
Communications Market Report 2019

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1. Overview

This year marks a significant change in the format of the Communications Market Report (CMR).

The CMR is now an interactive data portal, which allows users to interrogate data collected from industry by Ofcom, data from Ofcom's consumer research, as well as headline figures from selected third parties (including BARB and RAJAR).

Commentary and analysis of much of the data used in the CMR can be found in each of our [Media Nations](#), [Online Nation](#), [Connected Nations](#), and [Annual Monitoring Update on the Postal Market](#) reports, where we review and explore specific sectors of the media and communications markets in detail.

In this short document we highlight some key findings revealed by our most recent data.

What we have found – in brief

Internet take-up and smartphone ownership are both unchanged in 2019. Household internet take-up remains at 87%, and 79% of UK adults personally use a smartphone.

Consumers are upgrading to faster broadband. The number of fibre-to-the-cabinet connections overtook standard broadband copper connections for the first time this year, and the number of superfast broadband lines increased by 17% as people upgraded from standard broadband services.

And people are using more data. The volume of data used on fixed and mobile connections both grew by around a quarter, with 240GB being used on average each month per fixed broadband connection and 2.9GB in an average month being used on each mobile data connection.

Much of the growth in data use is driven by online video. Fifty-eight per cent of people watched on-demand video services, up from 53%. This is driven by increased use of subscription video-on-demand services such as Netflix and Amazon Prime Video. There was no change in the proportion of people watching the PSB broadcasters' free catch-up services (BBC iPlayer, ITV Hub, All4 and My5), and for some age groups, this declined.

The total volume of voice calls has fallen, but people are using their mobiles more for calling – and using their landlines less. The volume of minutes originating from fixed-line connections fell again in 2019 (by 17%), while the volume of minutes originating from mobiles went up by 5%. Losses in revenues from fixed voice services contributed to a 4% real-term decline in fixed telecoms revenues year-on-year.

And the volume of traditional text messages continues to fall. More than 5 billion fewer traditional SMS and MMS messages were sent in 2018, as people switched to messaging services such as WhatsApp. This will also have contributed to the increased data volumes on mobile connections.

Revenues stayed the same year on year for the commercial television and radio broadcasters. For commercial TV broadcasters, growth in pay TV and revenue from other sources compensated for a 4% decline in advertising revenue. For the commercial radio sector, losses in local commercial advertising revenue were offset by growth in national advertising revenues, sponsorship and other turnover.

Less was spent on broadcast content in 2018. Spend in the multichannel sector decreased in 2018, and while PSB spend on new UK content was higher than in 2017 due to the football World Cup, spend on new UK content was down by 5% on 2016 (the most recent comparable year due to the cyclical nature of sports events).

2. Key findings

Telecoms

The UK telecoms sector continues to make an important contribution to the overall economy, generating £33.8bn in operator-reported revenue in 2018. UK households spent an average of £83.56 per month on telecoms services during the year, equivalent to 3.3% of average household spend.

There were 26.6 million UK fixed broadband connections at the end of 2018, an increase of 0.5 million (2%) compared to the previous year.

By the end of 2018, there were 15.6 million superfast broadband connections (i.e. lines providing actual speeds of 30Mbit/s or higher), an increase of 2.2 million year on year. The average residential download speed increased by 18% to 54.2Mbit/s in the year to November 2018.

The number of superfast fibre-to-the-cabinet (FTTC) connections overtook the number of ADSL standard broadband connections for the first time during 2018, and superfast connections accounted for 59% of all fixed broadband lines at the end of 2018.

There were 0.5 million full-fibre connections at the end of the year, an increase of 0.2 million compared to 2017. This reflects growing availability of full-fibre services: our [Connected Nations Spring 2019 update](#) shows that 7% of UK premises could access full fibre broadband services by January 2019, up from 3% a year previously.

Nearly three-quarters (72%) of mobile connections were 4G at the end of 2018, up from 66% a year previously. EE and Vodafone have already launched commercial UK 5G services, with Three's 5G network due to go live in August 2019 and O2's later in the year.

Average fixed and mobile data consumption increased rapidly in 2018, with average data use per fixed broadband line increasing by 26% to 240GB per month, and average monthly use per mobile data connection increasing by 25% to 2.9GB.

While data consumption grows rapidly, total voice usage continues to decline, and it continues to shift from landlines to mobile: the total volume of outgoing calls from fixed lines fell by 17% in 2018, while mobile-originated call volumes increased by 5%.

Widespread smartphone take-up means that consumers have access to other forms of communication such as email, web-based messaging services (e.g. WhatsApp and Facebook Messenger) and social networking sites. This contributed to a further decline in the use of SMS and MMS messages in 2018, down by 5 billion messages (6%) to 74 billion in 2018.

Pay-monthly continued to be the most common type of mobile subscription in 2018; the proportion of subscriptions that were pay-monthly increased by 2pp to 72%.

The total number of landlines fell by 0.2 million (1%) to 32 million in 2018, as a fall in the number of business lines was partially offset by an increase in residential lines.

Television and audio-visual

Total revenue for the commercial broadcasters in the UK in 2018 was £11.3bn. This was unchanged in real terms since 2018, as increases in pay TV and revenue from other sources (e.g. TV shopping and sponsorship) made up for a 4% decline in net advertising revenue.

The 4% decline in net advertising revenue was less than in the previous year, probably helped by activity around the football World Cup 2018. The decline between 2016 and 2017 was 7.5%.

Spend by the PSBs on first-run UK-originated programming has fallen over time, from a real-terms peak of £3.5bn in 2004 to a low of £2.5bn in 2017. In 2018, PSBs spent £2.6bn on new UK content. Of this, factual content accounted for a fifth of spend, the largest proportion, followed by sport and entertainment.

Total multichannel spend decreased slightly in 2018, to £4.8bn, driven by a 6% decline in spend by the commercial PSBs on their portfolio channels.

News and current affairs still account for the majority of first-run hours on the PSB channels (59%), followed by factual (18%).

For key genres across the multichannel sector, 16% of all hours were first-run, with the majority devoted to entertainment, news and sport. Of the first-run content, 54% was acquired, with the remainder originating either in house (38%) or via commissions (8%). On the PSB channels, 44% of total hours were first-run UK originations.

Lots of people are still watching TV, but they are watching for less time. The average weekly reach for TV was 88.5% in 2018, down from 90.2% the previous year. The amount of time spent watching TV on the TV set is falling faster than reach – the average number of minutes that people in the UK spent watching fell by 11 minutes to 3 hours 12 minutes each day. The PSBs and their portfolio channels accounted for 71% of viewing.

Declines in the amount of time spent watching live TV are more pronounced among younger audiences. Those aged 16-24 spent an average of 1 hour 25 minutes each day watching live TV in 2018, 15 minutes less than in 2017, while 25-34s watched for 2 hours 2 minutes, 18 minutes less than in 2018.

Radio and audio

Commercial radio revenues were flat year on year in real terms in 2018, at £572m. An 11% decline in local advertising was offset by a 5% increase in national advertising, a 7% increase in sponsorship and 18% growth in other relevant turnover (such as revenue from on-air competitions).

Overall reach for radio remained high (89.4%), and the time spent listening has remained the same year on year. Each radio listener spent 20 hours 54 minutes listening to radio in an average week in Q1 2019. Those aged 15-24 spent 12 hours 48 minutes with radio each week in Q1 2019, and although the same as in 2018, this is down from 15 hours in 2015.

Digital share of listening in Q1 2019 increased to 56%, from 51% a year previously. For the national commercial stations, 83% of all listening is through digital platforms. This is up from 62% in 2015,

due to increases in the number of national commercial stations available on digital following the launch of the Sound Digital national multiplex in 2016.

Post

Almost six in ten people (58%) strongly agree that they value the option to be able to use the postal service. However, one-third of people say that they only use post to send greetings cards, and when asked about the services that they use to communicate with friends and family, mobile phone calls, text messages and emails are all considered more important than post.

Just over eight in ten people (84%) send letters or parcels through the post, although the proportion of younger people who send post is lower, at 70%.

3. The interactive data

The Communications Market Report interactive data can be accessed here:

<https://www.ofcom.org.uk/research-and-data/multi-sector-research/cmr/interactive-data>

There are four sections in the report: data covering the communications and media sectors as a whole, television and audio visual, radio and audio, and post. This section explains what you can find in each section and sets out when additional data will be added.

Market in context

This section contains data on:

- Advertising spend across the communication and media sectors
- Device and service take-up and use

In August 2019, data will be added detailing:

- Total industry revenues across telecoms, TV, radio and post
- Household spend on telecoms, TV, radio and post

Television and audio-visual content

This section contains data on:

- Commercial TV broadcaster revenues
- Hours and spend on content for commercial TV broadcasters
- Hours and spend for the public service broadcasters, for network and regional services
- TV viewing, including reach, share, and average minutes per day

In August 2019, data on public funding will be included.

Radio and audio content

This section contains data on:

- Commercial radio revenues
- Radio listening, including reach, share, and time spent listening
- DAB digital radio take-up and share
- Community radio revenues and expenditure

In August 2019, data on BBC spend on radio will be included.

Post

This section includes consumer data from our residential postal tracker. In September 2019, data on post volumes and revenues will be added.