBC and Sky. Newspapers like *The Daily Mail*, *The Guardian* and *The Telegraph* publish online versions. There are also news services from search brands Yahoo!, Microsoft and Google. These sites are limited to news aggregation, without the investment in reporting of broadcasters and newspapers. Finally, AOL's Huffington Post is an online-only publication which does commission original journalism, and won a Pulitzer Prize in April 2012.<sup>111</sup> Since its launch in the UK in May 2011, the Huffington Post has attracted an audience of 2.5 million unique visitors per month.

<sup>110</sup> *Measuring Media Plurality*, Ofcom.

<sup>111</sup> <http://www.guardian.co.uk/culture/us-news-blog/2012/apr/16/pulitzer-prize-2012-winners-list>



**Figure 4.56 Most popular news sites on desktop and laptop computers in the UK**



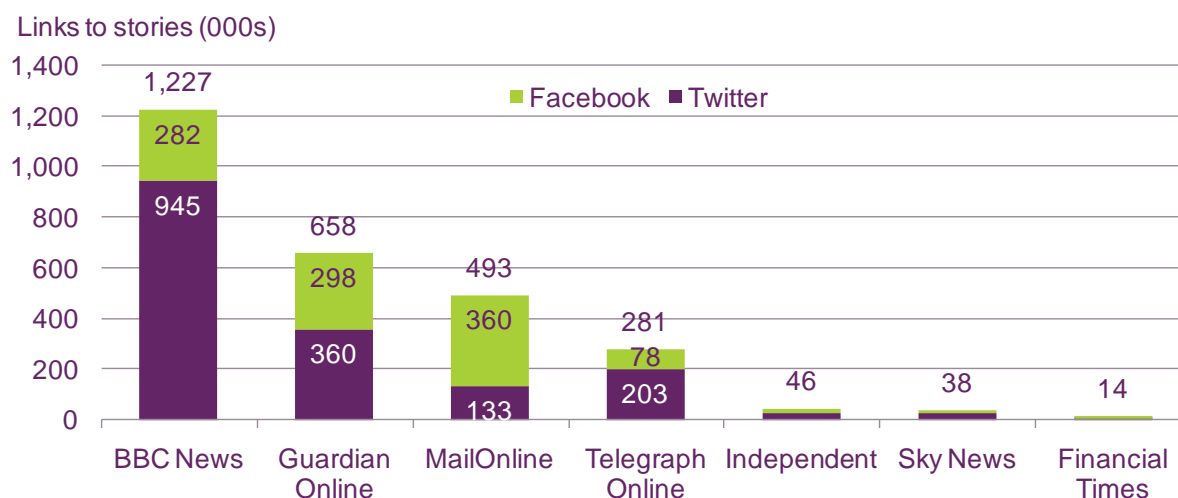
Source: UKOM/Nielsen home and work panel, desktop and laptop computers only, month of March 2012

Note: Unique audience is the total number of unique persons who have visited a website at least once in the specified reporting period. Persons visiting the same website or using the same application more than once in the reporting period are only counted once.

### **BBC News stories are shared most often on the leading social networks**

BBC News also generated the most interest on Facebook and Twitter in March 2012 (Figure 4.57). According to data from Rippla, 1,227 links to stories from the news site were posted on these social networks, which is more than the combined total of its closest competitors Guardian Online (658) and MailOnline (493). While 77% of BBC News and 55% of Guardian Online stories shared were linked to on Facebook, MailOnline had the majority of its social network exposure on Twitter (73%).

**Figure 4.57** Number of stories from selected news sites shared on Facebook and Twitter



Source: Rippla, month of March 2012

Note (1): The stories included are restricted to the categories News, Politics, Opinion and Business/Economy.

Note (2): The number of times stories are shared includes links posted outside the UK on Facebook and Twitter.

### Declining circulation of print newspapers occurs alongside shift in emphasis to online versions

In March 2012, *The Daily Mail*, *The Guardian*, *The Telegraph*, *The Sun*, *The Independent*, *The Times* and *The Financial Times* all reported year-on-year decreases in headline circulation, which includes subscriptions, overseas distribution and bulk sales. In the same period there were increases in the unique audiences of MailOnline ([www.dailymail.co.uk](http://www.dailymail.co.uk)), Guardian Online ([www.guardian.co.uk](http://www.guardian.co.uk)), Telegraph Online ([www.telegraph.co.uk](http://www.telegraph.co.uk)) and the website of *The Sun* ([www.thesun.co.uk](http://www.thesun.co.uk)). While audiences of *The Independent's* website ([www.independent.co.uk](http://www.independent.co.uk)) showed no change, the online versions of *The Times* ([www.thetimes.co.uk](http://www.thetimes.co.uk)) and *The Financial Times* ([www.ft.com](http://www.ft.com)) both experienced double digit declines (Figure 4.58).

The general trend is falling engagement with print formats. *The Independent* saw the greatest decrease (44.7%), which might be attributed in part to the launch of its sister title *i* in October 2010. In March 2012, *i* had a headline circulation of 273,793, compared to 100,672 for *The Independent*.<sup>112</sup> *The Independent* has also cut back on bulk sales and overseas distribution, adversely affecting its headline circulation. *The Financial Times* and *The Guardian* experienced reductions of a broadly similar magnitude (16.8% and 16.3% respectively), while these titles have increasingly focused on expanding their online presence, through the promotion of mobile and tablet versions. According to figures released by *The Financial Times*, 20% of its online page views were on mobile in 2011.<sup>113</sup> Guardian News and Media launched a free application for the iPad in October 2011, and the publisher claimed over 500,000 downloads by January 2012.<sup>114</sup> After this trial offer expired, the price increased to £10 per month.

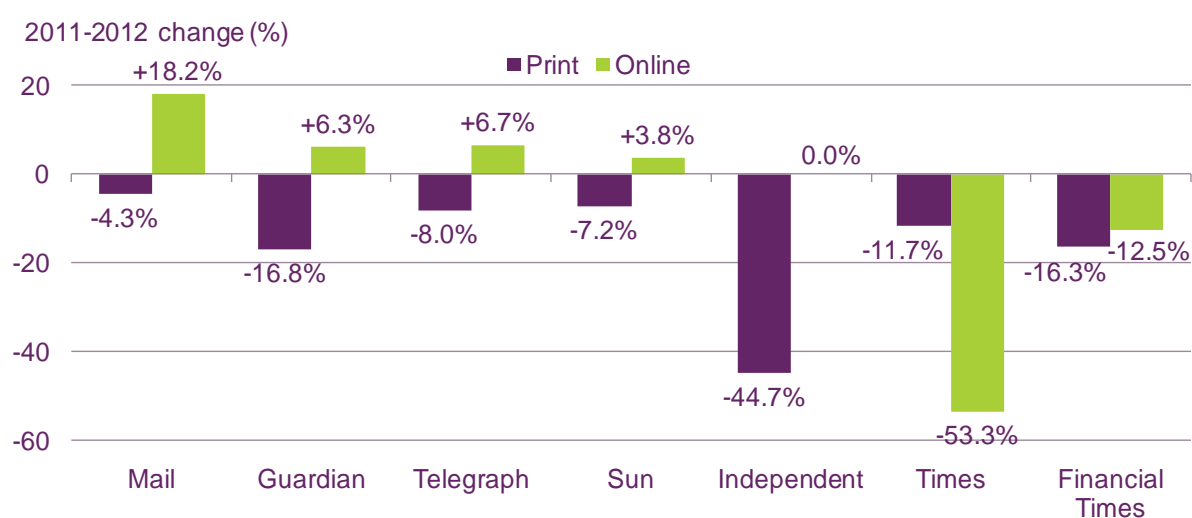
<sup>112</sup> Audit Bureau of Circulations, March 2012.

<sup>113</sup> <http://aboutus.ft.com/2011/11/18/ft-web-app-registers-one-million-users/#axzz1vsU6dBcL>

<sup>114</sup> <http://www.guardian.co.uk/technology/appsblog/2012/jan/06/guardian-ipad-app-downloads>

Research by Enders Analysis claims that newspaper publishers have expanded their reach and increased the share of the total time spent reading news and information online, from 15% in Q4 2010 to 35% in Q4 2011.<sup>115</sup> Figure 4.58 demonstrates the shift in consumption between web-based and print formats, and the varying degrees of success with which publishers have managed to substitute audiences. It is important to stress that the platforms are not necessarily substitutional, and indeed might be considered complementary. The majority of these sites allow users to access content free of charge, generating revenue principally through display advertising and added-value services, such as applications for tablets. However, *The Times* and *The Financial Times* have both adopted paid-for models of online newspaper content consumption, and the relative success of different titles cannot be evaluated entirely in terms of their unique audiences.

**Figure 4.58 Year-on-year changes in headline circulation of print versions and unique audiences of online versions of selected newspapers: March 2011 and March 2012**



Source (1): Audit Bureau of Circulations, March 2011 and March 2012

Source (2): UKOM/Nielsen home and work panel, desktop and laptop computers only, March 2011 and March 2012

Note (1): Headline circulation includes subscriptions, overseas distribution and bulk sales to airlines, railways, hotels and gyms.

Note (2): Unique audience is the total number of unique persons who have visited a website at least once in the specified reporting period. Persons visiting the same website more than once in the reporting period are only counted once.

### Users access multiple sources of news online

Figure 4.59 illustrates how consumers often access multiple sources of news, showing the varying degrees of overlap between the unique audiences of different sites on desktop and laptop computers. BBC News saw the greatest amount of crossover from the audiences of other sites, reflecting its status as the most popular source of news online, and perhaps also its reputation as a provider of free, high quality public service content. Users of [www.independent.co.uk](http://www.independent.co.uk) (64.2% of its audience overlapped with BBC News), Guardian Online (63.0%) and Telegraph Online (60.9%) were particularly likely to also visit BBC News. As noted above, [www.thetimes.co.uk](http://www.thetimes.co.uk) charges for access to its content (an explanation for its uniformly low levels of overlap, alongside the impact of its comparatively small unique audience). While 63.7% of its audience also visited BBC News, BBC News' overlap with [www.thetimes.co.uk](http://www.thetimes.co.uk) was just 4.6%.

<sup>115</sup> PC and Mobile UK Internet Trends H2 2011, Enders Analysis.

In general, there was a high level of overlap between different sources of news online; perhaps surprisingly, in the case of titles which have traditionally adopted opposing political views, such as the [www.independent.co.uk](http://www.independent.co.uk) and MailOnline (53.9% overlapping) and [www.thesun.co.uk](http://www.thesun.co.uk) and Guardian Online (39.1% overlapping). The internet offers consumers greater choice, including much content available for free, and ease of moving between publications in the absence of a physical newspaper, which might encourage the practice of accessing multiple sources of news.

**Figure 4.59** Overlapping audiences of selected news sites on desktop and laptop computers

	BBC News 10.1m	Mail 6.5m	Guardian 5.1m	Telegraph 4.8m	Sun 2.7m	Independent 2.1m	Times 0.7m
Overlap with BBC News		56.5%	63.0%	60.9%	55.3%	64.2%	63.7%
Overlap with Mail	36.3%		47.7%	52.3%	54.6%	53.9%	53.6%
Overlap with Guardian	32.1%	37.7%		48.5%	39.1%	58.7%	55.6%
Overlap with Telegraph	28.7%	38.4%	45.0%		37.8%	52.6%	54.7%
Overlap with Sun	14.9%	22.9%	20.7%	21.6%		24.5%	29.2%
Overlap with Independent	13.3%	17.4%	23.9%	23.1%	18.8%		34.2%
Overlap with Times	4.6%	6.0%	7.8%	8.3%	7.8%	11.8%	

■ 0-15%  
 ■ 16-30%  
 ■ 31-45%  
 ■ 46-60%  
 ■ 60-75%

Source: UKOM/Nielsen home and work panel, desktop and laptop computers only, month of March 2012

Note (1): Unique audience is the total number of unique persons who have visited a website at least once in the specified reporting period. Persons visiting the same website more than once in the reporting period are only counted once.

Note (2): Overlapping audience is the proportion of the unique audience of a site which also visited a second designated site in the specified reporting period.