

# Communications Market Report

**Wales** Published 3 August 2017

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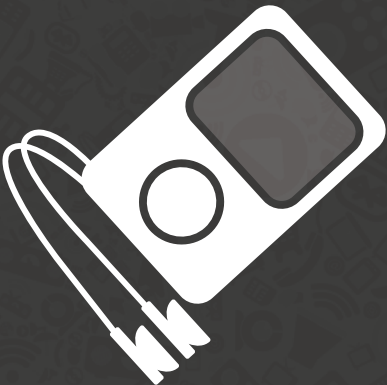




# Communications Market Report

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# Introduction

## Welcome to Ofcom's annual Communications Market Report for Wales.

The report gives an overview of the nation's communications markets, examining availability, take-up and consumption of telecommunications, broadcasting, internet and postal services, and comparing the findings with the other nations and the UK as a whole.

The availability of faster internet connectivity continues to grow, primarily as a result of the Welsh Government's Superfast Cymru programme which is being implemented by BT. To date, more than 647,487 homes and businesses in Wales that would not otherwise have been covered by commercially-driven roll-outs, now have access to services with speeds of at least 24 Mbit/s. Another Welsh Government project has provided superfast services to business parks and industrial estates where fibre was either not available or broadband speeds were poor.

The number of users of 4G services in Wales increased steeply between 2015 (23%) and 2016 (44%) which puts Wales in line with the average figure for the UK as a whole (48%). Data usage figures from Ofcom's 2016 *Connected Nations report*<sup>1</sup> shows that in Wales, in June 2016, 51% of mobile data was delivered by 4G networks, lower than the UK average of 60%.

Take-up of landline, mobile and broadband services in Wales is broadly consistent with levels in the UK as a whole in 2017. In previous years, there have been differences between Wales and the UK in levels of smartphone and tablet ownership. In 2017, however, adults in Wales are as likely as the UK average to have a tablet computer in their household and to personally use a smartphone.

While there is no difference by location in 2017 for take-up of Freeview in Wales, take-up of satellite TV in Wales is higher in rural areas (59% compared with 43% in urban areas) and take-up of cable services is higher in urban areas (12% compared to 0% in rural). Compared to the UK overall, penetration of satellite TV is higher in Wales, although households in Wales are less likely than in the UK overall to have cable TV (10% in Wales compared to 15% in the UK).

Fifty-eight per cent of adults in Wales own a DAB radio set, more than in either Scotland or Northern Ireland. Growth in DAB radio ownership was greater in Wales than in the other UK nations, increasing by eight percentage points between 2015 and 2016. The higher levels of DAB ownership in Wales is likely to be influenced by the popularity of UK-wide services, as DAB offers a greater range of these stations.

Wales had the highest growth in local commercial radio revenue of any UK nation in 2015.

On a per-capita basis, revenues increased by £1.32. Despite this high growth, Wales still has the smallest local commercial revenue per head of population of any UK nation, and is the only nation apart from England with revenues per head lower than the UK average.

The greatest year-on-year increase in content spend by the BBC on local/nations' radio was in Wales. Content spend on BBC Radio Wales increased by 7.1%, and 10.9% more was spent on BBC Radio Cymru.

<sup>1</sup> <https://www.ofcom.org.uk/research-and-data/multi-sector-research/infrastructure-research>



# Setting the scene

## Key facts about Wales

Figure	Wales	UK
Population	3.11 million (mid-2016 estimate)	65.65 million (mid-2016 estimate)
Age profile	Population aged <16: 17.9% Population aged 65+: 20.4%	Population aged <16: 18.9% Population aged 65+: 18.0%
Population density	150 people per square kilometre	271 people per square kilometre
Language	24% of the population can speak Welsh	n/a
Unemployment	4.8% of economically active population, aged 16 and over	4.6 % of economically active population, aged 16 and over
Income & expenditure	Weekly household income: £708 Weekly household expenditure: £447	Weekly household income: £781 Weekly household expenditure: £527.70

**Source:** Office for National Statistics: Population Estimates for UK, England and Wales, Scotland and Northern Ireland, Mid-2015; Office for National Statistics: Regional Labour Market, June 2016; Office for National Statistics: Family Spending 2015 edition; Annual labour market summary (16 or over) by Welsh local area and economic activity status June 2016; Welsh Language Use Survey 2013-15; The Effects of Taxes and Benefits on Household Income, 2015/16

### A note on our Technology Tracker survey research

We conducted a face-to-face survey of 3,743 respondents aged 16+ in the UK, with 495 interviews conducted in Wales. Quotas were set and weighting applied to ensure that the sample was representative of the population of Wales in terms of age, gender, socio-economic group and geographic location. Technology Tracker data in this report are cited as from 2017, with the fieldwork taking place in January and February of this year.

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

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

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

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

The information set out in this report does not represent any proposal or conclusion by Ofcom in respect of the current or future definition of markets.

Nor does it represent any proposal or conclusion about the assessment of significant market power for the purpose of the Communications Act 2003, the Competition Act 1998 or any other relevant legislation.

The full dataset and charts are available in a searchable resource, which can be found at [www.ofcom.org.uk/cmr-wales](http://www.ofcom.org.uk/cmr-wales). Companion reports for the UK and each of the nations can be found at [www.ofcom.org.uk/cmr](http://www.ofcom.org.uk/cmr).











# 1 Wales's communications market

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## 1.1 Wales: fast facts

	UK	Wales	Scotland	Northern Ireland		Wales Urban	Wales Rural
<b>Bundling</b>	81%	<b>79%</b>	72%	79%	Proportion of homes with a bundle of services <sup>1</sup>	80%	76%
<b>Computer devices</b>   	29%	<b>28%</b>	20%	15%	Proportion of homes with a desktop PC	27%	30%
	64%	<b>58%</b>	51%	54%	Proportion of homes with a laptop	56%	63%
	58%	<b>61%</b>	56%	62%	Proportion of homes with a tablet	62%	57%
<b>Television</b>   	94% <sup>+</sup>	<b>96%</b>	97%	98%	Proportion of homes with a TV	96%	97%
	62%	<b>60%</b> <sup>↓</sup>	61% <sup>+</sup>	64% <sup>↓</sup>	Proportion of TV homes with any paid-for TV	61%	53%
	49%	<b>49%</b>	46%	52% <sup>+</sup>	Proportion of TV homes with any free-TV	46% <sup>-</sup>	58% <sup>+</sup>
	38% <sup>+</sup>	<b>36%</b>	32% <sup>+</sup>	33% <sup>+</sup>	Proportion of TV homes with smart TV	38%	29%
	83% <sup>+</sup>	<b>86%</b> <sup>+</sup>	81%	83%	Proportion of HDTV homes with an HDTV service	87% <sup>+</sup>	79% <sup>-</sup>
	71%	<b>76%</b>	69%	62%	Proportion of homes who watch on-demand content*	77%	71%
	32%	<b>25%</b>	35%	24%	Proportion of homes with a subscription to paid-for on-demand content*	25%	28%
<b>Radio</b> <sup>2</sup>  DAB <sup>+</sup>	90%	<b>92%</b>	87%	89%	Average weekly reach of radio services among adults 15+	/	/
	21%	<b>23%</b>	21%	21%	Average weekly listening hours among adults 15+	/	/
	57%	<b>58%</b>	53%	37%	Ownership of DAB radios among adults 15+	/	/
<b>Landlines and mobiles</b>  	94%	<b>94%</b>	90%	94%	Proportion of adults with mobile phone	95% <sup>+</sup>	90% <sup>-</sup>
	76% <sup>+</sup>	<b>74%</b>	70%	76%	Proportion of adults with smartphone	76%	69%
	76% <sup>+</sup>	<b>66%</b>	83% <sup>+</sup>	84%	Proportion of smartphone owners with a 4G service	68%	59%
	82%	<b>80%</b>	81%	84%	Proportion of homes with a landline phone	78% <sup>-</sup>	88% <sup>+</sup>
	60% <sup>+</sup>	<b>54%</b>	49%	45%	Proportion of homes who have ever used VoIP	54%	51%
<b>Internet</b> 	88%	<b>84%</b>	77%	83%	Proportion of homes with internet access	85%	83%
	83%	<b>79%</b>	73%	79%	Proportion of homes with broadband	78%	81%
	66%	<b>58%</b>	57%	68%	Proportion of people who use their mobile phone for internet activities	58%	57%

Significance testing against Ofcom Technology Tracker figures:

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

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

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

Source: Ofcom Technology Tracker H1 2017, and RAJAR

Base for Ofcom Technology Tracker: All adults aged 16+ (n = 3743 UK, 495 Wales, 510 Scotland, 493 Northern Ireland, 249 Wales urban, 246 Wales rural)

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

2. Radio figures taken from RAJAR data

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

## 1.2 The changing TV landscape

### 1.2.1 Introduction

Instead we are scheduling our own viewing to fit in with our lives, supplementing live broadcast TV<sup>1</sup> viewing with broadcasters' online video services, recorded TV and subscription on-demand and streaming services like Netflix and Amazon Prime Video, which are becoming increasingly mainstream. Combined with the increase in take-up of fixed broadband (78% of households in Wales in 2017, compared to 63% in 2012) and portable devices (74% and 61% of people used a smartphone and tablet in 2017 compared to 39% and 8% in 2012)<sup>2</sup> this has

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

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

### 1.2.2 Highlights from the research

More than eight in ten (84%) people in Wales like the ability to watch what they want, when they want. Two thirds (67%) of people in Wales said they like to watch TV programmes and films on-demand to avoid adverts, or because there are no adverts.

"Binge watching" is now commonplace with 28% of people in Wales saying they do it at least weekly.

Three in ten people in Wales (31%) said they sat together with family members to watch the same TV programme or film on the same device every day.

Three in ten (30%) said that at least once a week, members of their household sit together in the same room while watching different programmes on different screens.

Almost half (49%) of people in Wales say they watch programmes and films by themselves every day.

Six in ten (61%) people in Wales say they prefer to watch big national events on live broadcast TV instead of on-demand because it's good to know everyone is watching at the same time. Half of respondents (50%) said the same for sports programmes.

#### Methodology

This section draws on new Ofcom research carried out between 27 April and 9 May 2017, conducted by Populus.

This research was conducted via an online survey comprising 2,356 interviews among adults aged 16+, and 505 interviews among 12-15 year olds. There were a total of 159 adult interviews in Wales.



## 1.2.3 The services people use

### Video on demand is becoming more mainstream

Ofcom's Digital Day research<sup>3</sup> last year showed that live TV (viewed at the time of broadcast) accounted for 88% of all viewing time among adults in Wales, clearly playing a central role in people's TV consumption. However, this had fallen from 92% since 2014. In line with this, data from BARB also show that the amount of time adults in Wales spend watching live broadcast TV has fallen since 2010<sup>4</sup>.

In contrast, the numbers watching on demand and streaming services are increasing.

Digital Day found an 11 percentage point increase between 2014 and 2016 in the proportion of people in Wales who said they watched any video-on-demand content (42% vs. 53%). This increase was driven by paid on-demand, which increased by 17 percentage points, from 13% to 30%, while free on-demand increased to a lesser degree, by four percentage points (38% vs. 42%). Among video-on-demand users there has been an increase of 31 minutes in the average daily minutes spent watching paid on-

demand TV over the same period (from 30mins to 1hr 1min), while watching free on-demand remained stable at 44 minutes per day.

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

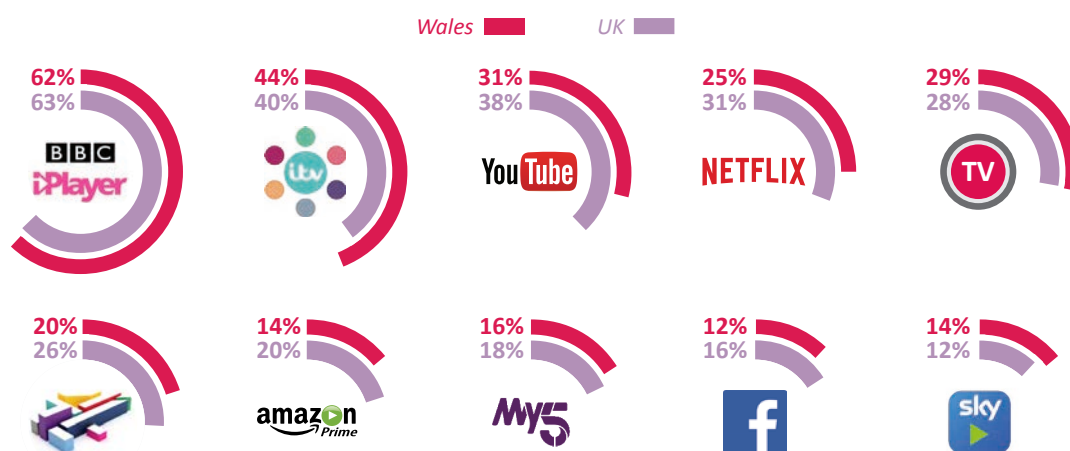
### Nearly a third of Welsh adults watch programmes and films on YouTube

When asked what on-demand and streaming services they used to watch TV programmes and films, BBC iPlayer and ITV Hub online TV services were the most popular

among adults in Wales (used by 62% and 44% respectively). Almost a third (31%) say that they use YouTube for watching programmes and films, followed by recorded

TV (29%), Netflix (25%) and All4 (20%), with all other services below 20%. Welsh responses were broadly in line with all other UK nations and the UK as a whole.

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



<sup>1</sup> The term 'Live TV' covers live scheduled programming that is broadcast as part of a linear channel.

<sup>2</sup> Ofcom Technology Tracker

<sup>3</sup> Digital Day is an in-depth quantitative diary study into UK adults' and children's total media and communications activities to provide an overview of the role of media and communications in people's lives, covering both personal and business use, and in and out of home use. <https://www.ofcom.org.uk/research-and-data/multi-sector-research/digital-day>

<sup>4</sup> Adults 16+. Average daily viewing time to live TV declined by 36 minutes (-14%) to 3 hours and 51 minutes per adult in 2016.

<sup>5</sup> Average daily minutes of activities (among those who did the activity at least once).

## 1.2.4 Reasons for using different services

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

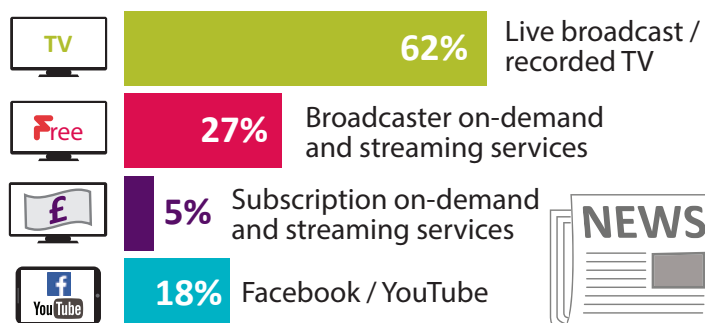
To understand why people are using different services, we asked them which service they would use for a range of different needs.

Live broadcast TV is still the main viewing choice for keeping up to date with the news and current events. When we asked live TV users in Wales why they used live TV, 62% said it was for 'keeping up to date with the news and what's happening around us', the most popular answer. This compares to 27% of users of iPlayer, All4 or other broadcaster on-demand and streaming services, who said the same, and 5% of users of Netflix, Amazon Prime or other subscription on-demand and streaming services. This emphasises the important role live broadcast TV continues to play in keeping us informed and up to date.

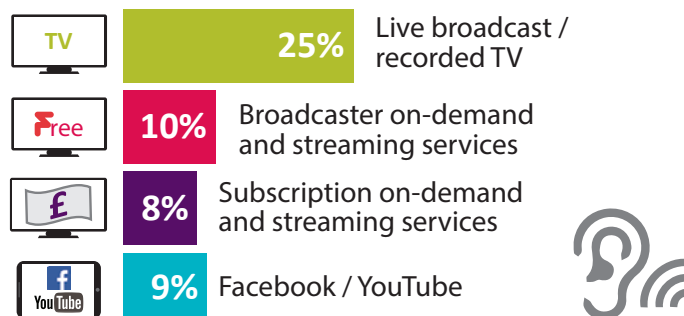
Keeping up to date with the news is not the only reason for watching live broadcast TV. It is the most likely service to be used to provide 'background noise'. Of the respondents in Wales who watch live TV, a quarter (25%) do so for background noise. Among respondents who watch broadcaster on-demand and streaming services, the figure is 10%; for subscription on-demand and streaming services it is 8% and among those who use Facebook/YouTube it is 9%. Even though all these services are being used for background noise to a degree, live broadcast TV is more popular than other services for fulfilling this purpose.

A sense of 'keeping up with others' and 'unity' partly explains the continued popularity of watching live TV. Six in ten (61%) people in Wales say they prefer to watch big national events live, on broadcast TV instead

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



#### Services used by people in Wales 'for background noise'



of watching on-demand at a time of their choosing because it's good to know everyone is watching at the same time. Half of respondents (50%) said the same for sports programmes.

TV can be a great way of carving out a bit of 'me-time'. Half (48%) of viewers of broadcaster on-demand and streaming services in Wales said they use it for 'alone time'. Viewers of live TV or recorded TV are equally as likely to do so for 'alone time' (47%). Among respondents who watch subscription on-demand and streaming services, such as

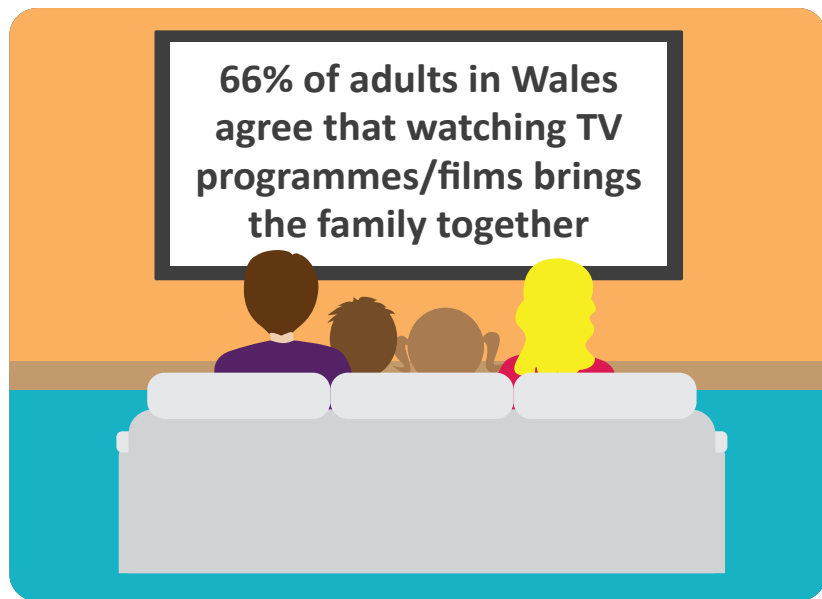
Netflix, Amazon Prime, 46% also use these services for 'alone time'. Thirty-eight per cent of respondents who use Facebook or YouTube to watch programmes or films also said this. This consistency in responses across services demonstrates that finding alone time and being able to choose exactly what to watch is a benefit of all types of viewing.



Around half (49%) of people in Wales said they watched TV programmes and films by themselves on any device every day and three in ten (30%) said they did this several times a week. However, more than half (55%) of people in Wales agreed with the statement “people spend too much time watching by themselves on their tablets and smartphones nowadays”.

TV is also the way many people de-stress and unwind. Half (50%) of the people in Wales who watch live broadcast TV do so to de-stress. Of the respondents who use Facebook/YouTube, 44% watch it to de-stress. Respondents who watch subscription on-demand and streaming services also watch programmes for this reason, with 43% saying de-stressing and unwinding is important for them and among respondents who use broadcaster on-demand and streaming services, 40% do so to de-stress and unwind.

Eight in ten (78%) people in Wales agree with the statement that being able to watch on-demand means they can make sure they don't miss an episode. In line with this, keeping up to date with a storyline is another important reason for watching, with 48% of people in Wales using live broadcast TV for this reason. Viewers in Wales are also most likely to use broadcaster on-demand and streaming services for this (38%), with fewer (26%) using subscription on-demand and streaming services.



‘Family time’ is also a valued reason for viewing, with two-thirds (66%) of people in Wales agreeing that watching TV programmes and films brings the family together. When asked which services they used for family time, both live broadcast TV (41%) and subscription on-demand and streaming services (e.g. Netflix, Amazon Prime etc.) (29%)<sup>1</sup> were popular, showing that both services play a role in family life, with the latter becoming more mainstream. These services are also useful for keeping children entertained, with an equal proportion of people in Wales using live broadcast TV (14%), subscription on-demand and streaming services (12%) and broadcaster on-demand and streaming services (10%) as well as for this.

This demonstrates that although live broadcast TV clearly has an important role to play, and is the preferred destination for much of our viewing, people in Wales also perceive a range of benefits of on-demand and streaming services. More than eight in ten (84%) people in Wales agree that they enjoy the ability to watch what they want, when they want. Flexibility is valued not only in terms of choice of when and where to watch content, but also in regard to being selective in exactly what to watch. Around two thirds of (67%) people in Wales said they like to watch TV programmes and films on-demand to avoid adverts, or because there are no adverts. On-demand viewing allows people to tailor what they're watching in a way that gives them control over their own personal viewing experience.

<sup>1</sup> There is no statistically significant difference between these two figures, due to low base sizes.

## 1.2.5 Changing viewing behaviours

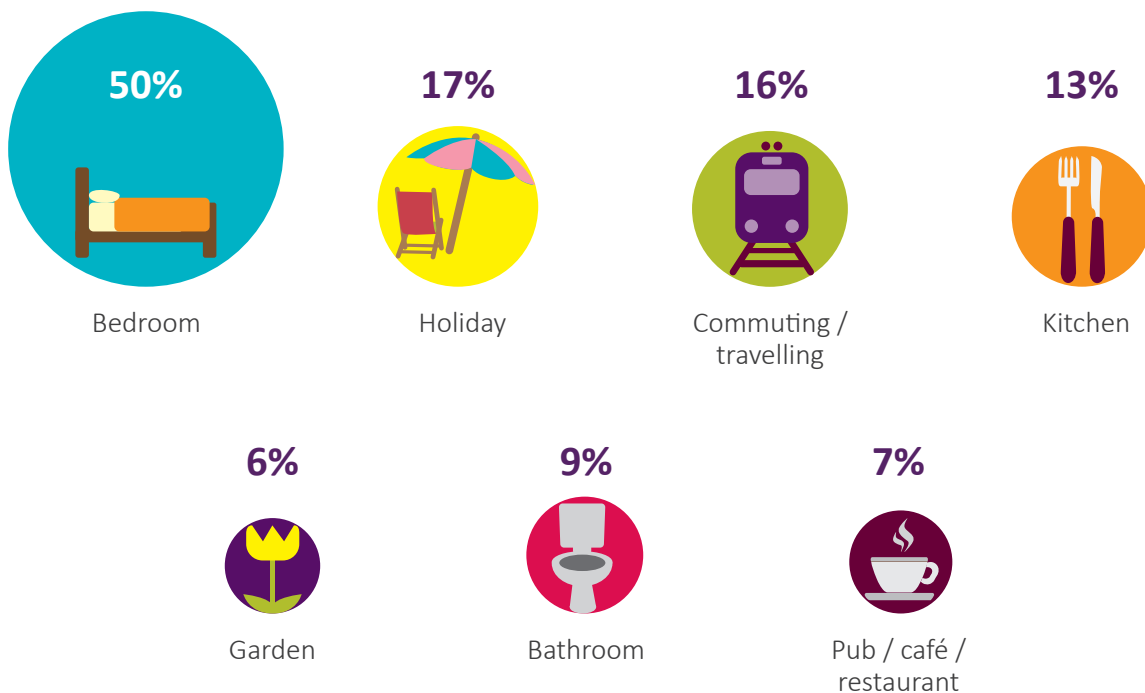
### Sixteen per cent of people in Wales make the most of time spent commuting by watching video on demand

The availability of different services to watch TV programmes and films, coupled with the proliferation of portable devices, has changed not just what people are watching, but when and where they are watching it. Half (50%) said they liked the freedom of being able to watch video content when and where they wanted on their tablet or smartphone.

Despite this, home-based viewing remains the most popular, with 50% saying they watch at home in their bedroom, and 13% saying that they watch in their kitchen. However, some are watching while out and about, with 17% saying they watch when on holiday/breaks away from home, and 16% saying that they watch programmes/films while travelling/

commuting. Watching content has become an experience that can be tailored to suit the individual's location as well as their mood: they are watching at the times and in the places that suit them most, and using on-demand and streaming services to 'fill time' and stave off boredom.

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





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### Three in ten said members of their family frequently sit in the same room together and watch different programmes

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

As noted earlier, the majority of people in Wales agreed that watching TV programmes and films brings the family together, however three in ten (30%) said that at least once a week, members of their household sit together in the same room while watching different programmes on different screens.

This can be a good thing. When asked how they felt about this, 23% of respondents in Wales said it made things peaceful, 10% said it stopped arguments (a benefit of everyone getting to choose what they want to watch), and overall, half (46%) said they didn't mind.

However, it can also cause tension. Three in ten (30%) Welsh respondents who ever do this, said it disrupted face-to-face communications; this is higher among people in Wales than in any other nation (Wales 30%, Scotland 12%, Northern Ireland 10% and UK 15%).

And 23% said it made talking to people in the room difficult – again, this is higher for people in Wales than in the UK overall (16%). Eight per cent even said it made them angry.

This suggests that despite feeling that watching TV together brings the family closer, the use of multiple screens can sometimes be frustrating. But this doesn't mean people no longer have family TV time; 31% of people in Wales with family members, said they sat together with family to watch the same TV programme or film on the same device every day, while 70% said they did this at least once a week.

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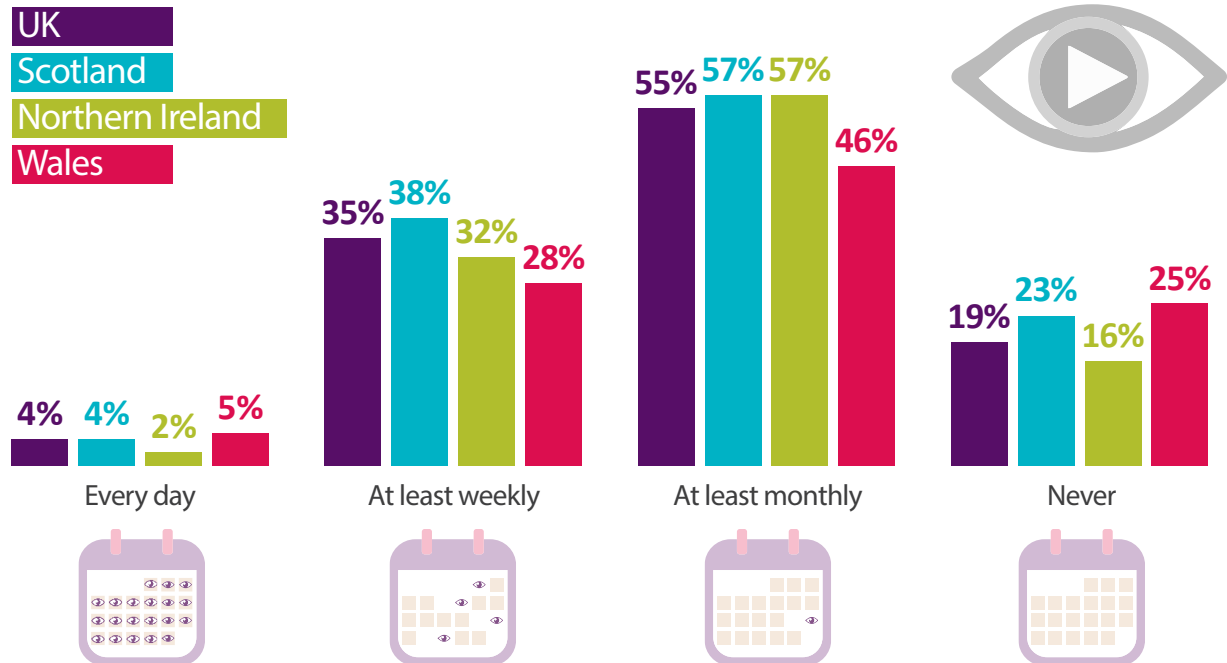
### Three-quarters of people in Wales watch lots of episodes of the same programme in one sitting because it's relaxing

Another feature of the new TV landscape that on-demand and streaming services have created is the ability to watch multiple episodes back-to-back, sometimes referred to as "binge watching".

As the reach of subscription on-demand and streaming services has increased, so has the availability of entire series. It is no longer necessary to wait a week to find out what happens after the cliff-hanger, and

many people in Wales are taking advantage of this, with 74% 'ever' watching episodes back-to-back, 46% saying they do it at least monthly and 28% saying they do it at least weekly.

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



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

When asked about why they binge-watch programmes, three-quarters (76%) of people in Wales who had binge-watched in the last month said that they found the experience relaxing and enjoyable. Having the ability to choose how many episodes to watch in one sitting is giving people autonomy over their viewing time and making it more enjoyable. Binge-watching also provides a chance for people to spend time with others; a quarter (24%) said they did it with a partner, 19% with a family member, while 15% said it had brought them closer to friends/ family.

A quarter (24%) said it gave them something to talk about with friends and 7% said it gave them opportunities to socialise.

Some of this binge-watching behaviour is a way of avoiding the plot's twists and turns being spoilt by friends and family. In fact, a quarter (26%) of people in Wales, who have binge-watched in the last month, said it allowed them to find out what happens in a programme before someone else tells them, and one in five (20%) said it allowed them to avoid other people giving the plot away.

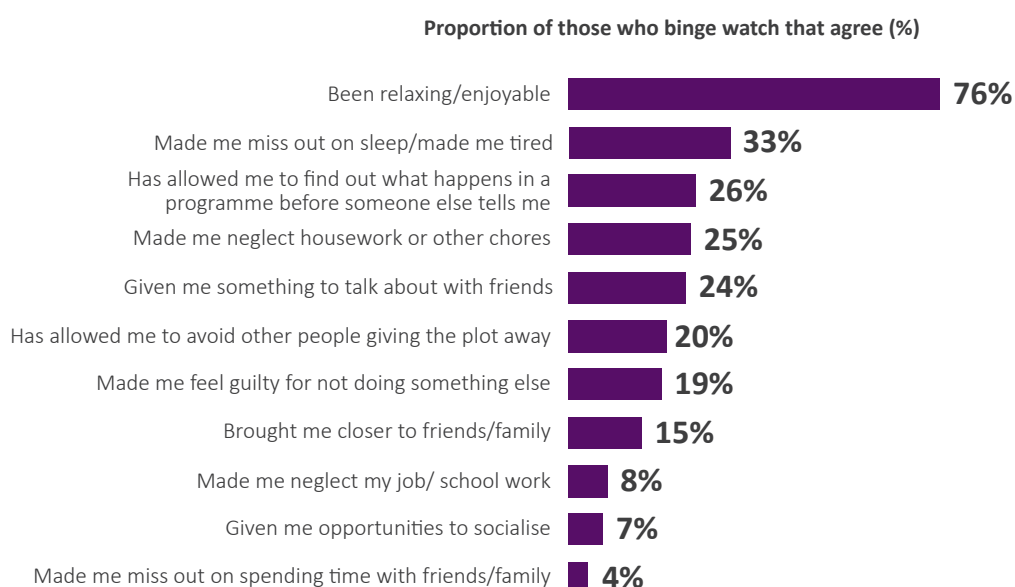


On the other hand, it seems that sometimes the content can be too good; 16% of respondents who binge-watch at least once a month said that they always watched more episodes of the same programme in one sitting than they had intended to. And 80% said that they *sometimes* watched more episodes than they

intended. This binge-watching can sometimes have unfortunate side-effects. For instance, a third (33%) said that binge-watching had made them miss out on sleep, or made them tired the next day. The tendency to watch more episodes of a programme than intended also seems to be becoming a source of procrastination.

A quarter (25%) said it had made them neglect housework or other chores, 19% said it made them feel guilty for not doing something else, 8% said it made them neglect their job/school work, and 4% said it made them miss out on spending time with friends/family.

**Figure 1.1: Effects of binge watching on people in Wales**



**Source:** Ofcom research 2017

**Q23.** Watching lots of episodes of the same programme in one sitting is sometimes called binge watching. Thinking about when you have done this, do any of the statements below apply?

**Base:** All respondents who binge watch at least once a month (UK 1301, Scotland 117, Northern Ireland 85, Wales 74)

## ...and some have therefore decided to act in order to change their binge-watching behaviour

Overall, 32% of respondents in Wales who said they had binge-watched in the last month had considered changing their behaviour and had tried to cut down on this

behaviour. Seventeen per cent of people said they had 'rationed' the amount of TV they watched, 13% said they had found an alternative activity/hobby, 13% said they now

watched more live TV. However, just 2% had gone so far as to cancel a subscription service.

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

People in Wales are changing the way they view, by turning to different services for different needs and drawing heavily on the flexibility and choice offered by on-demand, and streaming services, which can be watched anywhere at any time. However, traditional live broadcast TV is still at the heart of this new viewing experience. When asked what they would do first when wanting to watch a TV programme or film, the top answer was 'switch on the TV and see what's airing on live broadcast TV'.

This response was chosen by half (52%) of people in Wales. The second-ranked answer was 'go straight to recorded TV', selected by 13% of people in Wales, followed by 'go straight to Netflix, Amazon Prime, Now TV or other on-demand services that you pay a monthly subscription for' (9%).

As we outlined above, live broadcast TV is not just background noise. It still dominates as the place to keep up with what's going on in the world and to share popular programming

with friends, family and the nation. BARB data demonstrates this; the UEFA European championships and the Six Nations Rugby featured in eight of the top ten most-watched programmes at the time of broadcast among people in Wales<sup>1</sup>, rather than being watched later on a DVR or on catch-up. *The Ten O'Clock News* and the final episode of *The Great British Bake-Off* on BBC One completed the top ten programmes watched live in 2016.

<sup>1</sup> Analysis is based on adults 16+ in Wales and their viewing of programmes live at the scheduled time, excluding any associated time-shifted viewing. This is different to the top programmes shown in the Broadcast TV viewing section of this report which is based on all people aged 4+ in Wales, and includes live and time-shifted viewing up to seven days after a programme is shown. The top programmes are based on the single best-performing episode of a programme, filtered on a minimum duration of 10 minutes. BARB viewing data do not capture out-of-home viewing in pubs and other social spaces.



## 2 Television and audio-visual content

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## 2.1 Recent developments in Wales

### ITV Cymru Wales

Now in the third year of its ten-year licence, ITV Cymru Wales is required to broadcast four hours of news and 90 minutes of non-news programming every week on ITV, available across all platforms and on its HD channel. See section 3 for details on regional news programming.

One of the most significant developments has been the creation of the new production label, Shiver Cymru, a partnership between ITV Cymru Wales and ITV Studios. Shiver Cymru's first network commission was *The Aberfan Young Wives' Club*, an hour-long documentary shown on ITV across the UK to commemorate the 50th anniversary of the disaster. The programme won the history prize at the 2017 RTS

Programme Awards. ITV Wales also made two additional documentaries on the Aberfan anniversary for audiences in Wales, as well as providing extensive news and online coverage of the commemorations.

In 2016, the long-running current affairs programme Wales *This Week* and the political programme *Sharp End* were complemented by 24 different series and individual programmes produced by ITV Wales and by independent producers in Wales. These included the series *Crime Files* (made back-to-back with *Y Ditectif* for S4C) and *The Harbour*.

In March 2017 *Coast and Country* broadcast its first live edition from a Welsh sheep farm. Other new series in 2017 included *Adrian's Welsh Bites* and the three-part *Welsh*

*Horse Power*. *Wales on TV* revisited events over the past 50 years with classic ITV archive footage provided by the National Library of Wales.

Outside its licence obligations for Wales, ITV's partnership with the BBC continued the universal coverage of Wales in the 2017 Six Nations Rugby Championship on free-to-air television.

Supplied to S4C on a commercial basis, ITV Wales' core Welsh language output – *Y Byd Ar Bedwar*, *Hacio* and *Cefn Gwlad* – contributed to current affairs output, providing plurality in the Welsh language. Further sales were achieved through returning series *Y Ditectif*.

For more detail on ITV Cymru Wales' output and spend, please see section 1.4.

### BBC Cymru Wales

#### Strategic and operational

In February the BBC announced plans to invest an extra £8.5m a year in English language television programmes for Wales. The new investment is intended to achieve a 50% increase in English language programming, and will be used to fund new drama, comedy and entertainment programmes. The investment is expected to generate around 130 hours of programming to be broadcast on BBC One Wales, BBC Two Wales and BBC iPlayer. The BBC also plans to channel this investment into news services, including expansion of BBC Wales's specialist coverage, and online and mobile services.

Construction work continued on the new BBC Wales building in Central Square, Cardiff, with the building set to be fully operational by spring 2020. As part of this move, it was announced that BBC Cymru Wales is to adopt 'next generation' web technology at the new building, making it the first BBC facility in the UK to use internet protocol (IP) technology across both its production and broadcast operations.

BBC Cymru Wales also announced, in partnership with the National Library of Wales and the Heritage Lottery Fund, that a National Broadcast Archive would be established at Aberystwyth and

three other locations: Cardiff, Wrexham and Carmarthen. This partnership will enable the library to hold the very large collection of original recordings at these premises and to make the digitised BBC Wales archive available to the public.

#### Programming

Dramas portraying Wales included *Ordinary Lies* and *Hinterland* for BBC One Wales. Owen Sheers' film poem *The Green Hollow*, commemorating the 50th anniversary of the Aberfan disaster, achieved the highest Appreciation Index (AI) score of any BBC production in the past five years. For more detail on BBC Cymru Wales' output and spend, please see section 1.4.

## S4C

### Future funding arrangements

During a Westminster debate on S4C's funding arrangements in January 2017, the Minister of State for Digital and Culture Policy, Matt Hancock MP, confirmed that DCMS' contribution to S4C would fall from £6.76m to £6.06m for the next financial year.

### Pushing boundaries

S4C published its ten-year vision, in a document called *Pushing the Boundaries*, in April. S4C calls for its content to be available on all new platforms, including short-form video sites and social media platforms, and for its remit in law to be redefined from a television channel to a public service media company. The channel argues that the changes would give it greater freedom to pursue new programme-making and commercial

opportunities; it is currently working to a remit set in 1982, when the channel first came on air.

S4C also says it wants to create content that is "more relevant, competitive and diverse" and to increase the "economic, linguistic and educational benefits" of its work. To do this, it says it needs £6m to ensure that its programming is available on all new devices and digital platforms.

### Review by DCMS

In February 2016, the UK Government announced its commitment to conducting a comprehensive review of S4C in 2017. The review is looking at the broadcaster's remit, governance and funding in order to ensure that it can continue to meet the needs of Welsh-speaking audiences in the future.

### Relocation of HQ to Carmarthen, West Wales

Cabinet Secretary for the Economy and Infrastructure, Ken Skates, has agreed to allocate £3m of Welsh Government capital funding to support the Yr Egin creative industries project in Carmarthen, following consideration of a business case from the University of Trinity St David's. Yr Egin will be home to S4C's headquarters in West Wales.

### New CEO

S4C's Chief Executive, Ian Jones, has announced that he will be stepping down this October. Owen Evans, who joined the civil service in 2010 and is currently deputy permanent secretary to the Welsh Government, has been appointed to take over as the new Chief Executive.

## Channel 4 commissioning in the nations

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

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

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



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## Local TV

### Mold

Following the acquisition of Bay TV by the Made Group, Ofcom received a request to approve the Mold service to be delivered from Made's headquarters in Liverpool. After careful consideration, Ofcom agreed, subject to Made TV accepting additional commitments being included in its licence, to ensure a Mold-focused service.

The strengthened Programming Commitments focus on delivering interviews, local news, lifestyle and current affairs programming which is planned, produced, hosted,

filmed and edited in the Mold coverage area. It also provides for 30 minutes of first-run programmes in the Welsh language each week. The quantitative commitments included in the licence (e.g. hours per week of local programming) remain the same as those originally proposed by Bay TV Clwyd.

### Cardiff

The planned changes to the frequencies used by local TV, as a result of the 700Mhz clearance programme, present challenges for Made, as for almost all local TV operators. On average, the reduced

reach will mean that stations lose about 10% of their potential DTT audience, but Made Television's strategy is to compensate for this via distribution on Virgin Media and Sky.

### Swansea Bay TV

Bay TV Swansea broadcasts two live shows every weekday, along with news in English and Welsh, providing BBC Wales with four news stories every weekday.

Its partnership with the University of Wales, Trinity Saint David enables graduates to become camera operators, video journalists and studio technicians.

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## IWA media summit

The third annual IWA Cardiff media summit, entitled 'The future of media in Wales', was held in Cardiff in March.

Hosted by the Institute of Welsh Affairs (IWA), in partnership with BBC Cymru Wales and the University of South Wales, and supported by

ITV Cymru Wales, S4C and TAC, the summit explored major issues affecting the media in Wales, including the media workforce, Welsh language media provision and news from and for Wales. The event coincided with the publication of Ofcom's consultation on the

BBC's draft operating licence and strong opinions were voiced on the need to safeguard the volume of programming produced in Wales for Welsh audiences and to ensure that the new arrangements would secure better portrayal of Wales on television and radio networks.

## 2.2 Television platform take-up in Wales

**Half of households in Wales receive satellite television through their main set; this continues to be higher than in the UK overall**

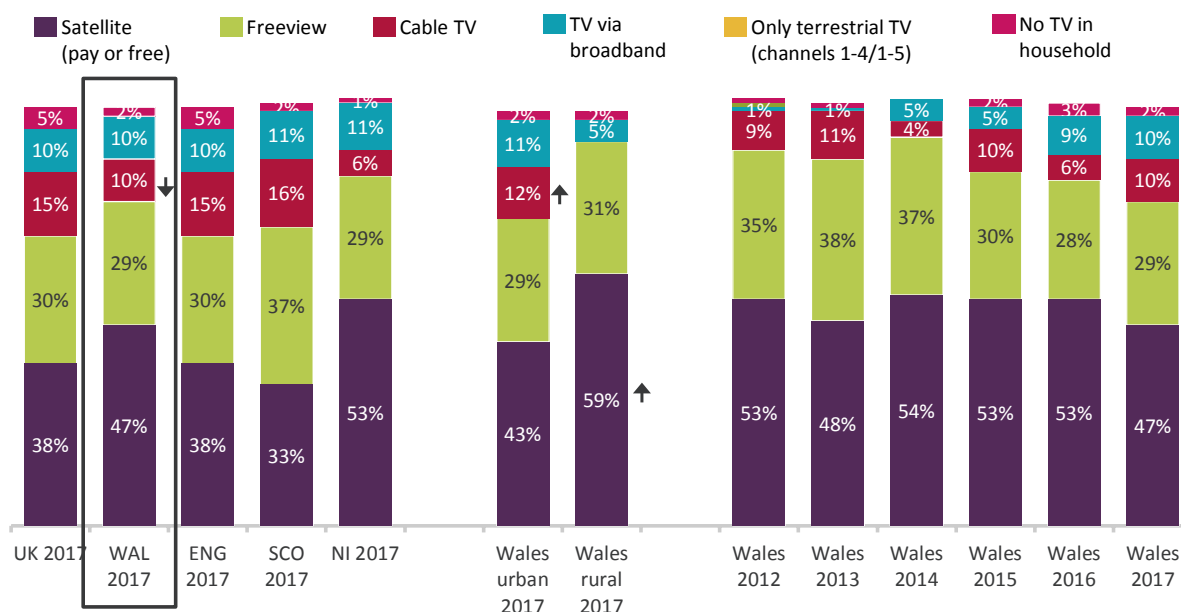
In 2017, satellite penetration across households in Wales was unchanged since 2016.

Statistically, take-up of Freeview, cable TV and hybrid DTT and IPTV (including BT, EE, NowTV and TalkTalk)<sup>1</sup> also remained unchanged.

While there is no difference by location in 2017 for take-up of Freeview in Wales, take-up of satellite TV in Wales is higher in rural areas (59% compared with

43% in urban areas) and take-up of cable services is higher in urban areas (12% compared to 0% in rural). Compared to the UK overall, penetration of satellite TV is higher in Wales, although households in Wales are less likely than in the UK overall to have cable TV (10% in Wales compared to 15% in the UK).

**Figure 2.1: Main television set share, by platform**



**Source:** Ofcom Technology Tracker, Half 1 2017

**Base:** All adults aged 16+ (n = 3743 UK, 495 Wales, 2245 England, 510 Scotland, 493 Northern Ireland, 249 Wales urban, 246 Wales rural, 513 Wales 2012, 492 Wales 2013, 491 Wales 2014, 496 Wales 2015, 289 Wales 2016, 495 Wales 2017)

Significance testing: Arrows indicate any significant differences at the 95% confidence level between Wales and UK in 2017, between Wales urban and rural in 2017 and at the 99% confidence level between Wales 2016 and 2017

**QH1B:** Which of these do you consider is your main type of television?

**Note:** Remaining percentages are 'Don't know' responses

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

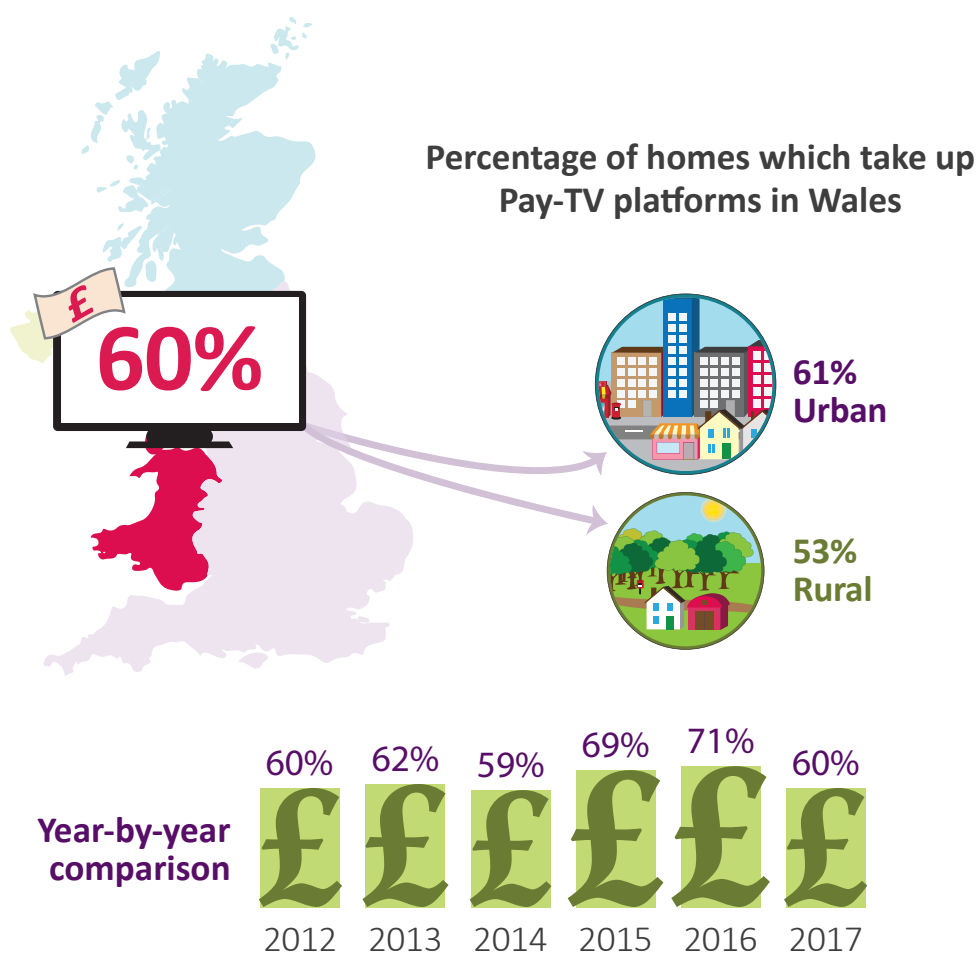
## Six in ten TV households in Wales have pay TV, lower than in 2016 and in line with the UK overall

In 2017, six in ten households in Wales (with a television set) had pay TV;<sup>1</sup> this incidence is lower than in 2016 and 2015, and at a comparable level to 2014. Households in Wales are as likely as the UK overall to have pay TV (62% in the UK).

Take-up of pay TV does not vary significantly by urban/rural location in Wales. However, the overall decline since 2016 in the incidence of pay TV in Wales is significant for rural areas of Wales (from 65% to 53%).

See the Market in Context section for more discussion of changing viewing habits and consumption in Wales.

**Figure 2.2: Proportion of homes with free and pay television**



**Source:** Ofcom Technology Tracker, Half 1 2017

**Base:** All adults aged 16+ with a TV in household (n = 3564 UK, 476 Wales, 2109 England, 496 Scotland, 483 Northern Ireland, 238 Wales urban, 238 Wales rural, 508 Wales 2012, 485 Wales 2013, 480 Wales 2014, 485 Wales 2015, 471 Wales 2016, 476 Wales 2017)

<sup>1</sup> 'Free TV' refers to households that only receive Freeview or only receive Freesat satellite TV. Pay TV refers to all other types of television service.

## Eight in ten TV households in Wales have an HDTV set, in line with the UK overall

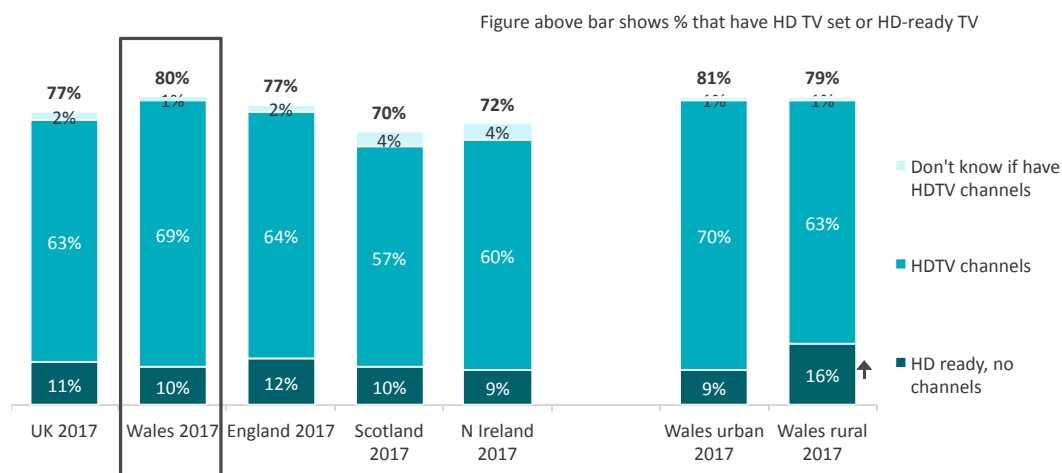
Among households in Wales with a TV set, 80% claimed to have either HDTV services or an HD-ready television set. Most (69%) of the TV-owning households in Wales receive HDTV services, with a

further 10% claiming to have an HD-ready TV, but without receiving HD services. Each of these incidences are in line with the UK overall.

In Wales, those in TV households in rural locations are more likely

than those in urban locations to have an HD-ready TV, but not receive HD services (16% vs. 9% urban). The overall incidence of having an HDTV set does not differ between urban and rural locations.

**Figure 2.3: Awareness of receiving HD television**



**Source:** Ofcom Technology Tracker, Half 1 2017

**Base:** All adults aged 16+ with a TV in the household (n = 3564 UK, 476 Wales, 2109 England, 496 Scotland, 483 Northern Ireland, 238 Wales urban, 238 Wales rural)

**Significance testing:** Arrows indicate any significant differences at the 95% confidence level between Wales and UK in 2017 and between Wales urban and rural in 2017

**QH53:** Is the main TV in your household an HDTV set or HD-ready?/ **QH54:** Although you have an HDTV-ready set, to actually watch TV channels and programmes that are broadcast in high definition, you need an HD set-top box or a TV with built-in HDTV receiver. For the main TV set, does your household have an HDTV service?



## Around one-third of TV households in Wales have a smart TV, in line with the UK overall

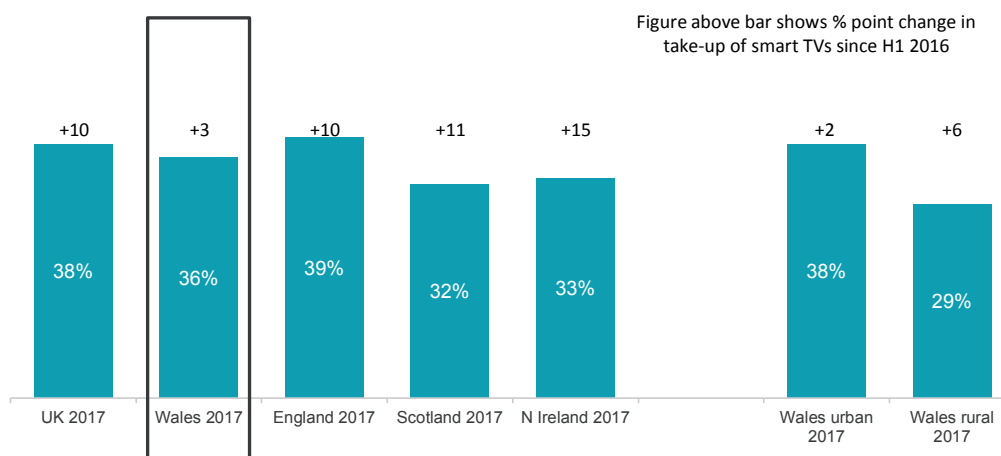
Among those in Wales with a TV in the household, 36% claimed to have a smart TV set (i.e. a TV set which can connect directly to

the internet), in line with the UK overall and unchanged since 2016.

Smart TV ownership does not differ by location in Wales in 2017

and ownership has not changed to any significant extent since 2016 in urban or rural areas.

**Figure 2.4: Smart TV take-up**



**Source:** Ofcom Technology Tracker, Half 1 2017

**Base:** All adults aged 16+ with a TV in household (n = 3564 UK, 476 Wales, 2109 England, 496 Scotland, 483 Northern Ireland, 238 Wales urban, 238 Wales rural)

**QH62:** Are any of your TV sets 'smart TVs'? These are new types of TV that are connected to the internet and can stream video directly onto your television screen, without the need for a computer, set-top box or games console.

## More than half of adults in Wales watch programmes or films on demand, mostly through catch-up services

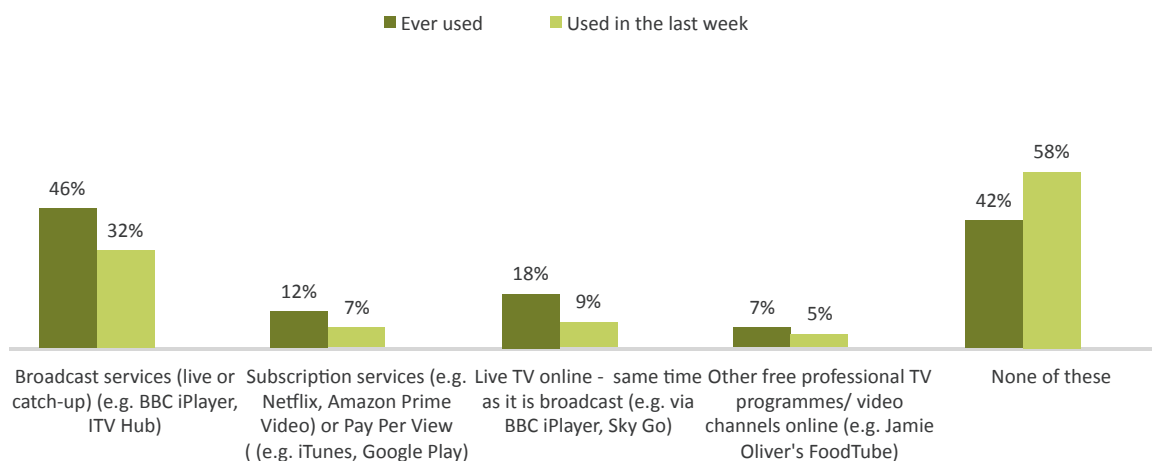
More than half of all adults in Wales (58%)<sup>1</sup> watch online TV programmes or films on any type of device, and four in ten (42%)<sup>2</sup> have done so in the past week. Watching online through live or catch-up broadcast services (e.g. BBC iPlayer, ITV Hub) is the most-used method of on-demand viewing in Wales; just under half of adults use catch-up services and one-third

had used them in the past week. Watching live TV on the internet at the same time it is broadcast is the next most-used online service for viewing. 18% of adults in Wales have watched live TV online; 9% have done so in the past week.

About one in ten adults in Wales have watched online on-demand programmes or films

using subscription services such as Netflix or Amazon Prime Video, or pay-per-view services such as iTunes or Google Play. Fewer (7%) have used other free professional TV programmes or video channels online, such as Jamie Oliver's Food Tube.

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



**Source:** Ofcom Technology Tracker, Half 1 2017

**Base:** All adults aged 16+ in Wales (n = 495)

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

<sup>1</sup> This measure is the inverse of the 42% shown in Figure 2.5 for None of these 'Ever used'

<sup>2</sup> This measure is the inverse of the 58% shown in Figure 2.5 for None of these 'Used in the last week'

## 2.3 Broadcast television content

<b>Definitions</b>  <b>Broadcast TV viewing</b>  BARB analysis is based on viewing of scheduled TV programmes such as those listed in TV listings	magazines or on electronic programme guides (EPGs) on TV sets in homes. This broadcast TV viewing includes programmes watched on the TV set at the time of broadcast, recordings of these	programmes such as through a DVR, or viewing of these programmes through catch-up player services, up to seven days after they were televised.
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Channel group definitions				
	PSB portfolio channels			
Main five PSB channels	BBC Portfolio	ITV portfolio	Channel 4 portfolio	Channel 5 portfolio
BBC One	BBC Four	ITV/STV/UTV/ ITV Wales +1	Channel 4+1	Channel 5+1
BBC Two	BBC News	ITV2	E4	5STAR
ITV/STV/UTV/ITV Wales	BBC Parliament	ITV3	Film4	5USA
Channel 4	CBBC	ITV4	More4	My5
Channel 5	CBeebies	ITVBe	4Music	Spike
S4C*	BBC red button channels	ITV Encore	4seven	
		CITV		

Channels include HD variants where applicable. PSB portfolio channels include their +1 variants. \*S4C is not included in the BARB analysis below.

## Wales has the highest average television viewing per day across the nations

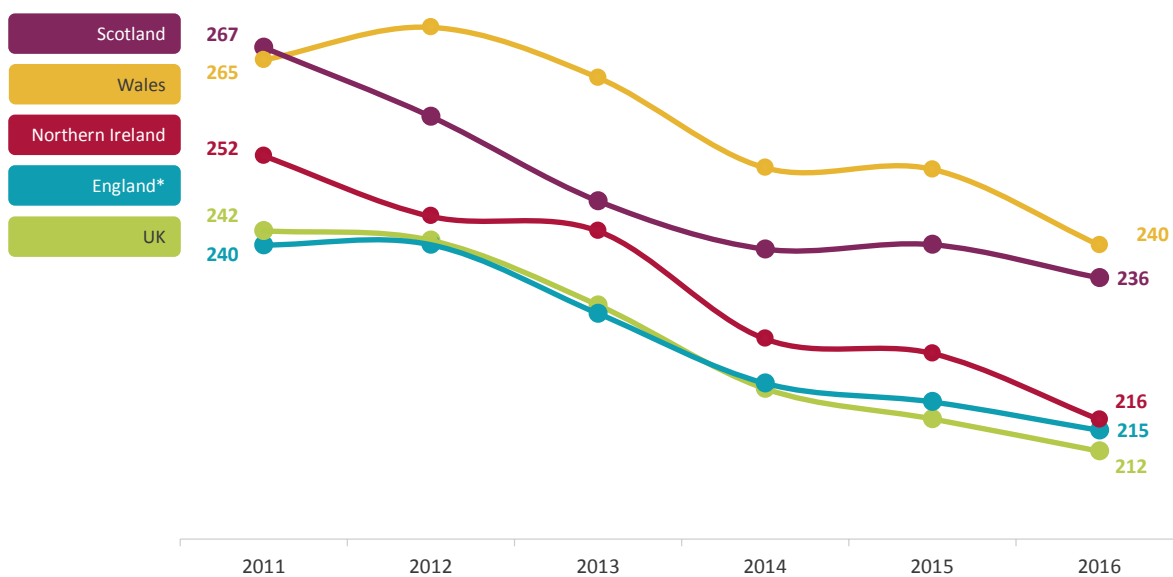
In 2016, people in Wales spent an average of four hours per day watching television. As in the last five years, this was higher than all other UK nations and the UK average (3 hours 32 minutes in 2016). This may be explained by Wales' audience profile; it

has consistently had the highest proportion of its viewers aged 55 and over, compared to the other nations (53% in 2016). This age group are the heaviest TV viewers.

Each of the nations have had falls in viewing since 2011. The smallest

drops were in Wales (-25 minutes per day) and the English regions, which both had declines of 10%. The highest fall was in Northern Ireland, with a 14% decrease. The 12% fall in daily viewing time in Scotland was in line with the decline across the UK as a whole.

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



**Source:** BARB, individuals (4+).

**\*Note:** Figures reflect the average across the English regions.



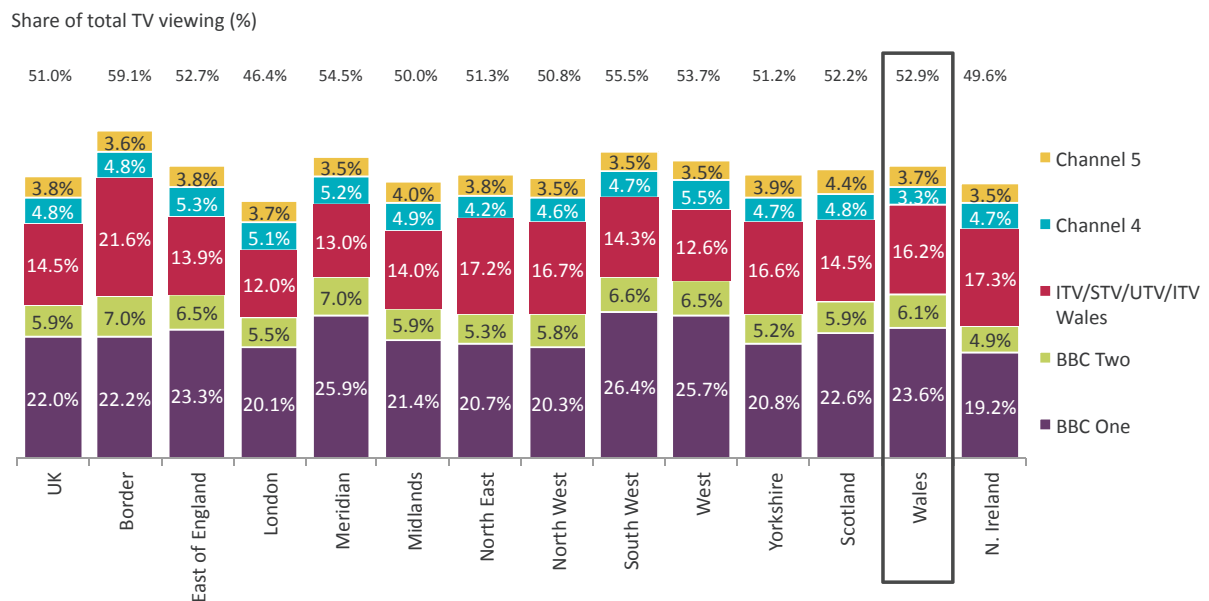
## The main five PSB channels account for over half of all viewing in Wales

In 2016, the main five English language PSB channels accounted for the majority of total TV viewing in Wales, 1.9 percentage points (pp) higher than the average share across the UK. In Wales the distribution of

viewing share across the main five PSB channels is similar to the UK as a whole, with BBC One having the largest share, followed by ITV. Of all the nations and regions, Wales is the only country where viewing

of Channel 5 was higher than that of Channel 4. The viewing share of Channel 4 was lowest in Wales than in the other UK nations and regions, and the UK as a whole.

**Figure 2.7: Share of the main five PSB channels, by UK nation and region: 2016**



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

**Note:** Chart shows figures rounded to one decimal place. Numbers may not appear to sum up to total share of main five PSBs due to rounding.

## Share of the main five PSB channels has increased in Wales since 2011

Between 2011 and 2016 there was a slight increase in the combined share of the main five PSB channels in Wales. This was driven by BBC One, which increased its share by

2.8pp, while viewing to the other main PSBs fell (ranging from 0.2pp to BBC Two, 0.7pp to Channel 4 and Channel 5 and 0.9pp to ITV). Across the UK, there was

an average decrease of 2.6pp. Border was the only other ITV region where the audience share of the main PSBs increased.

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

Share of the main five PSB channels in 2016 (%)

Share difference since 2011 (percentage points)



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

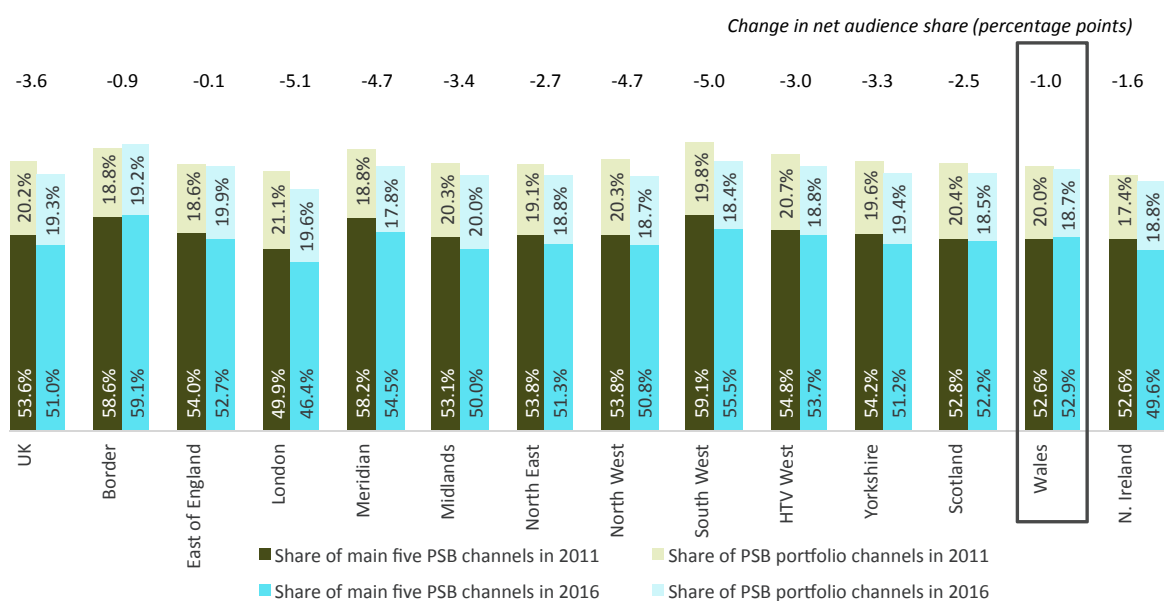
## The total share of the main five PSBs and their families is broadly stable in Wales

The combined audience share of the main five PSBs and their portfolio channels stood at 71.6% in 2016. While the main five PSB channels' share of viewing in Wales increased slightly between 2011 and

2016, the PSB portfolio channels' share fell to a greater degree in the same period, resulting in a net decline of one percentage point. Nevertheless, viewing of the PSB family of channels in Wales was

broadly stable compared with the other nations and regions such as London, Meridian, North West and South West.

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



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

## Sport featured in ten of the 20 most-watched programmes in Wales in 2016

The UEFA European championships and the Six Nations Rugby were some of the most popular programmes in Wales in 2016. The Wales vs. Belgium match, when Wales secured its first ever semi-final in a major tournament, attracted just over a million viewers to BBC One, representing 37.6% of the TV population in Wales and a 68.1% share of the total TV

audience while the match was on. The post-match analysis of the game was the most watched programme overall, with just over 1.2 million viewers. These viewing figures do not capture out-of-home viewing in pubs and other social spaces, so are likely to be even higher.

The most viewed programme from

ITV was the European championship game between Wales and Portugal with just under a million viewers and a 60.7% share of the audience, ranking it third of the top 20 programmes. *I'm A Celebrity Get Me Out Of Here*, *Britain's Got Talent* and matches featuring Wales in the Six Nations Rugby and European championships completed the list.

**Figure 2.10: Top 20 programmes in Wales: 2016**

Programme	Channel	Date	Average 000s	TVR %	Share %
Euro 2016: Post Match	BBC One	01/07/2016	1,216	42.5	68.1
Euro 2016: Wal V Bel	BBC One	01/07/2016	1,075	37.6	64.1
Euro 2016: Wal V Por	ITV	06/07/2016	983	34.4	60.7
The Great British Bake Off	BBC One	26/10/2016	850	29.7	54.1
Six Nations Rugby: Wales V Scotland	BBC One	13/02/2016	799	28.0	65.3
I'm A Celebrity - Get Me Out Of Here!	ITV	13/11/2016	795	27.7	52.7
Six Nations Rugby: Wales V France	BBC One	26/02/2016	782	27.4	52.0
Euro 2016: Wal V Nir	BBC One	25/06/2016	764	26.7	74.0
Ten O'clock News	BBC One	01/07/2016	762	26.6	54.2
Britain's Got Talent	ITV	23/04/2016	748	26.1	50.6
Strictly Come Dancing: The Final	BBC One	17/12/2016	734	25.6	53.6
Mrs Brown's Boys Christmas Special	BBC One	25/12/2016	725	25.3	50.3
Strictly Come Dancing: The Results	BBC One	11/12/2016	694	24.2	46.2
Rugby: 6 Nations Live: Ire V Wal	ITV	07/02/2016	693	24.3	60.4
Strictly Come Dancing	BBC One	03/12/2016	688	24.0	51.0
Rugby: 6 Nations Live: Eng V Wal	ITV	12/03/2016	672	23.5	63.2
Euro 2016: Rus V Wal	ITV	20/06/2016	659	23.0	44.1
Call The Midwife	BBC One	28/02/2016	658	23.1	43.9
Euro 2016: Por V Fra	BBC One	10/07/2016	650	22.7	49.2
Planet Earth II	BBC One	06/11/2016	647	22.6	42.1

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



**Regional news and HD channels****Channel 3/ITV**

ITV does not currently broadcast HD variants of its regional news programmes for all of its regions. This means that for some areas, an out-of-region HD version of regional news is shown on the ITV HD channel. London, Meridian, Wales, Central, Granada, STV<sup>1</sup> and UTV<sup>2</sup> currently offer the

HD service across all platforms, while Anglia, Yorkshire and Tyne Tees offer it on some platforms only.<sup>3</sup> In the remaining areas, the regional news shown on the HD channel is not the regional news for that region (e.g in Border, the Granada news feed is shown). The chart below includes all viewing to any early evening news programming, even if it is not the relevant one for the area.

**BBC One**

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

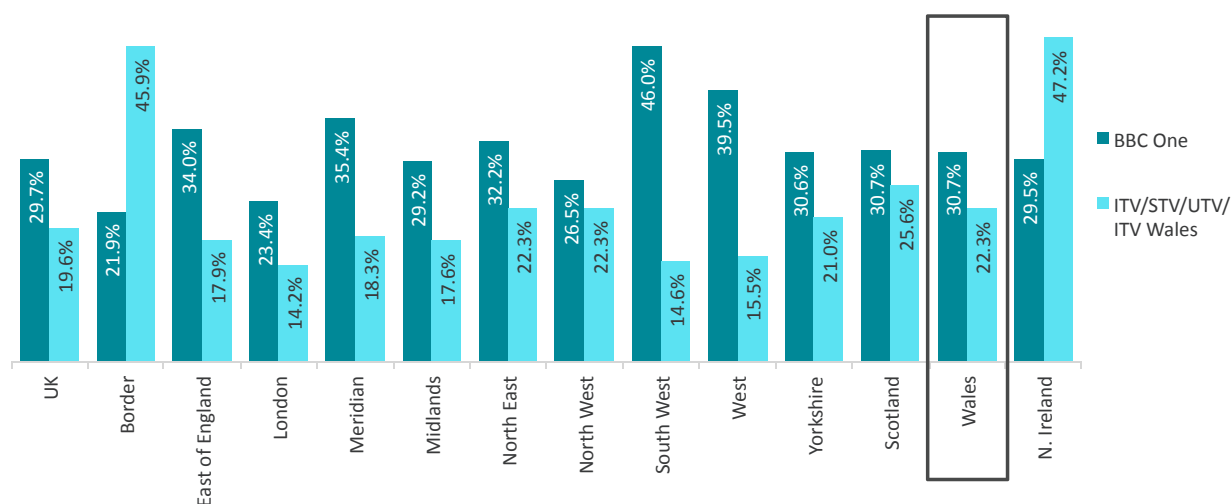
### BBC One's early evening news bulletin attracted a greater share than ITV Wales' counterpart bulletin

*Wales Today*, BBC One's early evening news bulletin, had an average 30.7% share of all TV viewing in Wales between 6.30pm

and 7.00pm in 2016, slightly higher than the BBC One UK average for the same time slot. *ITV News at Six* attracted a lower share than

*Wales Today*, although, with 22.3% share at 6pm, it was higher than the Channel 3 UK average.

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



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

<sup>1</sup>The Glasgow regional news is shown.

<sup>2</sup>UTV HD was introduced in October 2016.

<sup>3</sup>On 31 March 2016 ITV launched these regions in HD on Sky and Freesat (Freeview and Virgin Media pending).

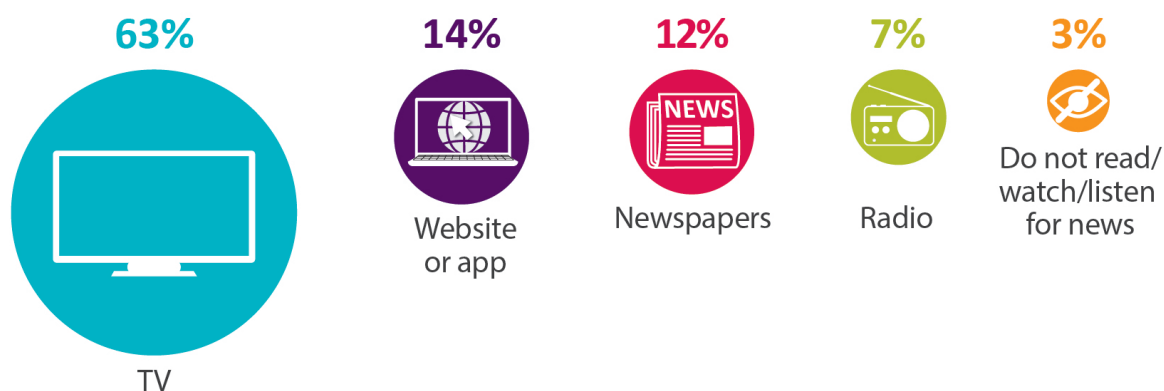
## TV is the main source of news for more than six in ten adults in Wales

In Wales in 2016, around six in ten (63%) adults aged 16+ said that the TV was their main source of UK and world news. Websites or apps

were cited by 14% as their main source of news,<sup>1</sup> and radio by 7%. Each of these are in line with the UK averages, but adults in Wales are

more likely than those in the UK as a whole to use print newspapers as their main media source of news.

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



**Source:** Ofcom Media Tracker 2016

**Base:** All (2,069); England (1,591); Scotland (179); Wales (144); Northern Ireland (155). Prompted, single code.

<sup>1</sup>These include broadcaster, newspaper, social media and other websites or apps

The following section outlines spend and hours of programming

## 2.4 TV programming for viewers in Wales

for viewers in Wales, Scotland, Northern Ireland and the English regions, provided by the BBC and ITV/ STV/ UTV.

The figures exclude Gaelic and Welsh-language programming, but include some spend on Irish-language programming by the BBC. See section 5 for details on S4C.

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

<b>Definitions</b>	<b>First-run acquisitions</b>	<b>Spend on output</b>
<b>First-run originations</b> Programmes commissioned by or for a licensed public service channel with a view to their first showing on television in the United Kingdom in the reference year.	A ready-made programme bought by a broadcaster from another rights holder and broadcast for the first time in the UK during the reference year.  <b>Repeats</b> All programmes not meeting one of the two definitions above.	Includes all costs incurred by the broadcaster associated with making or acquiring programmes. These include both direct and indirect production costs for in-house productions and licensing costs for commissioned and acquired programmes, and excludes costs related to marketing and distribution.

## The BBC Cymru Wales and ITV Cymru Wales' spend on first-run originated content for viewers in Wales fell by 8% in real terms from 2015 to 2016

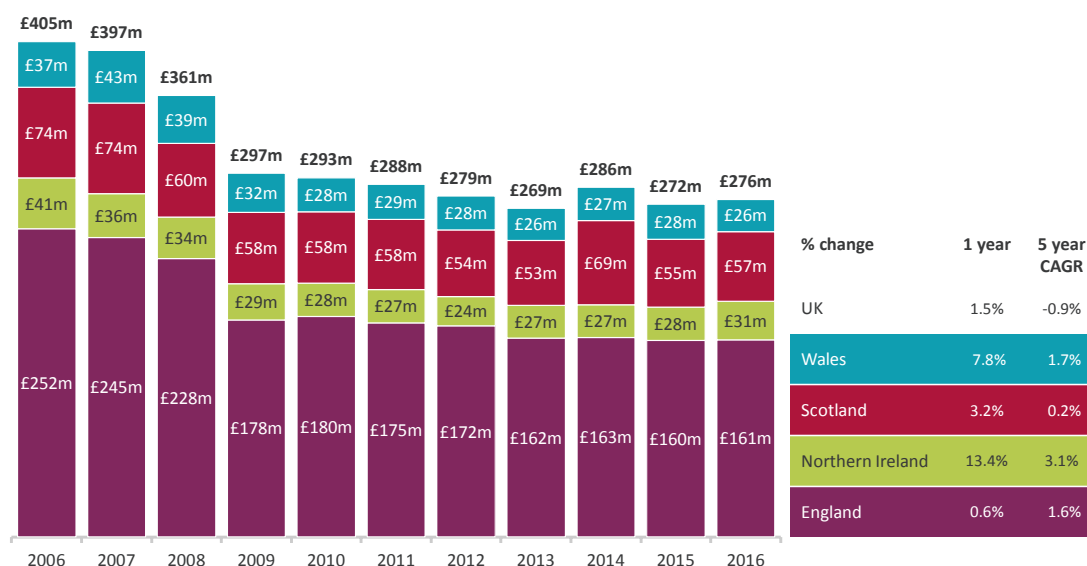
In 2016, £276m was spent by the BBC and ITV/ STV/ UTV on producing first-run originated programmes specifically for viewers in Wales, Scotland, Northern Ireland and the English regions, up by £4m in real terms year on year.<sup>1</sup> Conversely, BBC Cymru Wales and ITV Cymru

Wales' spend on first-run UK-originated programming for viewers in Wales fell by 7.8% in real terms between 2015 and 2016.

Since 2011, the BBC and channel 3 licensees' spending on first-run originated content specifically

for viewers in the UK nations and regions has fallen by £12m, representing a negative compound annual growth rate (CAGR) of -0.9%. Since 2011, the same figure in Wales has fallen by £3m, an average of -1.7% each year since 2011, the largest drop within the UK nations.

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



**Source:** Broadcasters. All figures are adjusted for inflation (2016 prices).

**Note:** Spend data for first-run originations only. BBC includes BBC One and BBC Two channels. Excludes spend on BBC Alba and S4C output but includes some spend on Irish-language programming by the BBC. From 2014, spend on content by ITV Border specifically for viewers in Scotland is assigned to Scotland, with the rest of ITV Border spend attributed to England. These figures do not include spend on network content.

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



## BBC Cymru Wales and ITV Cymru Wales spent £26m on English-language programming for viewers in Wales in 2016

Including acquisitions and repeats, BBC Cymru Wales and ITV Cymru Wales spent £26m on English-language programming for viewers in Wales in 2016. Non-news/

non-current affairs accounted for just under half of total spend (£13m); news accounted for a further 38% (£10m), with current affairs making up the remainder (£4m).

In addition to this, the BBC spent £29.2m on additional content to S4C in 2016/17, on top of the £75m that comes directly from the licence fee.

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



**Source:** Broadcasters.

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

## Programme spending has fallen in the past year, particularly in non-news and non-current affairs programming

Including acquisitions and repeats, BBC Cymru Wales and ITV Cymru Wales' spending on nations' and regions' output fell in real terms by 8% between 2015 and 2016, and by an average of 2% each year since 2011. Their spending on non-news/non-current affairs programming

for viewers in Wales has fallen by 18% since 2015, and presents a negative compound annual growth rate of -3% since 2011.

Conversely, spending on current affairs programming for viewers in Wales by BBC Cymru Wales and

ITV Cymru Wales has increased in real terms, both since 2015 (by 11%) and since 2011 (by an average of 5% each year). While spending on news increased by 2% in real terms between 2015 and 2016, overall it has fallen by an average of 2% each year since 2011.

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

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

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

**Source:** Broadcasters. All figures are adjusted for inflation (2016 prices).

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

## Hours of first-run originated programming for viewers in Wales have fallen since 2011

In 2016, BBC Cymru Wales and ITV Cymru Wales produced 951 hours of first-run UK-originated output for viewers in Wales, representing a fall of 2% (16 hours) since 2015.

Against this general trend, hours have increased since 2015 in two categories: BBC news, by three hours, and and ITV current affairs, by 15 hours.

BBC productions account for over 60% of all hours of first-run UK-originated content for viewers in Wales, at 612 hours, with news output accounting for nearly two-thirds of all hours across both the BBC and ITV.

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



**Source:** Broadcasters.

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

## The cost per hour of first-run programming for viewers in Wales has fallen

At £27,600, the cost per hour of first-run originated nations' and regions' output in Wales was higher than the UK average (£25,700) in 2016. Cost per hour is also higher than in England, but lower than in both Scotland and Northern Ireland.

In real terms, over the five-year period, the cost per hour of first-run originated nations content has fallen slightly in Wales, by an average of 0.4% each year (from £28,200).

This is in contrast to the general UK trend, and trends in Northern Ireland and Scotland, where the cost per hour has increased between 0.7% and 9.2% on average each year since 2011.

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



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

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

In 2013, S4C agreed with the BBC Trust that S4C would be part-funded by the television licence fee.

## 2.5 Welsh-language programming

### Welsh-language output and spend

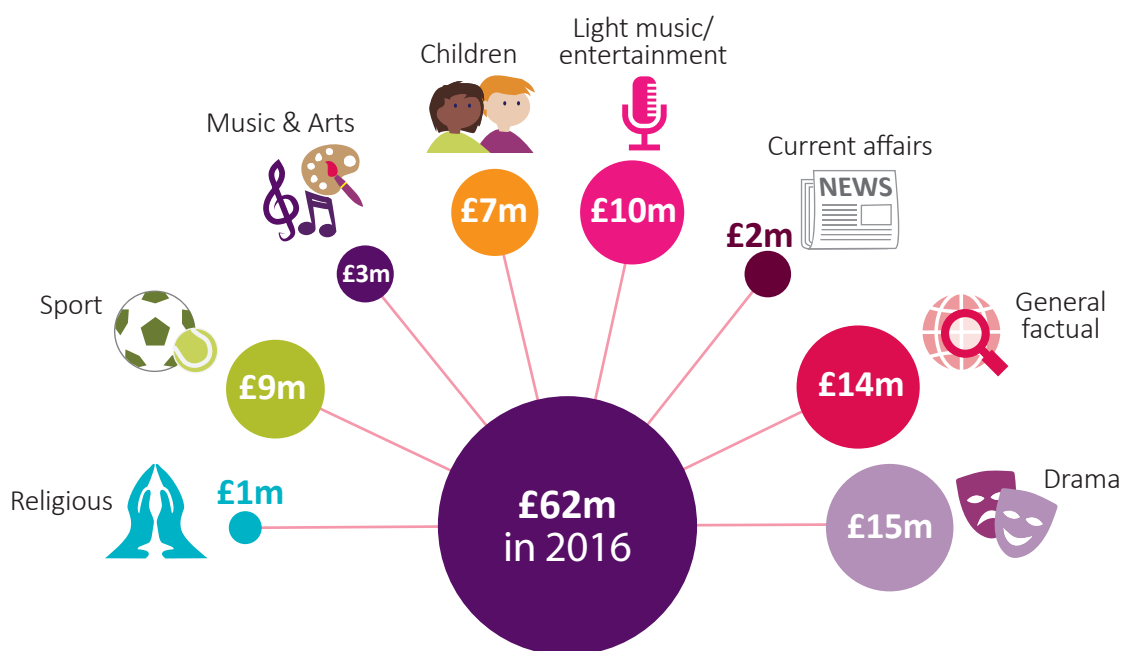
As part of the terms of the agreement, S4C would receive £76.3m in financial year 2013/2014, falling year on year to £74.5m in 2016/2017.<sup>1</sup> This level of funding will be maintained until the end of the current licence fee arrangement in 2022.<sup>2</sup> DCMS also provided funding of £6.8m to S4C in the year to April 2017. The remaining 2% of funding comes from S4C's advertising revenue and commercial activities.

The BBC has a statutory obligation to provide ten hours of content per week free of charge to S4C. This is currently provided in the form of the Newyddion (news) service,

the soap opera Pobol y Cwm and some sports and special events output, the value of which was agreed at £19.4m per annum. For the financial year 2016/17, the BBC estimates that total cost including central overheads in providing the programmes to S4C is £29.2m. S4C spent £64.7m on Welsh-language programming in addition to this.

S4C spend (excluding the previously-mentioned BBC production spend) on first-run commissioned programming fell in real terms in 2016/17. Although spending in the majority of genres remained broadly stable, falls were seen, particularly in sport and drama.

Figure 2.18: Spend by S4C on first-run Welsh-language programming



**Source:** S4C. All figures are adjusted for inflation (2016 prices). Note: Does not include programming provided by the BBC under the statutory obligation.

<sup>1</sup> [http://www.s4c.co.uk/e\\_press\\_level2.shtml?id=726](http://www.s4c.co.uk/e_press_level2.shtml?id=726)

<sup>2</sup> [http://downloads.bbc.co.uk/bbctrust/assets/files/pdf/our\\_work/s4c/2016/chairman\\_letter.pdf](http://downloads.bbc.co.uk/bbctrust/assets/files/pdf/our_work/s4c/2016/chairman_letter.pdf)



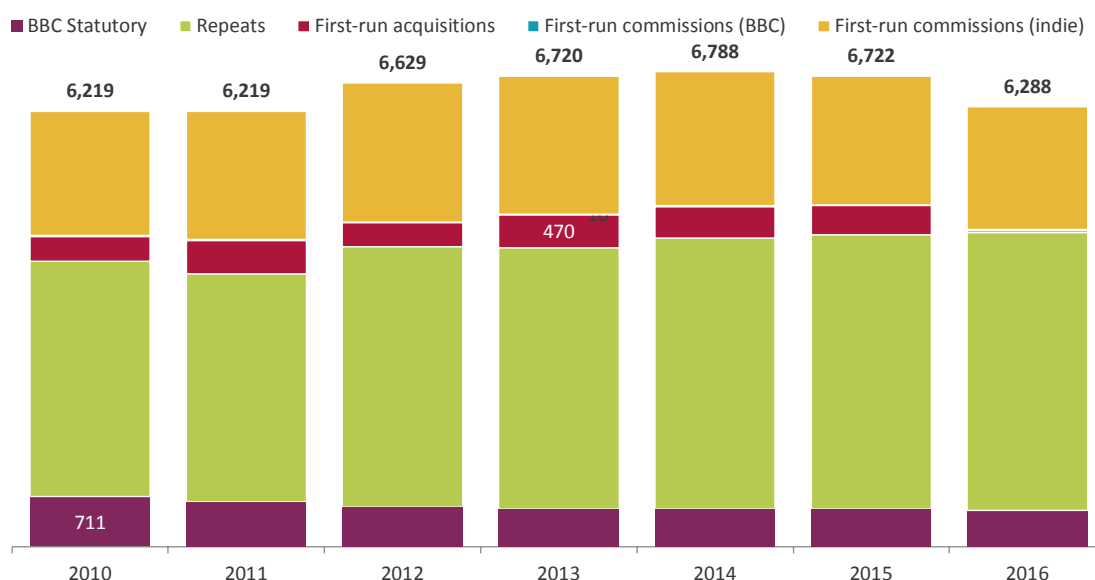
The total number of hours broadcast by S4C in 2016 fell by 416 hours to 6,306 hours. The majority of this fall was in first-run acquisitions, which fell from 418 hours in 2015 to 31 hours in 2016. In early summer 2016, S4C ceased its night-time coverage of National

Assembly of Wales proceedings, so these hours are no longer included in first-run acquisitions.

BBC statutory programming hours increased by four hours to 538 hours in 2016, while first-run commissions from the BBC increased to 20 hours in 2016, from 13 in 2015.

Repeats continued to make up the majority of the channel's output at 3,968 hours, accounting for 63% of all programming during the year. Repeats in children's programming was 2,073 hours.

**Figure 2.19: Type of Welsh-language output on S4C, by hours**



Source: S4C

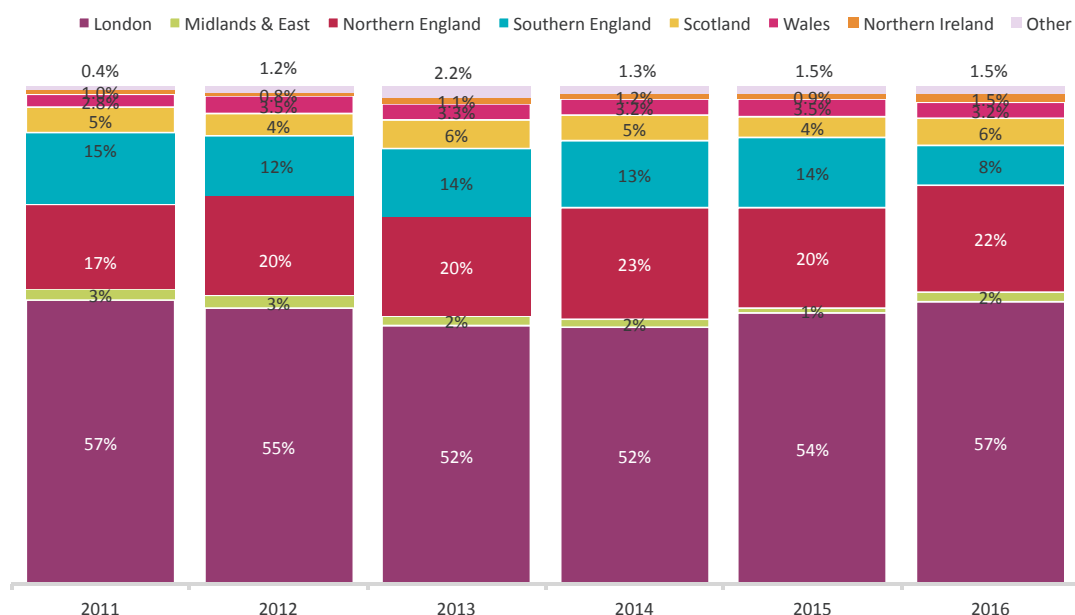
## 2.6 Network television productions made in Wales

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

In 2016, 3.2% of network spend on original content, excluding news, was directed towards Wales, down from 3.5% in 2015. This made up 2.5% of all first-run UK-originated hours broadcast across the PSB channels in 2016, down from 2.7% in 2015.

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

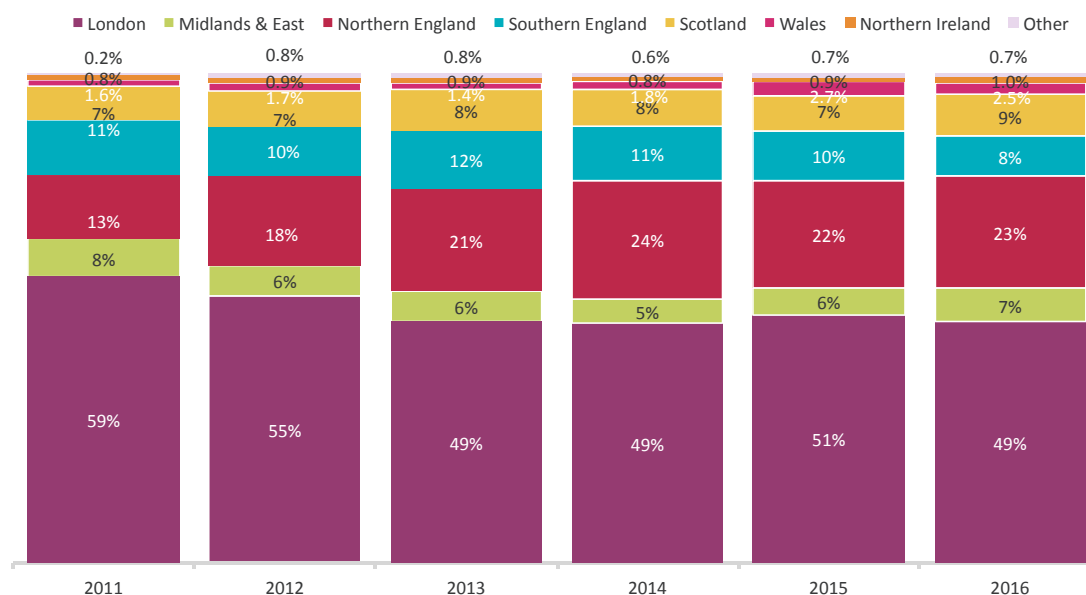
**Figure 2.20: Expenditure on originated network productions: 2011-2016**



**Source:** Ofcom/broadcasters

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

Figure 2.21: Volume of originated network productions: 2011-2016



Source: Ofcom/broadcasters

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

## **3 Radio and audio content**

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## 3.1 Recent developments in Wales

### BBC Cymru Wales

Radio Wales and Radio Cymru's reach<sup>1</sup> remained broadly stable across the year at 361,900 and 108,000 (RAJAR 12 months to Q1 2017).

Radio Cymru piloted an alternative stream, Radio Cymru Mwy, using DAB and other digital technologies, for a three-month period between September 2016 and January 2017.

The purpose of the pilot was to see how the audience appeal of Radio Cymru could be broadened, while making best use of new technologies, by offering an additional service with a greater focus on music than the main station.

### Commercial radio

Nation Broadcasting Limited ("Nation") currently owns six commercial radio services in Wales. These are: Nation Radio, Swansea Bay Radio, Radio Ceredigion, Radio Carmarthenshire, Radio Pembrokeshire and Bridge FM (Bridgend).

In November 2016, Ofcom approved a request from Nation to share all programming between all five local stations, which it planned to broadcast from a single site at St Hilary<sup>2</sup>. Ofcom also approved a Format change request from Nation to change the Format of

south Wales regional service Nation Radio from a rock music-led service to one with a focus on Wales.

#### Local DAB multiplex change request: Mid & West Wales

Ofcom consulted on Muxco Wales Limited's (a subsidiary of Nation Broadcasting Ltd) request to extend the Mid & West Wales licensed area which closed on 28 February. The proposed area change would not affect the services that currently can be received in the Mid & West Wales area nor the coverage of those services.

The request is currently being assessed by Ofcom colleagues.

#### DCMS consultation - commercial radio deregulation

In 2015, the previous Minister for Culture, Communications and Creative Industries Ed Vaizey MP asked Ofcom to examine the scope to deregulate aspects of commercial radio. In February 2017, DCMS published its consultation, on the deregulation of commercial radio setting out proposals how to help support and strengthen the commercial radio sector.

### Community radio

#### Radio Cardiff

Ofcom received a request to transfer the community radio licence held by Radio Cardiff Limited to Voluntary

Community Service (Cymru) Limited ("VCS") in December 2016. VCS is a company limited by guarantee, and a registered

charity. The transfer request was approved and was completed at the start of February 2017.

<sup>1</sup> Reach is defined here as the number of people aged 15+ who tune to a radio station within at least 1 quarter-hour period over the course of a week.

<sup>2</sup> [https://www.ofcom.org.uk/\\_\\_data/assets/pdf\\_file/0035/98981/nation-radio-format-change-statement.pdf](https://www.ofcom.org.uk/__data/assets/pdf_file/0035/98981/nation-radio-format-change-statement.pdf)



There are now 73 stations available on DAB in Wales.

## 3.2 Radio station availability

**There are now 73 stations broadcasting on DAB in Wales, although not all are currently accessible in all parts of Wales**

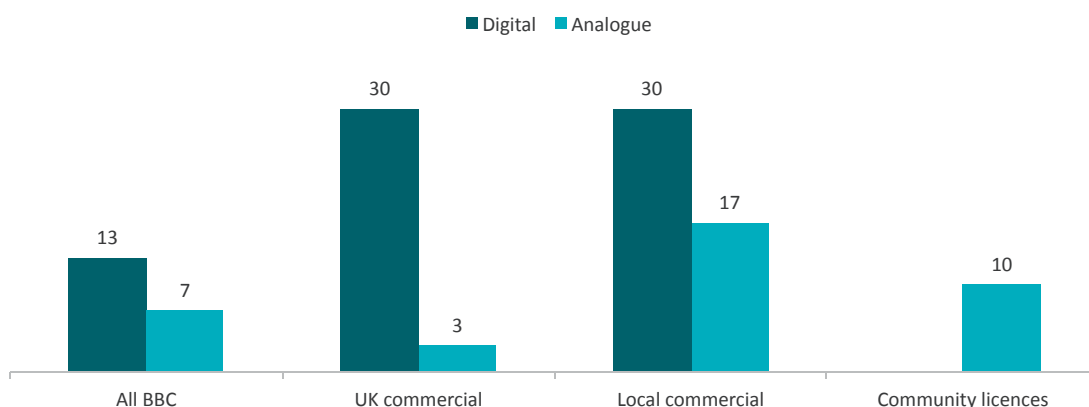
This consists of 13 from the BBC, 30 stations on the Sound Digital and Digital One multiplexes and 30 commercial stations on local DAB multiplexes.

However, not all these digital stations will be available on DAB to listeners across all of Wales. As Figure 1.2 shows, the proportion of households within the coverage area for each type of station varies, and there are different services on each of the local DAB multiplexes serving different parts of Wales.

There are currently ten community radio stations on air in Wales – Calon FM, Tudno FM, BRfm, Radio Tircoed, Radio Glan Clwyd, Môn FM, Radio Cardiff, Radio Tircoed, Bro Radio and GTFM.

There are a further 37 analogue stations available in Wales overall.

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



**Source:** Ofcom, May 2017

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

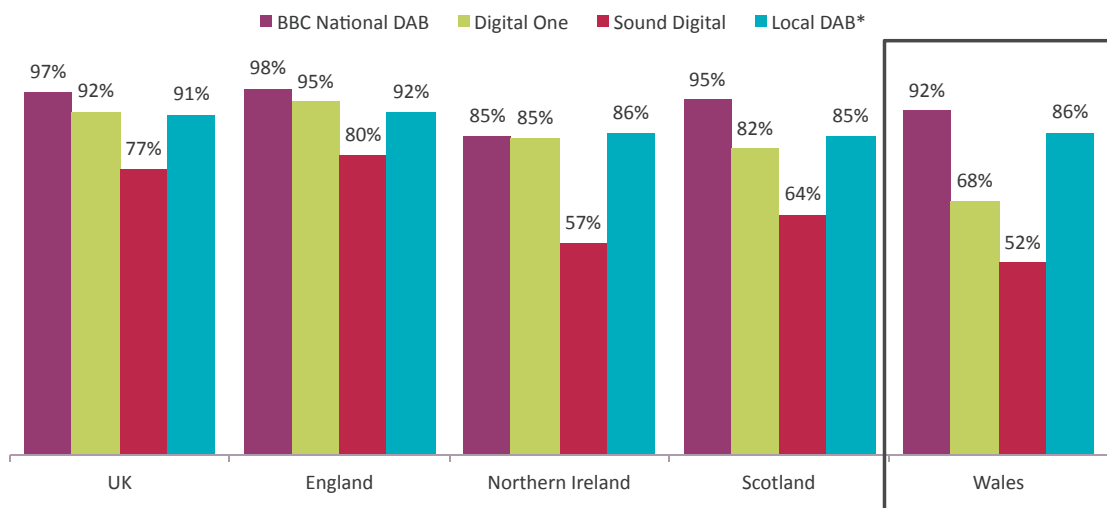
DAB services from the BBC are now available to 92% of households in Wales, the same as last year.

### 3.3 DAB coverage

#### DAB services from the BBC are available to 92% of households

Coverage from Digital One, one of the UK-wide commercial multiplexes, can be received by 67% of households in Wales. Coverage of local DAB in Wales is 86% of households.

**Figure 3.2: Household DAB coverage**



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

### 3.4 Listening to audio content

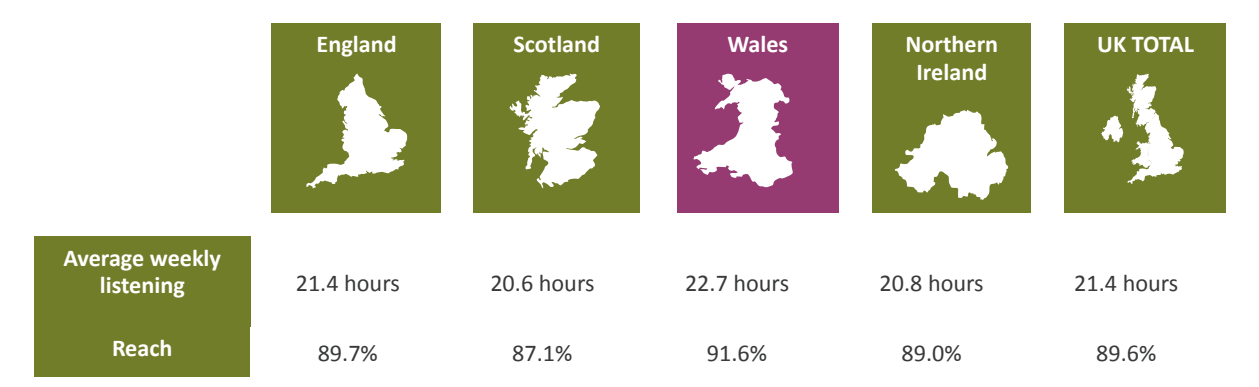
**A higher proportion of people in Wales listen to radio than in the UK overall, and they listen for longer**

For the 12 months to Q1 2017, radio services reached 91.6% of the adult population in Wales, the

highest reach of any UK nation. Listeners in Wales also listened to radio for the longest compared to

the UK as a whole, which was at 22.7 hours per week on average, the highest figure since 2012.

Figure 3.3: Average weekly reach and listening hours



**Source:** RAJAR, All adults (15+), 12 months to Q1 2017. Reach is defined as the number of people aged 15+ who tune to a radio station within at least 1 quarter-hour period over the course of a week. Respondents are instructed to fill in a quarter-hour only if they have listened to the station for at least 5 minutes within that quarter-hour.

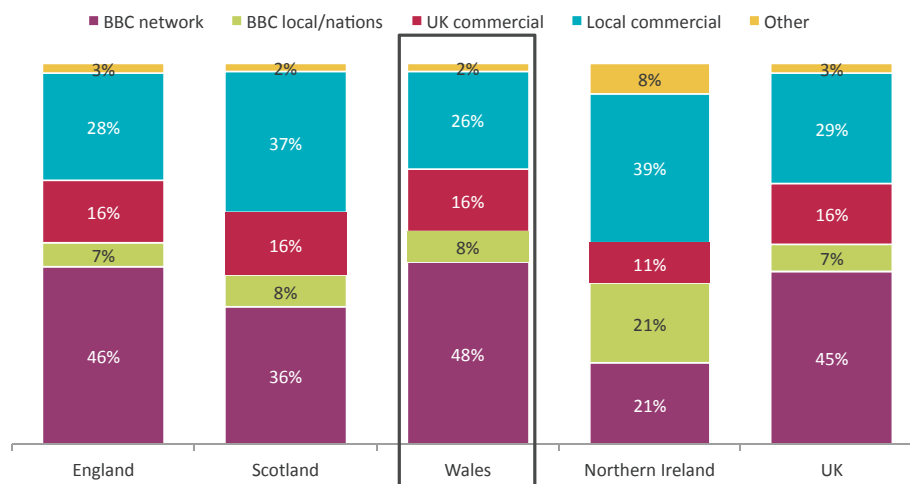
### Listening to UK-wide services accounts for almost two-thirds of radio listening time in Wales

The amount of time spent listening to any radio in Wales has increased by over a million hours in the past year (54.1 million hours v 52.9 million). Listening to UK-wide services accounts for 64% of all listening within Wales, the highest of any UK nation. This is driven by listening to BBC network services; 48% of all listening is accounted for by these radio stations.

However, listening to UK-wide commercial services within Wales has seen the largest increase year on year, adding 2.3m hours since 2016. Listening to BBC services overall within Wales, including the BBC's nations services (BBC Radio Wales and BBC Radio Cymru) accounts for 56% of all listening; again, the highest of any UK nation.

Local commercial stations in Wales have the lowest share of total listening hours of any UK nation for these types of service, at 26%, 3pp lower than the UK average. Similarly, the share of listening to commercial stations overall (i.e. both local and UK-wide) in Wales is the lowest of any UK nation, at 42%.

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



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

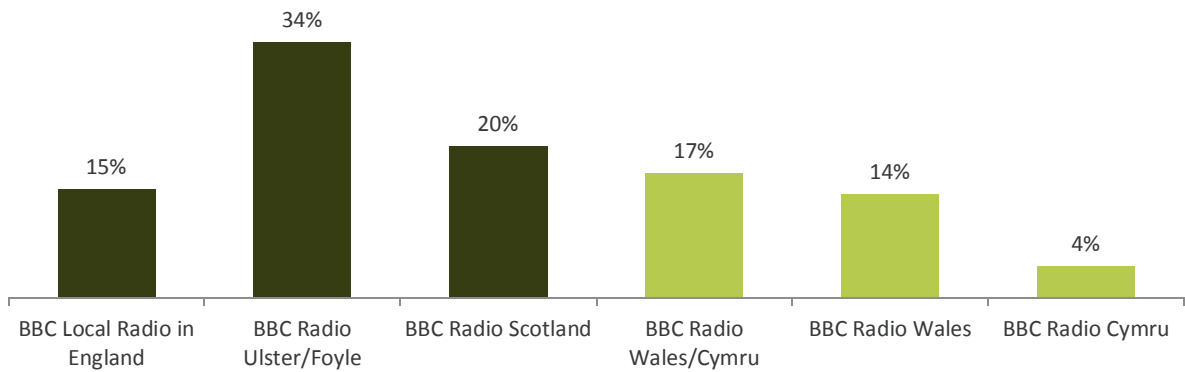
One in six adults in Wales listen to either BBC Radio Wales or BBC Radio Cymru

The aggregated reach of BBC Radio Wales and BBC Radio Cymru is 17%, half the reach of the equivalent services in Northern Ireland,

but similar to the weekly reach of the service in Scotland and BBC’s local services in England.

The average weekly reach for BBC Radio Wales and BBC Radio Cymru has fallen by 5.7pp in five years.

Figure 3.5: Weekly reach for nations’/local BBC services



Source: RAJAR, All adults (15+), 12 months to Q1 2017. Note: Aggregated reach is shown for BBC Radio Wales and BBC Radio Cymru

In comparison, the average weekly reach to local commercial radio in Wales, in the 12 months to Q1 2017, was 46%.

Figure 3.6: Weekly reach to local commercial radio



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



Fifty-eight per cent of adults in Wales own a DAB radio set,

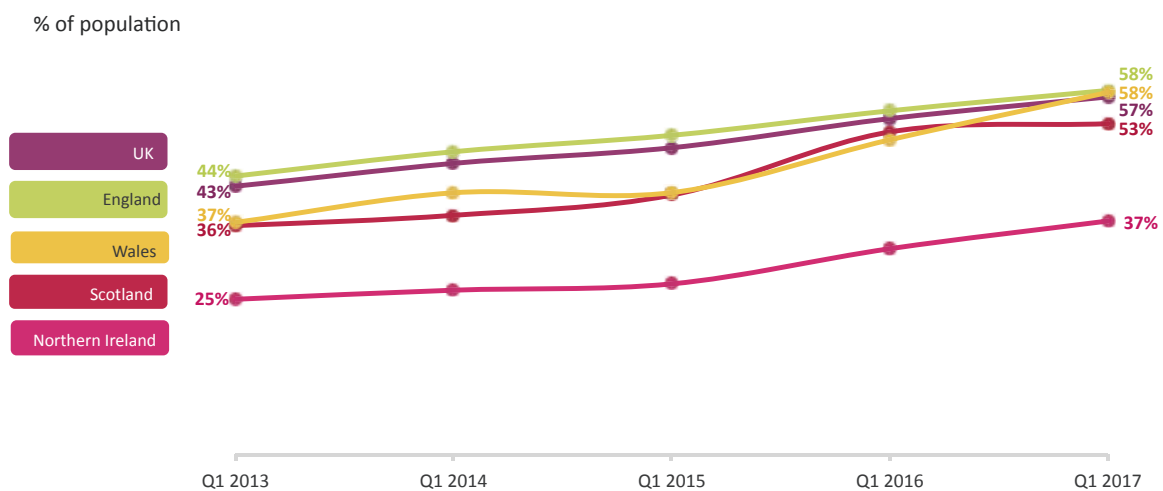
### 3.5 DAB digital radio set ownership and listening

#### Almost six in ten adults in Wales now have a DAB radio

more than in either Scotland or Northern Ireland. Growth in DAB radio ownership was greater in Wales than in the other UK nations, increasing by 8pp between 2015

and 2016. The higher levels of DAB ownership in Wales is likely to be influenced by the popularity of UK-wide services, as DAB offers a greater range of these stations.

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



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

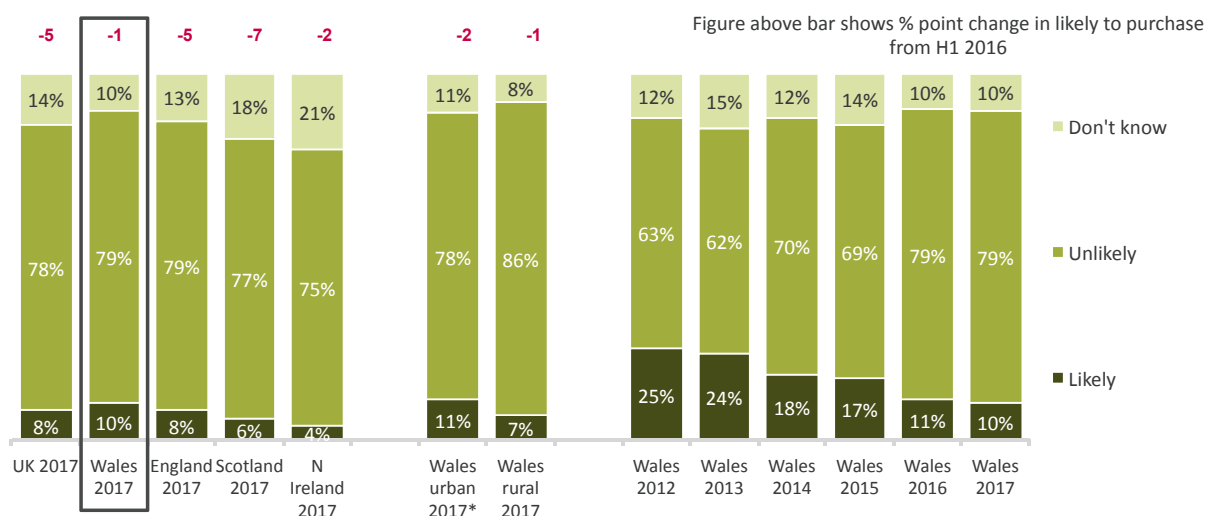
## One in ten radio listeners in Wales without a DAB set say they are likely to buy one within the next year

One in ten (10%) radio listeners in Wales who do not have a DAB set say they are likely to get one in the next 12 months.

This figure does not differ from the overall UK figure (8%) and does not vary significantly by location within Wales.

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

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



**Source:** Ofcom Technology Tracker, Half 1 2017

**Base:** Adults aged 16+ who listen to radio and do not have a DAB set (n = 1533 UK, 214 Wales, 800 England, 250 Scotland, 269 Northern Ireland, 107 Wales urban, 107 Wales rural, 273 Wales 2012, 269 Wales 2013, 246 Wales 2014, 228 Wales 2015, 212 Wales 2016, 214 Wales 2017).

**Significance testing:** Arrows indicate any significant differences at the 95% confidence level between Wales and UK in 2017, between Wales urban and rural in 2017 and at the 99% confidence level between Wales 2016 and 2017. Circles around the +/- figures above the chart indicate any significant difference at the 99% confidence level between 2016 and 2017 for Wales, urban and rural.

**QP12:** How likely is it that your household will get a DAB radio in the next 12 months?

### Most radio listeners in Wales without a DAB set say they are not likely to buy one within the next year because they have no need, or are happy using their existing radio service

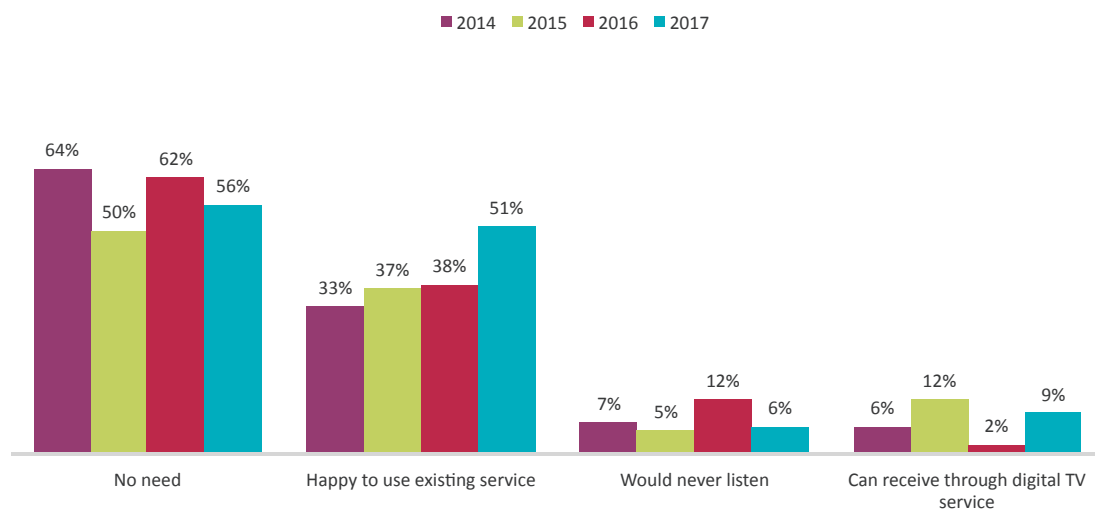
Radio listeners stating they were unlikely to get DAB radio in the next 12 months were asked to say – without prompting – why they were unlikely to do so. Just over half (56%) said it was because

they did not need it, while a similar proportion (51%) said it was because they were happy using an existing service. Less than one in ten said that they would never listen to it (6%), or that they could

receive a digital radio service through their TV service (9%).

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

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



**Source:** Ofcom Technology Tracker, Half 1 2017

**Base:** All adults aged 16+ who listen to radio and are unlikely to get DAB radio in the next 12 months (Wales 2014 = 182; Wales 2015 = 166; Wales 2016 = 167, Wales 2017 = 174)

Responses shown for spontaneous mentions by 5% or more at a UK level

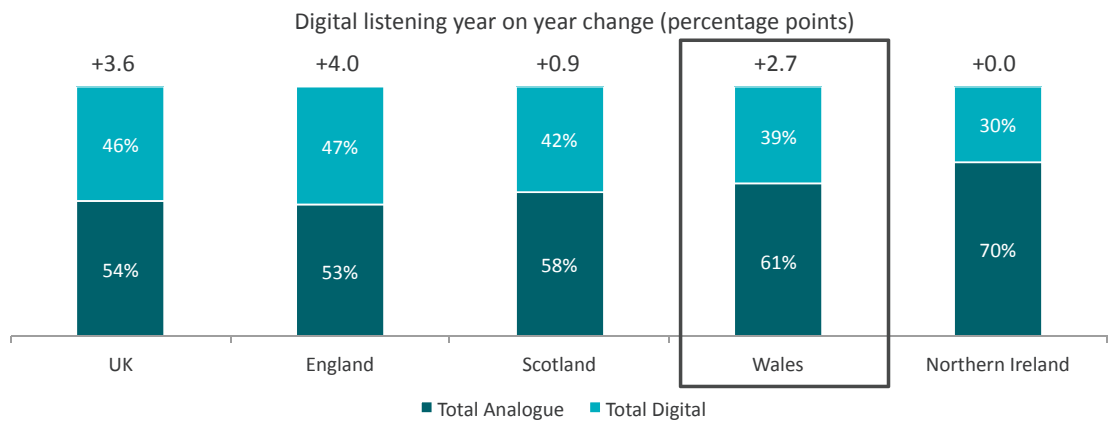
**Significance testing:** Arrows indicate any significant differences at the 99% confidence level between Wales 2016 and 2017.

**QP14:** Why are you unlikely to get digital radio in the next 12 months?

Almost two-fifths of radio listening in Wales is through digital platforms<sup>1</sup>

Digital’s share of listening in Wales is 39%, 7pp lower than the UK average. Analogue listening still accounts for six in ten of total listening hours; apart from Northern Ireland, this is the highest among the UK nations.

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



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

<sup>1</sup> DAB, digital television and the internet.

### Digital's share of listening in Wales has grown steadily each year

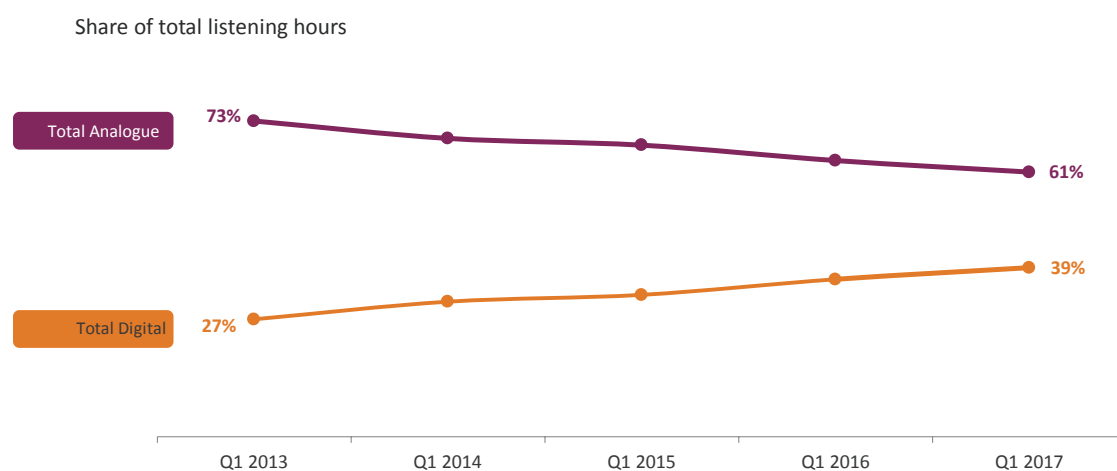
The proportion of time spent listening to the radio using digital platforms has increased by 12pp in Wales since 2013. The rate of growth has been steady over this period, with the same rate of growth seen between 2015 and 2016 compared to 2016 and 2017 (3pp).

Listening via a DAB set has increased by 2pp, whereas listening via the internet or through a digital television has remained stable year on year.

In the 12 months to Q1 2017, the average weekly reach of DAB in Wales was 39%, an increase of

23pp since 2010. In comparison, the average weekly reach of DTV was 18%, not dissimilar to 15% in 2010. While the average weekly reach to internet has remained largely stable since 2015, there has been an 11pp increase since 2010.

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



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

Wales had the highest growth in local commercial radio revenue of any UK nation in 2016.

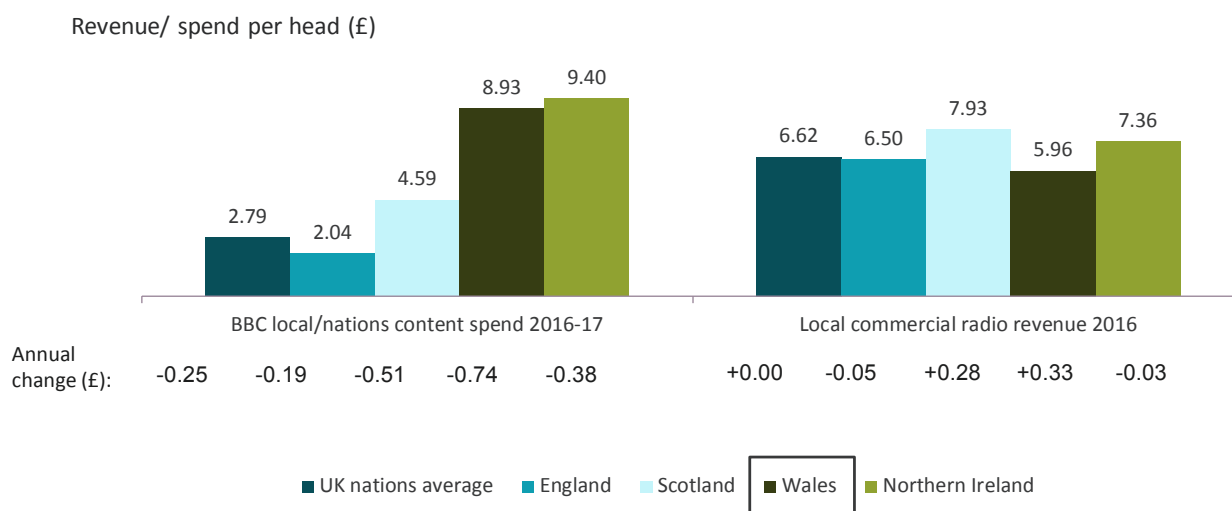
## 3.6 The radio industry

### Local commercial radio revenue in Wales grew by 6% in 2015

On a per-capita basis, revenues increased by £0.33 in real terms. Despite this high growth, Wales still has the smallest local commercial revenue per head of population of any UK nation, and is the only nation apart from England with revenues per head lower than the UK average.

Content spend on BBC Radio Wales fell by 8% in real terms, while content spend for BBC Radio Cymru fell by 6%. On a per-capita basis, Wales has the second highest level of BBC spend, and it increased by 74p in real terms, per head of population in 2016-17.

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



Source: Broadcasters

Note: The UK total shows the average for local commercial radio across the four nations and therefore excludes services broadcast UK-wide. BBC Content spend at March 2017 prices, local commercial radio spend at 2016 prices.



## 4 Telecoms and networks

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Superfast Cymru is a Welsh Government intervention to provide superfast broadband connectivity to those areas in Wales where the market has demonstrably failed to provide it.

## 4.1 Recent developments in Wales

### Superfast Cymru

Deployment began in January 2013 and is expected to deliver coverage to around 720,000 premises, from a maximum intervention area encompassing about 765,000 premises across Wales, by the time the project ends in December 2017.

BT is using two technologies, fibre-to-the-cabinet (FTTC) and fibre-to-the-premises (FTTP), to deliver the Welsh Government's requirement for superfast broadband access, capable of at least 30Mbit/s to 90% of the intervention area.

To date, over 647,487 homes and businesses in Wales have been given access to fast fibre broadband as a result of the Superfast Cymru project. These are premises that would not have otherwise been covered by commercially-driven roll-outs.

An open market review is under way to establish exactly where superfast broadband is available, property by property. This will inform a further Welsh Government intervention, anticipated to deliver from 2018 onwards and backed by £80m of public funding<sup>1</sup>.

This further investment in extending broadband reach is expected to use additional private sector match-funding to maximise the opportunity to extend broadband coverage to the hardest-to-reach premises across Wales by 2020.

Additionally, the Welsh Government appointed Airband to deliver a superfast service to business parks and industrial estates across North and South Wales, and areas where fibre was not available or broadband speeds were poor. This project is now complete; it covers over 2,000 business and industrial premises in North and South Wales.

### Access Broadband Cymru

Access Broadband Cymru funds (or part-funds) the installation costs of new broadband connections for homes and businesses in Wales, delivering a step-change in download speeds.

There are two levels of funding, depending on the speed required; £400 for download speeds between 10Mbit/s and 20Mbit/s, and £800 for download speeds of 30Mbit/s and above.

The scheme is technology-neutral, using a range of technologies including satellite and wireless to deliver superfast speeds and/or speeds at least double current download speeds.

<sup>1</sup> <http://gov.wales/newsroom/science-and-technology/2016/161107-up-to-80m-investment-for-next-stage-superfast-scheme/?lang=en>

### Ultrafast Connectivity voucher scheme

The Ultrafast Connectivity voucher scheme is available to businesses across Wales to help meet the initial capital costs incurred in installing ultrafast broadband services. For the purpose of the scheme,

ultrafast is defined as greater than 100Mbit/s downstream, and greater than 30Mbit/s upstream. The maximum grant available is £10,000. It provides 100% funding for the first £3,000

and 50% between £3,000 and £17,000. The business is expected to match-fund the remaining 50% and any costs above £17,000.

### Mobile summit

In January 2017, Ofcom convened a meeting at its office in Wales, bringing together politicians, mobile network operators, farmers' unions and residents from across Wales, to discuss the barriers to improving

mobile coverage in Wales. The ambition to convene a summit was initiated by the Parliamentary Under-Secretary of State for Wales, Guto Bebb MP, during an Ofcom Wales event at the Royal

Welsh Agricultural Show in 2016. Residents from Tregroes in West Wales shared their experiences of living with poor connectivity.

### Welsh Government mobile action plan

The Minister for Skills and Science, Julie James AM, hosted a round-table meeting of industry representatives in January to discuss enhancing mobile coverage and capacity. The Welsh Government intends to produce a mobile action plan for improving mobile connectivity in Wales, and to provide a road map to achieving it.

The action plan is based on addressing nine key areas with a stated and agreed set of actions:

1. planning;
2. public assets;
3. non-domestic rates;
4. regulation;
5. innovation;

6. infill solutions;
7. transport routes;
8. ESMCP (emergency services mobile communications programme); and
9. emerging technologies.

The mobile action plan will be published shortly.

### National Infrastructure Commission for Wales

Following a public consultation which ended in January 2017, and a subsequent inquiry conducted by the Economy, Infrastructure and Skills Committee, the Welsh Government Cabinet Secretary for Economy and Infrastructure, Ken Skates, announced the

establishment of a National Infrastructure Commission for Wales. He said that the purpose of the commission was to help create a better informed, longer-term investment strategy by providing the government with independent and expert advice on strategic

infrastructure needs and priorities. The Government will run a public appointments exercise for the commission's chair and members in early autumn, in order to set up the commission by the end of the year.

## 4.2 Service take-up

### Take-up of communication services in Wales was in line with UK averages in 2017

Take-up of landline, mobile and broadband services in Wales were broadly consistent with levels in the UK as a whole in 2017. In previous years, there had been differences between Wales and the UK as a whole in levels of smartphone and tablet ownership.

In 2017, however, adults in Wales were as likely as the UK average to have a tablet computer in their household and to personally use a smartphone.

Adults in Wales are less likely than those in the UK as a whole to use a mobile phone to access the internet (58% vs. 66%).

There are two significant differences in service and device take-up between urban and rural areas of Wales. Adults in urban areas are more likely than those in rural areas to personally use a mobile phone (95% vs. 90% rural), while those in rural areas are more likely to have a landline phone in the household (88% vs. 78% urban).

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

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

**Source:** Ofcom Technology Tracker, H1 2017

**Notes:** 1 Households with an internet connection of any description; 2 Households with a fixed broadband and/or dedicated mobile broadband (dongle/SIM) data connection (excludes households that solely use a mobile handset/s to access the internet); 3 Households that use a dedicated mobile broadband (dongle/SIM) data connection to access the internet (excludes households that solely use a mobile handset/s to access the internet); 4 Households that use a mobile handset/s to access the internet (may also have any other type of internet access).

**Base:** All adults aged 16+ (n = 3743 UK, 495 Wales, 2245 England, 510 Scotland, 493 Northern Ireland, 249 Wales urban, 246 Wales rural)

**Significance testing:** Arrows indicate any significant differences at the 95% confidence level between Wales and UK in 2017 and between Wales urban and rural in 2017.

**QC1:** Is there a landline phone in your home that can be used to make and receive calls?/ **QD2:** Do you personally use a mobile phone?/ **QD4:** Do you personally use a smartphone?/ **QE1:** Does your household have a PC or laptop computer?/ **QE2:** Do you or does anyone in your household have access to the internet/ world wide web at home?/ **QE9:** Which of these methods does your household use to connect to the internet at home?/ **QD28A:** Which if any, of the following activities, other than making and receiving voice calls, do you use your mobile for?

## Total broadband take-up has remained unchanged in Wales since last year

### Mobile broadband

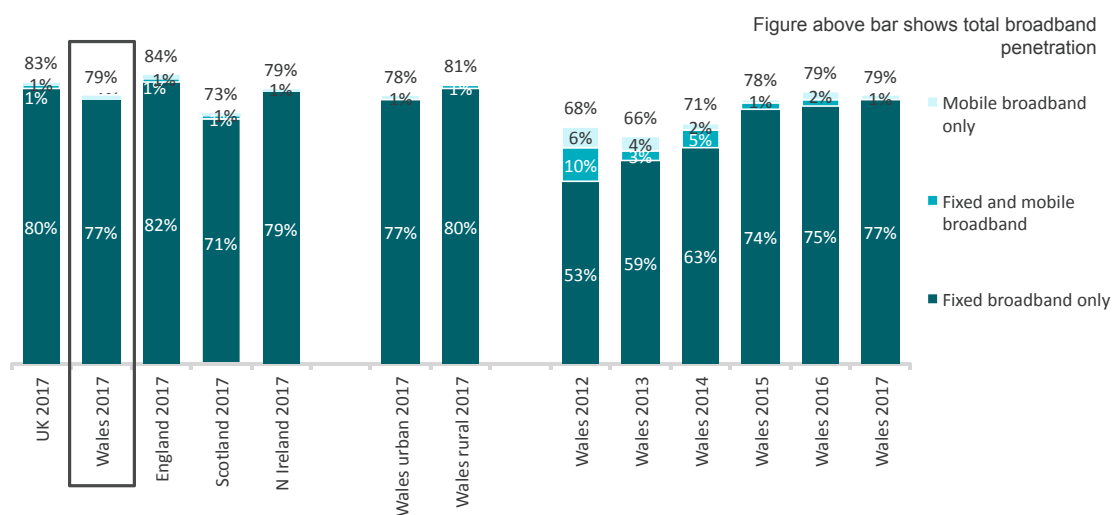
Various types of wireless high-speed internet access through a portable modem, telephone or other device.

As shown in Figure 1.2, total broadband take-up for households in Wales (79%) is consistent with that for the UK as a whole, with no change in Wales since 2016.

The proportion of households in Wales using solely a fixed broadband service in 2016 was also in line with the rest of the UK (77% and 80% respectively).

This proportion has remained stable in recent years. There was also no difference between urban and rural areas in the take-up of broadband by connection type.

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



**Source:** Ofcom Technology Tracker, Half 1 2017

**Base:** All adults aged 16+ (n = 3743 UK, 495 Wales, 2245 England, 510 Scotland, 493 Northern Ireland, 249 Wales urban, 246 Wales rural, 513 Wales 2012, 492 Wales 2013, 491 Wales 2014, 496 Wales 2015, 289 Wales 2016, 495 Wales 2017)

**Significance testing:** Arrows indicate any significant differences at the 95% confidence level between Wales and UK in 2017, between Wales urban and rural in 2017 and at the 99% confidence level between Wales 2016 and 2017.

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

### Broadband take-up in Wales is unchanged across each demographic group

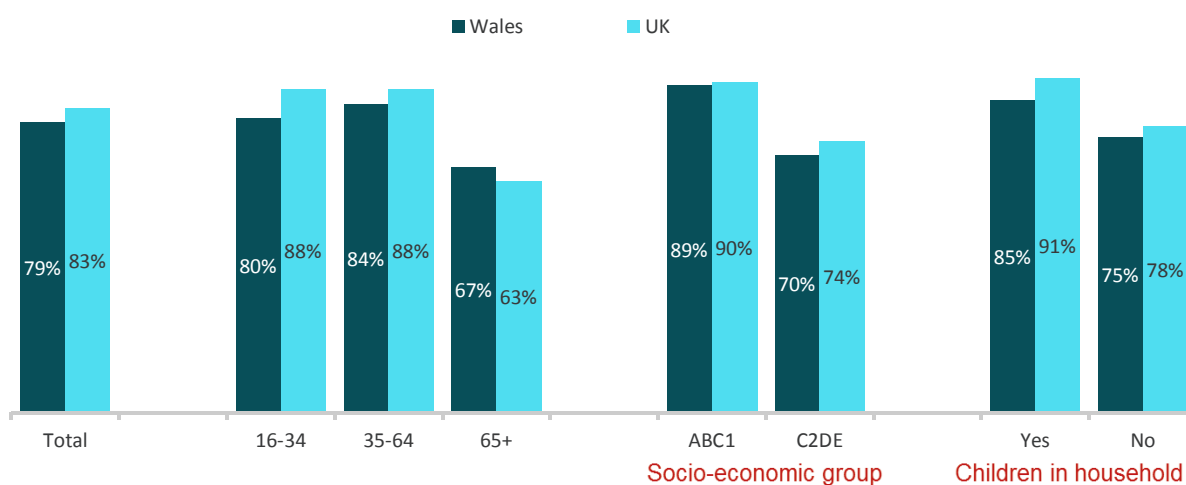
As shown in Figure 1.3, there was no significant difference between broadband take-up<sup>1</sup> in Wales and in the UK as a whole in 2017 (79% and 83% respectively). There were also no significant differences between Wales and the

UK for the different demographic groups shown in the chart.

However, within Wales, as within the UK as a whole, there were differences in broadband take-up by age, socio-economic group and household income.

Adults aged 65 and over were less likely than younger age groups to have broadband (63% vs. 88%), and take-up was higher among ABC1 adults (90%) than among those in the C2DE socio-economic groups (74%).

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



**Source:** Ofcom Technology Tracker, Half 1 2017

**Base:** All adults aged 16+ (n =495 Wales, 130 16-34s, 238 35-64s, 127 65+, 259 ABC1, 236 C2DE, 159 children in home, 336 no children in home)

**Significance testing:** Arrows indicate any significant differences at the 95% confidence level between Wales and UK in 2017 for each measure.

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

<sup>1</sup> This figure includes fixed and dedicated mobile broadband (via dongle/SIM) access but excludes access on mobile handsets.



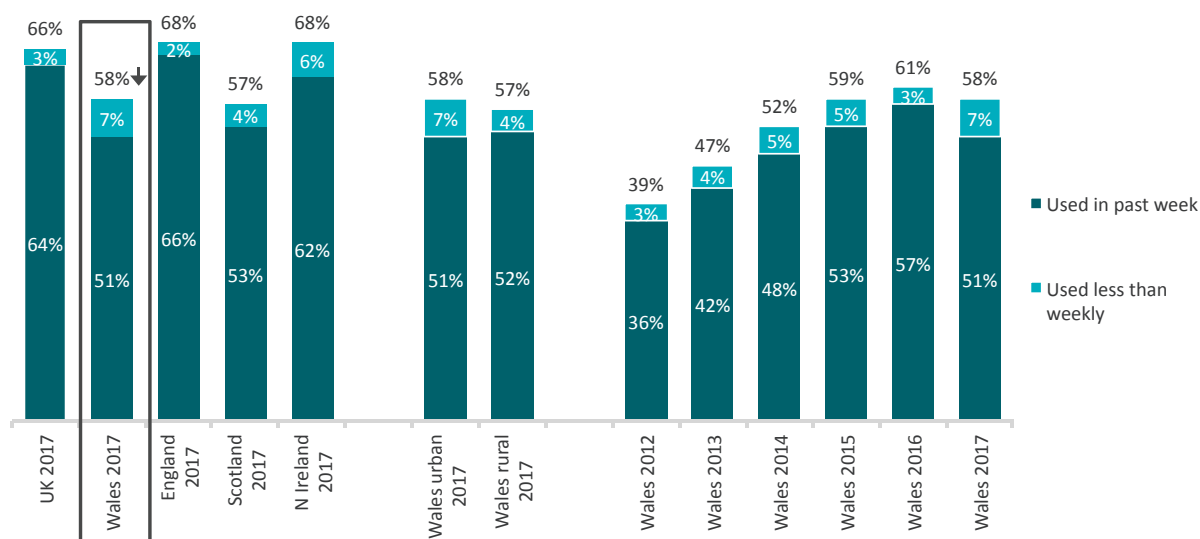
## Six in ten adults in Wales report using the internet on their mobile phone at least weekly

Around six in ten adults in Wales (58%) said they had used their mobile phone to access the internet in 2017, with most of this group saying they had done so in the

previous week (51% of all adults). Although the figures for Wales were largely unchanged since 2016, they were significantly lower than those for the UK as a whole

(66%). In 2017, adults in rural Wales were as likely as those in urban areas to say they had used their mobile phone to go online.

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



**Source:** Ofcom Technology Tracker, Half 1 2017

**Base:** All adults aged 16+ (n = 3743 UK, 495 Wales, 2245 England, 510 Scotland, 493 Northern Ireland, 249 Wales urban, 246 Wales rural, 513 Wales 2012, 492 Wales 2013, 491 Wales 2014, 496 Wales 2015, 289 Wales 2016, 495 Wales 2017)

**Significance testing:** Arrows indicate any significant differences at the 95% confidence level between Wales and UK in 2017, between Wales urban and rural in 2017 and at the 99% confidence level between Wales 2016 and 2017.

**QD28A:** Which, if any, of the following activities, other than making and receiving calls, do you use your mobile for? **QD28B:** And, which of these activities have you used your mobile for in the last week?

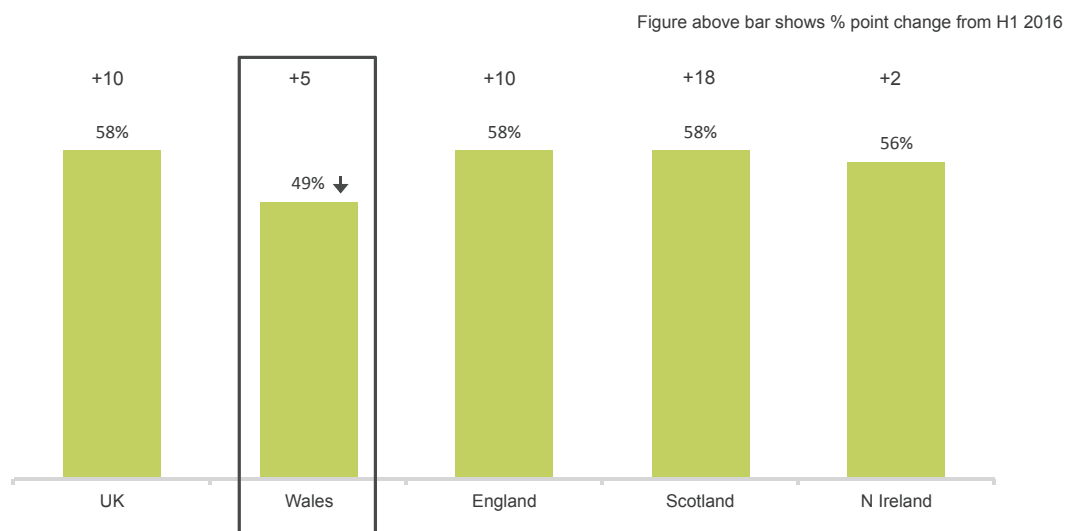
## The proportion of 4G users in Wales is below the UK average

Nearly half (49%) of adults in Wales reported that they had a 4G mobile service in 2017, this was not a significant change from 2016. The proportion of 4G users across the UK as a whole has increased since 2016 (up 10 percentage points).

As a result, the measure for Wales in 2017 is below the UK average (58%). Data usage figures from Ofcom's 2016 Connected Nations report<sup>1</sup> are similar but show a slightly higher usage of 4G services.

In Wales, 51% of mobile data was delivered by the 4G network. This was lower than the UK average of 60%.

**Figure 4.5: 4G take-up, by nation**



**Source:** Ofcom Technology Tracker, Half 1 2017

**Base:** All adults aged 16+ (n = 3743 UK, 495 Wales, 2245 England, 510 Scotland, 493 Northern Ireland)

**Significance testing:** Arrows indicate any significant differences at the 95% confidence level between Wales and UK in 2017. A circle around the +/- figure above the chart indicates any significant difference at the 99% confidence level between 2016 and 2017 for Scotland.

**QD41.** Do you have a 4G service? This is a service that enables faster mobile internet access

<sup>1</sup> <https://www.ofcom.org.uk/research-and-data/multi-sector-research/infrastructure-research/connected-nations-2016>

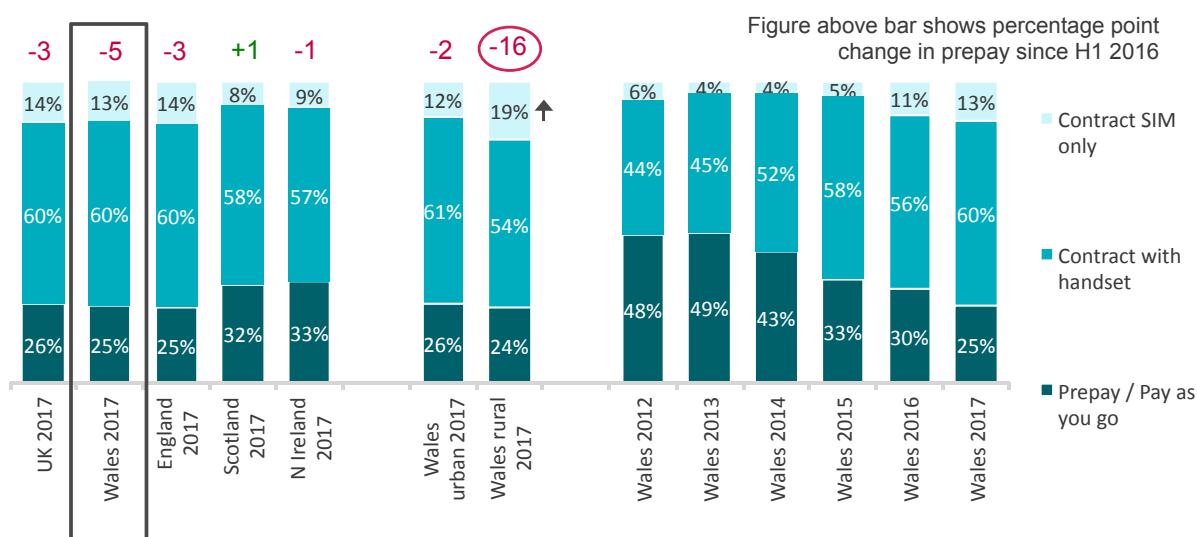
## Types of mobile subscriptions used in Wales are in line with UK averages and are unchanged since 2016

In 2017, 60% mobile users in Wales said they ‘most often’ used a pay-monthly contract package with handset, while a quarter used a pre-pay phone and 13% had a SIM-only contract, each in line with the UK averages and each unchanged since 2016.

In 2017, mobile users in rural areas were more likely than those in urban areas to say they mostly used a SIM-only service (19% vs. 12%), with no other significant differences in type of mobile phone package by location.

Compared to 2016, mobile users in rural areas of Wales were less likely to use a pre-pay phone (down 16 percentage points to 24%).

**Figure 4.6: Type of mobile subscription**



**Source:** Ofcom Technology Tracker, Half 1 2017

**Base:** Adults aged 16+ who personally use a mobile phone (n = 3471 UK, 451 Wales, 2099 England, 464 Scotland, 457 Northern Ireland, 235 Wales urban, 216 Wales rural, 456 Wales 2012, 440 Wales 2013, 438 Wales 2014, 439 Wales 2015, 445 Wales 2016, 451 Wales 2017)

**Significance testing:** Arrows indicate any significant differences at the 95% confidence level between Wales and UK in 2017, between Wales urban and rural in 2017 and at the 99% confidence level between Wales 2016 and 2017. Circles around the +/- figures above the chart indicate any significant difference at the 99% confidence level between 2016 and 2017 for Wales, urban and rural.

**QD11:** Which of these best describes the mobile package you personally use most often?

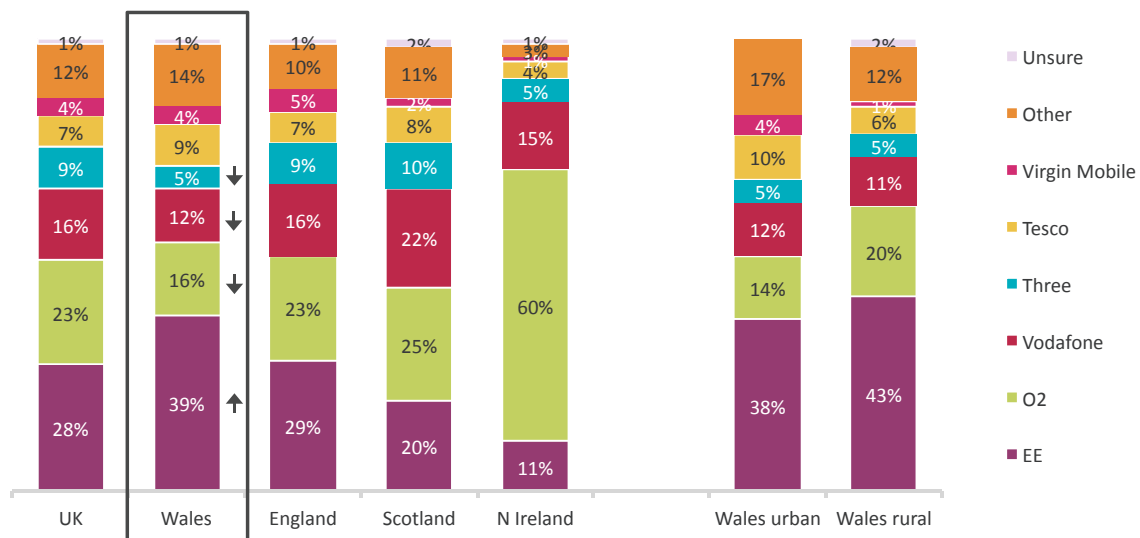
## Respondents in Wales say that EE is the mobile network provider they use most often

Two-fifths (39%) of mobile users in Wales said EE was the network they used most often, compared to 28% across the UK as a whole.

In Wales this was followed by O2 (16%) and Vodafone (12%), although mobile users in Wales were less likely than all UK mobile users to

use O2 (16% vs. 23%), Vodafone (12% vs. 16%) or Three (5% vs. 9%).

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



**Source:** Ofcom Technology Tracker, Half 1 2017

**Base:** Adults aged 16+ who personally use a mobile phone (n = 3471 UK, 451 Wales, 2099 England, 464 Scotland, 457 Northern Ireland, 235 Wales urban, 216 Wales rural)

**Significance testing:** Arrows indicate any significant differences at the 95% confidence level between Wales and UK in 2017 and between Wales urban and rural in 2017.

**QD10:** Which mobile network do you use most often?

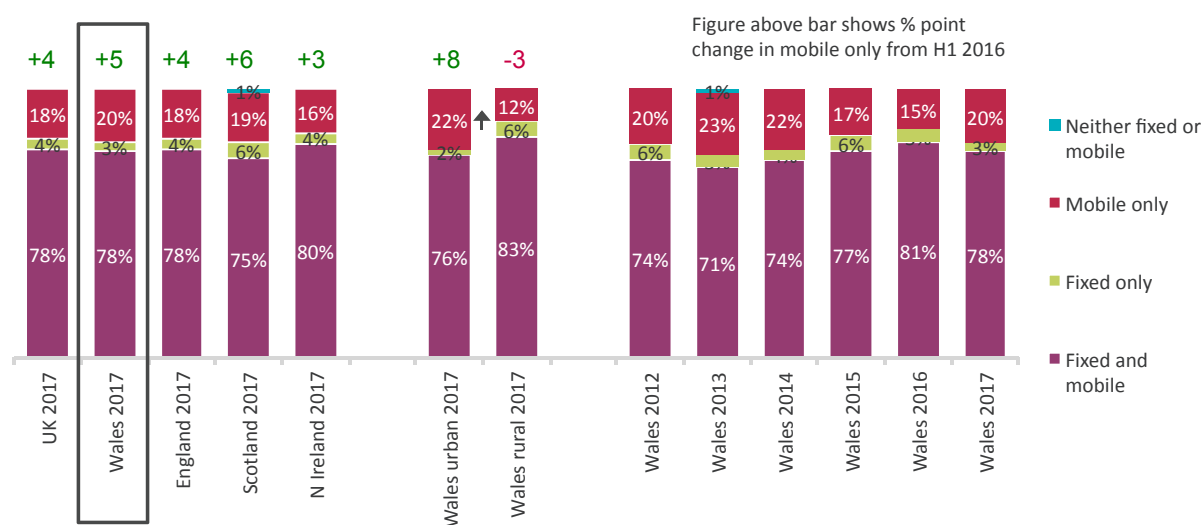
## The proportion of households which are mobile-only in Wales remained unchanged since 2016, and is in line with the UK average

Four in five households in Wales (78%) had both fixed and mobile telephony services in 2017. Three per cent of households had access to a fixed line only, and 20% only had access to a mobile phone.

There were no significant changes in any of these figures since 2016 and no differences between Wales and the UK as a whole.

Adults in urban areas of Wales were more likely than those in rural areas to only have access to a mobile phone (22% vs. 12%).

**Figure 4.8: Cross-ownership of household telephony services**



**Source:** Ofcom Technology Tracker, Half 1 2017

**Base:** All adults aged 16+ (n = 3743 UK, 495 Wales, 2245 England, 510 Scotland, 493 Northern Ireland, 249 Wales urban, 246 Wales rural, 513 Wales 2012, 492 Wales 2013, 491 Wales 2014, 496 Wales 2015, 289 Wales 2016, 495 Wales 2017)

**Significance testing:** Arrows indicate any significant differences at the 95% confidence level between Wales and UK in 2017, between Wales urban and rural in 2017 and at the 99% confidence level between Wales 2016 and 2017. Circles around the +/- figures above the chart indicate any significant difference at the 99% confidence level between 2016 and 2017 for Wales, urban and rural.

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

## 4.3 Satisfaction with telecoms services

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

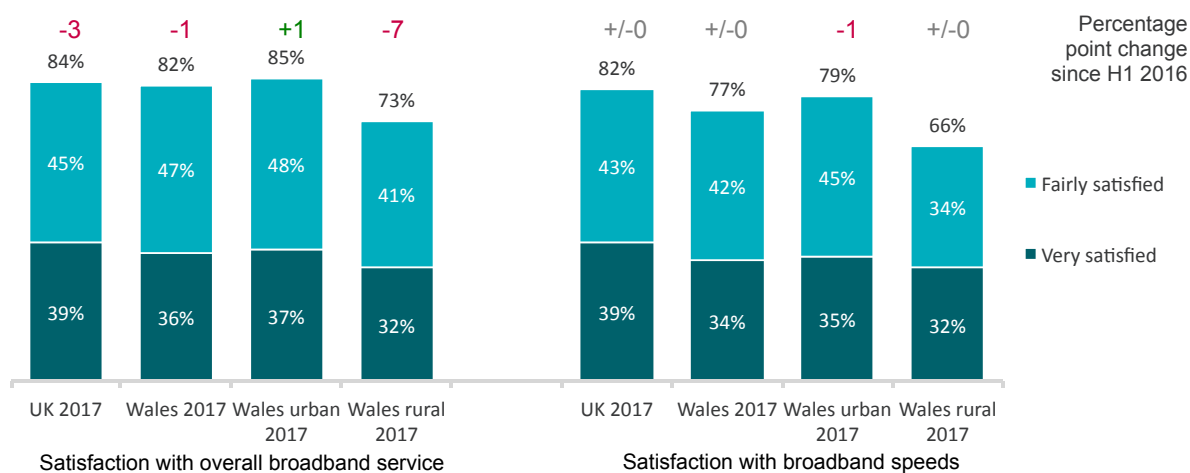
More than eight in ten broadband users in Wales (82%) were either 'very' or 'fairly' satisfied with their overall broadband service in 2017.

This figure is comparable to the UK as a whole (84%). The proportion of broadband users who were either 'very' or 'fairly' dissatisfied with the overall service in Wales was also comparable to the UK as a whole (10% vs. 8% in the UK). Compared to a year ago, there was no significant change in overall levels of satisfaction with fixed broadband services in Wales, or in the UK overall.

Satisfaction with fixed broadband speeds in Wales was comparable to the UK as a whole, with no significant change between 2016 and 2017.

Rural users in Wales were more likely to be dissatisfied than urban users with both their overall broadband service (17% vs. 8%) and with their broadband speed (24% vs. 11%).

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



**Source:** Ofcom Technology Tracker, Half 1 2017

**Base:** Adults aged 16+ with a fixed broadband connection at home (n = 2928 UK, 383 Wales, 189 Wales urban, 194 Wales rural)

**QE8A/B:** Thinking about your fixed broadband internet service, how satisfied are you with (main supplier) for the overall service/ for the speed of your service while online (not just the connection)?

**Significance testing:** Arrows indicate any significant differences at the 95% confidence level between Wales and UK in 2017 and between Wales urban and rural in 2017



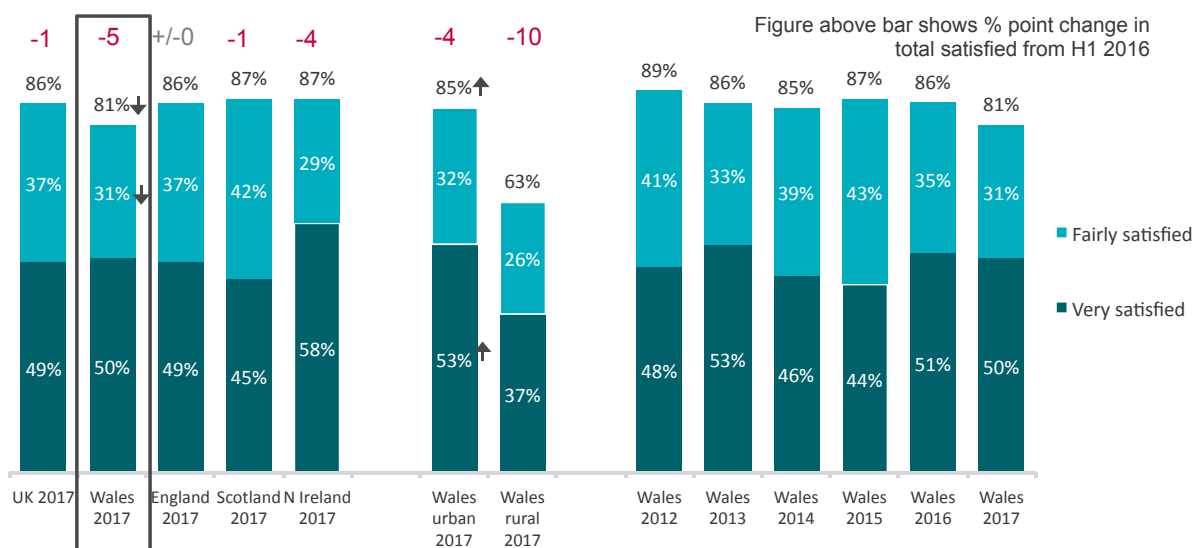
## Two-thirds of mobile phone users in rural areas in Wales are satisfied with their mobile phone reception

Eight in ten (81%) mobile phone users in Wales were 'very' or 'fairly' satisfied with their mobile phone reception in 2017.

This was lower among users in Wales than in the UK as a whole (81% vs. 86%) and was not a significant change from 2016.

As in 2016, users in urban areas were more likely than those in rural areas to say they were satisfied with their mobile reception (85% vs. 63%).

**Figure 4.10: Satisfaction with reception of mobile service**



**Source:** Ofcom Technology Tracker, Half 1 2017

**Base:** Adults aged 16+ who personally use a mobile phone (n = 3471 UK, 451 Wales, 2099 England, 464 Scotland, 457 Northern Ireland, 235 Wales urban, 216 Wales rural, 456 Wales 2012, 440 Wales 2013, 438 Wales 2014, 439 Wales 2015, 445 Wales 2016, 451 Wales 2017)

**Significance testing:** Arrows indicate any significant differences at the 95% confidence level between Wales and UK in 2017 and between Wales urban and rural in 2017. QD21J: Thinking about your mobile phone service only, how satisfied are you with (main supplier) for reception/ accessing network?

## 4.4 Consumer experience of mobile data services

### New research methodology to capture consumers’ experience of mobile services

In 2016 Ofcom piloted a new methodology to measure the consumer experience of using mobile services across the UK. This

approach involves establishing a panel of UK consumers who install an Ofcom-branded research app on their Android smartphone. The

app, provided by our technical partner P3, passively measures the experience of using mobile services as panellists use their phone.

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

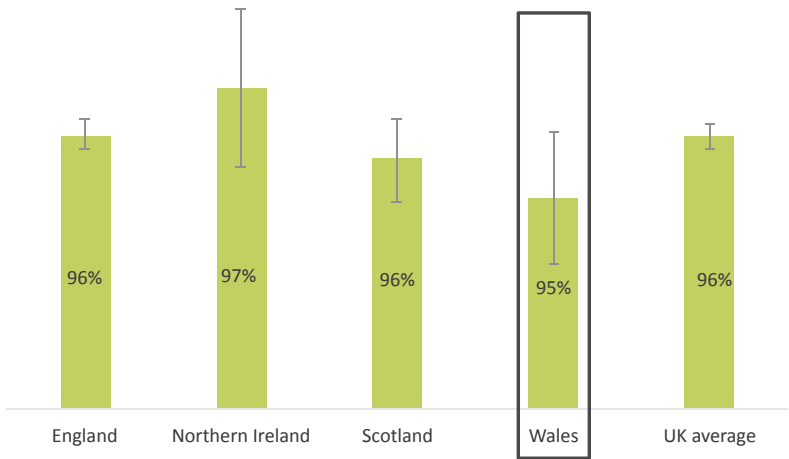
The app records whether people can use their data service when they want to. This is measured by running an automated test, which attempts to download a small file and logs whether this can be done successfully, every 15 minutes.

This metric defines the percentage of cases when the user is able to both connect to the network and download data.

Figure 1.11 shows data service availability for 4G users ( 4G users are those who have a 4G tariff and a 4G-enabled mobile phone).

Overall, on around 96% of occasions, users were able to access a mobile network (either 2G, 3G or 4G technology) and successfully download data. The confidence intervals (showing the range of values in which the true average will sit) for each nation overlap, and this therefore shows no difference between Wales (95%) and the overall UK average.

Figure 4.11: Data service availability for 4G users



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

## 4.5 Welsh towns: telecommunications services

### 4.5.1 Methodology

To explore variations between how Welsh towns experience telecommunications services, Ofcom commissioned data from the British Population Survey. This survey interviewed 3,633 adults aged 18+ in Wales between April 2016 and March 2017.

For the purposes of this research, a town was defined as a settlement

with a population of more than 10,000 people. The towns in this category (sample size in brackets) were: Blackwood (94), Cardiff (240), Cwmbran (453), Llanelli (79), Methyr Tydfil (82), Newport (151), Swansea (135), and Wrexham (164).

Not all questions were asked of all respondents. Therefore, for some questions, it was not

possible to produce analysis for every town. All significance testing by town was compared to settlements of more than 10,000 people in Wales as whole.

The analysis looked at take-up of landline, mobile telephony, fixed broadband and smartphone internet access. It also looks at use of internet services, where possible.

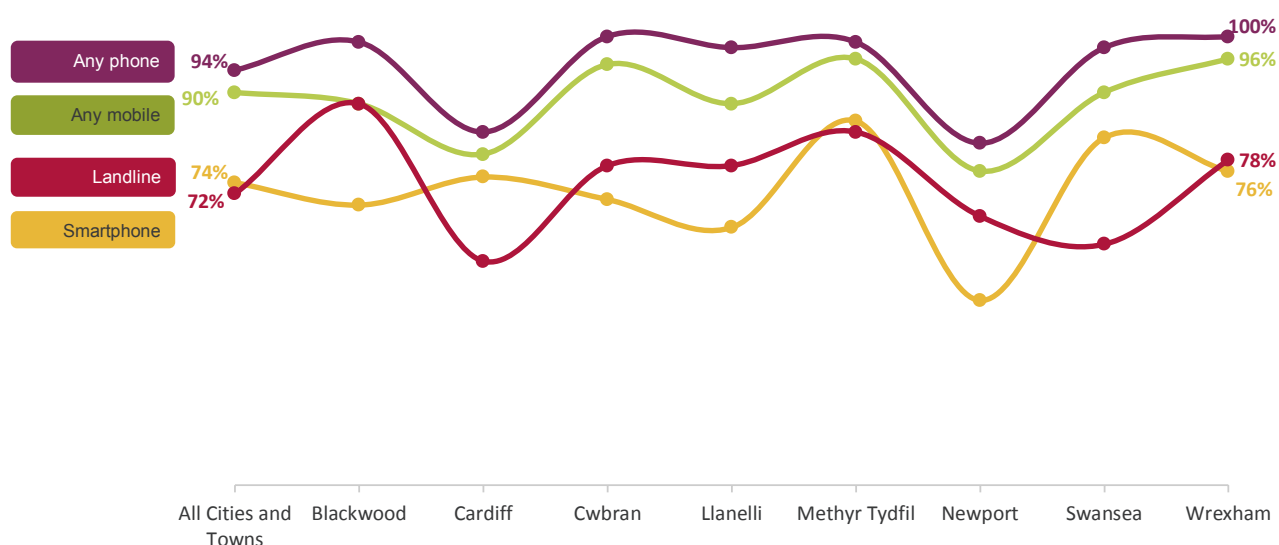
### 4.5.2 Take-up of landline, mobile and internet services

Across Welsh towns and cities, 94% of respondents have access to either a mobile or a landline phone. This is lower in Cardiff and Newport (83% and 81% respectively). Across all cities and towns, mobile access has overtaken landline access, although landline access is significantly higher in Blackwood (88%), Merthyr Tydfil (83%) and Cwmbran (77%).

Smartphone access is highest in Merthyr Tydfil and Swansea (85% and 82% respectively). Although around 95% of people in both Cwmbran and Wrexham have a mobile device, significantly higher than nearly all of towns and cities (excluding Merthyr Tydfil), they have a higher proportion of devices that are not smartphones.

Roughly a quarter of people in each of these cities has only a simple mobile phone. There are relatively few simple mobile phones in Cardiff – nearly all of those people who have a mobile have a smartphone.

**Figure 4.12: Use of landline and mobile services**



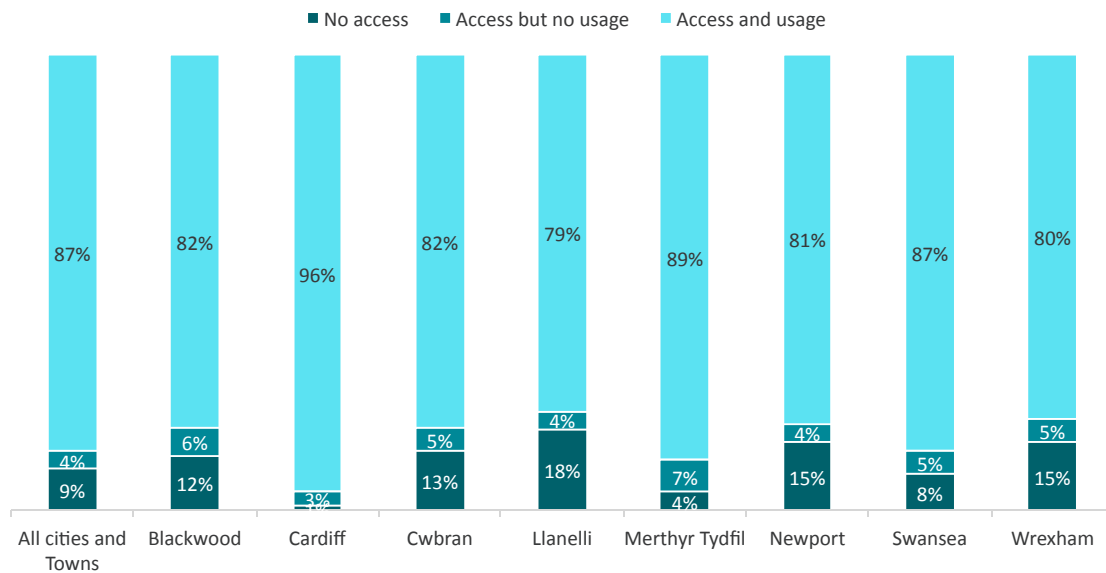
**Source:** The British Population Survey, April 2016 to March 2017 – all Welsh towns and cities 1357; Blackwood 94, Cardiff 240, Cwmbran 453, Llanelli 79, Methyr Tydfil 82, Newport 151, Swansea 135 and Wrexham 164.

Access to the internet is high across towns and cities in Wales; 89% of people use the internet

and 91% have access to it. Llanelli and Newport have the lowest proportion of people with access

to the internet – this may be linked to the relatively high numbers of retired people within these towns.

**Figure 4.13: Access to and use of the internet**



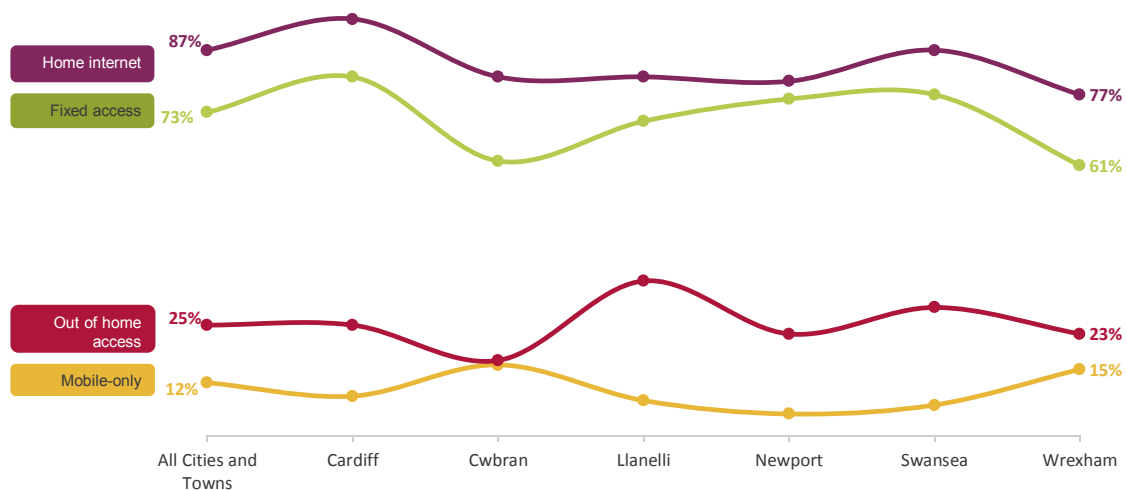
**Source:** The British Population Survey, April 2016 to March 2017 – all Welsh towns and cities 1357; Blackwood 94, Cardiff 240, Cwmbran 453, Llanelli 79, Merthyr Tydfil 82, Newport 151, Swansea 135 and Wrexham 164.

Across all Welsh towns and cities, 87% of people with access to the internet can access it at home or via a mobile device. This increases

to 94% in Cardiff and falls to 77% in Wrexham and 81% in Cwmbran. In both these towns, about 15%

of people are dependent on their mobile device for internet access; this is a significantly higher proportion than in Cardiff.

**Figure 4.14: Access to the internet, by location**



**Source:** The British Population Survey, April 2016 to March 2017 – all Welsh towns and cities 854; Cardiff 211, Cwmbran 278, Llanelli 72, Newport 66, Swansea 83 and Wrexham 113.

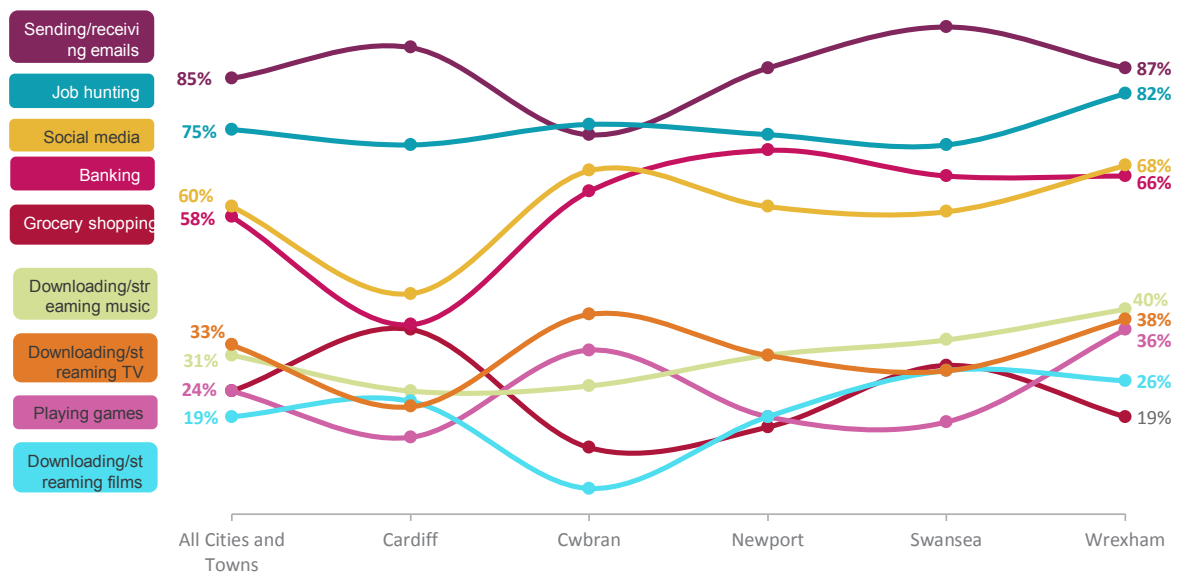
### 4.5.3 Use of the internet

Among people who use the internet, there are some differences by town in how they use it. People in Cwmbran appear to have a more entertainment-focused approach to the internet, and use it more than

those in other towns for playing games and social networking. Similarly, people in Wrexham access the internet significantly more for playing games and downloading music than those in other towns.

In contrast, a greater proportion of people in Cardiff send emails and purchase groceries, but fewer do online banking, play games or do social networking than those in other towns.

**Figure 4.15: Use of the internet, by service**



**Source:** The British Population Survey, April 2016 to March 2017 – all Welsh towns and cities 1357; Blackwood 94, Cardiff 240, Cwmbran 453, Llanelli 79, Methyr Tydfil 82, Newport 151, Swansea 135 and Wrexham 164.

## 4.6 Fixed-line broadband speeds

In order to monitor the performance of residential fixed broadband connections, Ofcom maintains a panel of broadband users whose connection speeds and other performance metrics are recorded by a hardware measurement unit connected to their broadband router.<sup>1</sup>

This measurement unit reports the performance of the line in certain tests to Ofcom's technical partner

in the research, SamKnows Ltd, and these are then compiled into UK and devolved nation averages.

There is some availability of cable broadband services in rural areas of Wales: 14% of Welsh rural lines are provided using cable, while 65% use ADSL technology and the remaining 21% use fibre-to-the-cabinet. In urban areas, 16% of lines are cable, 59% ADSL and 25% fibre-to-the-cabinet.

We report on the availability of broadband by technology in Ofcom's *Connected Nations: Wales* report.<sup>2</sup>

The table below shows how average speed in Wales varies by technology and by urbanity. The three metrics provided are average download speed, average upload speed and how long it takes to download a generic page.

**Figure 4.16: Average fixed broadband speeds by technology and urbanity, November 2016**

	Wales	Urban	Rural
24 average download (Mbit/s)	32.81	38.41	13.58
ADSL	8.48	9.72	5.32
FTTC	42.27	43.25	38.92
Cable	115.11	115.11	
24 average upload (Mbit/s)	4.30	4.80	2.61
ADSL	0.78	0.84	0.61
FTTC	9.75	10.05	8.74
Cable	9.65	9.65	
24 average time to load webpage (milliseconds)	891	762	1334
ADSL	1275	1132	1643
FTTC	318	297	387
Cable	277	277	

**Source:** Ofcom, using data provided by SamKnows

In the November 2016 fixed broadband speeds analysis, there were 344 panellists who lived in Wales. Of these panellists, 32% (110) lived in cities and owns with more than 10,000 people, 43% lived in rural areas (148) and the remaining 25% (86) lived in smaller towns and villages.

<sup>1</sup> <https://www.ofcom.org.uk/research-and-data/telecoms-research/broadband-research/uk-home-broadband-performance-2016>

<sup>2</sup> [https://www.ofcom.org.uk/\\_data/assets/pdf\\_file/0032/95882/CN16-Wales.pdf](https://www.ofcom.org.uk/_data/assets/pdf_file/0032/95882/CN16-Wales.pdf)



## 5 Internet and online content

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## 5.1 Internet take-up

### More than eight in ten households in Wales have access to the internet

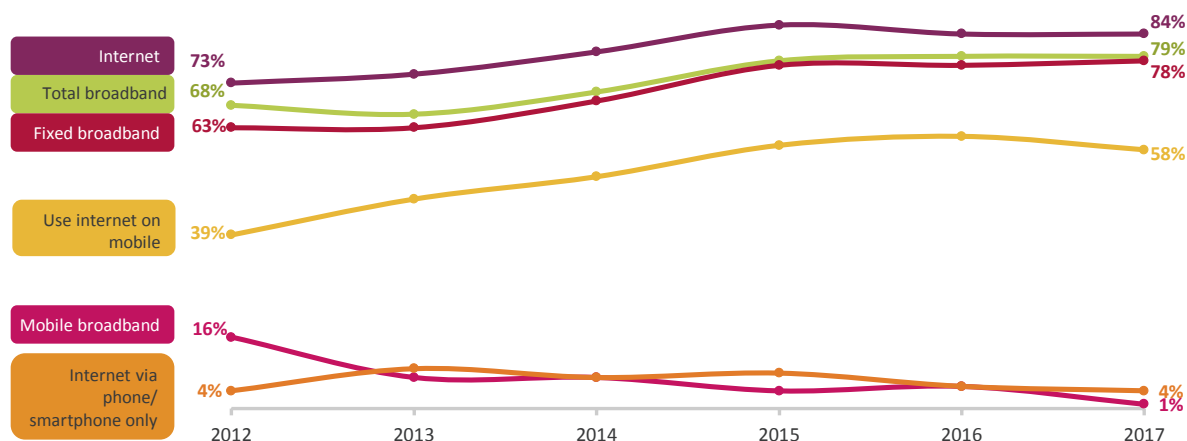
In 2017, more than eight in ten (84%) households in Wales have access to the internet<sup>1</sup>, and internet take-up levels in Wales are statistically unchanged since 2016.

Almost eight in ten households in Wales (78%) have access to fixed

broadband at home, and almost six in ten (58%) adults in Wales use the internet through a mobile phone, both figures unchanged since 2016. The proportion of adults in Wales accessing the internet exclusively through a mobile phone or smartphone remains

stable at 4%. However, mobile broadband to a device other than phone (i.e., connecting a device using a USB stick or dongle, or built-in connectivity in a laptop/netbook/tablet with a SIM card) has declined among households in Wales since 2016 (from 5% to 1%).

Figure 5.1: Internet take-up in Wales: 2010-2017



**Source:** Ofcom Technology Tracker. Data from January-February each year

**Significance testing:** Arrows indicate any significant differences at the 99% confidence level between Wales 2016 and 2017

**Base:** All adults aged 16+ (n = 495 Wales 2017)

**Note 1:** 'Internet' includes access at home via any device, e.g. PC, mobile phone, tablet etc.

**Note 2:** 'Total broadband' includes the following at home – fixed broadband (via phone line or cable service), mobile broadband (via a USB stick or dongle, or built-in connectivity in a laptop/netbook/tablet with a SIM), tethering (via mobile phone internet connection on laptop/tablet), mobile broadband wireless router (via 3G or 4G mobile network, which can be shared between devices).

**Note 3:** 'Fixed broadband' includes ADSL, cable and fibre services – perhaps using a Wi-Fi router. This includes superfast broadband services.

**Note 4:** 'Mobile broadband' is connecting a device using a USB stick or dongle, or built-in connectivity in a laptop or netbook or tablet computer with a SIM card.

**Note 5:** 'Use internet on mobile' is the proportion of adults who use a mobile phone for any of the following activities: instant messaging, downloading apps or programs, email, internet access, downloading video, video streaming, visiting social networking sites.

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

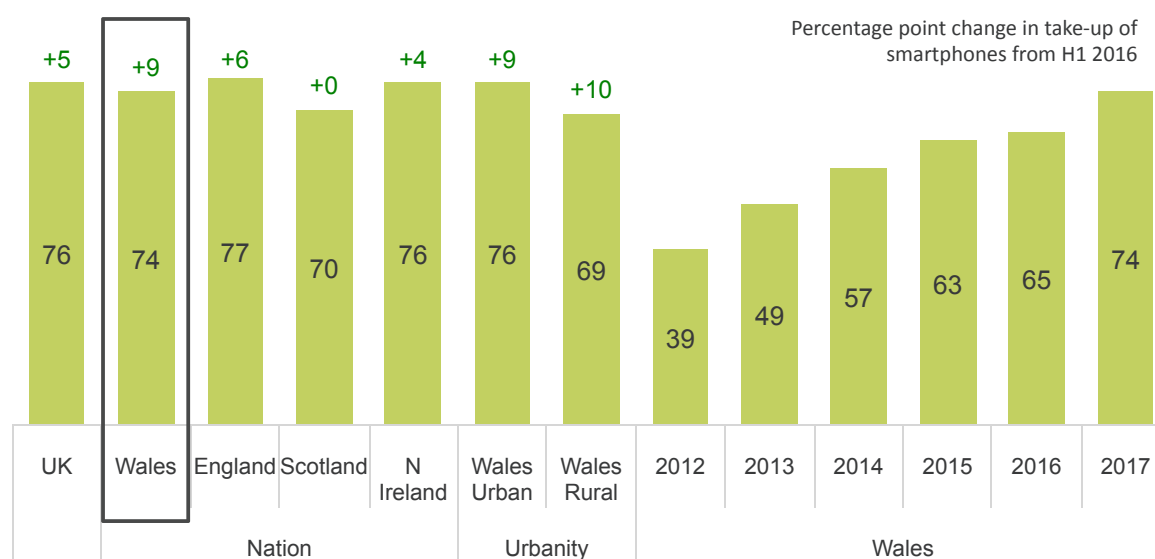
## 5.2 Internet-enabled devices

### Three-quarters of adults in Wales personally use a smartphone, in line with the UK average

In 2017, three-quarters (74%) of adults in Wales personally used a smartphone, which is similar to the UK overall (76%) and not a significant change since 2016.

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

**Figure 5.2: Take-up of smartphones in Wales**



**Source:** Ofcom Technology Tracker, Half 1 2017

**Base:** All adults aged 16+ (n = 3743 UK, 495 Wales, 2245 England, 510 Scotland, 493 Northern Ireland, 249 Wales urban, 246 Wales rural, 513 Wales 2012, 492 Wales 2013, 491 Wales 2014, 496 Wales 2015, 289 Wales 2016, 495 Wales 2017)

**Significance testing:** Arrows indicate any significant differences at the 95% confidence level between Wales and UK in 2017, between Wales urban and rural in 2017 and at the 99% confidence level between Wales 2016 and 2017. Circles around the +/- figures above the chart indicate any significant difference at the 99% confidence level between 2016 and 2017 for Wales, urban and rural.

**QD24B:** Do you personally use a smartphone? A smartphone is a phone on which you can easily access emails, download files and applications, as well as view websites and generally surf the internet. Popular brands of smartphone include BlackBerry, iPhone and Android phones such as the Samsung Galaxy.

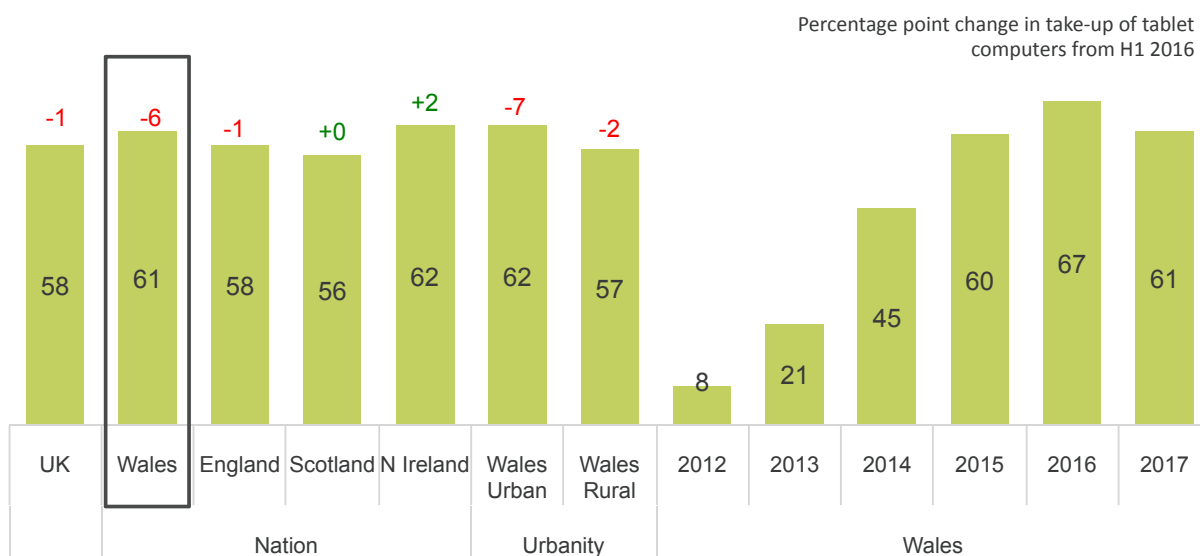
### Six in ten households in Wales own a tablet, in line with the UK average

In both 2015 and in 2016, households in Wales were more likely than households across the UK as a whole to own a tablet computer.

In 2017, however, this difference was not evident, as six in ten (61%) households in Wales owned a tablet computer, in line with the UK average (58%).

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

**Figure 5.3: Take-up of tablet computers in Wales**



**Source:** Ofcom Technology Tracker, Half 1 2017

**Base:** All adults aged 16+ (n = 3743 UK, 495 Wales, 2245 England, 510 Scotland, 493 Northern Ireland, 249 Wales urban, 246 Wales rural, 513 Wales 2012, 492 Wales 2013, 491 Wales 2014, 496 Wales 2015, 289 Wales 2016, 495 Wales 2017)

**Significance testing:** Arrows indicate any significant differences at the 95% confidence level between Wales and UK in 2017, between Wales urban and rural in 2017 and at the 99% confidence level between Wales 2016 and 2017. Circles around the +/- figures above the chart indicate any significant difference at the 99% confidence level between 2016 and 2017 for Wales, urban and rural.

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



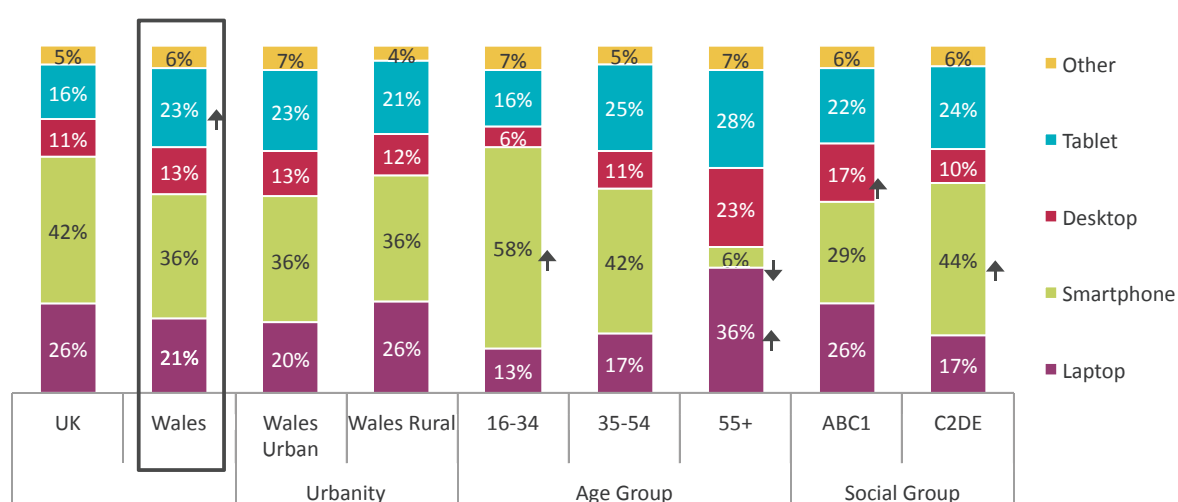
## Internet users in Wales say a smartphone is their most important device for going online

In 2017 more than a third of internet users<sup>1</sup> in Wales (36%), said that their smartphone was their most important device for going online, at home or elsewhere. This matches attitudes for the UK overall. With the exception of internet users aged 55 and over, more people considered the smartphone to be

their most important device for internet access than any other device; for example, 58% of 16-34s compared to 6% of over-55s. Three in ten (29%) ABC1s considered the smartphone to be their most important device; this rose to more than four in ten (44%) of internet users in C2DE households.

However, internet users in Wales were more likely than the UK overall to say that a tablet was their most important device for going online (23% vs. 16%). This is despite comparable levels of tablet ownership in Wales and in the UK overall.

**Figure 5.4: Most important device for accessing the internet in Wales**



**Source:** Ofcom Technology Tracker, half 1 2017

**Base:** Internet users aged 16+ (n = 3221 UK, 421 Wales, 220 Wales urban, 201 Wales rural, 129 16-34, 138 35-54, 154 55+, 234 ABC1, 187 C2DE).

**Significance testing:** Arrows indicate any significant differences at the 95% confidence level between Wales and UK in 2017 and between Wales urban and rural in 2017, by age compared to all internet users in Wales in 2017 and between socio-economic groups in Wales in 2017.

**QE40:** Which is the most important device you use to connect to the internet, at home or elsewhere? "Other" responses include: "netbook", "e-reader", "TV set", "games console", "other portable/handheld device", "smartwatch", "other device", "none" and "don't know".

<sup>1</sup> Internet users are defined as those who ever go online, either at home or elsewhere.

## 5.3 Internet use

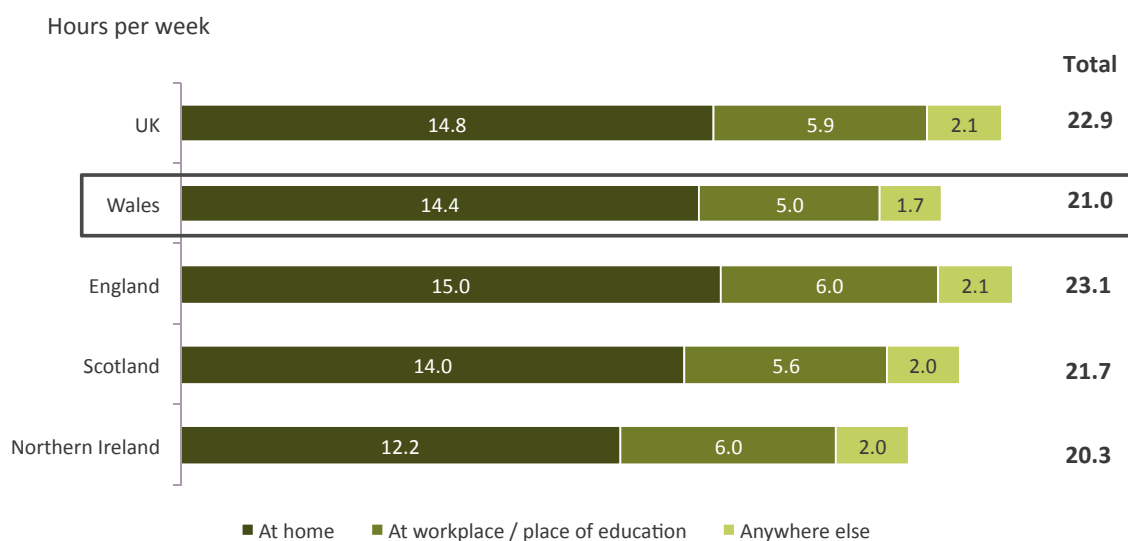
### Internet users in Wales spent an average of 21 hours online per week in 2016

According to research conducted for Ofcom's *Adults' Media Use and Attitudes Report 2016*,<sup>1</sup> internet users in Wales claimed to spend an

average of 21 hours online per week in 2016- the majority of which was spent online at home (14.4 hours). Time spent online in each location

(at home, in their workplace or place of education or anywhere else), was in line with the UK as a whole.

**Figure 5.5 : Claimed time spent on the internet in a typical week: 2016**



**Source:** Ofcom Media Literacy Tracker 2016

**Base:** All adults aged 16+ who go online at home or elsewhere (1553 UK, 189 Wales, 999 England, 176 Scotland, 189 Northern Ireland).

**IN5A-C** – How many hours in a typical week would you say you use the internet at home/ at your workplace or place of education/ anywhere else? (Unprompted responses, single coded)

<sup>1</sup> Available online at <https://www.ofcom.org.uk/research-and-data/media-literacy-research/adults>

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

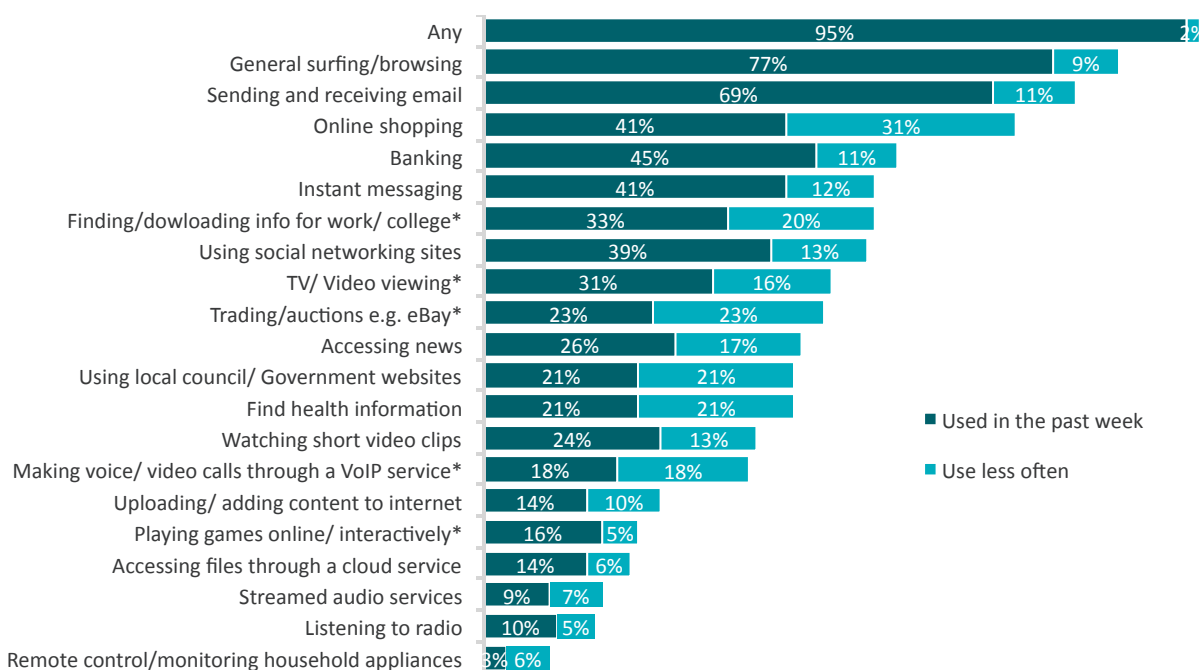
The most popular internet activities among adults in Wales in 2017 were general surfing/ browsing (86%) and sending/ receiving email (80%). These were also reported as being the most used in the past week.<sup>1</sup> Online shopping was the

next most popular activity (72%) followed by using the internet for banking (56%). More than half of internet users in Wales go online to do instant messaging (53%), to source or download information for their work or education (53%),

or for social networking (52%).

Where it was possible to make comparisons<sup>2</sup>, no internet activities were more likely or less likely to be carried out online, compared to 2016.

**Figure 5.6: Activities carried out online by internet users in Wales**



**Source:** Ofcom Technology Tracker, Half 1 2017

**Base:** Adults aged 16+ who use the internet at home or elsewhere (n= 421 Wales 2017)

**Significance testing:** Arrows (or lack of) indicate any significant difference at the 99% confidence level in the total incidence of use between Wales 2016 and 2017. \*Codes marked with an asterisk have not been tested as they are not directly comparable.

**QE5A:** Which, if any, of these do you use the internet for?

<sup>1</sup> 'The past week' was that at the time of respondents' interviews

<sup>2</sup> Activities marked with an asterisk in Figure 5.6 are not directly comparable



## **6 Post**

- |            |  |           |
|------------|--|-----------|
| <b>6.1</b> | <b>Sending and receiving post:<br/>residential customers</b>   | <b>80</b> |
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### A note on our postal tracker research

#### Ofcom Residential Postal Tracker

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

In 2016, the total sample was 6,419 adults aged 16+ in the UK. A total of 770 respondents took part in Wales. Due to changes to the methodology and the questionnaire, the data collected in Scotland, Wales and Northern Ireland are not directly comparable with previous years' data.

#### Ofcom Business Postal Tracker

The business postal tracker survey is run throughout the course of the year, via telephone interviews, among a sample of 2,001 people who are responsible for post in UK SMEs (businesses with 0-249 employees). A total of 264 respondents took part in Wales. Due to changes to the methodology and questionnaire, the data collected in Scotland, Wales and Northern Ireland are not directly comparable with previous years' data.

## 6.1 Sending and receiving post: residential customers

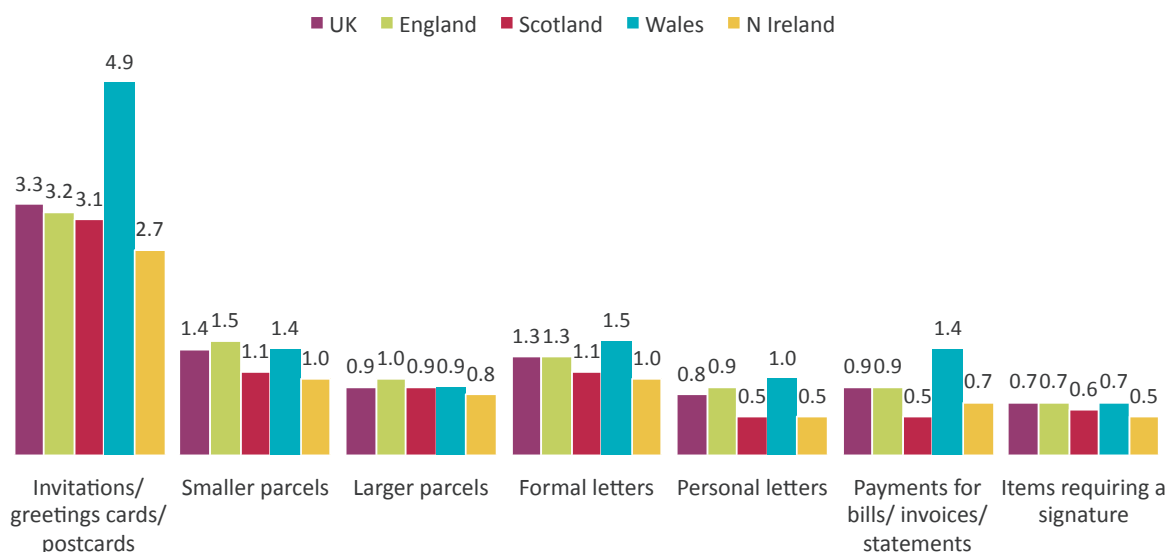
### Adults in Wales sent an average of nearly five invitations/greetings cards/ postcards in the previous month

Adults in Wales were asked how many items of seven different types of post they had sent in the previous month. On average, they had sent 4.9 invitations/greetings

cards/ postcards, 1.5 formal letters to organisations or individuals, 1.4 smaller parcels (that will fit through a letterbox) and 1.4 payments for bills/ invoices/ statements.

For each of the other three types of post, they claimed to have sent one item or less, on average.

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



**Source:** Ofcom Residential Postal Tracker 2016

**Base:** All adults (n = 6419 UK, 4053 England, 857 Scotland, 770 Wales, 739 Northern Ireland)

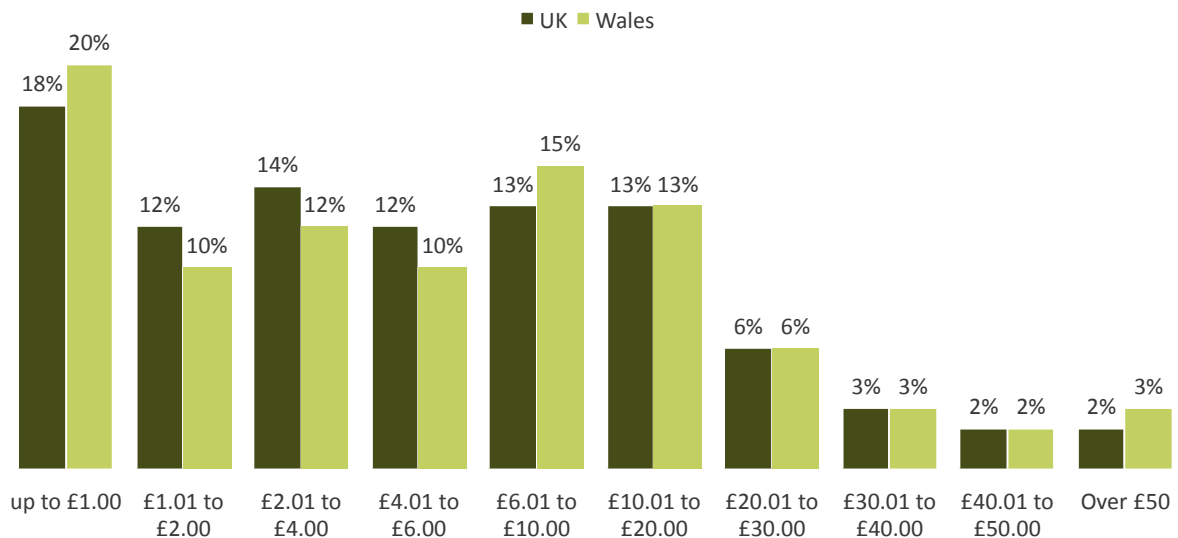
**QD1:** Approximately how many of the following have you sent in the last month (including international post and Freepost)

### Four in five adults in Wales had spent less than £20 on postage in the previous month

Around four in five adults in Wales (81%) said that they had spent up to £20 on postage in the past

month, which is the same level as the UK as a whole (81%). One in five (20%) had spent less than £1.

**Figure 6.2: Approximate amount spent on postage in the past month**



**Source:** Ofcom Residential Postal Tracker 2016

**Base:** All adults (n = 6419 UK, 770 Wales)

**QD4:** And in total, how much would you say you've spent on postage in the last month, including all letters, cards and parcels?

**Note:** Chart does not include the 6% of respondents who answered that they didn't know or would prefer not to say

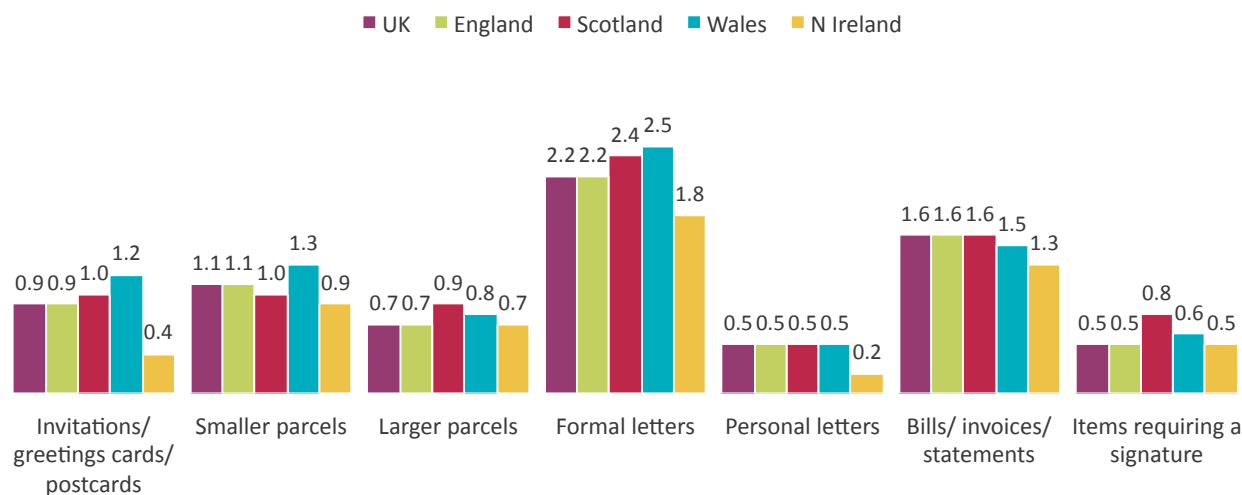
## Adults in Wales received an average of 2.5 formal letters in the previous week

Adults in Wales were asked how many items of seven different types of post they had received in the previous week. On average, they

had received 2.5 formal letters from organisations or individuals, 1.5 bills/ invoices/ statements, 1.3 smaller parcels and 1.2 invitations/

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

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



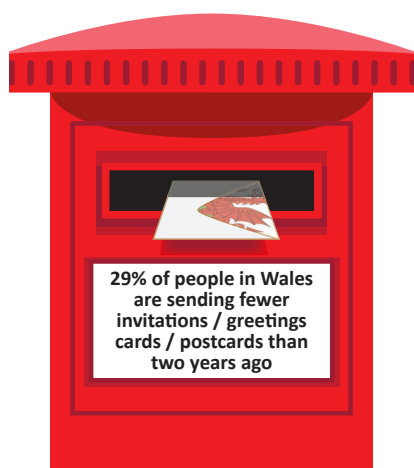
**Source:** Ofcom Residential Postal Tracker 2016

**Base:** All adults (n = 6419 UK, 4053 England, 857 Scotland, 770 Wales, 739 Northern Ireland)

**QE1:** Approximately how many of the following have you personally received in the last week?

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

People were asked about what types of communication, if any, they are using more than post, compared to two years ago. Over six in ten (64%) adults in Wales reported that they are using email more, instead of post, which is the same level as the UK overall (65%). Four in ten (40%) said that they are using texts/SMS more, and 36% said the same for mobile phone calls. Around a quarter mentioned social networking (26%) and instant messaging (24%).



Eighteen per cent of adults in Wales responded that they aren't using any form of communication in particular more at the expense of post; this is higher than the UK overall (15%).

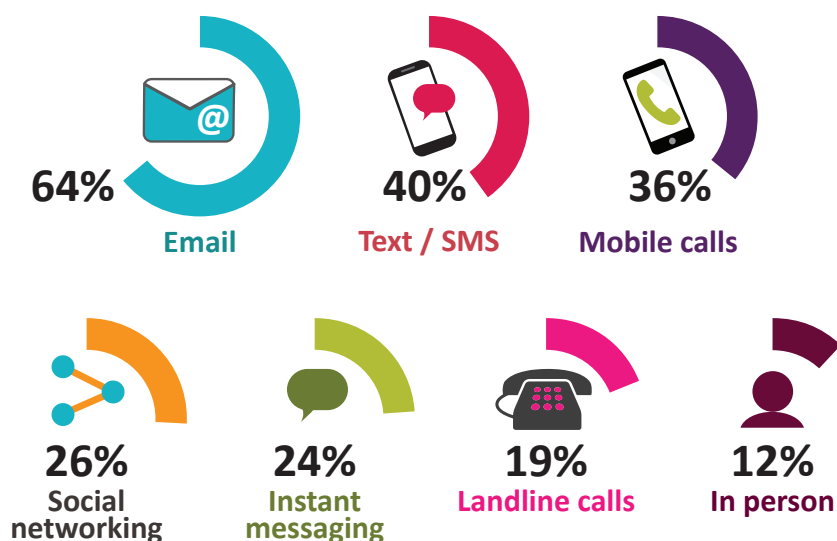
People were also asked whether they are sending more, less or the same of eight types of post, compared to two years ago. Over four in ten adults in Wales (44%) claimed that they are sending less payments for bills/ invoices/ statements, which is higher than the UK overall (39%). Just under four in ten people in Wales said that they are sending less personal letters (39%) and less formal letters (36%). Three in ten answered that they are sending less invitations/ greetings cards/ postcards (29%), while around a quarter responded that they are sending less larger parcels (24%) and smaller parcels (23%). Less than one in five said that they are sending less items requiring a signature (18%) and less tracked post (15%).

**44%**  
of people in Wales are sending fewer payments for bills, invoices and statements by post than two years ago

Apart from the payments for bills/ invoices/ statements, all of these measures are in line with the UK overall.

For each of the eight types of post asked about, the percentage of people in Wales claiming to be sending more of this type of item compared to two years ago was significantly lower than the percentage of those claiming to send less, with the exception of tracked post. The percentages of those claiming to send more and less of this type of post are the same (both 15%). For each of the other types of post, the percentage of those that said they are sending more than they were two years ago is 12% or less.

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



Source: Ofcom Residential Postal Tracker 2016

Base: All adults (n = 6419 UK, 4053 England, 857 Scotland, 770 Wales, 739 Northern Ireland)

QD13: Which, if any, of these types of communication are you now using more instead of post, compared to two years ago?

## 6.2 Attitudes toward Royal Mail: residential customers

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

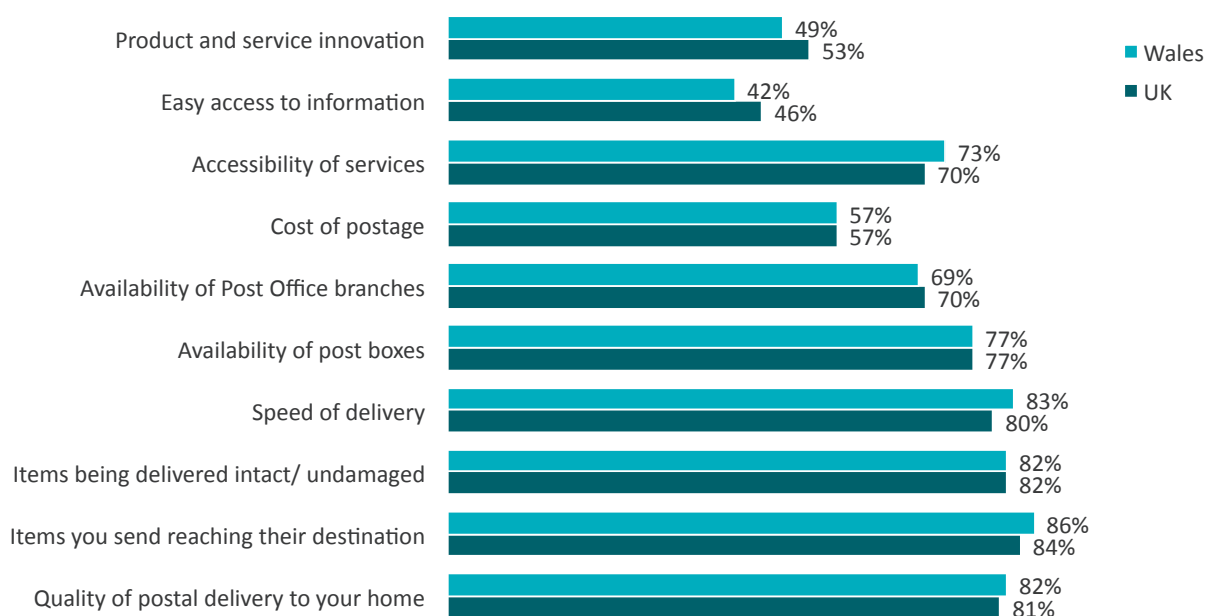
People in Wales are generally satisfied with specific elements of Royal Mail's service. Specifically, eight in ten or more are satisfied with "items you send reaching their destination" (86%),

"speed of delivery" (83%), "items being delivered intact/undamaged" (82%) and "quality of postal delivery to your home" (82%). Satisfaction is lowest for "product and service innovation" (49%) and

"easy to access information" (42%).

Although not shown in the chart, overall satisfaction with Royal Mail is 84% in Wales. This is in line with satisfaction overall in the UK (83%).

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



**Source:** Ofcom Residential Postal Tracker 2016

**Base:** All adults (n = 6419 UK, 770 Wales)

**QG3\_1:** How satisfied are you with the following aspects of Royal Mail's service?

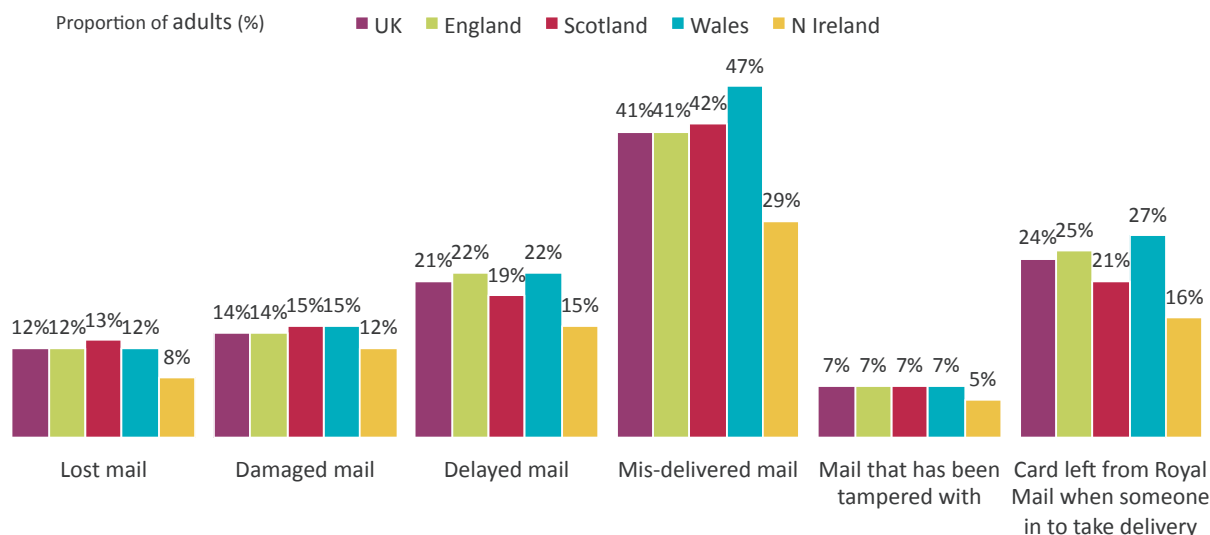
## Nearly half of all adults in Wales had experienced a problem with Royal Mail's service, in terms of mis-delivered mail, in the past year

Adults in Wales were provided with a list of potential problems with Royal Mail's service and asked whether they had experienced any of them in the past year. Nearly half (47%) reported that they had experienced problems relating to mis-delivered mail; this is a higher

percentage of people than those who experienced this issue in the UK as a whole (41%). Around a quarter of people in Wales (27%) said that they had experienced a problem with a card having been left from Royal Mail saying that an item could not be delivered,

when someone was at home and could have received the delivery. Just under a quarter (22%) had experienced a problem with delayed mail. The other potential problems were experienced by 15% of people or less.

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



**Source:** Ofcom Residential Postal Tracker 2016

**Base:** All adults (n = 6419 UK, 4053 England, 857 Scotland, 770 Wales, 739 Northern Ireland)

**QD13:** Which, if any, of these types of communication are you now using more instead of post, compared to two years ago?



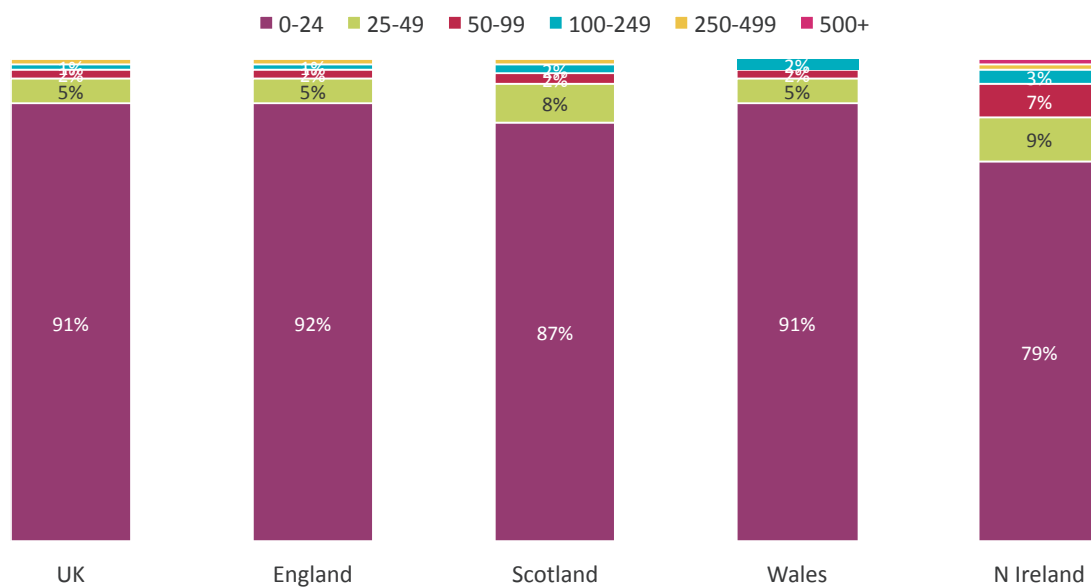
## 6.3 Sending and receiving post: business customers

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

SMEs in Wales were asked how many letters and large letters they send per mailing as an organisation.

Nine in ten (91%) send 0-24 of these items; this is in line with the UK as a whole (91%).

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



**Source:** Ofcom Business Postal Tracker 2016

**Base:** All who send letters (n = 1821 UK, 1138 England, 214 Scotland, 241 Wales, 228 N Ireland)

**QV2a.** On average, how many letter items does your organisation send per mailing? Please think ONLY about all the letters and large letters you may send as an organisation.

### Standard stamped mail was the Royal Mail service used by the most SMEs in Wales to send letters/ large letters in the past year

SMEs in Wales which use Royal Mail to send letters or large letters were asked which Royal Mail services their organisation had

used to send these types of item in the past year. Around six in ten SMEs had used first class standard stamped mail (64%) and second

class standard stamped mail (59%). Their use of both of these services was in line with the rest of the UK.

**Figure 6.8: Royal Mail services used to send letters and large letters**



**Source:** Ofcom Business Postal Tracker 2016

**Base:** All respondents who use Royal Mail to send letters or large letters (n = 1781 UK, 1117 England, 211 Scotland, 234 Wales, 219 N Ireland)

**QV6d.** Which, if any, of the following Royal Mail services does your organisation use to send your letters and large letters?

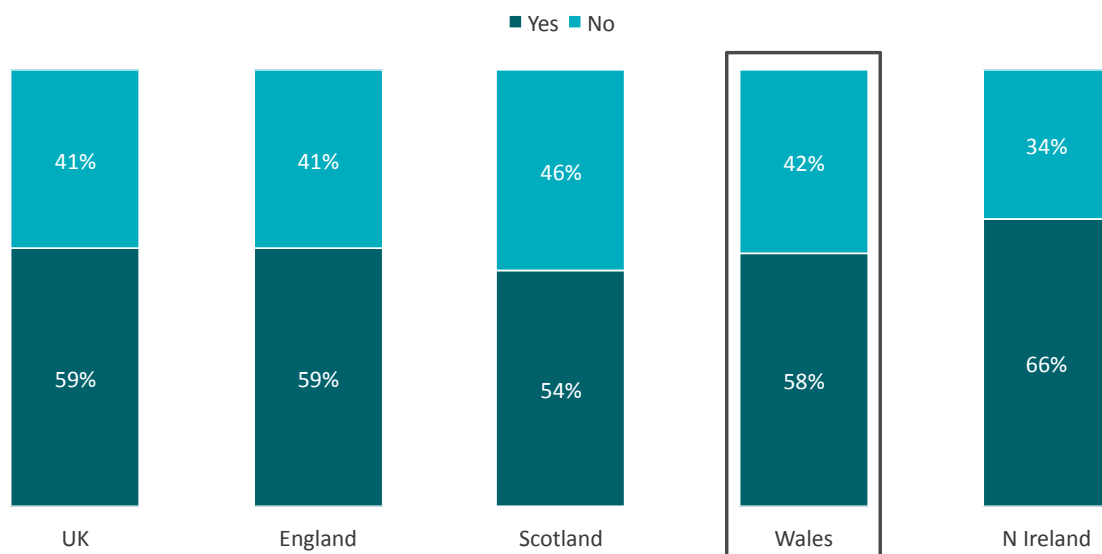
## Nearly six in ten SMEs in Wales had switched some mail to other communication methods in the past year

SMEs were asked whether they had switched any of their mail to other communication methods over the past year. Nearly six in ten (58%) in Wales claimed they had moved some of their mail to alternative methods, which is in line with the UK overall (59%).

Although not shown in the chart below, SMEs which had not switched any mail to other communication methods were asked why they had not done so. Around one in five SMEs in Wales said that they were “happy with sending things by post” (22%), or said “no reason” (20%).

Seventeen per cent said “we have already moved everything that it is possible to move” and 11% stated that they “prefer to send things to customers by post”.

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



**Source:** Ofcom Business Postal Tracker 2016

**Base:** All respondents who use Royal Mail to send letters or large letters (n = 1781 UK, 1117 England, 211 Scotland, 234 Wales, 219 N Ireland)

**QV6d.** Which, if any, of the following Royal Mail services does your organisation use to send your letters and large letters?

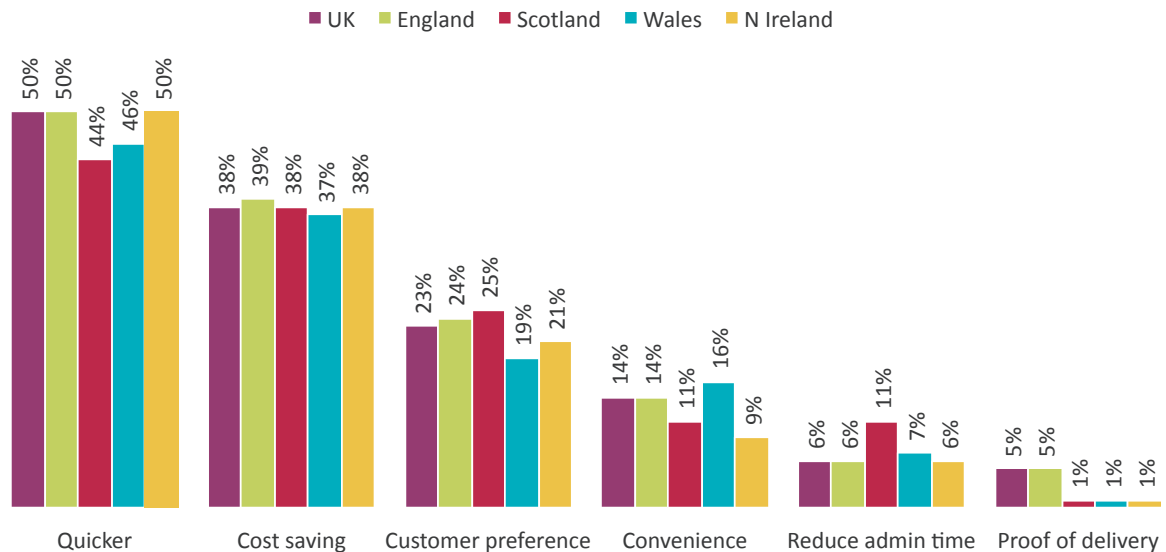
## Just under half of SMEs in Wales who switched away from post did so for reasons of speed

Of those SMEs in Wales that had moved some of their mail to alternative methods of

communication, nearly half of them (46%) indicated that this was for reasons of speed. Over

a third (37%) said it was to save cost, while one in five (19%) did so due to customer preference.

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



**Source:** Source: Ofcom Business Postal Tracker 2016

**Base:** All who have moved to other communication methods (n = 1207 UK, 751 England, 135 Scotland, 157 Wales, 164 N Ireland)

**QF6:** Why have you moved some mail to other communication methods? OPEN ENDED Top 6 reasons

## 6.4 Attitudes towards Royal Mail: business customers

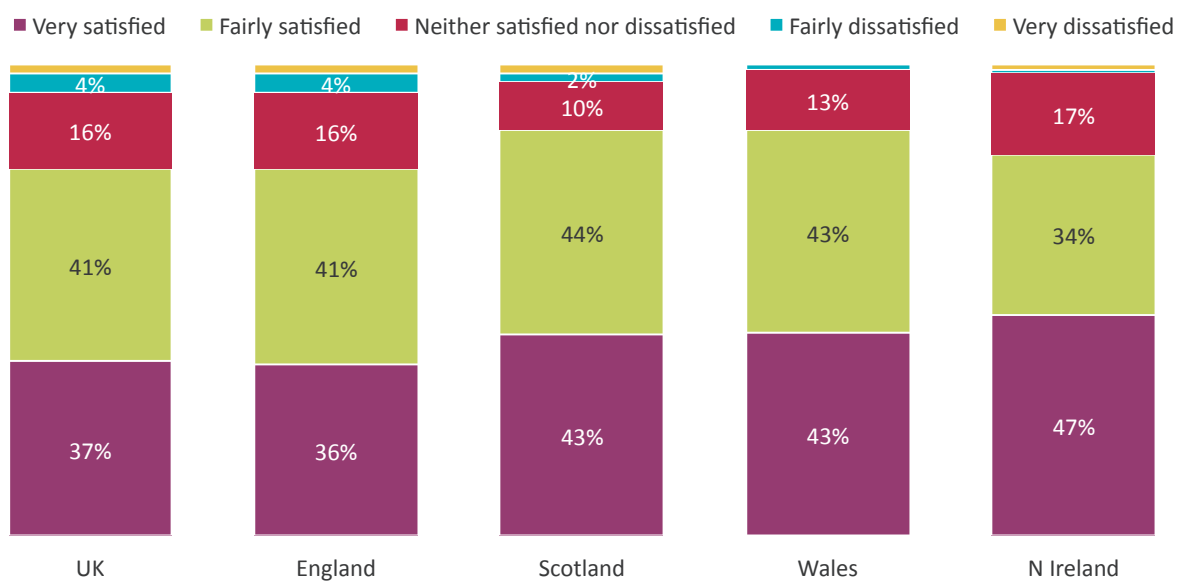
### Satisfaction with Royal Mail among SMEs in Wales is higher than the UK average

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

as a recipient. In Wales, 86% of SMEs said that they were 'very satisfied' or 'fairly satisfied'. This is higher than the UK overall,

where nearly eight in ten (78%) reported that they were either 'very satisfied' or 'fairly satisfied'.

**Figure 6.11: Overall satisfaction with the quality of service from Royal Mail**



**Source:** Ofcom Business Postal Tracker 2016

**Base:** All respondents who use Royal Mail (n = 1951 UK, 1229 England, 230 Scotland, 256 Wales, 236 Northern Ireland)

**QRM2.** Thinking generally about the service your organisation receives as a whole, on a scale of 1 to 5 where 1 is very dissatisfied and 5 is very satisfied, how satisfied are you with the overall quality of the services you receive from Royal Mail as a recipient and sender?

### Nine in ten SMEs in Wales are satisfied with items being delivered intact/ undamaged

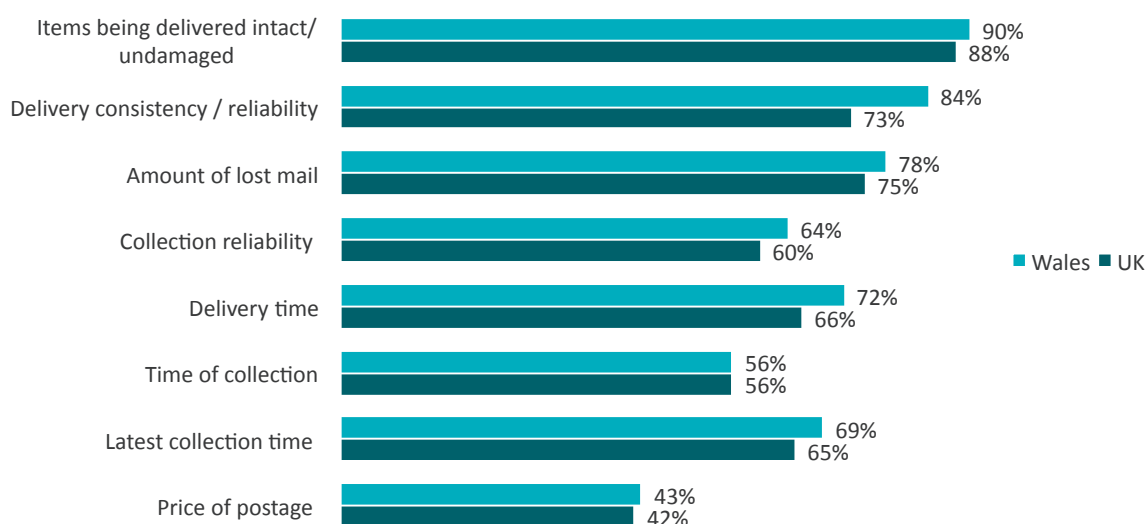
SMEs were also asked about their satisfaction with specific aspects of Royal Mail's service. Nine in ten SMEs in Wales (90%) said they were satisfied with items being delivered intact/ undamaged. More SMEs in Wales than in the UK overall were satisfied with the consistency/ reliability of deliveries (84% vs. 73%).

More than seven in ten SMEs in Wales reported satisfaction with the amount of lost mail (78%) and delivery time (72%). Four in ten (43%) said they were satisfied with the price of postage.

Although not shown in the chart below, nearly nine in ten SMEs in Wales who use Royal Mail (87%)

said they had had no problems with their service from Royal Mail in the past six months. This measure is higher than for the UK overall (81%) and England (80%), while it is in line with Scotland (87%) and Northern Ireland (82%).

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



**Source:** Ofcom Business Postal Tracker 2016

**Base:** All respondents who use Royal Mail (n =1951 UK, 256 Wales)

**QRM3:** How would you rate the performance of Royal Mail, as a recipient and sender, in the following areas on a 5 point scale where 1 is very dissatisfied and 5 is very satisfied?

