



International Communications Market Report 2012

5 Internet and web-based content

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5.1 Key market developments in internet and web-based content

5.1.1 Industry metrics and summary

Figure 5.1 Internet and web-based content: key international statistics

	UK	FRA	GER	ITA	USA	CAN	JPN	AUS	ESP	NED	SWE	IRL	POL	BRA	RUS	IND	CHN
Online universe (m)*	41.3	44.1	48.3	29.6	199.3	n/a	59.9	13.8	21.8	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Fixed broadband connections per 100 HH†	77	81	70	54	76	86	67	66	65	93	63	71	42	28	44	6	39
Cellular broadband connections per 100 population‡	8	5	7	10	n/a	4	8	25	7	6	21	13	9	n/a	n/a	n/a	n/a
Internet access via a mobile phone(%)‡	38	30	31	37	33	n/a	43	32	46	n/a	n/a	n/a	n/a	n/a	n/a	n/a	70

Source: IDATE / Industry data / Ofcom, Nielsen

*Nielsen, month of August 2012, home and work panel, applications included.

† IDATE / Industry data / Ofcom, 2011.

‡ Ofcom international research, October 2012.

The internet is a platform through which consumers can communicate and consume content, and the ability to access the internet is becoming a feature of more and more consumer devices. However, the extent to which internet users have adopted the internet for their communication and content needs, and which devices they use to do so, varies from country to country.

In this chapter we consider the differences between our comparator countries in take-up of the internet, use of internet-enabled devices, and consumption of web-based content. In section 5.2 we examine how people connect to the internet, which devices people use to access the internet, the respective size of countries' online audiences, how long people spend online, and how adoption of the internet varies by demographic. In section 5.3 we consider what internet users do once they are online, what websites they visit, and how this behaviour varies by demographic and by device.

For the remainder of this section we shall consider the internet advertising markets of our comparator nations. Advertising plays a significant role in online markets, in many cases acting as the sole source of revenue for content creators and websites. We consider the size of internet advertising in relation to other advertising markets, the type of advertising, and the level of spend per head across wired and mobile devices.

In summary, the key findings of this section of the chapter are:

- **A third of all advertising spend in the UK is on the internet.** The share of internet advertising as a proportion of total advertising expenditure was greatest in the UK in 2011, where one in every three pounds spent on advertising is spent on the internet (33%), followed by the Netherlands (29%) and Sweden (27%).

- **Spend on laptop and desktop internet advertising is highest in the UK.** The UK had the greatest spend per head (£76) on wired internet advertising in 2011, followed by Australia with £73 and the US and Sweden with spend per head of £63. UK spend grew by 16% in 2011, more than twice as fast as Australia (7%) which spent the most per head in 2010.
- **US mobile internet advertising spend grew 2.5-fold, to level with Japan.** In 2011 spend on mobile internet advertising was largest in Japan, with revenues totalling just over £1bn. The US had the second largest market by a small margin, with revenues of £995m, while the UK had the fourth largest spend (£196m), after China with £285m.
- **Mobile ad spend per head is £5 more per year in Japan than in the US and UK.** Spend per head on mobile internet advertising remains the highest in Japan at £7.99, despite spend per head more than doubling in the UK (£3.12 per head) and in the US (£3.18 per head).

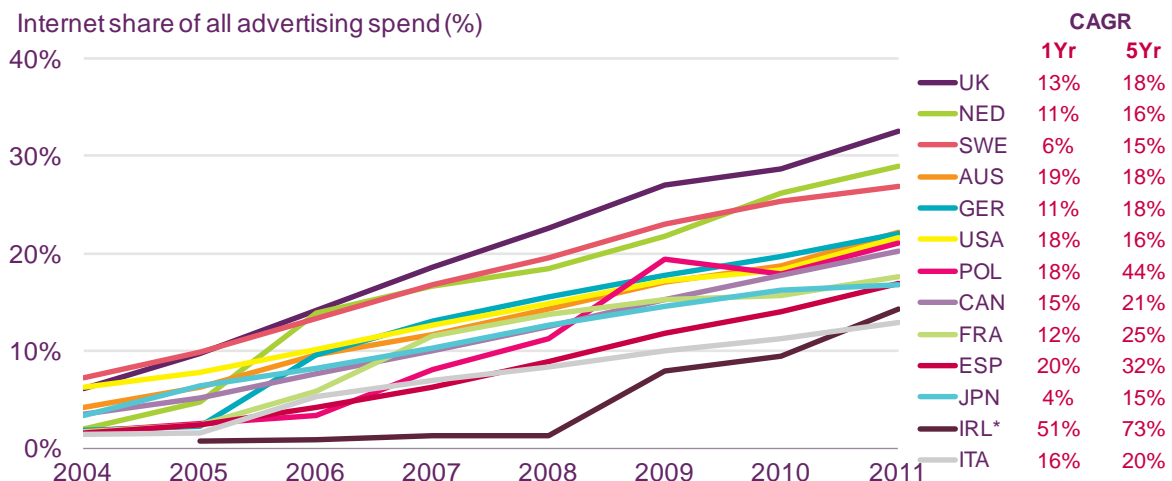
5.1.2 Internet advertising

A third of all advertising spend in the UK is on the internet

The share of internet advertising as a proportion of total advertising expenditure was greatest in the UK in 2011, where one in every three pounds spent on advertising is spent on the internet (33%). The Netherlands (29%) and Sweden (27%) had the second and third largest shares respectively, while Ireland (14%) and Italy (13%) had the smallest shares.

Nevertheless, despite having the second smallest share, internet advertising share grew fastest in Ireland, up 51% from 9% in 2010. Growth of internet advertising share was slowest in Japan, both on a year-on-year basis and as an average over the past five years.

Figure 5.2 Internet share of total advertising expenditure



Source: Warc data (www.warc.com)

Note: Data do not include mobile advertising, a small but growing new market. This is particularly relevant to Japan where in 2011 mobile advertising accounted for approximately 3.5% of total advertising expenditure.

* Data prior to 2009 exclude paid-for search advertising. Internet data from 2009 include display, classified, search and email and are not comparable with those of previous years. Further notes on adspend by country available at

<http://www.warc.com/Pages/ForecastsAndData/NotesandSources.info>

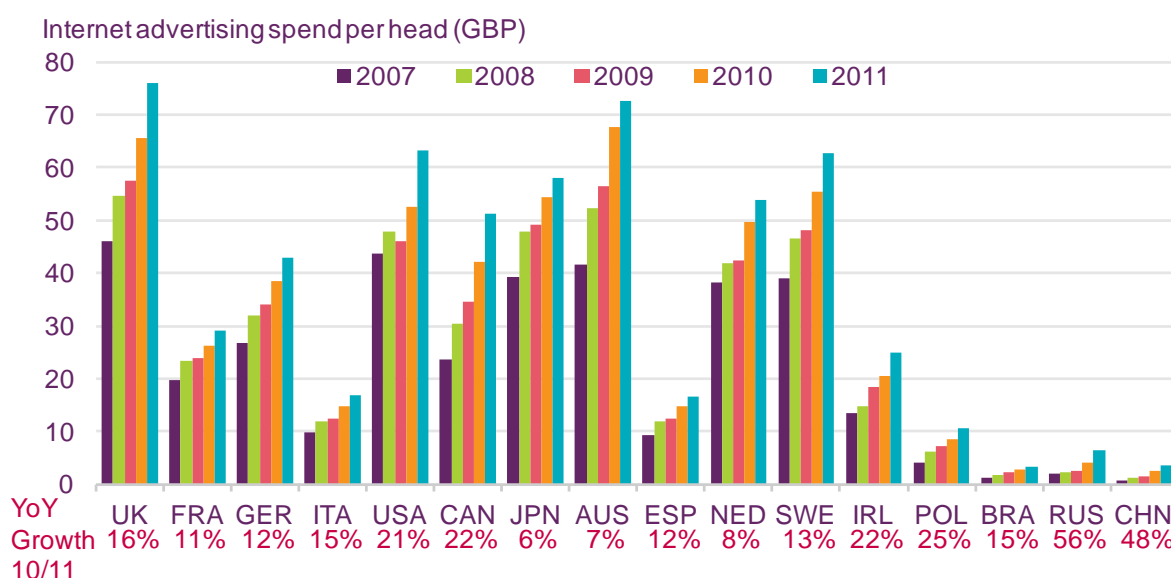
Spend on laptop and desktop internet advertising is highest in the UK

Internet advertising consists of spending by advertisers on paid search, banner/display, classified, video and other online formats such as email and sponsorships. Wired internet advertising is spend on adverts viewed on fixed or 'wired' devices, predominantly through web browsers on laptop and desktop computers. Although these devices may now access the internet through a mobile rather than fixed broadband connection, wired advertising remains distinct from mobile advertising, designed to be viewed on a mobile handset.

The UK had the greatest spend per head, £76, on wired internet advertising in 2011 (Figure 5.3), followed by Australia with £73 and the US and Sweden each with £63. UK spend grew by 16% in 2011, more than twice as fast as Australia (7%) which had spent the most per head in 2010.

Wired internet advertising spend was lowest among the BRIC countries, with just £0.11 spent per head in India (not shown). Nevertheless, Russia and China grew the fastest among all nations, up 56% and 48% respectively in 2011.

Figure 5.3 Total wired internet advertising expenditure, per head: 2007-12



Source: PricewaterhouseCoopers Global Entertainment and Media Outlook: 2012-2016
www.pwc.com/outlook, US Census Bureau (EoY estimates from mid-year values)

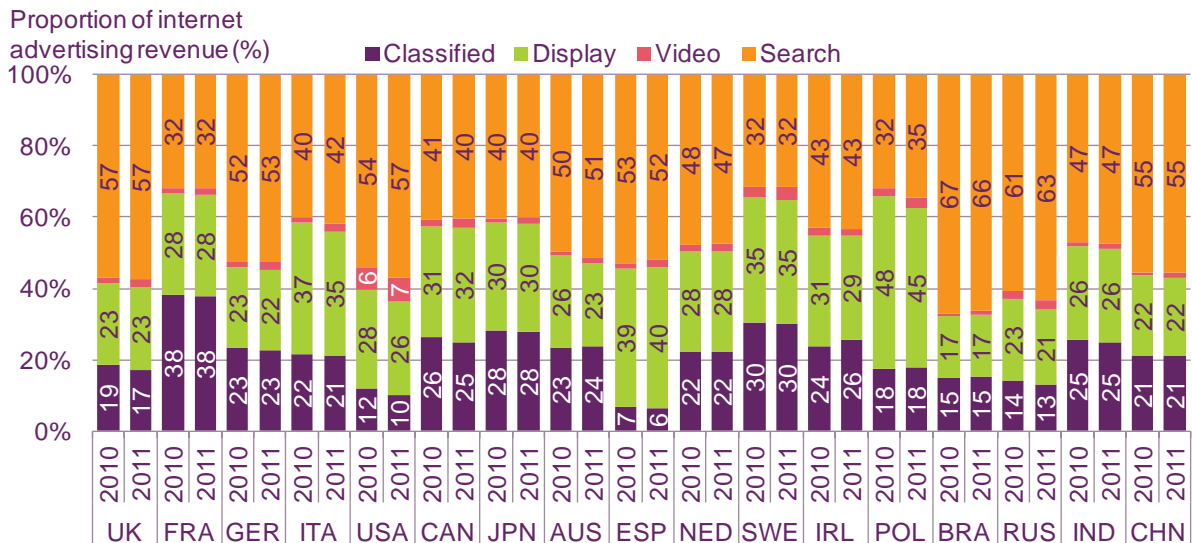
Revenue share across internet advertising categories remains stable

The share of internet advertising revenue between categories of advertising varies considerably across our comparator countries. The respective strengths of internet classified, display, search and video advertising are likely to be the result of a number of country-specific factors including broadband penetration, broadband speeds, the popularity of social networks and the strength of other media competing for advertising spend.

The balance between advertising categories remained broadly static between 2010 and 2011 across the comparator countries. The greatest change has been in the US market, where search advertising increased its share of revenue by three percentage points to 57%, at the expense of display and classified revenues which declined in share by two percentage points each, to 26% and 10% respectively. In the UK, search (57%) and display (23%) shares of revenue have remained unchanged since 2010, while classified share has declined by two percentage points, to 17%.

A very small but growing proportion of internet advertising revenue is from video display adverts. Online video display advertising can take one of two forms. The first is similar to display advertising on websites, but in the form of an audio-visual advert rather than a static image or series of animated images. The second is similar to traditional spot television advertising, where adverts are shown either before, after, or mid-way through an online video. In 2011, the proportion of internet advertising revenue represented by internet video advertising was highest in the US (7%), followed by Sweden (4%) and Canada (3%), while internet video advertising in the UK doubled to 2% of internet advertising revenue since the previous year.

Figure 5.4 Wired internet advertising expenditure, by category



Source: PricewaterhouseCoopers Global Entertainment and Media Outlook: 2012-2016
www.pwc.com/outlook

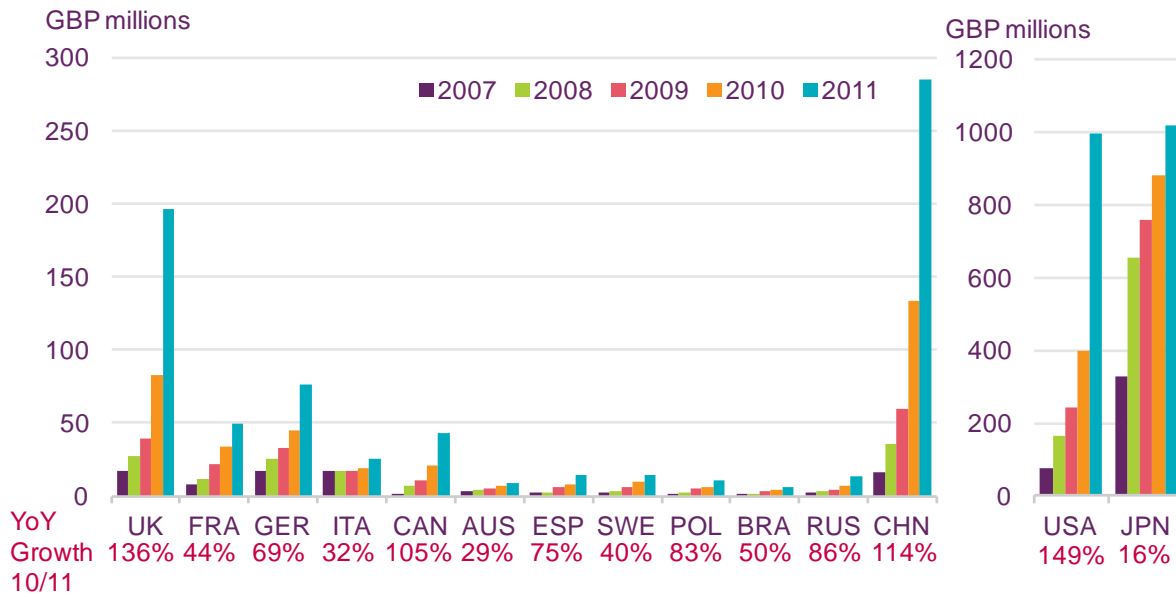
Note: interpretation and manipulation of data are solely Ofcom's responsibility.

US mobile internet advertising spend grows 2.5-fold, to level with Japan...

In 2011 the largest market for mobile internet advertising was Japan, with revenues totalling just over £1bn. Historically, this reflects Japan's strong mobile market and early adoption of mobile internet services. The US had the second largest market by a small margin, with revenues of £995m. The UK had the fourth largest spend on mobile internet advertising (£196 million), behind China with £285m)

The expenditure gap between the US and Japan narrowed substantially during 2011, as spend in the US on mobile internet advertising grew by 149%, the fastest among all our comparator countries. Year-on-year growth was the second fastest in the UK, with spend up 136%, and third fastest in China (up 114%).

Figure 5.5 Mobile internet advertising expenditure: 2007-12

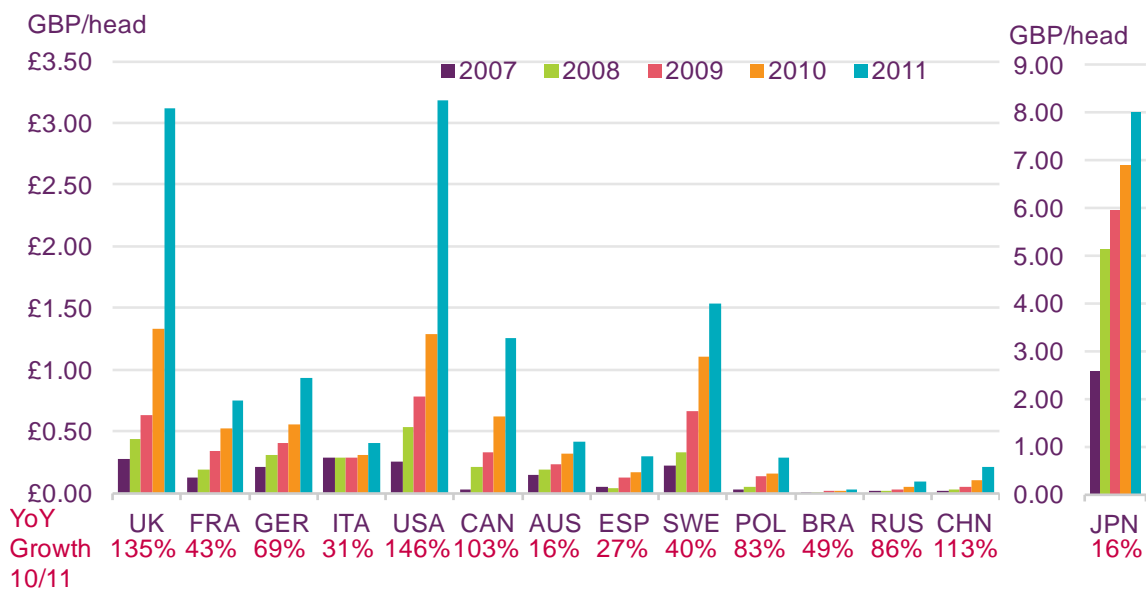


Source: PricewaterhouseCoopers Global Entertainment and Media Outlook: 2012-2016
www.pwc.com/outlook

...but the Japanese still spend almost £5 more per head than the US.

Spend per head on mobile internet advertising remains highest in Japan at £7.99, despite spend per head more than doubling both in the UK (£3.12 per head) and in the US (£3.18 per head). The continued high spend per head in Japan is likely to reflect its high 3G/4G penetration (98% compared to 47% in the UK), and high spend per head on mobile data services (£20.58 compared to £4.66 in the UK). Outside Japan, the rapid growth of mobile internet advertising spend per head is likely to reflect the take-up of smartphones, which provide a more compelling advertising platform than previous mobile handsets.

Figure 5.6 Mobile internet advertising expenditure per head: 2007-12



Source: PricewaterhouseCoopers Global Entertainment and Media Outlook: 2012-2016
www.pwc.com/outlook, and US Census Bureau (EoY estimates from mid-year values)

5.2 Internet and devices

5.2.1 Introduction

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

- Section 5.2.2 considers the **platforms consumers use to access the internet**, both fixed and mobile.
- Section 5.2.3 examines the take-up of **internet-enabled devices** and how this varies by country.
- Section 5.2.4 explores **online audiences** and how they vary by age and gender.
- Section 5.2.5 looks at the length of **time spent online** on laptop and desktop computers by internet users in a selection of comparator countries.

In summary, the key findings from this section of the chapter are:

- **Early adopter countries retain highest take-up of fixed broadband, but Japan and the US slip.** In 2011, the Netherlands had the highest number of fixed broadband connections per 100 households (93 connections), ahead of second-highest-ranked country, Canada (86 connections). The UK has the fourth highest number of fixed broadband connections per 100 households, rising above Japan and the US; from 51 connections in 2006 to 77 connections per 100 households in 2011.
- **A quarter of Australian households have mobile broadband.** Australia and Sweden had the most mobile broadband connections per 100 households in 2011. Connections per 100 households increased over the year by five connections to 25 in Australia, and by two connections to 21 in Sweden, while connections in the UK remained level at 8 per 100 households.
- **Laptop and desktop computers remain the most-connected devices in households.** Internet users in the UK and Japan were least likely to use a desktop computer (only 49% in the UK, and 48% in Japan), while the proportion of laptop/netbook users was greatest in Italy (71%) and third highest in the UK (67%).
- **Smartphones are the most-connected handheld devices.** The proportion of internet users accessing the mobile web using a smartphone is highest in China (64%), Spain (43%), and the UK (36%). In contrast, a similar proportion of smartphone users (24%) and feature phone users (21%) in Japan access the internet on their handset, reflecting the more advanced nature of feature phone handsets in Japan.
- **Twelve per cent of UK internet users claim to access the internet the most through smartphones, tablets and other connected devices.** 16.4% of internet traffic is generated from these devices in the UK, more than in any of our European comparator countries. Ireland had the second highest proportion (11.5%), while Poland had the lowest (2.2%).

- **Outside Europe, the number of laptop and desktop users online begins to fall.** Our comparator countries were evenly split between those that experienced an increase or a decrease in their active audiences in the past year. France had the greatest increase, up 8.6% in the last year to 44.1 million laptop and desktop internet users, while Australia experienced the greatest decrease (down 9.8% to 13.8 million users).
- **Australians spend more than 6.5 hours online on a laptop or desktop computer each week.** This is an hour more than in the UK, where desktop and laptop online time is declining, and three hours more than in Italy, where time spent online is currently lowest, but rising.

5.2.2 Internet take-up, by platform

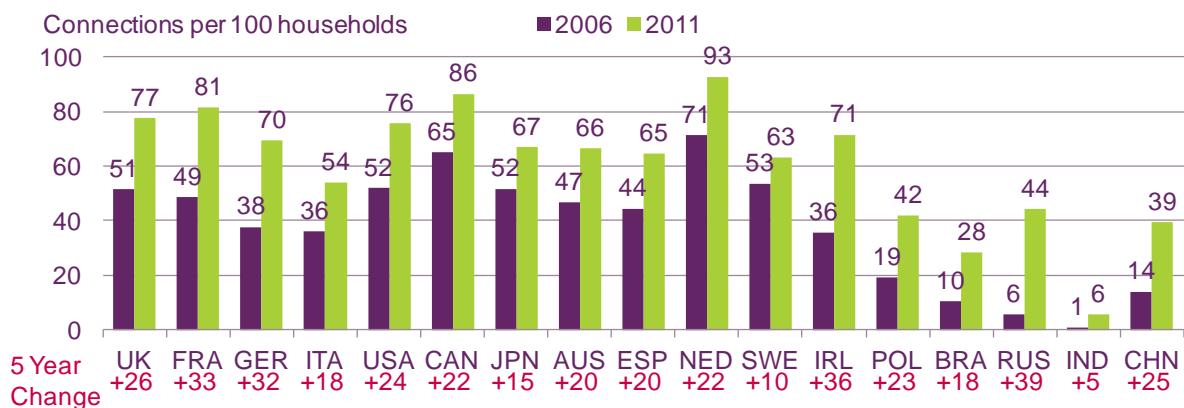
Early adopter countries retain highest take-up of fixed broadband, but Japan and the US slip

In 2011, the Netherlands had 93 fixed broadband connections per 100 households, the highest take-up of fixed broadband among our comparator countries, and seven connections per 100 households more than the second highest-ranked country, Canada (Figure 5.7). Both the Netherlands and Sweden have gained 22 connections per 100 households since 2006, when they had the highest take-up among our comparator countries.

The UK has the fourth highest number of fixed broadband connections per 100 households, rising above Japan and the US, from 51 connections per 100 households in 2006 to 77 in 2011. Germany, Ireland and France also overtook Japan and the US, and were the fastest-growing non-BRIC countries in the five years to 2011.

Take-up of fixed broadband was mixed among the BRIC nations, with connections per 100 households highest in Russia (44) and China (39), while Russia had the largest rise in connections per 100 households among all our comparator countries between 2006 and 2011 (from 6 to 44).

Figure 5.7 Fixed broadband connections per 100 households



Source: IDATE / industry data / Ofcom

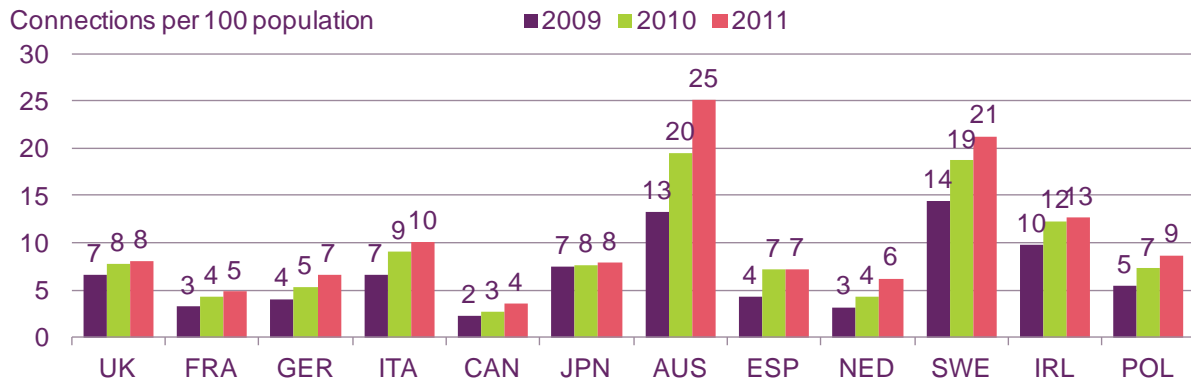
A quarter of Australian households have mobile broadband

Mobile broadband access using a dongle, datacard, or embedded connection in a laptop was highest in Australia and Sweden in 2011. Connections per 100 households increased over the year by five connections to 25 in Australia, and by two connections to 21 in Sweden. The popularity of mobile broadband in Australia and Sweden is likely to be related

to the slower take-up of fixed broadband (as above) and a lower population density than in the rest of our comparator countries.⁷⁴

In the UK take-up of mobile broadband has levelled off and has remained at eight connections per 100 households since 2010. But with the exception of Sweden and Ireland, take-up in the UK remains comparable with the rest of Europe.

Figure 5.8 Mobile broadband connections per 100 population



Source: IDATE / industry data / Ofcom

5.2.3 Internet-enabled devices

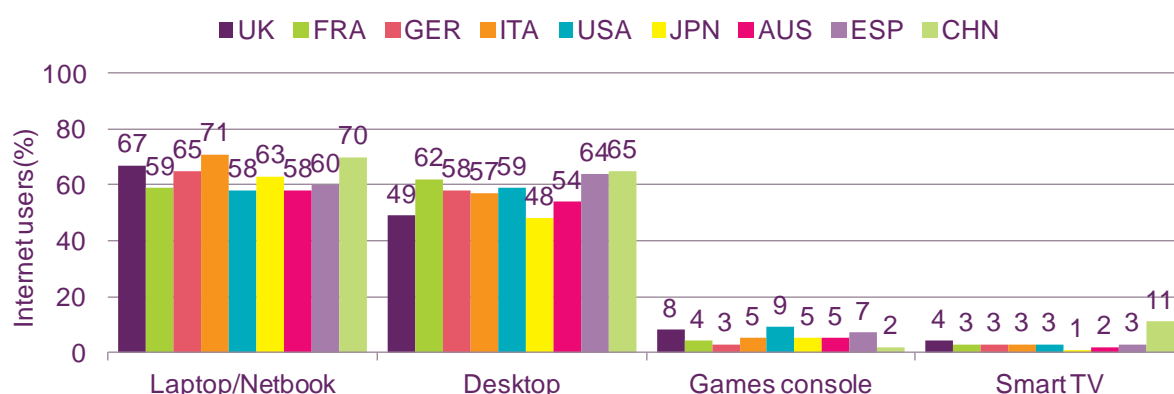
Laptop and desktop computers remain the most-connected devices in households

Despite the proliferation of devices that can be used to access the internet, across all nations the greatest proportion of internet users still use a laptop/netbook computer (58% to 71% across our comparator countries) and a desktop computer (48% to 65%). Internet users in the UK and Japan were the least likely to use a desktop computer (only 49% in the UK, and 48% in Japan), while the margin between the proportion of desktop users and the proportion of laptop/netbook users was greatest in the UK.

Among the countries surveyed in our research, games consoles were most popular in the US (9%) and the UK (8%) as a means of accessing the internet, while using a smart TV to access the internet was most popular in China (11%). However, the respondents to our consumer research in China are the early adopters of the internet in the Chinese population, and are therefore likely also to be early adopters of niche technologies, in contrast to the respondents in the UK and other non-BRIC countries, where internet take-up is more widespread among the general population (see Figure 5.7).

⁷⁴ The Australian government's National Broadband Network plans to use fixed wireless connections to provide high-speed broadband services to consumers. However, as of December 2011 there were just 3.5 connections for every 1000 households in Australia. Source: [NBNC](#) and [Australian Bureau of Statistics](#).

Figure 5.9 Household devices used to access the internet



Source: Ofcom consumer research, September 2012

Base: All adults 18+, who own and use any devices capable of connecting to the internet (UK=1060, FRA=1006, GER=1013, ITA=1006, USA=996, JPN=989, AUS=998, ESP=994, CHN=1007)

Q.7 Which of the following devices do you use to access the internet generally (e.g. visiting web sites, emailing, online gaming, downloading files)?

Smartphones are the most-connected handheld devices

Internet users in China are the most likely to access the internet using a tablet, smartphone or portable media player. This is likely to be for the reasons outlined above, so we shall consider internet access on handheld devices in the remainder of our comparator countries, excluding China.

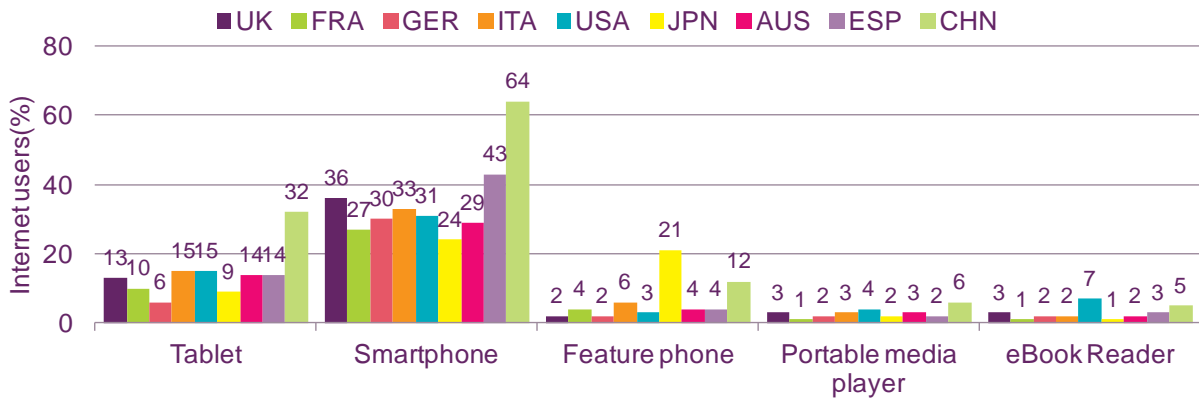
There is a similar level of adoption (13-15%) of tablet computers to access the internet in the majority of our remaining comparator countries. Germany has the lowest incidence of access; here, just under half as many internet users (6%) access the internet using tablets.

The proportion of internet users accessing the mobile web using a smartphone is highest in Spain (43%) and the UK (36%), and lowest in Japan. This is likely to be a reflection of the high ownership of smartphones among internet users in Spain (63%) in contrast to Japan (30%). However, similar proportions of internet users access the internet using a smartphone (24%) as a feature phone (21%) in Japan. This reflects the advanced capabilities of feature phones in Japan, where internet and email were accessible on mobile phones before the more recent spread of smartphones in the rest of our comparator countries (e.g. DoCoMo's i-mode has been a popular way to access the mobile web in Japan since its launch in 1999⁷⁵).

Using an eBook reader to access the internet is most popular in the US (7% of internet users). Although e-reader adoption is comparable in the US and the UK (20% and 19% respectively), it is likely that the advanced features of devices available only in the US such as Amazon's Kindle Fire, have encouraged internet access on eBook readers there. However, while the Kindle brand is most often associated with eBook readers, the Kindle Fire arguably has more features in common with a tablet than with other eBook readers.

⁷⁵ "Cell phone culture here unlike any other", The Japan Times, Sept 2 2009, <http://www.japantimes.co.jp/text/nn20090902i1.html>

Figure 5.10 Handheld devices used to access the internet



Source: Ofcom consumer research, September 2012

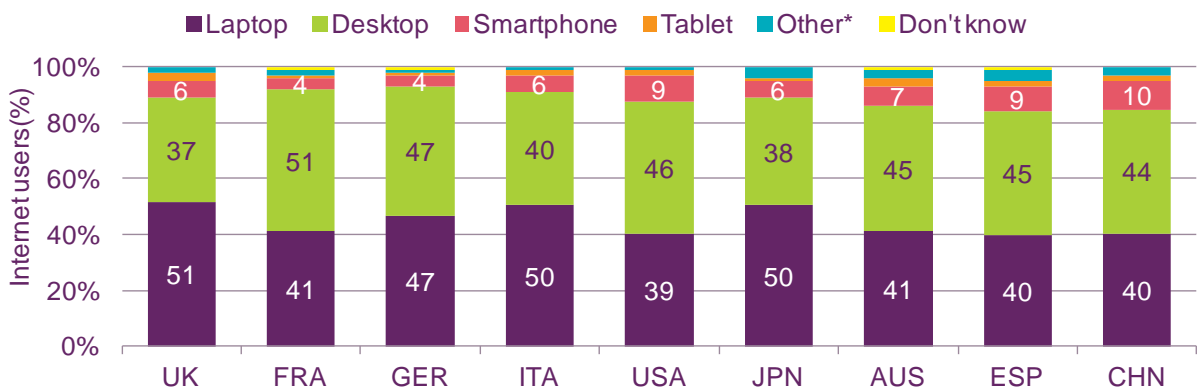
Base: All adults 18+, who own and use any devices capable of connecting to the internet (UK=1060, FRA=1006, GER=1013, ITA=1006, USA=996, JPN=989, AUS=998, ESP=994, CHN=1007)

Q.7 Which of the following devices do you use to access the internet generally (e.g. visiting web sites, emailing, online gaming, downloading files)?

In the UK internet users access the web on their laptops more than in any other country

A higher proportion of internet users in the UK use their laptop to access the internet (51%) than in any of our comparator countries, while the US had the smallest proportion of internet users that did so (36%). In contrast, France had the largest proportion of internet users (51%) who access the internet most frequently on their desktop, while the UK had the lowest (37%). Around one in ten internet users in China (10%), Spain (9%) and the US (9%) access the internet most frequently using their smartphone, compared to around one in twenty in France (4%), Germany (4%), Japan (6%) and the UK (6%).

Figure 5.11 Device used most frequently to access the internet



Source: Ofcom consumer research, September 2012

Base: All adults 18+, who own and use any devices capable of connecting to the internet (UK=1060, FRA=1006, GER=1013, ITA=1006, USA=996, JPN=989, AUS=998, ESP=994, CHN=1007)

Note: Not all data labels sum to 100 due to rounding.

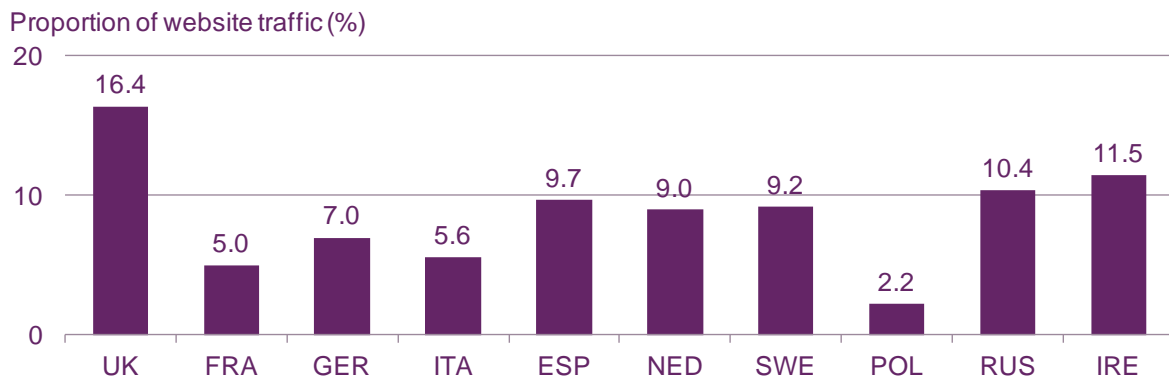
*Other – includes mobile phone, games console, portable media player, eBook reader, smart TV and other.

Q.C1 Which of the devices you own do you use most to connect to the internet?

UK internet users generate the most traffic in Europe from devices other than desktop and laptop computers

Twelve per cent of UK internet users claim to access the internet most frequently through smartphones, tablets and other connected devices (Figure 5.11), and a greater proportion of website traffic is generated from these devices in the UK than in any other of our European comparator countries. Figure 5.12 shows that 16.4% of website traffic in the UK came from mobile, tablet and other connected devices, compared to Ireland (11.5%) with the second highest proportion, and Poland (2.2%), which generated the lowest proportion of website traffic from these devices.

Figure 5.12 Proportion of website traffic using mobile, tablet, and other connected devices



Source: comScore Device Essentials, June 2012

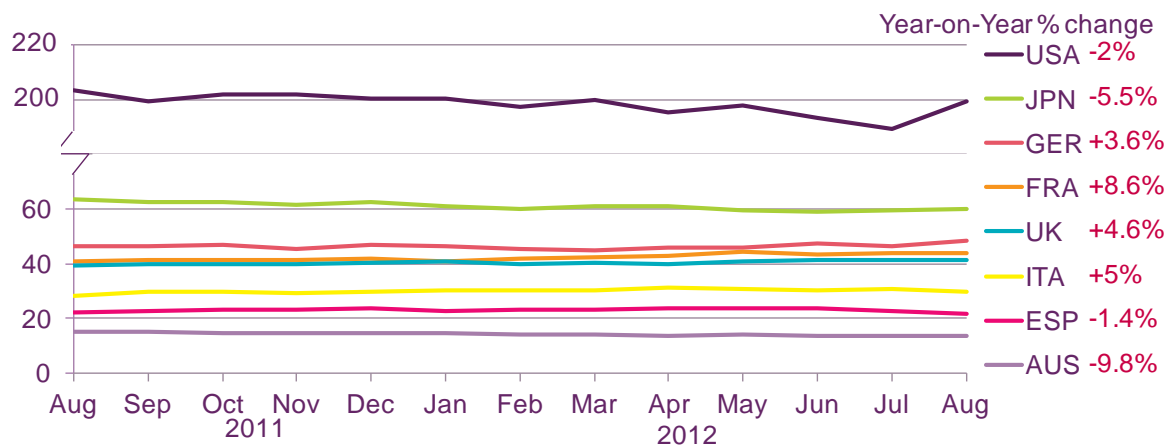
5.2.4 Online audiences

Outside Europe, the number of laptop and desktop users online begins to fall.

Based on data collected by internet measurement company Nielsen, the total number of users going online at least once, using a laptop or desktop computer, across our eight comparator countries was 458 million in August 2012, down by 1 million on the same time last year.

Our comparator countries were evenly split between those that experienced an active audience increase and decrease in the past year. France experienced the greatest increase, up 8.6% in the past year to 44.1 million laptop and desktop internet users, followed by Italy (up 5%), the UK (up 4.6%) and Germany (up 3.6%). Between August 2011 and August 2012 active internet audiences on a laptop or desktop computer decreased the most in Australia (down by 9.8% to 13.8 million users), followed by Japan (down 5.5%), the US (down 2%), and Spain (down 1.4%).

Figure 5.13 Active internet users on laptop and desktop computers: August 2011 to August 2012

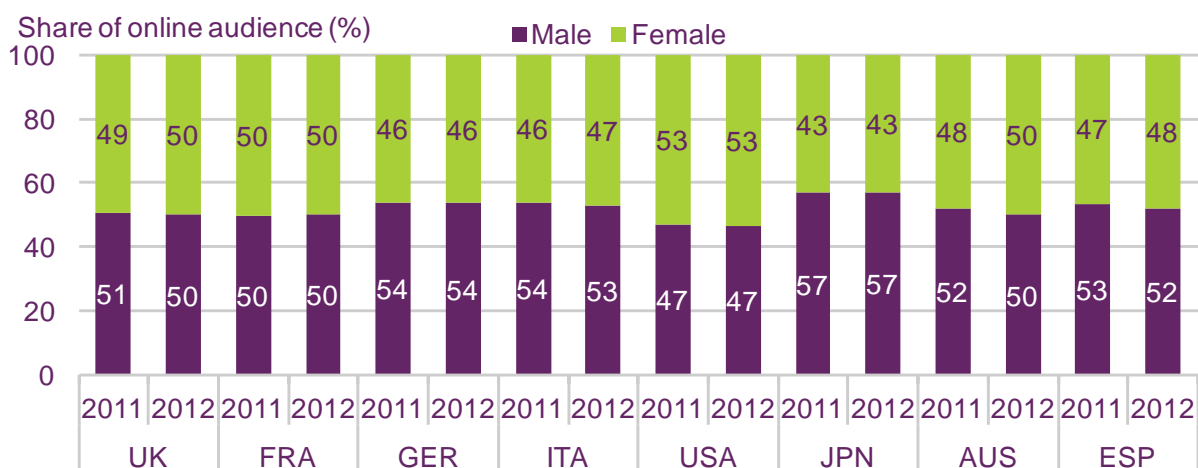


Source: Nielsen, August 2011 to August 2012 (internet applications included, home & work)

The US is the only country to have more women than men online using laptops and desktops

Between August 2011 and August 2012 the share of online audiences using a laptop or desktop computer shifted to an even split between genders in the UK and Australia. France maintained its 50:50 ratio between genders for the second year running, while the US is the only comparator country for which we have data that has more women (53%) online than men (47%). Japan, Germany, and Spain continue to have more male internet users than female users using a laptop or desktop, although Spain shifted closer to equity, by 1%, in the past year.

Figure 5.14 Unique online audience on a laptop or desktop computer, by gender: August 2011 and August 2012



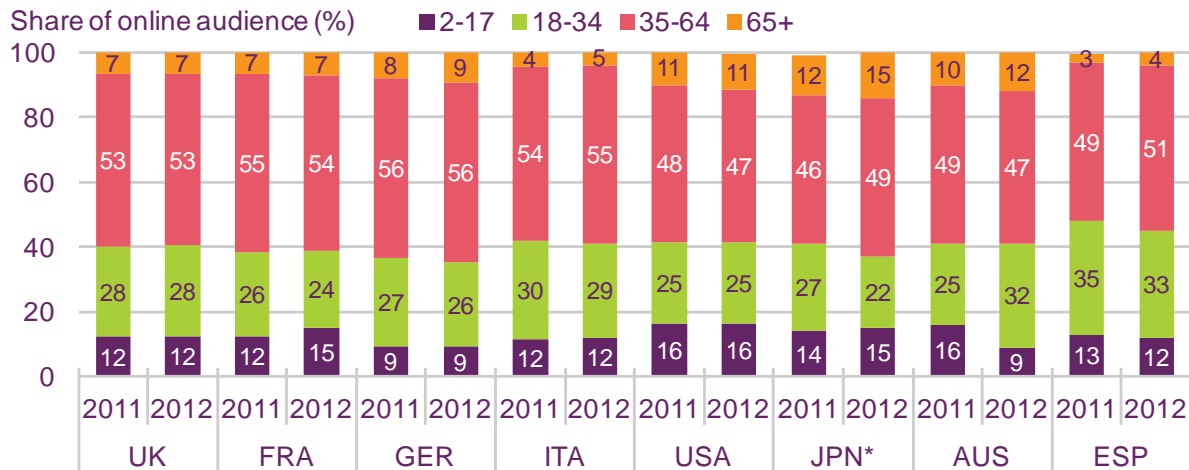
Source: Nielsen, August 2011 and August 2012, home and work panel, applications included.

The US has the highest proportion of internet users aged 2 to 17

The share of the online audience represented by internet users aged 2-17, using a laptop or desktop computer, is greatest in the US (16%), followed closely by France (15%). The share of the online audience represented by laptop or desktop users aged 65 and older is greatest in Australia (12%), where there was a seven percentage point drop in the share of laptop and desktop users aged 2-17 in the year to August 2012. The UK was the only comparator

country in Figure 5.16 where the comparative share of online audience between these age groups remained static over this period.

Figure 5.15 Unique online audience on a laptop or desktop computer, by age: August 2011 and August 2012

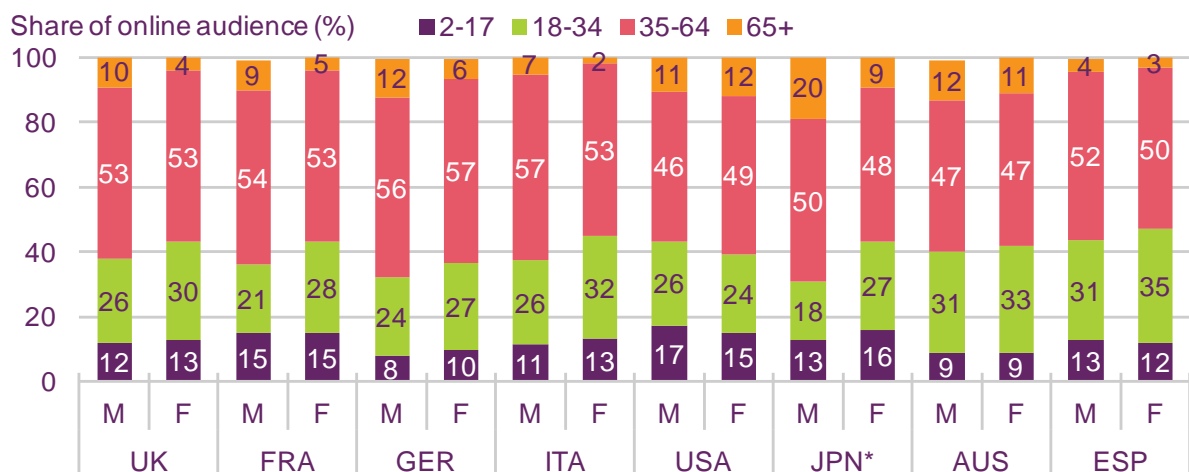


Source: Nielsen, August 2011 and August 2012, home and work panel, applications included.
 * Japan data differs; age breaks are 2-19, 20-34, 35-59 and 60+ respectively.

In most countries male internet users are older than their female counterparts

Figure 5.16 shows that, as in Figure 5.14, the US defies the general gender split trend among our comparator countries. Among the online audiences aged 65 and older there are more men than women in all comparator countries, except in the US where there are marginally more women (12% vs 11%). Among the online audiences aged 2-34 there are more women than men in all comparator countries except the US, where there are more men (43% vs 39%).

Figure 5.16 Unique online audience on a laptop or desktop computer, by age and gender: August 2012



Source: Nielsen, August 2012, home and work panel, applications included.
 * Japan data differs, ages breaks are 2-19, 20-34, 35-59 and 60+ respectively.

5.2.5 Time spent online

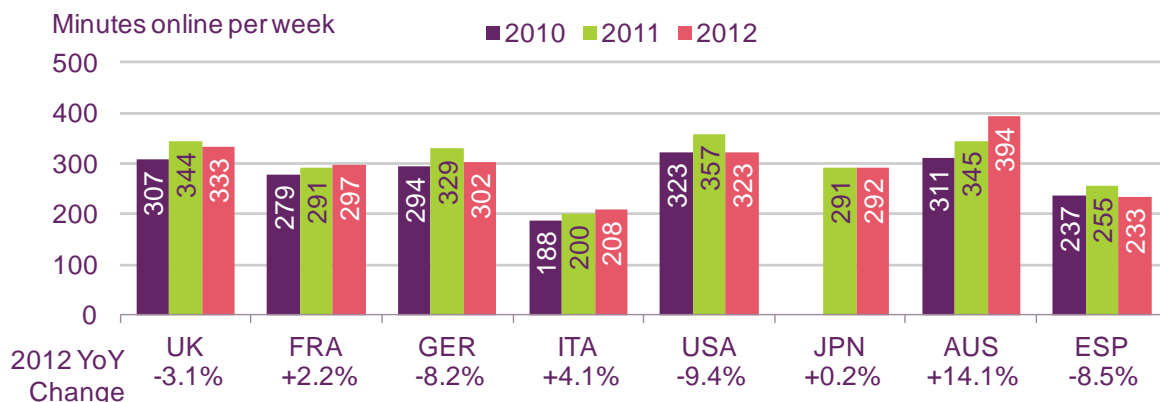
Time spent online on a laptop or desktop computer has peaked in many countries...

Internet users in Australia spend more time online than those in any of the other comparator countries shown in Figure 5.17. Laptop and desktop users in Australia spent more than 6.5 hours online per week in August 2012, 49 minutes more than at the same point in 2011.

Australian internet users are bucking the wider trend among our comparator countries, where time spent online by laptop or desktop users has either fallen (as in the US, the UK, Germany and Spain), or grown slowly (as in Japan, France and Italy). The US has experienced the greatest decline, with time spent online by laptop or desktop users falling 9.4% to 323 minutes per week, followed by the UK, with a 3.1% fall to just over 5.5 hours per week.

However, the change in time spent online by laptop and desktop users is probably a shift in the balance of two factors affecting the consumption habits of internet audiences. The first is the proliferation of internet-connected devices, and in particular the rapid adoption of the smartphone, which is substituting time spent on laptop and desktop computers. The second is the take-up of the internet among older consumers, who tend to spend less time online, but are more likely to use laptops or desktop computers than other connected devices. The proliferation of connected devices is likely to cause time online to fall (Figure 5.17), while take-up among older consumers could push up or down the average time spent online.

Figure 5.17 Average number of minutes spent online on a laptop or desktop computer per week



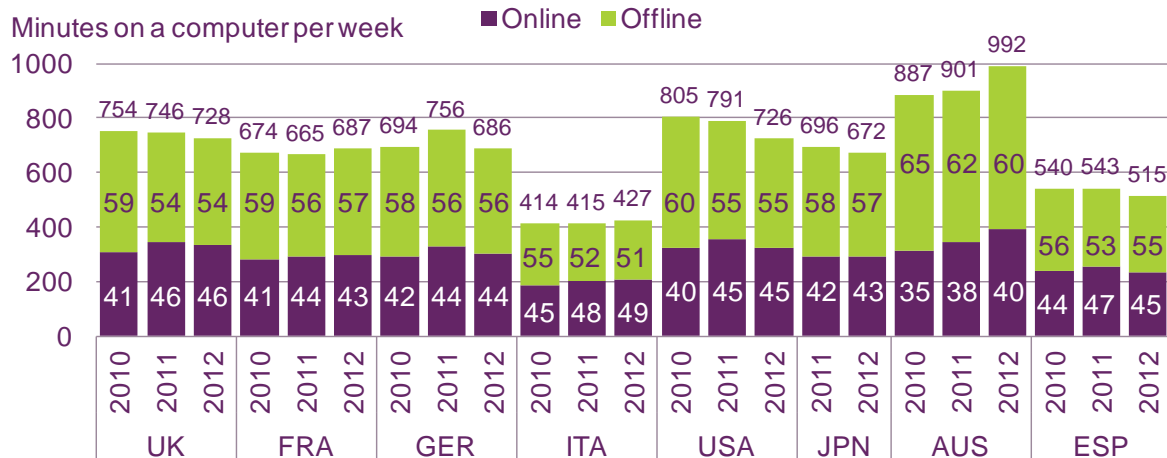
Source: Nielsen, August 2012, home and work panels, applications included.

Note: 2010 data unavailable for Japan.

...but time online is falling slower than time offline on laptops and desktops

Figure 5.18 shows the time spent online as a proportion of total time spent using a laptop or desktop computer. The UK, Germany and the US experienced a decline in time spent online on a laptop or desktop computer (Figure 5.17), although, as a proportion of total time spent using these devices, time online remained constant between August 2011 and August 2012. This reflects the decline in use of laptop and desktop computers for all activities in these countries, and not just for accessing the internet. Nevertheless, in Spain, time online has declined in both absolute and relative terms, perhaps as a reflection of consumers' use of other connected devices, and smartphones in particular (see section 5.2.3).

Figure 5.18 Time spent online and offline each week on a laptop or desktop computer



Source: Nielsen, August 2012, home and work panels, applications included.

Note: Data series labels show proportions of total minutes for each year. Data from 2010 from Japan is unavailable.

5.3 Web-based content

5.3.1 Introduction

In this section of the chapter we consider the content that internet users consume, and the activities they conduct online.

- Section 5.3.2 gives an overview of the most popular **online brands** across eight of our comparator countries.
- Section 5.3.3 considers the popularity of global **search engines**, and what consumers are searching for online.
- Section 5.3.4 examines **social networking**, the popularity of different networks, and the use of fixed and mobile platforms for social networking.
- Section 5.3.5 is concerned with **online video**, in particular, video-sharing sites.
- Section 5.3.6 addresses the value of **online shopping** by country and consumers propensity to pay for digital content.
- Section 5.3.7 considers the importance of the **internet as a source of news**, and access of it on mobile platforms.

In summary, the key findings from this section of the chapter are:

- **A small number of internet brands have broad appeal across our comparator countries.** Despite the diversity of language and culture across comparator countries, a search engine is the most popular brand in all eight countries, and Facebook the second most popular brand in seven countries.
- **Competition for search varies by country.** Google is the most popular search engine in all countries except Japan, but the degree to which it leads Yahoo! and Bing is not consistent across countries.
- **The most searched-for term on the web is ‘facebook’.** In all our comparator countries except Japan, Russia and China, ‘facebook’ was the most searched-for term on Google in the year to August 2012, up from ten in 17 countries in the year to August 2011. And even in Japan, ‘facebook’ was the fastest-rising search term in the year to August 2012
- **Mobile social networking takes off in English-speaking countries.** While social networking on a home internet connection appears static among most of our comparator countries, social networking on a mobile phone or smartphone has risen to around four in ten users in the US, the UK and Australia.
- **YouTube is the most popular online video site for laptop and desktop users, but faces local competition.** YouTube is the most popular online video site across eight of our comparator countries, but in France and Japan it faces competition from local sites Dailymotion and Nico Nico Douga.
- **Consumers in the UK spent more than £1000 per head on internet shopping in 2011, more than any other of our comparator nations.** In 2011, the value per head of business-to-consumer e-commerce was £1083 in the UK, up 14% from £950

in 2010. Australia and Sweden were next largest, growing 26% to £842 and 12% to £747 respectively.

- **More than one in five smartphone owners in the UK and Germany have accessed online shopping websites using their handset.** Among the five largest European economies, the UK had the highest proportion (23.1%) of smartphone users visiting retailers' websites on the mobile web, closely followed by Germany (22.6%).
- **One in six smartphone owners in the UK access news on their handset almost every day.** Among smartphone owners in the five largest European economies, those in the UK access news through websites or apps on their handset more frequently than in any other nation.

5.3.2 Overview

A small number of key internet brands have broad appeal across our comparator countries

Despite the diversity of languages and cultures across the comparator countries (Figure 5.19), there are many common websites and categories of website in the countries' top tens. Search engines are key brands on the web, with five different brands appearing across our comparator countries' top tens. Google remains the most-visited website in all our comparator countries except Japan, where it is second place to rival search engine Yahoo!. Microsoft's Bing is also absent from Japan's top ten, but sits between third and eighth place among the remaining countries.

Facebook has risen to become the second most-visited website in all countries except Japan, while YouTube appears in the top half of the table for all countries, confirming that both social networking and online video are key web services for our comparator countries. Online shopping brands are also prevalent, both international companies such as eBay and Amazon, and domestic e-commerce websites such as France's *Le Bon Coin* classified listings, or Japan's *Rakuten* retail marketplace.

Figure 5.19 Top ten website brands, by country

	UK	FRA	GER	ITA	USA	JPN	AUS	ESP
1	Google -	Google -	Google -	Google -	Google -	Yahoo! -	Google	Google -
2	Facebook -	Facebook -	Facebook -	Facebook -	Facebook -	Google -	Facebook	Facebook +1
3	MSN/WindowsLive/Bing -	MSN/WindowsLive/Bing -	YouTube -	YouTube -	Yahoo! -	FC2 -	MSN/WindowsLive/Bing	MSN/WindowsLive/Bing -1
4	YouTube +2	YouTube +1	Microsoft -	MSN/WindowsLive/Bing -	MSN/WindowsLive/Bing -	YouTube -	YouTube	YouTube -
5	BBC -1	Microsoft -1	Amazon +1	Virgilio -	YouTube -	Rakuten -	Microsoft	Microsoft -
6	Yahoo! -1	Orange -	eBay -1	Microsoft +2	Microsoft -	Wikipedia -	Yahoo!	Blogger +1
7	Amazon -	Wikipedia -	Wikipedia +1	Yahoo! -1	AOL Media Network -	Ameba +2	Wikipedia	Yahoo! -1
8	eBay -	Leboncoin.fr N	MSN/WindowsLive/Bing -1	Libero -1	Amazon N	Microsoft -	eBay	Wikipedia -
9	Microsoft -	Yahoo! -1	T-Online -	Wikipedia -	Ask Search Network +1	Livedoor +1	Apple	Elmundo.es +1
10	Wikipedia -	Free -1	gutefrage.net N	Blogger -	Wikipedia -2	Goo -3	Blogger	Wordpress N

Source: Nielsen, August 2012.

Note: Coloured font indicates brand appears more than once. Includes all internet applications. '+' or '-' and a number denotes change in rank since 2011 ICMR publication, '-' only denotes no change, and 'N' denotes a new entrant to the top 10. Australia rankings available for 2012 only.

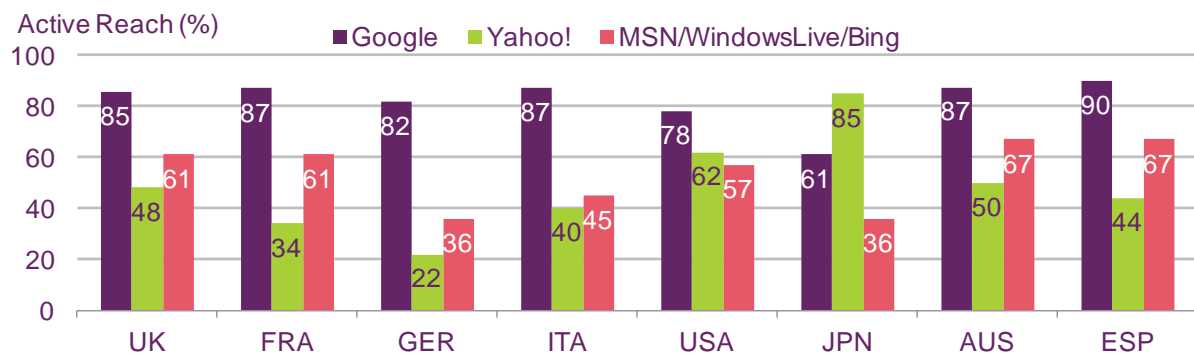
5.3.3 Search

Competition for search varies by country

In seven of the eight comparator countries for which we have data, Google is the search engine with the greatest reach among active internet users (Figure 5.20). Google had the highest active reach in Spain, where 90% of internet users visited the search engine in August 2012, and the lowest active reach in Japan (61%), where Yahoo! (85% active reach) is the most popular search engine.

The degree to which rival search engines compete with Google varies across our comparator countries. In our European comparator countries and in Australia, Microsoft's Bing search engine is second to Google and Yahoo! is third, while in the US, Yahoo! is second to Google and Bing is third. The popularity of each search engine is closest in the US, where all three companies are based, and where the number of internet users is greatest (see section 5.2.4).

Figure 5.20 Active reach of search engine brands, by country



Source: Nielsen, *Search Brands per Country, August 2012, home and work panel, including applications.*

The most searched for term on the web is 'facebook'

In 14 of our 17 comparator countries (all except Japan, Russia and China), 'facebook' was the most searched-for term on Google in the year to August 2012, up from ten countries in the year to August 2011. However, Facebook was not without influence in Japan, where 'facebook' was the fastest-rising search term between August 2011 and August 2012.

TV-related search queries are prevalent among the fastest-rising search terms in a number of countries in the year to August 2012. In France *Bref* is a successful TV series; in Italy Belén Rodríguez is the popular presenter of a number of Italian variety television shows including *Italia's Got Talent*; and in Brazil and India the fastest-rising search terms 'bbb12' and 'sunny leone' are references to the reality TV show *Big Brother* in each country. In contrast, Google users in Spain and Australia primarily searched for terms relating to current affairs and popular music respectively. These search terms demonstrate the influence that other media can have on internet users and the web content that they consume.

Figure 5.21 Most searched-for terms on Google between August 2011 and August 2012

Country	1 ST	2 ND	3 RD	Largest increase
UK	facebook	bbc	youtube	tubidy
FRA	facebook	youtube	bon coin	bref
GER	facebook	youtube	berlin	kinox.to
ITA	facebook	youtube	mail	belen
USA	facebook	you	google	pinterest
CAN	facebook	youtube	google	tumblr
JPN	動画 ¹	yahoo	画像 ²	フェイスブック ³
AUS	facebook	youtube	google	one direction
ESP	facebook	hotmail	tuenti	bankia
NED	facebook	youtube	marktplaats	www.hotmail.com
SWE	facebook	youtube	stockholm	minecraft
IRL	facebook	ireland	youtube	fb
POL	facebook	nk	gry	tablica.pl
BRA	facebook	jogos	orkut	bbb12
RUS	одноклассники ⁴	одноклассники ⁵	контакте ⁶	авито ⁷
IND	facebook	download	video	sunny leone
CHN	的 ⁸	qq	游戏 ⁹	2012

Source: Google Insights Search Tool, August 2011 to August 2012. Notes: 1. animation 2. image 3. facebook 4. download 5. classmates (odnoklassniki.ru) 6. vkontakte 7. avito 8. of 9. game

5.3.4 Social networking

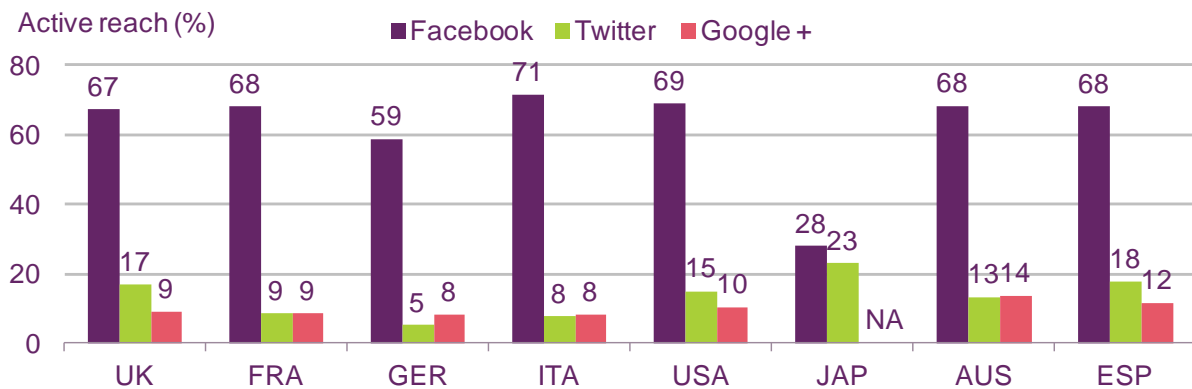
Twitter is almost as popular as Facebook in Japan

The most popular social network across all of the comparator countries for which we have data is Facebook. Facebook was most popular in Italy, where 71% of active internet users visited the website in August 2012, and least popular in Japan (28%) where social networking has historically had a much slower take-up (see Figure 5.23) and where Twitter (22%) is more popular than in other countries. A report by Forrester suggests Japanese internet users prefer anonymity, and social networking sites such as Twitter, within which users can interact under a pseudonym or ‘handle’, have been more successful at attracting users as a consequence.⁷⁶

In the UK, two-thirds (67%) of active internet users visited Facebook on a laptop or desktop computer. One in six (17%) visited Twitter at least once in the month, almost twice the active reach of smallest rival Google+ (9%). This analysis provides an indication of the relative success of international social networks among our comparator countries, but does exclude domestic social networks such as Tuenti in Spain (the third most searched-for term on Google in Spain) which may be more popular than international social networks among internet users in particular countries.

⁷⁶ <http://adage.com/article/digital/japan-lags-world-social-media-adoption/231946/>

Figure 5.22 Active reach of Facebook, Twitter and Google+ on laptop and desktop computers

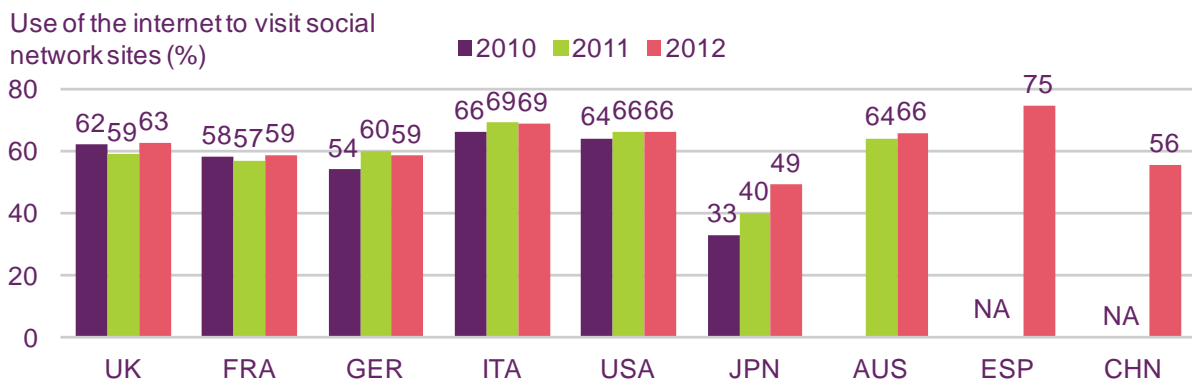


Source: Nielsen, August 2012, home and work panel, including applications.
 Note: Data unavailable for Google+ in Japan.

Social networking on a home internet connection remains level

The proportion of internet users who visit social networks using their home internet connection has remained broadly level across all our comparator countries for which we have trend data, with the exception of Japan (where it has increased). Spanish internet users were most likely to access social networks in this way, with three-quarters (75%) visiting social networks at home, compared to just half of Japanese users (49%), who accessed social networks the least. Nevertheless, the popularity of social networking in Japan is growing, with one more social networker in every six internet users than in 2010.

Figure 5.23 Use of home internet connection to visit social networking sites



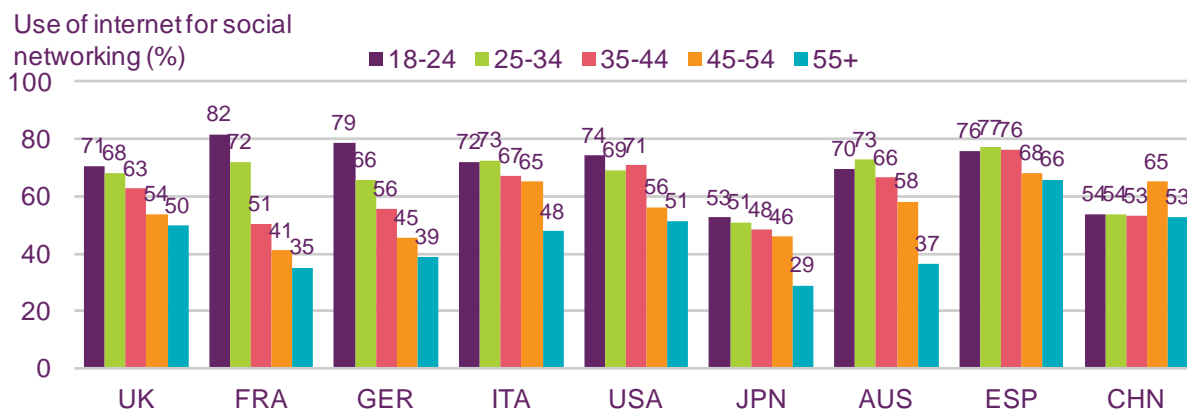
Source: Ofcom consumer research October 2012.
 Base: All respondents, ages 18-64 (UK=945, FRA=778, GER=839, ITA=890, USA=788, JPN=792, AUS=793, ESP=911, CHN=965)
 Q8: Which, if any, of the following activities do you use your home internet connection for?

Two-thirds of over 55s in Spain use their home connection for social networking

Social networking on a home internet connection is most popular among younger age groups across all our comparator countries except China, where social networking appears to be popular among a similar proportion of each age group. This is probably a reflection of China's emerging internet population, for whom the appeal of social networking is reasonably uniform, as opposed to a reflection of the popularity of social networking of China's population as a whole.

Spain has the highest proportion of older internet users who use their home internet connection for social networking, with just 10 percentage points between the proportion of Spain's youngest internet users and oldest internet users who visit social networking sites. Half of the UK's internet users (50%) aged 55 or older are social networkers at home, while the activity is most popular among 18 to 24 year-olds (71%).

Figure 5.24 Use of home internet connection to visit social networking sites, by age



Source: Ofcom consumer research October 2012.

Base: All respondents ages 18+ (UK=1065, FRA=1016, GER=1024, ITA=1015, USA=1010, JPN=1004, AUS=1007, ESP=1001, CHN=1010)

Q8: Which, if any, of the following activities do you use your home internet connection for?

Mobile social networking takes off in English-speaking countries and Japan

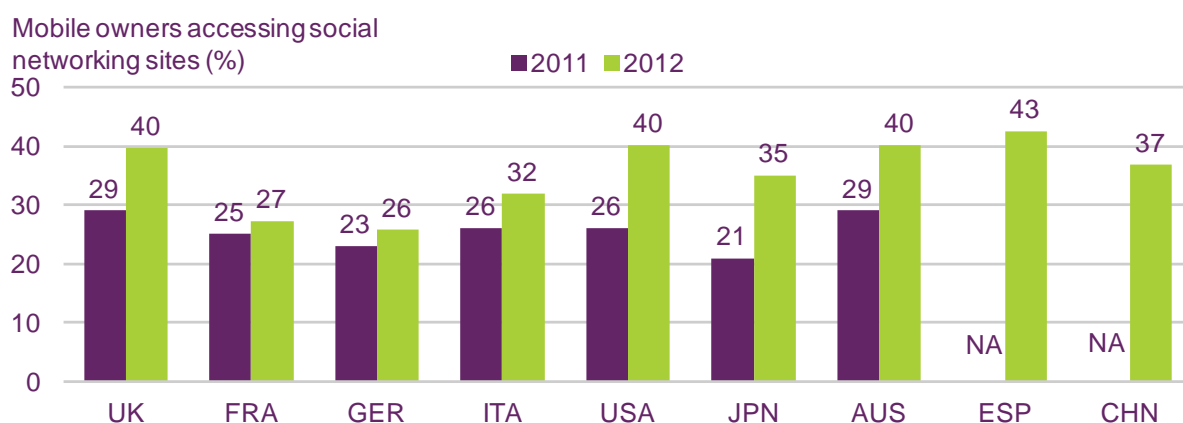
While social networking on a home internet connection appears static among most of our comparator countries (Figure 5.23 above), social networking on a mobile phone or smartphone is increasing in appeal. Mobile social networking was most popular in Spain, US, the UK and Australia, where four in ten internet users claimed to do this on their handset. Furthermore, in the the UK, US and Australia there were statistically significant increases in the proportion of internet users doing this between 2011 and 2012. The popularity of mobile social networking is likely to be a reflection of the high take-up of smartphones in these countries (see Section 5.2.3).

While internet users in Japan have been slower than those in the rest of our comparator countries to take up social networking on a home internet connection, take-up on a mobile phone has grown to exceed levels in France, Germany and Italy. This could be the result of Japanese internet users' familiarity with using a mobile phone for other forms of internet-based communication and content consumption. According to comScore, 51% of Japanese mobile phone users have used a browser⁷⁷ on their handset, compared to just 43% in France, 38% in Germany, and 40% in Italy⁷⁸.

⁷⁷ http://www.comscore.com/Press_Events/Press_Releases/2012/8/Japan_Smartphone_Surge

⁷⁸ http://www.comscore.com/Press_Events/Press_Releases/2012/9/QR_Code_Usage_Among_European_Smartphone_Owners_Doubles_Over_Past_Year

Figure 5.25 Use of mobile phones to visit social networking sites



Source: Ofcom consumer research October 2012

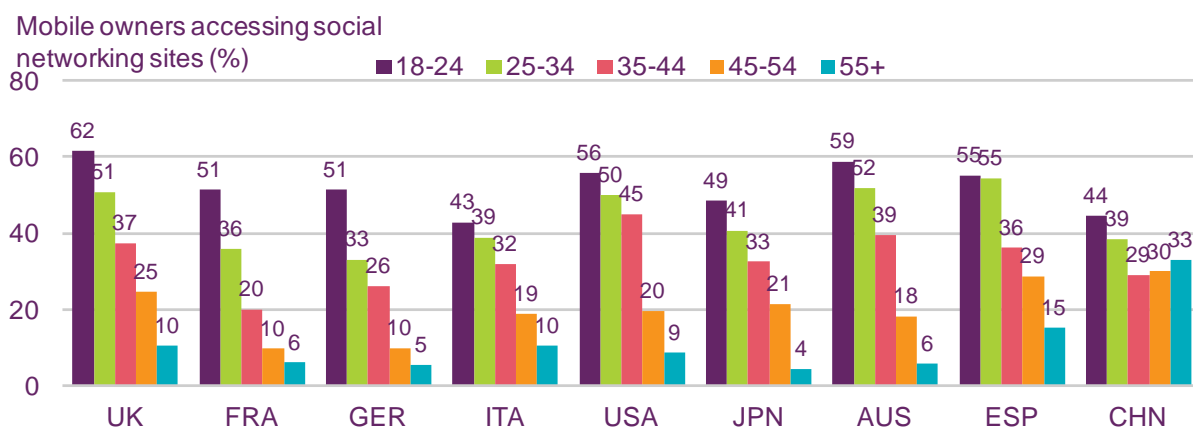
Base: All respondents aged 18-64 who own a smartphone and/or a mobile phone (UK=837, FRA=733, GER=790, ITA=869, USA=684, JPN=531, AUS=759, ESP=883, CHN=899).

Q10. Which, if any, of the following activities do you use your mobile phone for?

Six in ten of the UK's young adults use their mobile for social networking

Using their handset for social networking is most popular among 18 to 24 year-old mobile phone owners in the UK (62%) and least popular among Japanese mobile owners aged 55 and over. Compared to social networking on a home connection, there is a much greater difference between younger and older age groups in the use of mobile phones for social networking. Even in China, where social networking has a broad appeal across all age groups, 44% of 18 to 24 year olds used their handset for social networking, compared to a third (33%) of those aged 55 and over.

Figure 5.26 Use of mobile phones to visit social networking sites, by age



Source: Ofcom consumer research October 2012

Base: All respondents ages 18+, who own a smartphone and/or a mobile phone (UK=1011, FRA=951, GER=967, ITA=994, USA=857, JPN=628, AUS=919, ESP=969, CHN=945).

Q10. Which, if any, of the following activities do you use your mobile phone for?

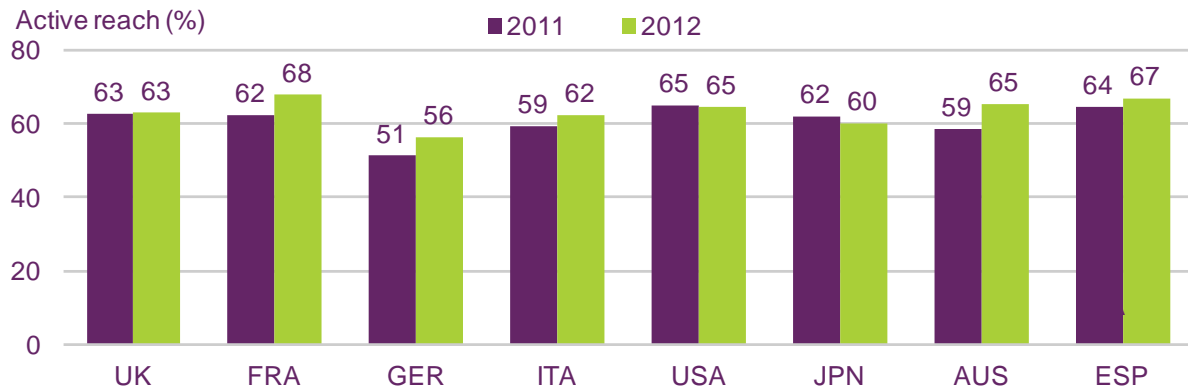
5.3.5 Online video

Reach of online video websites remains flat in the UK but rises across Europe

The popularity of online video websites is broadly similar across all of the comparator countries for which we have data. Online video sites have the greatest reach in France, where 68% of laptop and desktop internet users accessed at least one site of type in August 2012, and the smallest reach in Germany, where just 56% did the same (Figure 5.27).

Between 2011 and 2012, the proportion of laptop and desktop internet users accessing online video websites in the UK and the US remained static, at 63% and 65% respectively. In the remainder of the comparator countries active reach increased, with the exception of Japan where fewer laptop and desktop internet users visited online videos sites between August 2011 and August 2012 than in the previous year.

Figure 5.27 Active reach of online video websites on laptop and desktop computers



Source: Nielsen, August 2012 and August 2011, home and work panel, applications included

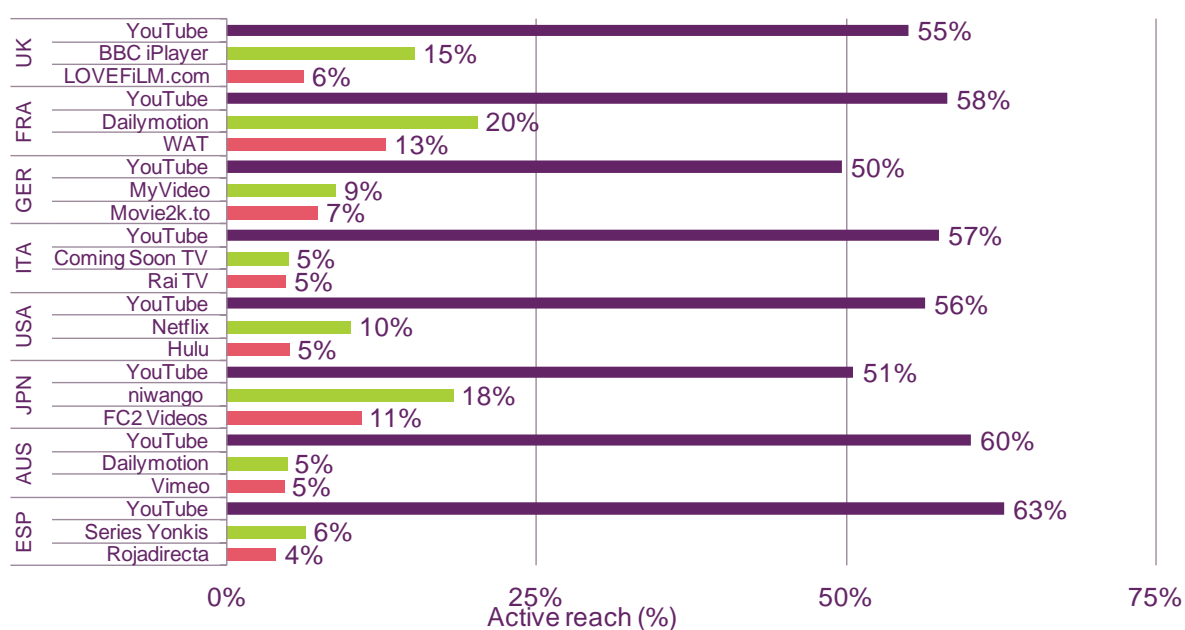
YouTube is the most popular online video site for laptop and desktop users, but faces local competition

It is clear from our analysis of the most popular online brands (Section 5.3.2) and the most searched-for terms (Section 5.3.3) that YouTube has broad appeal among our comparator countries. Figure 5.28 shows that YouTube is the most popular online video site in each of the comparator countries for which we have data. It is most popular in Spain, where 63% of laptop and desktop internet users access it at least once a month, compared to just half of users in Germany, where YouTube is least popular.

YouTube faces the greatest competition for online video users in France, where one in five (20%) laptop and desktop internet users visit rival Dailymotion. Dailymotion is a French video-sharing website, started in Paris, and has gained particular traction among French internet users as a result of partnerships with Canal+ (the French pay-TV operator) and investment by the incumbent telecoms operator (France Telecom).

YouTube appears to have greater competition in the UK and Japan, where the BBC iPlayer catch-up television service, and Niwango’s Nico Nico Douga video-sharing site, have an active reach among 15% and 18% respectively of laptop and desktop internet users. However, it is unlikely that YouTube and BBC iPlayer compete directly with each other for viewers in the UK, since the former offers predominantly short-form user-generated video clips, while the latter provides long-form professional video programming. Nevertheless, even where domestic markets provide alternative destinations for online video (regardless of form), none are currently able to reach the majority of consumers, as YouTube does.

Figure 5.28 Top three online video websites among laptop and desktop users



Source: Nielsen, August 2012, home and work panel, applications included.

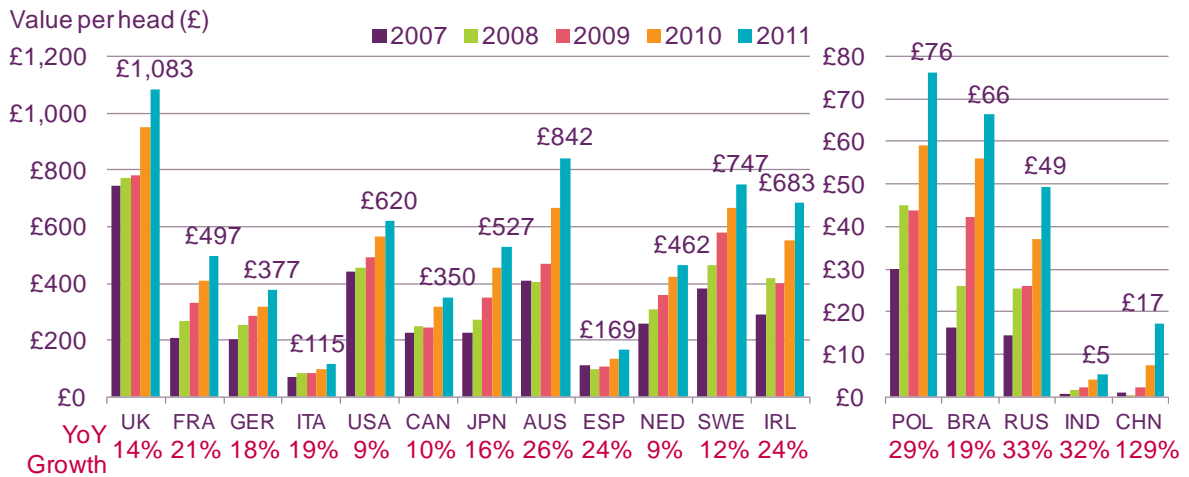
5.3.6 Online shopping

Consumers in the UK spent more than £1000 per person on internet shopping in 2011

Consumers in the UK spend more online than in any of our comparator countries. In 2011, the value per head of business-to-consumer (B2C) e-commerce was £1083, up 14% from £950 in 2010. Australia and Sweden had the next highest spend, growing 26% to £842 and 12% to £747 respectively. A number of factors are likely to be driving online shopping in the UK, including a high take-up of credit cards, the UK's history of mail order and catalogue shopping, and the early arrival of e-retail websites like Amazon and eBay.

Of the BRIC countries, Russia, India and China had the highest growth rates of all our comparator countries, but from much lower bases. Brazil continues to lead the BRIC countries in value per head (£66), despite growth slowing from 33% to 19% in 2011.

Figure 5.29 Value of B2C e-commerce per head: 2007-12



Source: IMRG B2C Global e-Commerce Overview 2011 Update 01, June 2011; IMRG B2C Global e-Commerce Overview 2012, May 2012

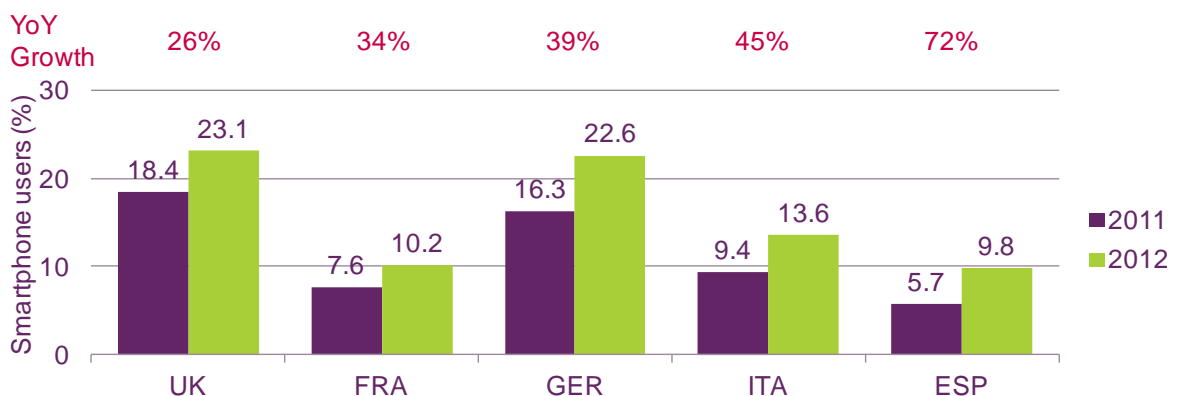
Notes: Values converted from Euros to British Sterling (£1 = €1.1536). Population figures from US Census Bureau (end of year estimates from mid-year values)

More than one in five UK smartphone owners visits retailers’ websites on their handset

More than one in five smartphone owners in the UK and Germany have accessed online shopping websites using their mobile handset. According to data from comScore, of the five largest European economies, the UK had the highest proportion (23.1%) of smartphone users visiting retailers’ websites on the mobile web, closely followed by Germany (22.6%).

Recent research published by Ofcom in the *UK Communications Market Report 2012* revealed that consumers use their smartphones for a variety of shopping activities, including comparing prices between online and high street shops (25% of smartphone owners in the UK), and researching product features online (19% of smartphone owners in the UK). Therefore, while visits to retailers’ websites have increased through smartphone use, this may not correlate directly to an increase in sales as a consequence.

Figure 5.30 Smartphone users accessing online shopping websites



Source: comScore MobiLens, 3 month average ending May 2011 vs May 2012

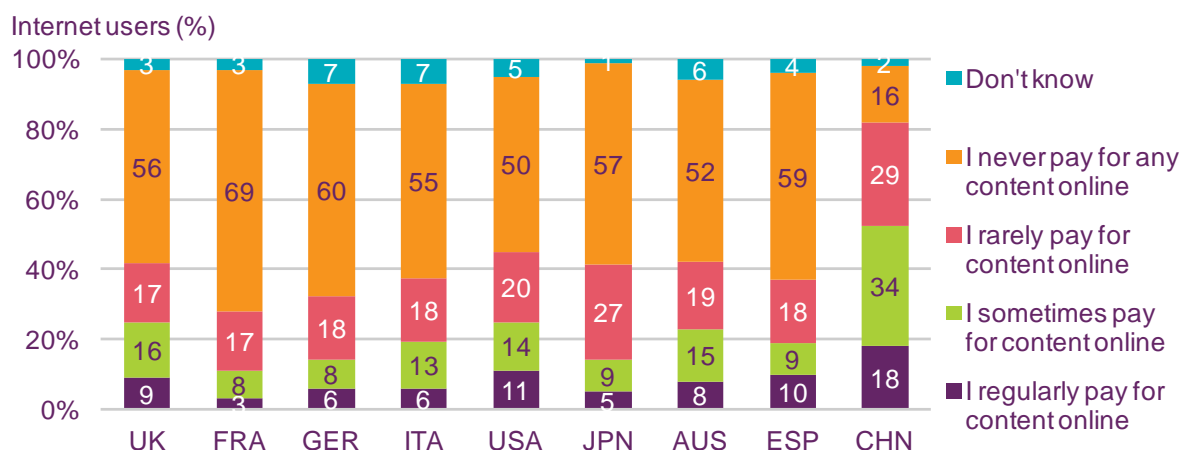
Internet users in China are six times more likely than those in France to pay regularly for digital content

At least half of the respondents to our research, in each of our comparator countries apart from China, claimed never to pay for digital content online. Digital content includes newspapers, TV programmes, films, e-books, music, and smartphone applications. A third of internet users in China claimed to pay 'sometimes' for digital content online, while more respondents claimed to pay regularly for content online (18%) than never to pay (16%).

Of the remaining comparator countries, internet users in the US were the most likely to claim to pay regularly for digital content (11%), and the least likely to claim to never pay for it (50%), while only 3% of French internet users claimed to pay regularly for digital content, and 69% claimed never to pay for it. In the UK, one in four internet users claimed they regularly, or sometimes, paid for digital content.

The incidence of paying for digital content is likely to be affected by proportion of internet users who consume content in a digital form. In China, where the internet population is characteristic of early adopters, consumption of digital content is likely to be quite high, as is the proportion of internet users who claim to pay for it. Furthermore, the supply of free-to-access digital content is also likely to affect how often internet users pay for digital content. Services such as the BBC iPlayer provide content which has already been paid for through a licence fee, but feels free to the consumer at the point of access. Content can also be funded through advertising, as is the free version of the Spotify music streaming service.

Figure 5.31 Frequency of purchasing digital content online



Source: Ofcom consumer research September 2012.

Base: All respondents, UK=1065, FRA=1016, GER=1024, ITA=1015, USA=1010, JPN=1004, AUS=1007, ESP=1001, CHN=1010.

Q14. Which of the following best describes your behaviour with regards to paying for digital content online? Examples of digital content would be newspapers, TV programmes, films, e-books, music tracks, smartphone apps.

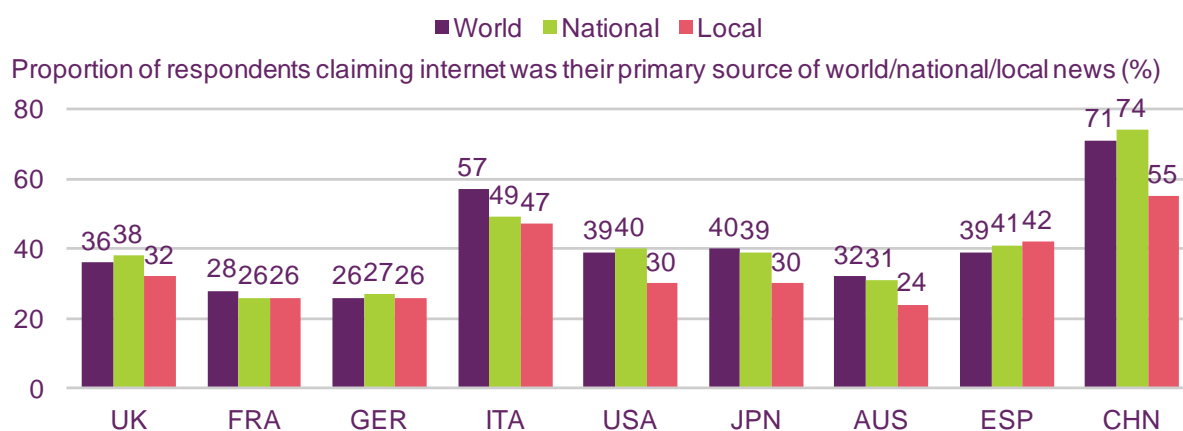
5.3.7 Online news

Three-quarters of internet users in China claim that the internet is their main source of national news

The majority of respondents to our consumer research in China claimed that the internet was their primary source for each category of news: world (71%), national (74%), and local (55%). These are the highest figures across the countries in which we conducted consumer research. Italy followed China in all three categories, where the figures were 57% (world),

49% (national), and 47% (local), while respondents in Germany, France, and Australia were the least likely to use the internet as their main source of news.

Figure 5.32 The internet as a primary source of news



Source: Ofcom consumer research October 2011.

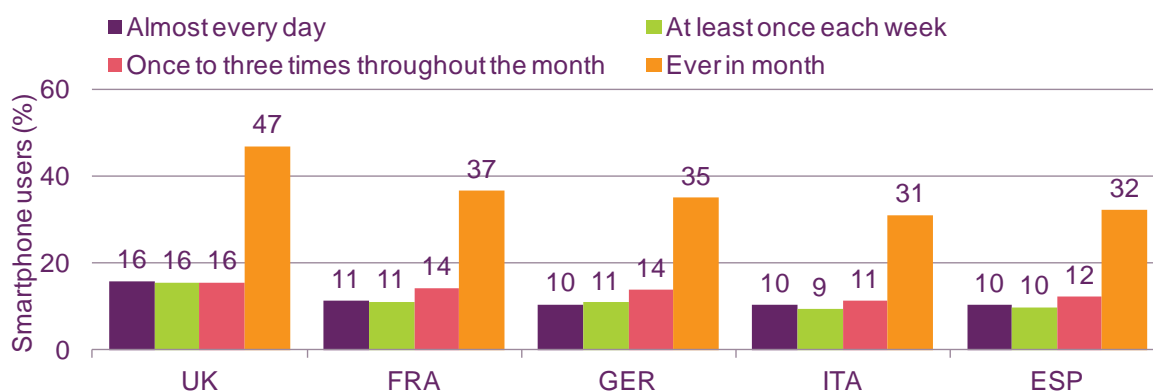
Base: UK=1065, FRA=1016, GER=1024, ITA=1015, USA=1010, JPN=1004, AUS=1007, ESP=1001, CHN=1010. Responses are cumulative figures for internet on computer/mobile phone/ smartphone/ tablet

Q11. Which, if any, is your main source for the following information? News about the world; news about your country; news about your region/locality.

One in six smartphone owners in the UK accesses news on their handset almost every day

Among smartphone owners in the five largest European economies, those in the UK access news through websites or apps on their handset more frequently than those in any other country. Almost half of smartphone owners in the UK claim to access news at least once a month, compared to 37% in France and 35% in Germany. And around one in six owners (16%) access news on their smartphones daily, compared to just one in ten in France, Germany, Italy and Spain.

Figure 5.33 Frequency of accessing news websites/apps among smartphone owners



Source: comScore MobiLens, 3 Month Average Ending January 2012

Base: Smartphone users aged 13+