The Communications Market 2011

4 Internet and web-based content

.

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4.1.1 Introduction

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

UK internet & web-based content market	2006	2007	2008	2009	2010	2011
[1]PC / laptop take-up (%)	67	71	72	74	76	78
[1]Internet take-up (%)	60	64	67	70	73	77
[1]Total broadband take-up (%)	41	52	58	68	71	74
[1]Fixed broadband take-up (%)	n/a	n/a	n/a	65	65	67
[1]Mobile broadband take-up (%)	n/a	n/a	n/a	12	15	17
[1]Internet on mobile phone take-up (%)	n/a	n/a	n/a	20	22	28
[1]Social networking on internet take-up (%)	n/a	n/a	20	30	40	46
[2]Internet advertising expenditure	£2.0bn	£2.8bn	£3.4bn	£3.5bn	£4.1bn	n/a
[3]Mobile advertising revenue	n/a	n/a	n/a	£37.6m	£83.0m	n/a

Sources: [1]Ofcom consumer research (Q1 each year), [2]IABUK /PwC, [3]IAB .

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

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

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

It is split into three sub-sections.

In the first section: **Key Market Developments,** we examine two themes which are at the heart of the transformative effect of the internet on consumer behaviour and industry structures.

- **Nearly one in three mobile users now access the internet on their phones**. We examine what is driving this and find that the most popular internet service is social networking, with 57% of mobile phone internet users spending an average of five and a half hours a month on social networking sites.

- **The internet advertising market grew by 16% in 2010** and generated £4.1bn – slightly more than television advertising. We look at what is driving this and find that a big area of growth has been display advertising on social networking sites. We also look at the mobile advertising market, which is a relatively small part of the overall market but more than doubled its size in 2010 to reach £83m.

The second sub-section looks at **internet use** in the UK in terms of the platforms (including fixed, cellular and WiFi) that consumers use to access the internet, and the demographic breakdown of internet users (including splits by age, gender, socio-economic group and region).

Finally, we provide an overview of the **consumption of web-based content** in which we examine how consumers navigate to content online, the most popular online services and websites, the uploading of content onto the internet and consumers' concerns about the internet.

4.1.2 Internet on mobile grows as users put their social networks in their pockets

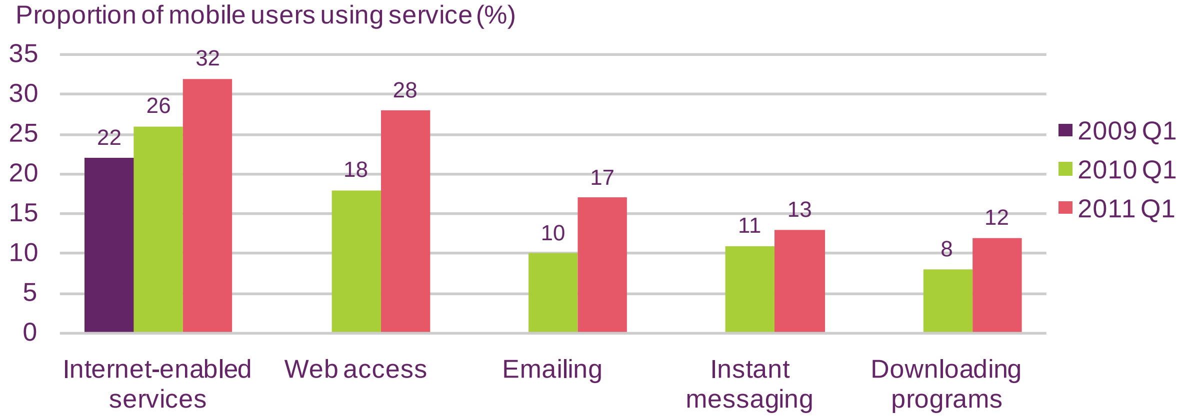
Smartphone take-up drives increase in use of internet on mobile phones

As detailed in Section 0 of this report, a key feature of the UK communications market in the past year has been the take-up of smartphones, i.e. phones which are specifically designed for the consumption of internet-enabled services such as websites and mobile applications. Our research in March 2011 found that more than a quarter of the UK population (26%), or 29% of all mobile users, owned a smartphone. We also found that more than half of these (59%) got their smartphone in the past 12 months.

It is likely that this growth in smartphone take-up is the primary driver of increasing use of data services on mobile phones. In Q1 2011, our technology tracker research found that almost a third (32%) of mobile users accessed internet services on their phone, up from 26% a year previously. There were significant increases in the numbers of mobile users accessing websites, using email and downloading programmes (Figure 4.2).

In addition to increasing take-up of internet services on mobile phones it appears that the intensity of use has increased significantly. Figure 5.21 in the Telecoms section of this report details that the volume of mobile data transferred over the UK's mobile networks increased by 67% during 2010, and increased forty-fold between Q4 2007 and Q4 2010. This suggests that the use of 3G/HSPA networks on smartphones is having a similar transformative effect on mobile internet use as that which happened in the early-mid 2000s on fixed-line networks with the migration from dial-up to broadband.

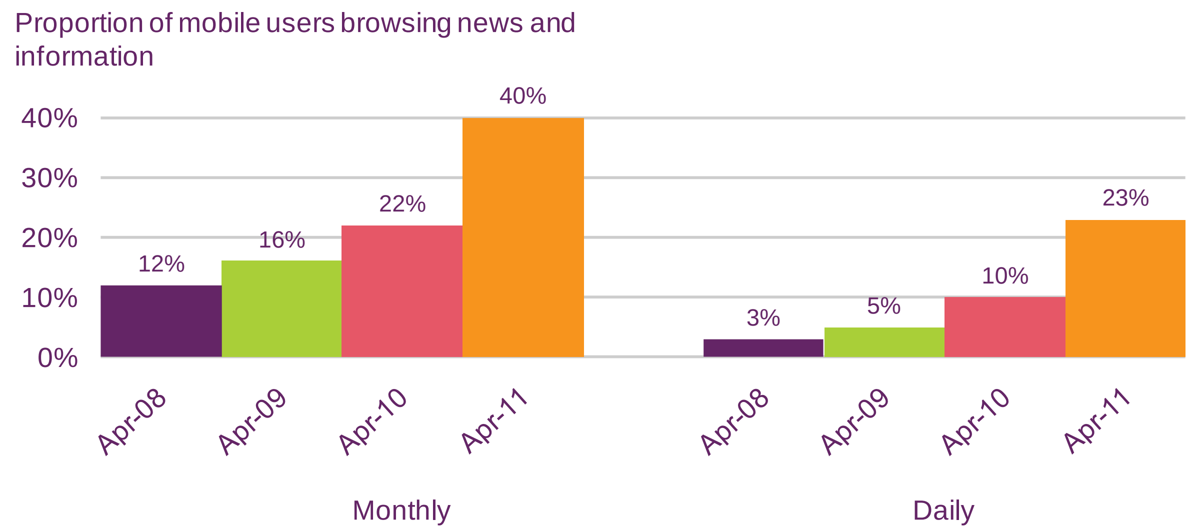
Figure 4.2 Use of mobile data services



QD9A: Which if any of the following activities, other than making and receiving voice calls, do you use your mobile for?
Source: Ofcom technology tracker, Q1 2011
Base: All mobile users aged 16+ (n=3091);
Note: 'Internet-enabled services" data shows 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.

Recent survey data from Enders Analysis indicates both that the take-up of internet use on mobile phones has accelerated in the past year, and also that among mobile internet users use is increasing, with 23% of mobile internet users claiming to access news and information on a daily basis in April 2011, compared to just 10% a year previously (Figure 4.3).

Figure 4.3 Browsing news and information on mobile phones



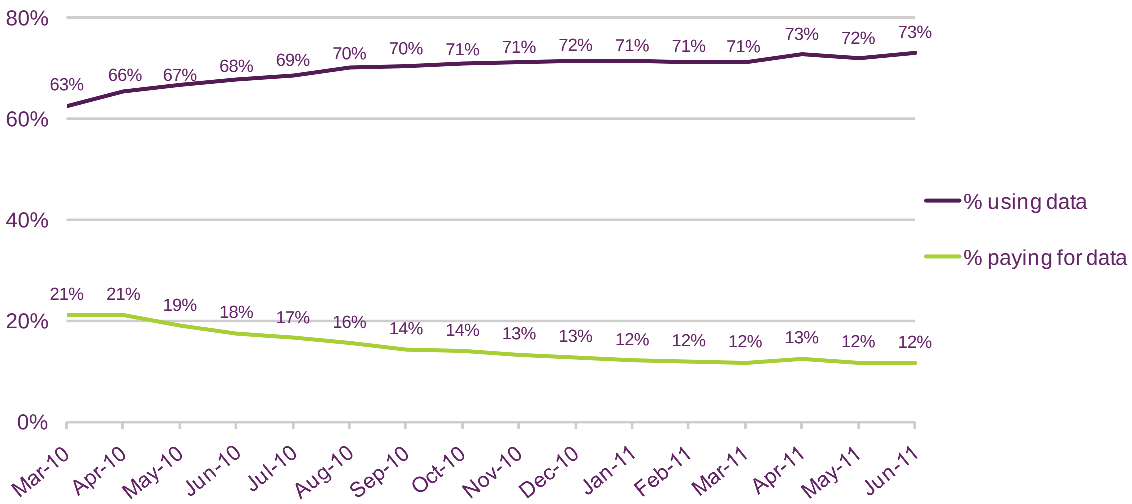
Source: Enders Analysis/TNS-RI survey, April 2011

Inclusive data within mobile tariffs promotes use of internet services on mobiles

Hand-in-hand with the increasing take-up of smartphones is the increasing inclusion of data services within mobile tariffs. Although data allowances had featured in some mobile tariffs previously, the launch of the iPhone in the UK in September 2007, with unlimited data included in every tariff, was a watershed event, and now most pay-monthly tariffs that include a smartphone also include a data allowance, while there are even some sub-£15-a-month SIM-only contracts available which include data as well as voice minutes and text messages.

The inclusion of data within standard mobile tariffs has therefore been a driver of increasing use of data services. Figure 4.4 shows information collected by price comparison company Bill Monitor, compiled from between 3,000 and 10,000 customer bills submitted every month. It indicates that by June 2011, 73% of mobile bills detailed some data use, but only 12% of bills included data charges on top of the monthly fee (Figure 4.4).

Figure 4.4 Proportion of pay-monthly customers using data and paying for it outside a bundle

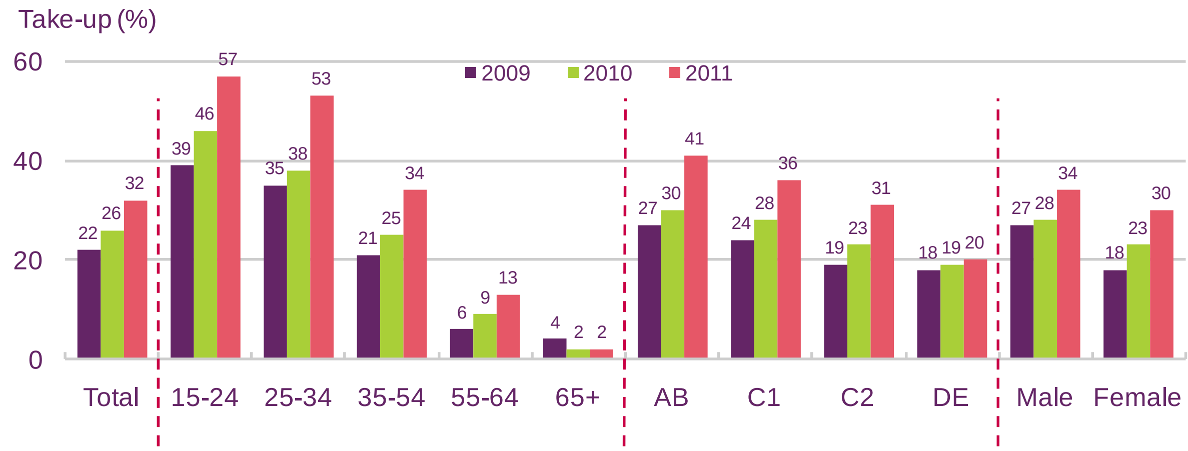


Source: Bill Monitor

There are significant differences in the use of internet services on mobile phones, by age, socio-economic group and gender (Figure 4.5). Over half of all adults under the age of 34 use the internet on mobile phones, compared to 34% of 35-54s, 13% of 55-64s and just 2% of over-65s. ABC1 socio-economic groups are more likely to use the internet on mobiles, perhaps because they are more likely to be able to afford expensive smartphones and data plans (although smartphones are now available for less than £100 – for example, the Android-based Orange San Francisco phone, manufactured by ZTE, is available for £99.99 on pay-as-you-go, and Orange claims that it outsold the iPhone 4 in early 2011[27]) .

[27] http://wwwen.zte.com.cn/en/press_center/press_clipping/201106/t20110630_241355.html

Figure 4.5 Use of internet on mobile phones, by demographic



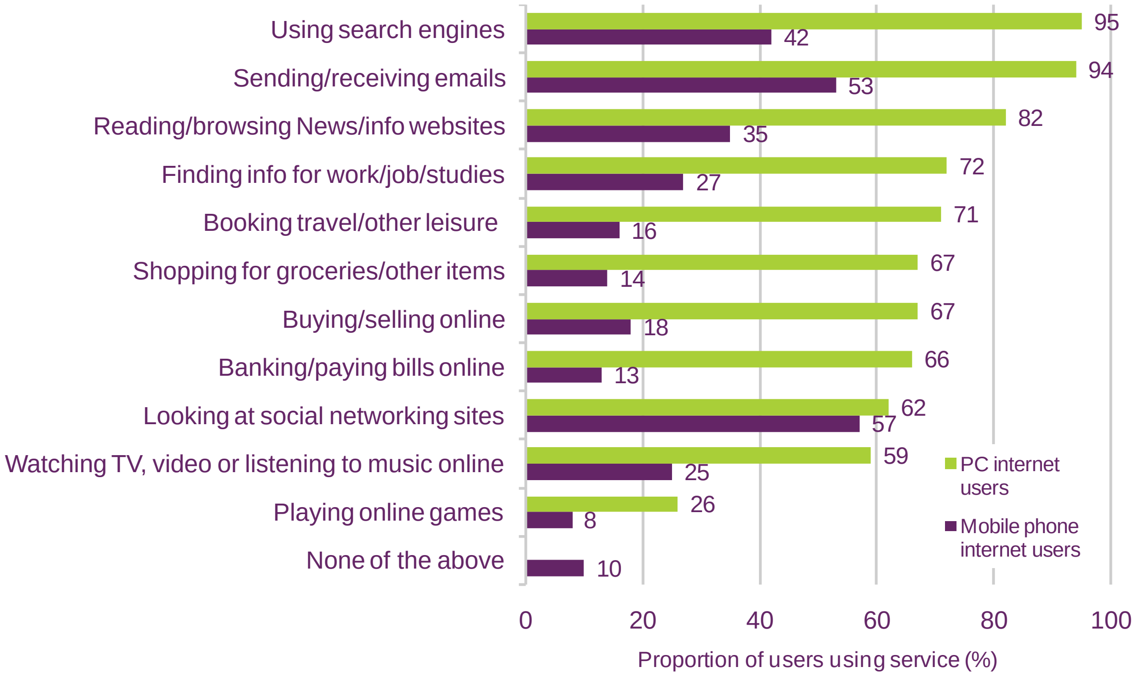
QD28A: Which if any, of the following activities, other than making and receiving voice calls, do you use your mobile for?
Source: Ofcom technology tracker, Q1 2011
Base: All adults 16+ (n = 3474 UK, 460 16-24, 540 25-34, 1204 35-54, 535 55-64, 735 65+, 784 AB, 1014 C1, 701 C2, 975 DE, 1679 male, 1795 female)
Note: Data show 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.

Social networking is the most common internet use on mobile phones

As with internet use on PCs, there is a wide range of types of use of the internet on mobile phones, although as detailed in Figure 4.6, PC users are more likely to use all types of services than mobile phone users.

Whereas on PCs the most commonly used internet services are search engines and email, the most commonly used internet service accessed on mobile phones is social networking, used by 57% of mobile internet users.

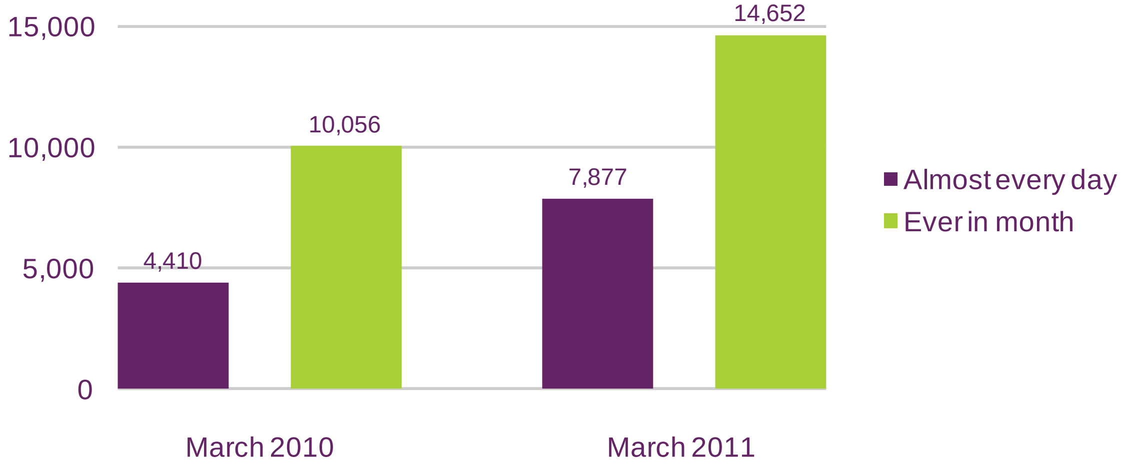
Figure 4.6 Comparative use of internet by PC and mobile users



Q12. Which of the following type of activities do you use the internet for?
Base: All respondents (1022)
Q13. And which of these do you ever use the internet on your mobile phone for?
Base: Those who access the internet via mobile phone (212)
Source: Monetisation of data research, conducted on behalf of the Communications Consumer Panel by Accent, fieldwork in February 2011

Data from ComScore show that in March 2011 14.7 million people in the UK accessed social media sites or blogs on their phones (up 46% in a year). There is also evidence that these are used more intensively – the number of people accessing social networking services almost every day increased by 79% in the year, with more than half (54%) of those using social networking services on mobile phones in May 2011 doing so on a daily or near-daily basis (Figure 4.7).

Figure 4.7 Unique UK mobile phones accessing social networking services



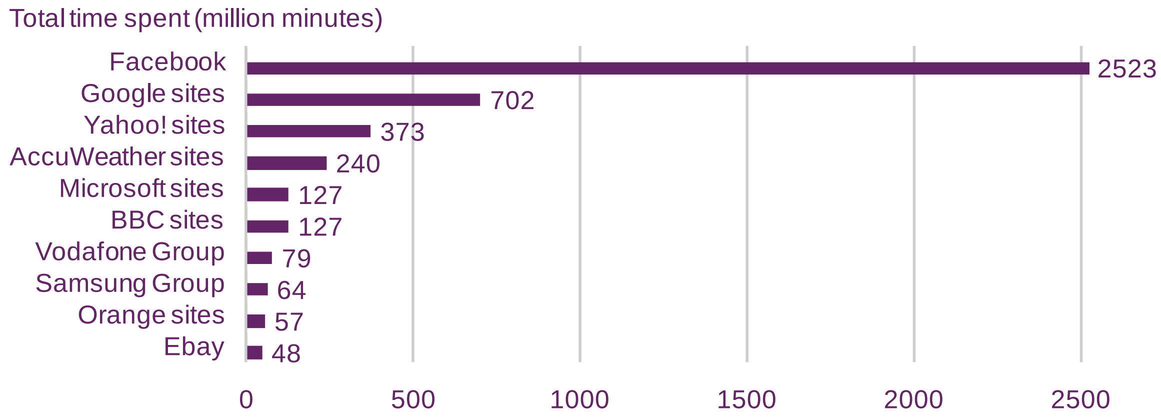
Source: comScore mobiLens, three month average ending Mar-10 vs. Mar-11, [*http://www.comscoredatamine.com/2011/05/mobile-social-media-usage-up-80-percent-in-the-uk*](http://www.comscoredatamine.com/2011/05/mobile-social-media-usage-up-80-percent-in-the-uk)

Facebook's mobile users spend more than five and a half hours on the site a month

The extent of social networking on mobile phones is indicated by Figure 4.8 which shows that Facebook dwarfs other websites in terms of time spent online by mobile users. The data are collected on behalf of the GSMA by ComScore from the UK's five mobile network operators and finds that UK users spent more than 2.5 billion minutes (42 million hours) on Facebook in December 2010, with each visitor spending an average of 5.6 hours on the site (11 minutes a day). (Note that this compares to an average of 7.2 hours spent on Facebook by fixed-line users in December 2010 – see Figure 4.36 below). However, not all time on Facebook is spent 'social networking': it is estimated that around 40% of time spent on Facebook globally is spent playing games – see Section 4.3.2 below).

While Facebook was a clear leader in terms of the amount of time mobile phone users spent on it, Google sites had a bigger reach, with nearly 9.5 million unique mobile phone visitors (compared to Facebook's 7.5 million visitors). BBC Online had the third largest number of unique visitors, with 3.7 million.

Figure 4.8 Top ten UK mobile internet sites, by time spent: December 2010



Source: ComScore, Mobile Year in Review 2010 (February 2011), [*http://www.comscore.com/Press_Events/Presentations_Whitepapers/2011/2010_Mobile_Year_in_Review*](http://www.comscore.com/Press_Events/Presentations_Whitepapers/2011/2010_Mobile_Year_in_Review)

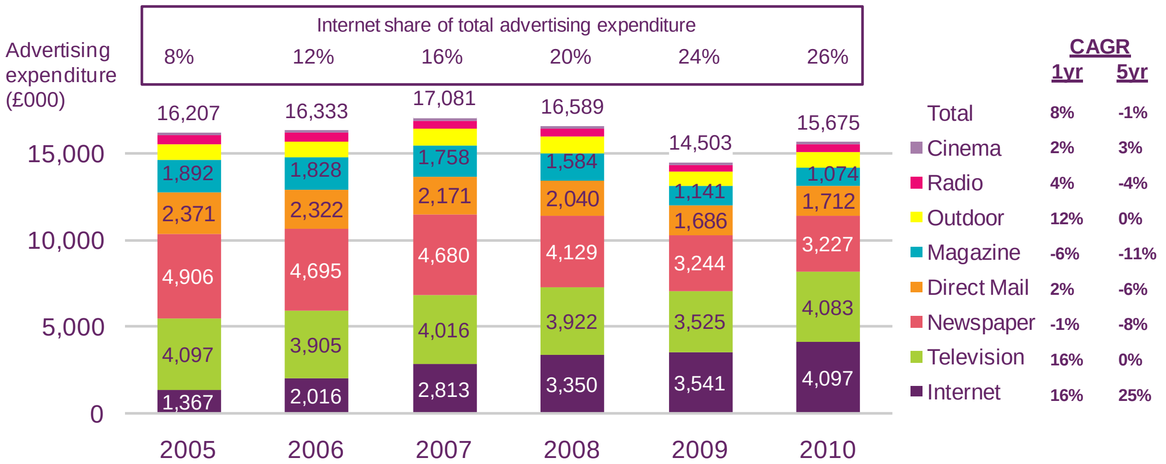
4.1.3 Internet advertising grows and diversifies

Over a quarter of advertising spend is on the internet

Advertising is the basis of many internet business models, accounting for virtually all of the £2.1bn revenue generated by Google in the UK in 2010[28], as well as most of the revenue of internet giants Facebook, Yahoo and MSN.

Although there has been a movement away from advertising-funded to subscription models by some high-profile content suppliers such as Spotify and News International, the market for online advertising has continued to grow, driven in part by the continued growth in online shopping (see Section 4.3.6 below), but also by the continued migration of display advertising from newspapers and magazines to online (and in particular to social networking sites). The internet was the only advertising sector to continue to grow through the economic downturn in 2009, and continued to have strong growth in 2010 as online advertising spend increased by 16% and it increased its share of total advertising spend from 24% to 26% (Figure 4.9). The internet became the largest advertising sector in 2009, when expenditure on internet advertising exceeded television advertising for the first time, and it remained the largest sector in 2010 despite a strong bounce-back by television advertising, buoyed by the end of the economic downturn and the football World Cup.

Figure 4.9 UK advertising expenditure, by category



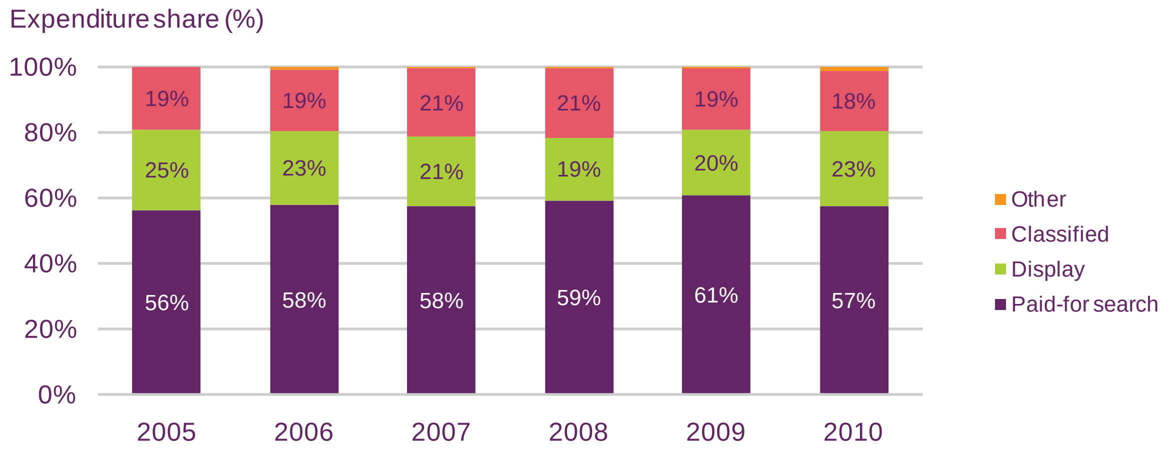
Source: AA/Warc Expenditure Report
Notes: All figures are nominal; CAGR = compound annual growth rate.

Display advertising increases its share, driven by ads on social networking sites

Paid-for search (dominated by Google, which generates revenues from advertised links on its own site and other search engines powered by Google) accounted for the majority of revenue, and total search advertising revenues increased by 9% in 2010. However, for the first time paid-for search's share of revenue fell, as display advertising revenues increased by 33%.

[28] The UK accounted for 11% of Google's $29.3bn global revenue in 2010; of this global revenue, 96% came from advertising, http://investor.google.com/documents/20101231_google_10K.html

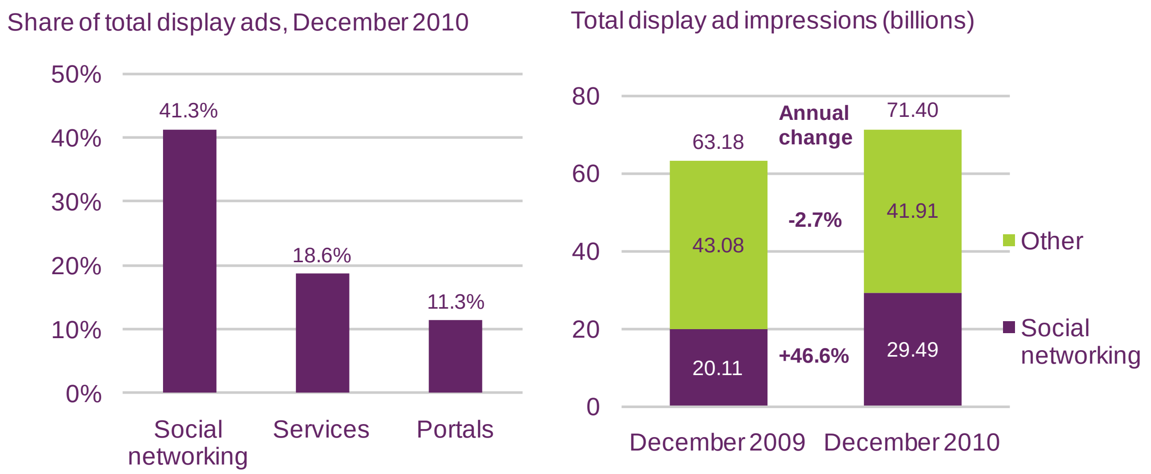
Figure 4.10 Distribution of internet advertising expenditure, by category



Source: IABUK/PwC

Figure 4.11 indicates how the growth in display advertising has been driven by social networking. In December 2010, social networking accounted for 41% of total display advertising. During the year, display ads on social networking increased by 47%, while other display advertising suffered a small decline (-3%).

Figure 4.11 UK internet display advertising

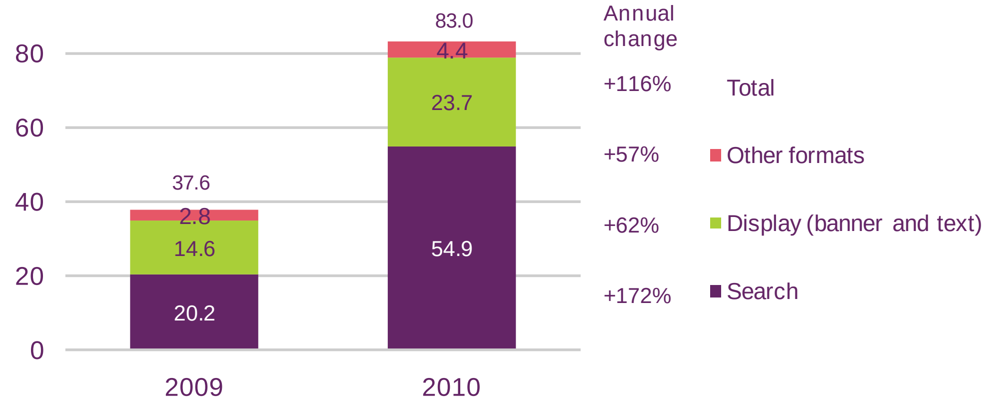


Source: comScore Ad matrix, cited in The 2010 Europe Digital year in Review, *http://www.comscore.com/Press_Events/Presentations_Whitepapers/2011/2010_Europe_Digital_Year_in_Review*

Mobile advertising more than doubled in 2010

In 2010 the mobile advertising market was only 2% the size of the internet ad market. However, driven by increasing use of internet services on mobile phones, together with more sophisticated business models (for example, fully or partially advertising-funded mobile applications), mobile advertising revenue more than doubled during 2010. Search-based advertising increased by the greatest amount (172%) and increased its share of mobile advertising from 54% to 66%. This is likely to be the result of Google's increasing emphasis on mobile advertising; although, with Facebook having a clear lead in terms of the amount of time spent on mobile internet sites (see Figure 4.8 above), it remains to be seen whether display ads on mobile will win back share, or whether the limitations of mobile screen size will constrain the growth of display advertising.

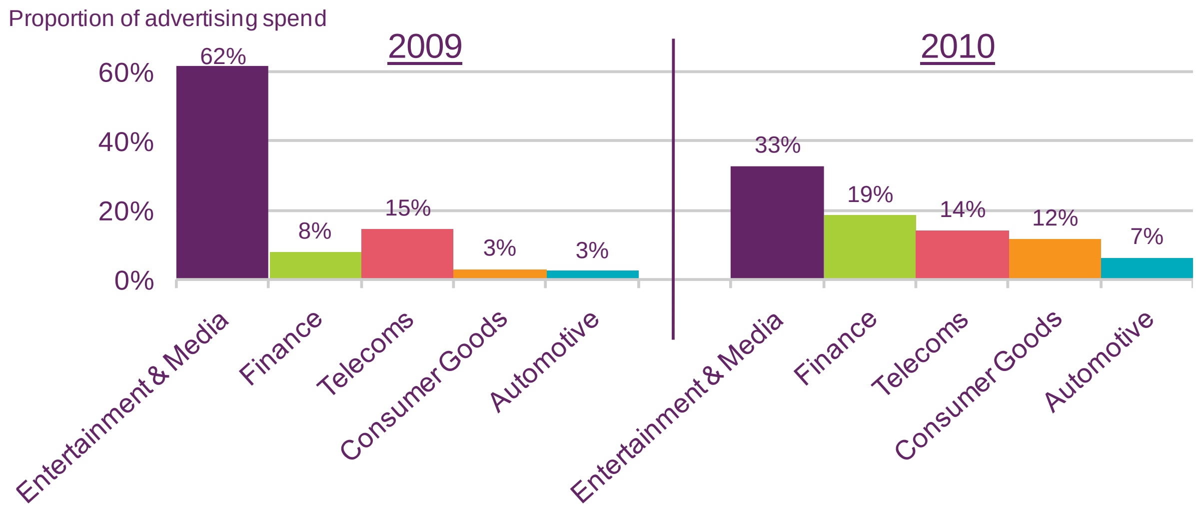
Figure 4.12 Mobile advertising revenues



Source: Source: IAB, referenced at http://www.digitalstrategyconsulting.com/intelligence/2011/03/smartphones_helped_double_uk_m.php#

Another feature of the maturing mobile advertising market is the diversification of spending away from entertainment and media (Figure 4.13). Significant growth in advertising spend on consumer goods and finance products in 2010 is likely to reflect the increasing use of online shopping on mobile as well as the changing profile of mobile internet users, as take-up moves from the early adopter phase to the mass market.

Figure 4.13 Top five mobile advertising categories, 2009 and 2010



Source: IAB, referenced at http://www.digitalstrategyconsulting.com/intelligence/2011/03/smartphones_helped_double_uk_m.php

4.2 Internet use in the UK

4.2.1 Introduction

Internet take-up in the UK has increased very rapidly over the last decade and is an essential part of day-to-day life for many people. However, engagement with web-based content is limited by internet take-up. It has grown rapidly in recent years, but has not yet reached the take-up levels of other major communications services such as broadcast networks and fixed-line and mobile telephony. This section examines internet take-up and use in the UK.

- Section 4.2.2 considers the **platforms that consumers use to access the internet**, including networks and devices.

- Section 4.2.3 examines the **demographics of internet access**, detailing how access varies by age, gender, and socio-economic group.

- Section 4.2.4. looks at the **time spent online** by UK internet users.

- Section 4.2.5 details the **range of internet use** and how it varies by age group.

- Section 4.2.6 compares the level of **confidence in using the internet** between different demographics.

Key findings

The key findings from this section of the report are:

- **More than three-quarters of UK households have home internet access**
PC-based internet take-up was 77% in Q1 2011 (up from 73% a year previously). More than two-thirds (67%) of households have a fixed broadband connection and 17% have a mobile broadband (dongle) connection.

- **Consumers use a wide range of devices to access the internet at home**
In 2010, 69% said they accessed the internet at home via a laptop or PC, 31% on a mobile phone, 9% via a games console and 4% of households using an e-reader. WiFi routers were used by 75% of broadband households in Q1 2011 (up from 66% in Q1 2010).

- **Over a quarter of over-75s have internet access at home**
In Q1 2011, 26% of over-75s had home internet access (up from 23% a year previously), as did 55% of 64-74 year-olds (up from 51%); 25-34 year-olds were the most likely to have home internet access (88%).

- **On average, internet users spent an average of around 1 hour 40 minutes a day online in April 2011.** Younger users on average spent longer online than older users.

- **Email is the most popular use of the internet**. More than three-quarters of internet users claim to have used email in the last week.

- **People are increasingly confident using the internet.** In 2010, 93% of internet users said they were confident in using the internet, up from 88% a year previously.

Older age groups, women and lower socio-economic groups are less confident, but levels have increased for all groups.

4.2.2 Internet take-up, by platform

More than three-quarters of households have home internet access

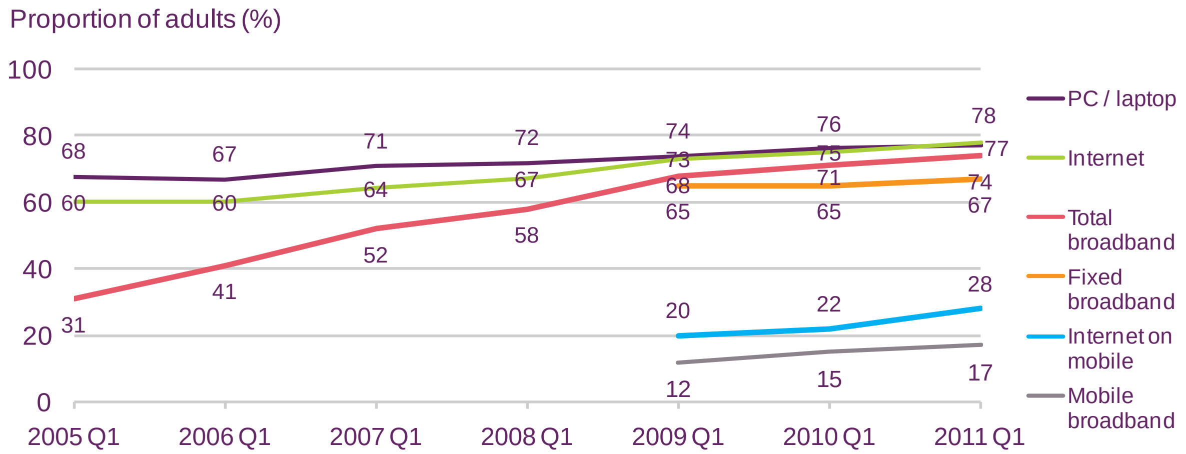
The ownership of a PC has always been a constraint on the take-up of home internet services, with the cost of the PC preventing some households from getting online and others saying they do not have the knowledge/skills to use a computer (see page 208 below). However, the mass-market emergence of internet-enabled phones and internet services designed specifically for mobile phones (such as mobile applications) means that increasingly people are getting online through mobile phones. For the first time in Q1 2011 household internet take-up (78%) exceeded PC ownership (77%) as a small proportion of households went online via mobile phones only.

By Q1 2011, 28% of households had internet access via mobile phones (see Section 4.1.2 above), and the growth in mobile phone access is outstripping growth in mobile broadband via dongles/datacards connected to PCs. A notable finding from our research into smartphone use (see Section 0) was that a third of users agreed that their smartphone was more important to them for accessing the internet than any other device, with the proportion rising for younger users.

The type of internet connection that a consumer has influences the type of content they can access. Our research into users of super-fast broadband services (see Section 5.1.3) indicates that they are typically using more services that benefit from high bandwidth (such as watching full-length TV programmes or films) since moving to a super-fast service. Although broadband performance is highly dependent on location, fixed broadband typically delivers faster speeds and a more stable and responsive connection than mobile broadband; this makes fixed access more suitable for high-bandwidth activities such as video streaming and those which require a high level of responsiveness, such as some online gaming. Mobile broadband is also generally subject to usage constraints, which makes it expensive for heavy users. However, in addition to having the benefit of being portable, mobile broadband may also be less expensive for some consumers, as it does not require a landline, and pay-as-you-go tariffs are available.

Because of the different characteristics of fixed and mobile broadband, many households have both. Of the 17% of households that had a mobile broadband connection in Q1 2011, the majority (10% of all households) also had a fixed-line broadband connection. Indeed, even while internet access via mobile networks increases (via mobile dongles and mobile phones), fixed-line internet access also continues to creep upwards, with 67% of households having a fixed internet connection in Q1 2011, up from 65% a year previously. This indicates that households are increasingly using multiple methods of accessing the internet.

Figure 4.14 Household PC and internet take-up, 2005-2011



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 (via any device, e.g. PC, mobile phone etc)? / QE6: Which of these methods does your household use to connect to the internet at home?
Source: Ofcom technology tracker, Q1 2011
Base: All adults aged 16+ (n=3474)
Note 1: "Internet on mobile" is the % of adults who use a mobile phone for any of the following activities: instant messaging, downloading apps or programs, email, internet access, downloading video, video streaming, visiting social networking sites
Note 2: From,Q1 2009 the 'internet' figure includes those who access the internet on mobile phones.

WiFi networks facilitate multiple devices connecting to the internet

Within the home WiFi routers enable multiple devices to access the internet. Virtually all laptops sold have an in-built WiFi modem, while most smartphones are also WiFi enabled. Internet service providers typically now include a WiFi router within the service package for new customers and since 2008 most fixed-line broadband connections have used a WiFi router; by Q1 2011 this had risen to 75%.

Home WiFi networks use unlicensed spectrum in the 2.4GHz or 5GHz spectrum bands, and are sometimes used in association with other technologies that facilitate internet access to multiple devices, such as:

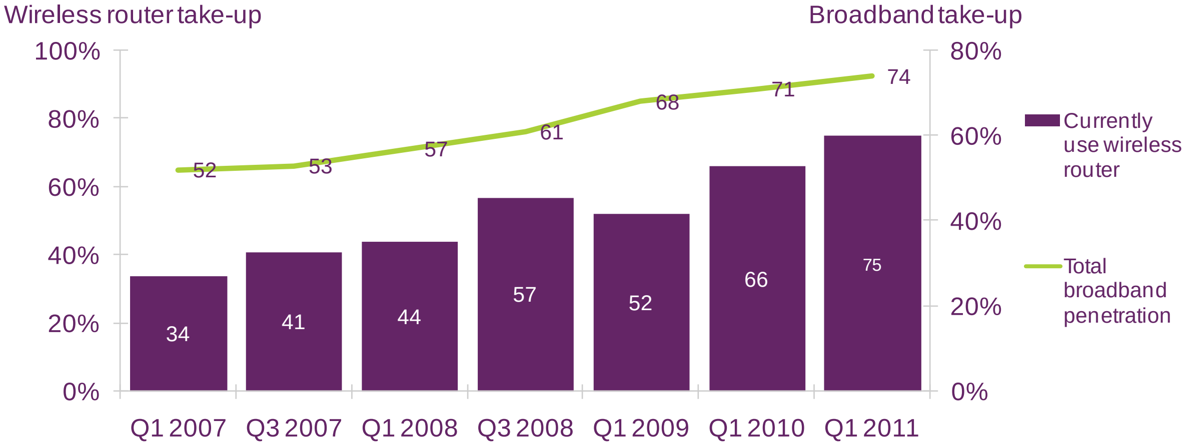
- **'power line' technology** – that uses the mains wiring in homes to transmit data to other devices (this is often used for internet-connected TVs, as power sockets tend to be closer to televisions than phone sockets); and

- **'femtocells'** – small in-home cellular base stations. These allow consumers to use 3G/HSPA devices in their homes and route the data over their fixed broadband connections rather than the cellular network, thereby potentially offering faster connectivity and higher data capacity.

Similarly, mobile connections can potentially provide internet connections to multiple devices, either through the 'tethering' of mobile phones (whereby the mobile internet connection of a mobile phone is shared with other devices, sometimes via WiFi, thereby creating a mobile hotspot) or through 'MiFi' hardware (a cellular wireless router that creates a mobile hotspot).

Collectively, the ubiquitous in-home internet connectivity is blurring the boundaries between fixed and mobile networks, between the roles that devices such as computers, mobile phones and televisions play, and between broadcast television and on-demand video content.

Figure 4.15 Use of wireless router vs. broadband take-up, 2007-2010



Source: Ofcom research, Q1 2010.
Base: Adults aged 15+ with a broadband connection at home (from 2009 this is based on fixed broadband connections only).
Note: Total broadband penetration (fixed and mobile) based on all adults aged 15+.

New device launches extend internet access beyond the PC

The range of internet-connected devices available to consumers has increased significantly in recent years. Indeed, our research into the reasons for taking super-fast broadband services found that the desire for "good simultaneous performance on different devices" was the most common performance-related reason cited by consumers (second overall after "the deal I was offered provided good value for money" - see Figure 5.7 in the Telecoms section of this report). In addition to PCs, laptops and mobile phones, devices used to access internet content in the home include the following:

- **Games consoles** such as the Sony PlayStation 3, Microsoft Xbox 360 and Nintendo Wii allow users to browse the internet and consume web-delivered video content as well as playing games online. Our research finds that 9% of households accessed the internet using a console in Q1 2011.

- **Internet-connected TVs** – in 2010 all of the leading manufacturers launched TVs which included internet connectivity (primarily via applications providing access to services such as LoveFilm, YouTube and the BBC iPlayer, as well as manufacturers' own services such as Sony's Qriocity or Samsung Apps). One million were sold in the year (representing 10% of total TV sales) – see Section 2.1.3 of the TV and audio-visual section of this report for more information on web-enabled TVs.

- **Tablet computers –** Apple's launch of the iPad in May 2010 has created the impetus for a major new category of hand-held touchscreen computers. Five main tablet platforms (operating systems) are available: iPad, Android, Blackberry, Windows and HP. Research by Enders Analysis in April 2011 found that 6% of UK mobile phone users claimed to own a tablet, with a further 24% interested in owning one.[29]

[29] Enders Analysis, Mobile User Survey 2011, June 2011

- **E-readers –** Devices such as the Amazon Kindle and the Sony e-reader enable electronic books to be downloaded from online stores and read on a device of similar dimensions to a typical paperback book. Amazon.co.uk announced in May 2011 that it was now selling twice as many e-books as hardcover books, and data from the Publishers Association show that digital books' share of the total book market increased from 2% in 2009 to 11% in 2010.[30] Our research indicates that 4% of adults claimed to use an e-reader in Q1 2011. Unlike other connected devices, e-readers are as popular with older age-groups as younger age-groups: 4% of 16-24s and 4% of 55-64s claimed to own an e-reader while take-up was highest among 35-54s (6%).

Launch of Apple's iPad triggers major new category of connected devices

Although it was not the first tablet computer, the launch of Apple's iPad in April 2010 (May 2010 in the UK) established tablet computers as a major new category of devices for accessing the internet. In March 2011 Apple launched the iPad 2, and in June 2011 announced that it had sold 25 million units worldwide.[31]

Apple accounted for around 95% of tablet sales in Q3 2010[32], and data from ComScore show that the iPad accounted for 99% of data volumes used by tablets in May 2011[33]. However the market has rapidly become crowded – tablet PCs were a major theme at the Consumer Electronics Show in Las Vegas in November 2010, where upwards of 80 models were showcased[34]. High-profile tablet PCs included the Samsung's Galaxy Tab and Motorola's Xoom, which run on Google's Android operating system, and the Blackberry Playbook.

Our consumer research finds that 2% of UK adults claimed to have a tablet PC in Q1 2011. Enders Analysis estimates that around 1.5 million tablets had been sold in the UK by June 2011.[35] There also appears to be considerable scope for growth – consumer research by Enders in March 2011 found that in addition to the 6% of UK mobile users who claimed to own a tablet, a further 6% were very interested in owning one and 18% quite interested.[36]

Tablet PCs are highly portable, generally offer a touchscreen, are quicker to boot up than PCs and – for the iPad and Android-based tablets in particular – promote the consumption of internet content through applications (apps), produced by third-party developers and sold (or offered free of charge) via stores such as Apple's App Store and Android Market.

However, while tablet PCs may be changing the way in which users consume internet content, they appear to be complementary rather than substitutes for for other devices. Enders' research found that 97% of tablet owners also had a home laptop or desktop (90% had a laptop) and 78% had a smartphone.

Figure 4.16 indicates how the take-up of some of these devices varies with age. In line with general internet take-up (see Section 4.2.3 below), devices generally have the highest take-up among 16-24s and 25-34s, with markedly lower take-up among over-65s. Notably, one in five 16-24 year-olds access the internet via a games console.

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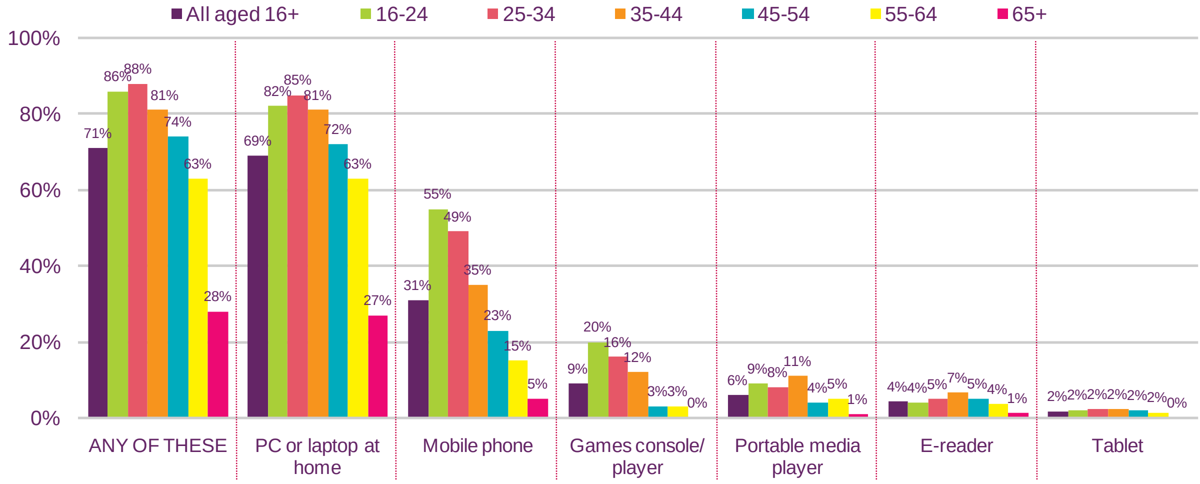
[30] 'Amazon.co.uk Now Selling Twice as Many Kindle Books as Hardcover Books', 19 May 2011, http://www.amazon.co.uk/gp/press/home/2011 ; The Publishers Association reveals accelerated growth in 2010 digital book market', 3 May 2011, http://www.publishers.org.uk/
[31] http://www.apple.com/pr/library/2011/03/02Apple-Launches-iPad-2.html
[32] http://www.metro.co.uk/tech/845926-apple-ipad-has-95-of-all-tablet-sales
[33] http://www.comscoredatamine.com/2011/06/ipad-share-of-tablet-traffic-by-country/
[34] http://www.computerworld.com/s/article/9204258/CES_11_tablets_worth_watching
[35] Enders Analysis, Apple, Android and tablet market share, 14 July 2011
[36] Enders Analysis, Mobile User Survey 2011 (June 2011)

Figure 4.16 Devices used to visit internet websites in 2010, by age



IN1/ IN2 – Do you or does anyone in your household have access to the internet at home through a laptop or computer? And do you personally use the internet at home?/ Do you own and use any of the items shown on this card to visit internet websites? (Prompted responses, single coded)
Base: All adults aged 16+ (2117 aged 16+, 295 aged 16-24, 328 aged 25-34, 409 aged 35-44, 314 aged 45-54, 336 aged 55-64, 434 aged 65+) Significance testing shows any difference between any age group and all adults aged 16+
Source: Ofcom research, fieldwork carried out by Saville Rossiter-Base in April to May and September to October 2010

4.2.3 The demographics of internet access

Older people and those in lower socio-economic groups are less likely to have internet access

Younger people, men and those in higher socio-economic groups are more likely to have access to the internet at home, although take-up among all groups increased between Q1 2009 and Q1 2011 (Figure 4.17).

Internet take-up is highest among 25-34s (88%) and 35-54s (87%). This is related to a strong correlation between internet access and having children in the household – across the UK as a whole 91% of households with children have internet access, compared to 66% of households without children. Over-65s are significantly less likely to have internet access, although take-up is increasing, with 55% of 65-64s and 26% of over-75s having home internet access. For most over-65s without internet access the main reason is a lack of interest – 31% said that the main reason for not having internet access was that they had no need for it, with 24% saying they were too old to use the internet and 17% saying they did not want a computer. A significant minority (15%) said that their main reason was they did not know how to use the internet / a computer, and 3% said that it was too expensive.[37]

Take-up among DE households is just 56%, compared to 90% of AB households. Cost is a main concern for some of these households, with 17% saying that their main reason for not having an internet connection was that the service, set-up, or computer was too expensive; however, lack of interest was again the most common reason, with 25% saying they had no need for it and 16% saying they did not want a computer.

[37] Consumer research data on reasons for not having a home internet connection is collected via Ofcom's technology tracker (QE24A and QE24B), http://stakeholders.ofcom.org.uk/market-data-research/continuing-research/

Figure 4.17 Home internet access, by age, socio-economic group and gender

QE2: Do you or does anyone in your household have access to the internet/ World Wide Web at home?
Source: Ofcom technology tracker, Q1 2011.
Base: all adults 16+ (n = 3474 UK, 460 16-24, 540 25-34, 1204 35-54, 535 55-64, 407 65-74, 328 75+, 784 AB, 1014 C1, 701 C2, 975 DE, 1679 male, 1795 female)

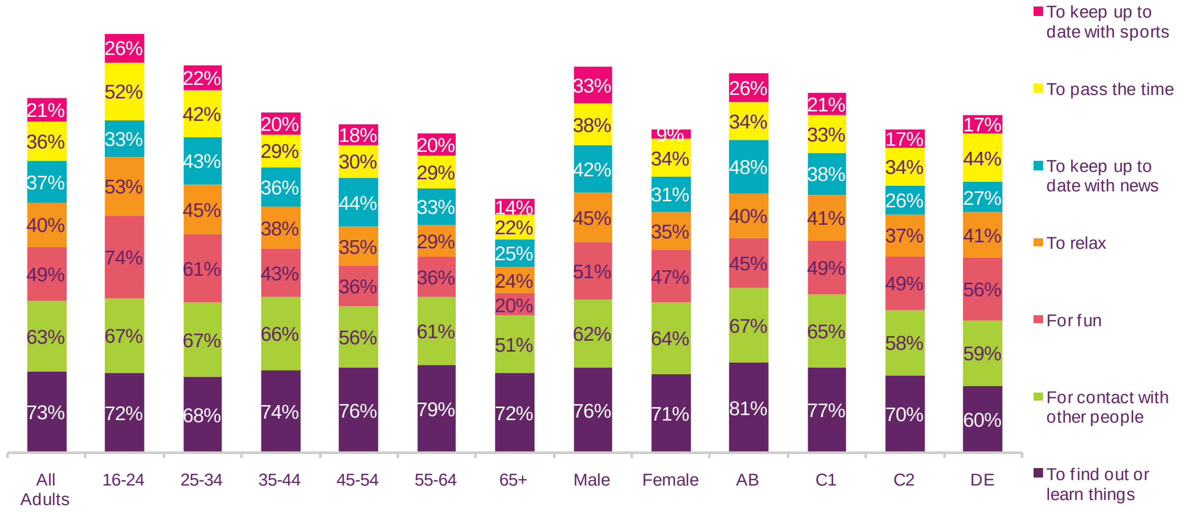
Reasons for using the internet vary by age

As internet take-up varies by age, so too do the reasons for using the internet. Figure 4.18 shows some of the reasons for using the internet by consumer group, ‘stacked’ to show the breadth of responses.

There are differences between generations in their motivations for using the internet. Older people in general appear to have a much more functional approach to the internet, using it primarily ‘to find out or learn things’ (72% of over-65s) and ‘for contact with other people’ (51% of over-65s) and are less likely to use it ‘for fun’ (20%), ‘to relax’ (24%) or ‘to pass the time’ 22%). By contrast, younger people are much more likely to also use the internet for entertainment: 74% of 16-24s say they use the internet ‘for fun’, 53% ‘to relax’ and 52% ‘to pass the time’.

There are also some differences between men and women. Women are slightly more likely to use the internet to contact other people (64% compared to 62% of men), but are less likely to use the internet ‘to relax’ (35% compared to 45% of men) or ‘to keep up to date with news’ (31% compared to 42% of men).

Figure 4.18 Reasons for using the internet, by age, gender and SEG



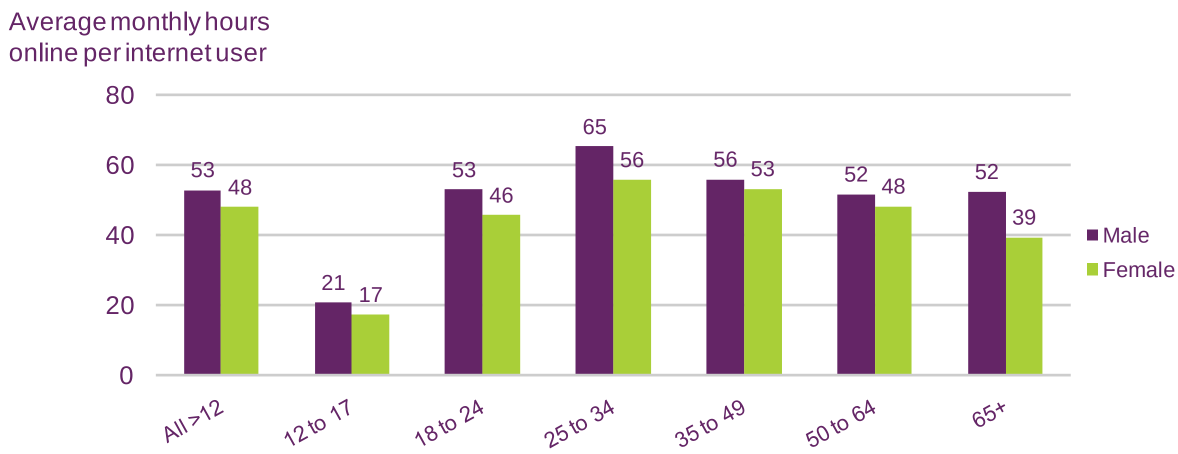
IN42 – Which, if any of these are reasons why you use the internet? (prompted responses, multi-coded)
Base: All adults aged 16+ who use the internet at home or elsewhere (1489 aged 16+ in 2010, 271 aged 16-24, 287 aged 25-34, 338 aged 35-44, 245 aged 45-54, 214 aged 55-64, 134 aged 65+, 752 male, 737 female, 433 AB, 478 C1, 278 C2, 300 DE)
Source: Ofcom research, fieldwork carried out by Saville Rossiter-Base in April to May and September to October 2010

4.2.4 Time spent online

Younger people typically spend much more time online

Not only are younger people more likely to access the internet at home, those who do so are likely to spend more time online. Overall, internet users spend around 50 hours a month online at home – this rises to 65 hours a month, or more than two hours a day, among 25-34 year-olds.

Figure 4.19 Average time spent on the fixed-line internet, by age and gender



Source: UKOM/Nielsen, April 2011

UKOM/Nielsen data on internet use

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

The panel consists of over 48,000 internet users (33,000 at home and 16,000 at work) who are selected to be a representative sample of UK PC users as a whole. Monitoring software installed on internet-enabled PCs in the panellists' households and workplaces record every activity they undertake on the PC.

Time spent is based on what is in focus on the screen – i.e. only the open 'window' is considered, background activities are not measured. There is a cut-off of 30 minutes, whereby measurement stops if no activity has been detected.

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

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

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

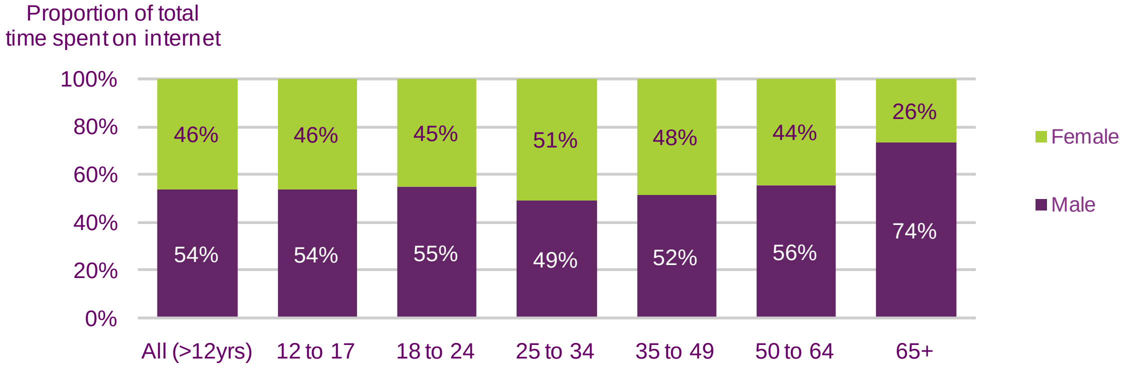
Active reach – this a percentage (for a site, applications etc ,in any given month), of the unique visitors to a site, based on individuals aged 2+ who have used an internet-enabled computer at home or work in the time period. Reach is based on anyone who has used their PC (not necessarily gone online).

Universe reach - this a percentage (for a site, applications etc ,in any given month), of the unique visitors to a site based on individuals aged 2+ who have an internet-enabled computer.

Population reach - this a percentage (for a site, in any given month), of the unique visitors to a site based on individuals aged 2+ of the population as a whole.

Figure 4.20 indicates how the total time spent online varied by gender among different age groups. It shows that in April 2011 men in the UK spent slightly more time than women accessing the internet. This is driven in particular by the usage pattern among older age groups: among over-65s men spend three times as much time as women on the internet – driven both by a higher proportion of men than women accessing the internet and also higher time spent per user.

Figure 4.20 Home internet use, by gender (total time spent online)



Source: UKOM/Nielsen, April 2011

Internet usage data from UKOM/Nielsen also allows a comparison of average time spent on the internet by region (Figure 4.21). It finds that on average internet users in the Border region of England and Scotland spend the most time online, while users in South West England spend the least amount of time on the internet. Of course, differences between regions are driven by different demographic characteristics – it is likely that lower use in the South West is the consequence of an older population, with older internet users typically spending less time on the internet than younger users.

Figure 4.21 Monthly internet-enabled PC time per user, by region

Source: UKOM/Nielsen, home and work panel, applications included. Month of April 2011. Regions based on ISBA regions.
Note: active online universe = number of users aged 2+ who use an internet-enabled computer.

4.2.5 Range of internet use

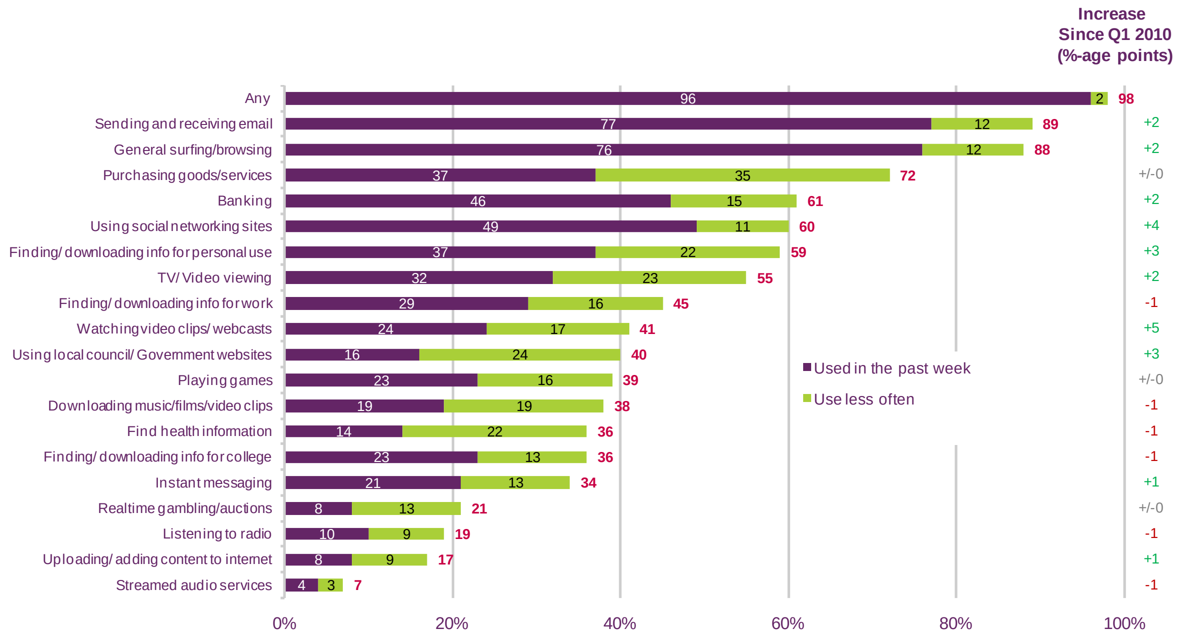
Email and web browsing are the most popular web activities

As indicated by Figure 4.22, consumers in the UK use the internet for a wide range of activities including communications (email, social networking, instant messaging), entertainment (playing games, TV/video viewing), and finding information and transactions (purchasing goods/services, banking). Despite the growth of social networking sites as a means of communication, email is used by more people than any other internet service, with 77% saying that they had used it within the past week.

Use of most internet services had modest growth in 2010, with notable increases in watching video clips/webcasts (up five percentage points), use of social networking (up four percentage points), and using local council/government websites (up three percentage points).

None of the services we tracked had any significant decline between 2009 and 2010. However, it is notable that online viewing of television programmes or listening to radio did not increase significantly. This is perhaps the result of the growth of other ways of consuming television and radio programmes – for example, an increasing number of TV programmes are recorded on DVRs, and digital radio services are available through television platforms.

Figure 4.22 Claimed use of the internet for selected activities



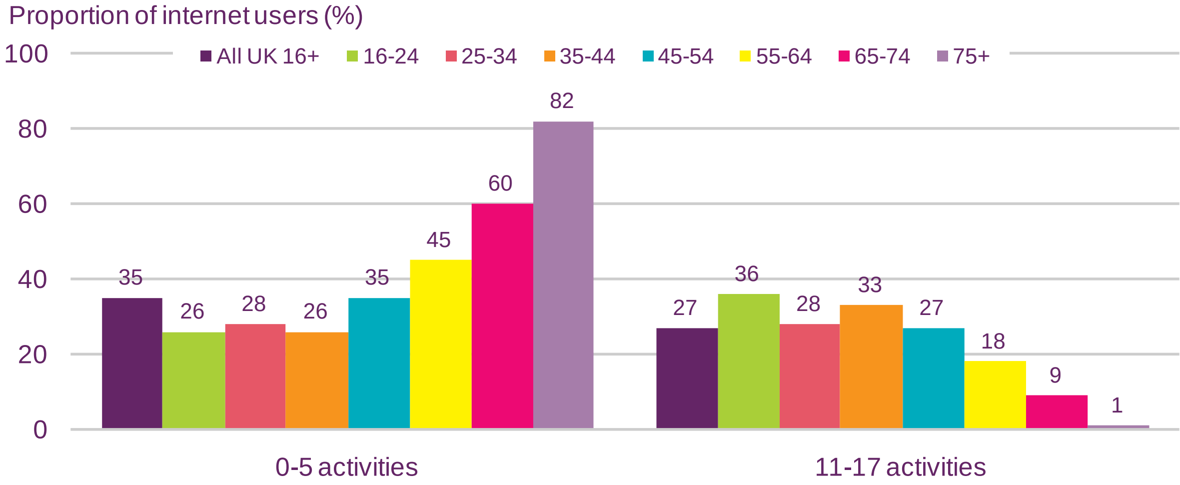
QE5. Which, if any, of these do you or members of your household use the internet for whilst at home?
Source: Ofcom research, Q1 2011
Base: Adults aged 16+ with a broadband connection at home (n= 2481 UK)

Older users are likely to use the internet for relatively few activities

Figure 4.18 above indicates that reasons for using the internet vary with age, with younger users more likely to use the internet for entertainment as well as communication and finding information. This is also reflected in the findings from our research into digital participation, which shows that breadth of internet use varies substantially by age. We asked people how many of a specified list of 17 online activities they engaged in, and compared the results by age group (Figure 4.23).

Older age-groups generally use the internet for fewer types of services than younger age groups – we found that 82% of over-75s and 60% of 65-74s said that their household used five or fewer internet activities, compared to only just over a quarter of those under 44. Similarly, younger users are much more likely to engage in a large number of our list of activities: 36% of 16-24s claimed to use the internet for at least 11 of the activities, compared to less than 10% of over-65s.

Figure 4.23 Breadth of internet use (number of internet activities undertaken)



Q10A: Which, if any, of these do you or members of your household use the internet for whilst at home?
Source: Ofcom Technology Tracker digital participation research, Q1 2011
Base: All home internet users (n=2534)

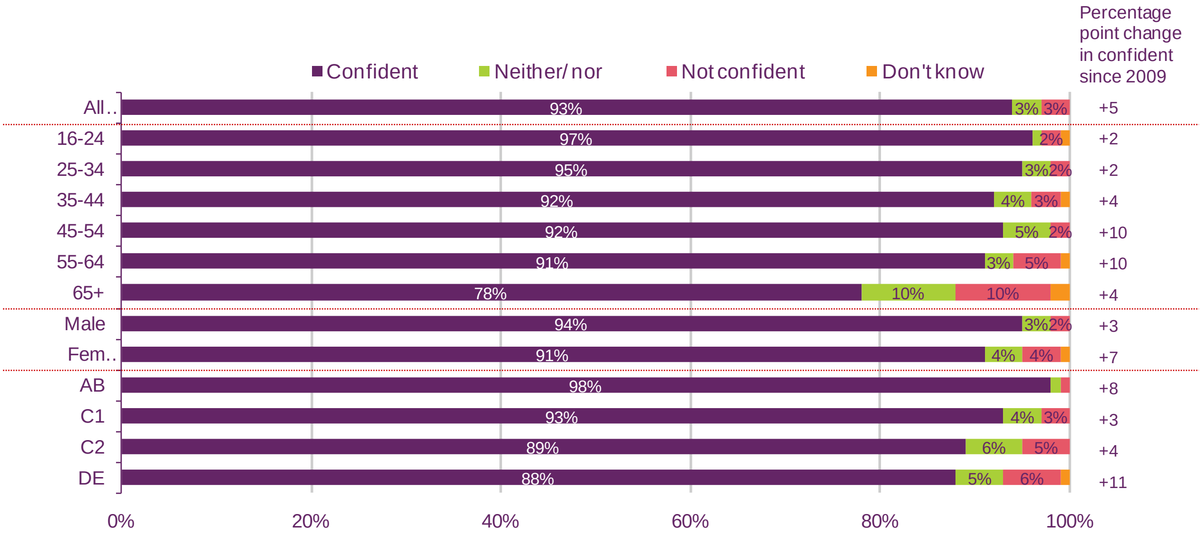
4.2.6 Confidence and concerns about using the internet

Older people are increasingly confident using the internet

The large majority of internet users claim to be confident in using the internet, and levels of confidence increased across all age groups and social groups between 2009 and 2010 (Figure 4.24). Older people are least likely to be confident in using the internet, with one in ten of over-65s saying they are not confident, while only one in 50 under-34s say they are not confident. The biggest increases in confidence come among 45-54s and 55-64s, with a ten percentage point rise in both age groups; more than 90% now claim to be confident.

Men are still marginally more likely to be confident in using the internet than women (97% to 94%), but the gap has been closing. Higher social groups are also more likely to be confident internet users, although the proportion of those in social group DE claiming to be confident increased from 77% in 2009 to 88% in 2010.

Figure 4.24 Confidence as an internet user, by age, gender and SEG



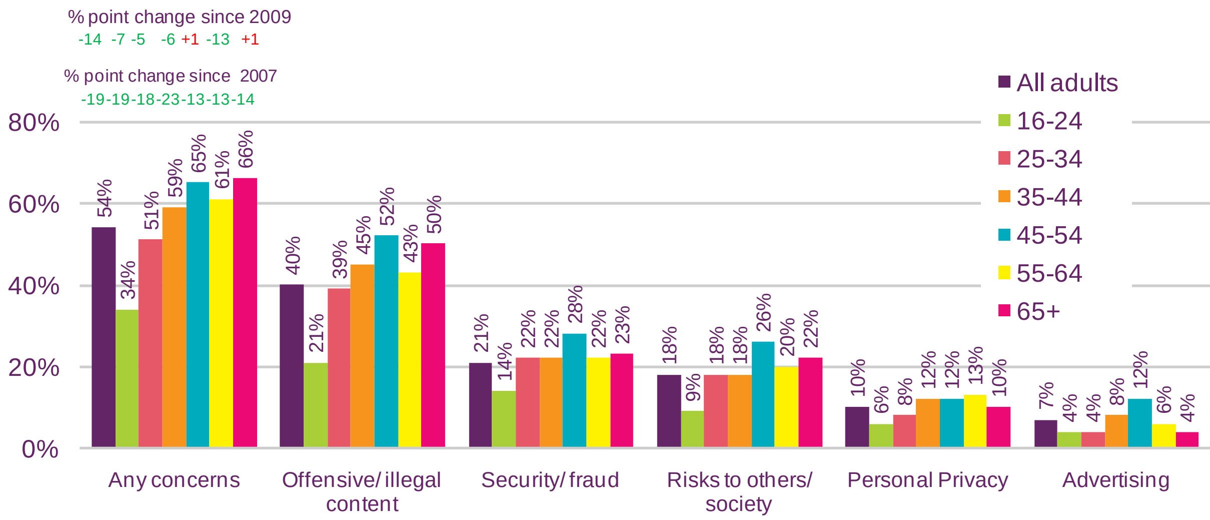
IN10D – Overall then, how confident are you as an internet user? (Prompted responses, single coded)
Base: All adults aged 16+ who use the internet at home or elsewhere (1489 aged 16+ in 2010, 271 aged 16-24, 287 aged 25-34, 338 aged 35-44, 245 aged 45-54, 214 aged 55-64, 134 aged 65+, 752 male, 737 female, 433 AB, 478 C1, 278 C2, 300 DE)

More than half of internet users have some concerns about using it

Within our media literacy research we also ask about the concerns that consumers have using the internet. As the internet has matured as a medium and as users have got more and more used to it, concerns about it have decreased among all age groups. Overall, 54% of all users surveyed in 2010 said they had some concerns, compared to 73% in 2007. Older users are most likely to have concerns, with two-thirds of over-65s (66%) saying they had concerns, compared to just one-third of 16-24s (34%).

The biggest single cause of concern among all age groups was offensive/illegal content, although there was a marked difference between 16-24s and other age groups, with 21% of 16-24s saying they had concerns compared to 40% of internet users overall.

Figure 4.25 Concerns about the internet among users, by age

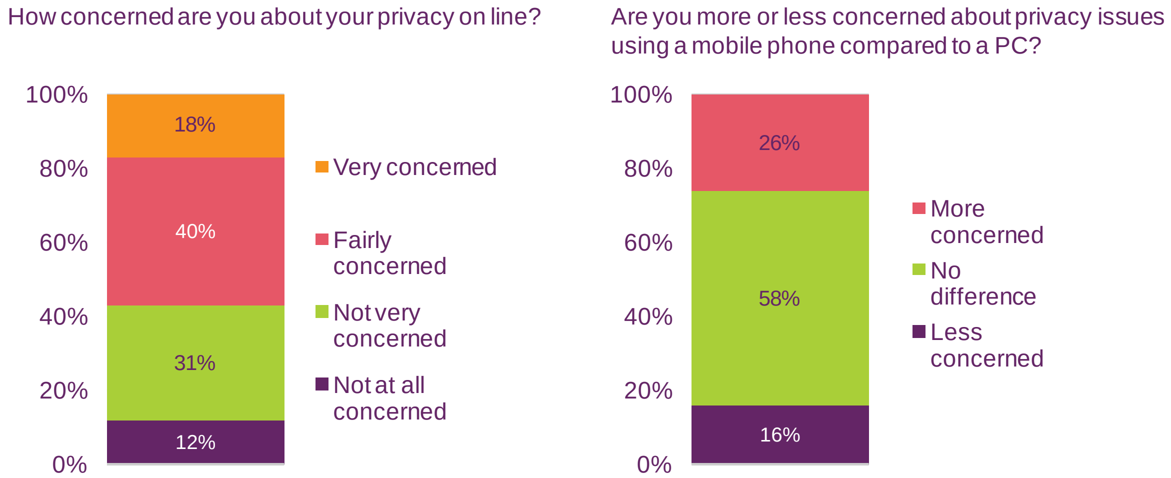


IN30 – Can you tell me if you have any concerns about what is on the internet? (Spontaneous responses, multi-coded).
Base: Adults aged 16+ who use the internet at home or elsewhere (1282 aged 16+, 225 aged 16-24, 235 aged 25-34, 313 aged 35-44, 213 aged 45-54, 168 aged 55-64, 128 aged 65+). Significance testing shows any differences between any age group and all adults aged 16+.
Source: Ofcom research, fieldwork carried out by Saville Rossiter-Base in April to May and September to October 2010.

Online privacy is a concern for many internet users

Only half of all people have any front-of-mind concerns about using the internet, with lower levels of concern about individual issues such as privacy. But, when prompted, people's concerns inevitably rise. In research commissioned by the Communications Consumer Panel, concerns about online privacy were explicitly explored. This found that, when specifically prompted, 58% of internet users said they had some concerns about online privacy. Among those who accessed the internet on both mobile phone and computer, a quarter (26%) said that they were more concerned about privacy issues while using a phone, with the majority (58%) not making a distinction between online privacy issues on mobile phone or PC.

Figure 4.26 Concerns about privacy online



Q10. Generally speaking, when you use the internet, how concerned are you about your privacy online?
Base: All respondents (1022)
Q11. Are you more or less concerned about privacy issues when you use your mobile phone to access the internet compared to when you use a PC, laptop or tablet?
Base: Those who access the internet via mobile phone (212)
Source: Online Personal Data: the Consumer Perspective , research conducted on behalf of the Communications Consumer Panel by Accent, fieldwork in February 2011

4.3 Consumption of web-based content

4.3.1 Introduction

Having examined how people access the internet and the time they spend online in the previous section, this section explores the specific use of internet content and services.

- Section 4.3.2 examines the **most popular online sectors, websites and applications** in terms of reach and time spent.
- Section 4.3.3 focuses on the use of **social networking** sites.
- Section 4.3.4. explores the use of **search engines**.
- Section 4.3.5 considers **user-generated content**.
- Section 4.3.6 provides an overview of use of the internet for **shopping**, including the use of shopping sites, price comparison sites and voucher/coupon sites.

Key findings

The key findings from this section of the report are:

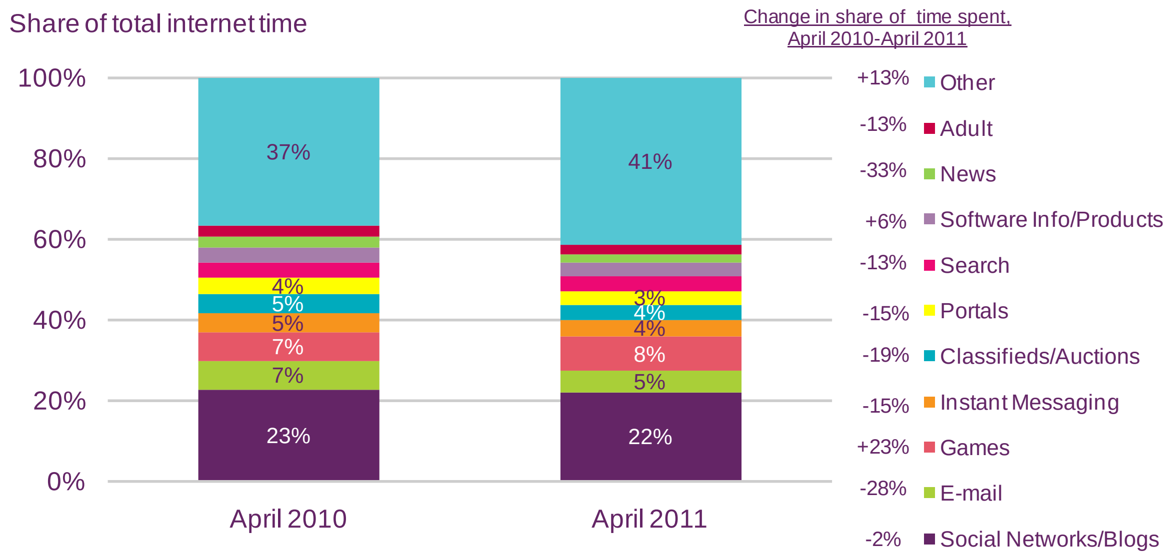
- **Google has the largest reach, Facebook leads by time spent.** Search giant Google had the highest reach of any online brand, with 79% of active internet users visiting its homepage, averaging 133 visits in April 2011. Facebook was easily the most popular website in terms of time spent on PCs, accounting for 169 million hours in April 2011 (more than two-and-a-half hours for every person in the UK), ahead of eBay (30 million hours) Google (28 million hours) and YouTube (22 million hours).
- **Six in ten broadband users use social networking, but there are signs that it may be reaching saturation.** Total time spent on social networking sites was just 1.3% higher in April 2011 than in April 2010, and in 2010 just 3% of people said they did not yet have a social networking profile but were interested in having one.
- **An increasing number of internet users are creating content.** In 2010, 54% of internet users said they had a social networking profile (up from 44% in 2009), 53% said they had uploaded photos (up from 49%) and 17% said they had uploaded a video (up from 11%).
- **Nearly three-quarters of internet users shop online.** In Q1 2011, 73% of UK internet users claimed to use their broadband connection for purchasing goods or services. Visitors to coupon and reward sites increased by 25% in the year to April 2011, when nearly 40% of internet users visited at least one such site.

4.3.2 Most popular online sectors, websites and applications

Social networking accounts for more than a fifth of all time spent on the internet

Figure 4.27 details the total share of time spent by UK users of the internet on PCs , based on data collected from the UKOM/Nielsen panel. It indicates a good deal of continuity between April 2010 and April 2011, with the 'other' category (which includes a range of entertainment services including short- and long-form video) increasing its share from 37% to 41%. The share of time spent on social networking actually decreased marginally (in absolute terms it increased slightly, see Figure 4.37 below), although it still accounted for 22% of all time spent on the internet. Notably, there were declines for email, instant messaging and portals, all of which provide services that can be replaced by social networking services; sites like Facebook are used for communication and can also be set up as users' home pages. Declining time spent on email and instant messaging on the fixed internet may also reflect increasing use of smartphones for these services, while a decline in the share of time spent looking at news sites may also be driven by people increasingly using smartphones to keep in touch with current affairs.

Figure 4.27 UK internet sectors' share of total PC internet time



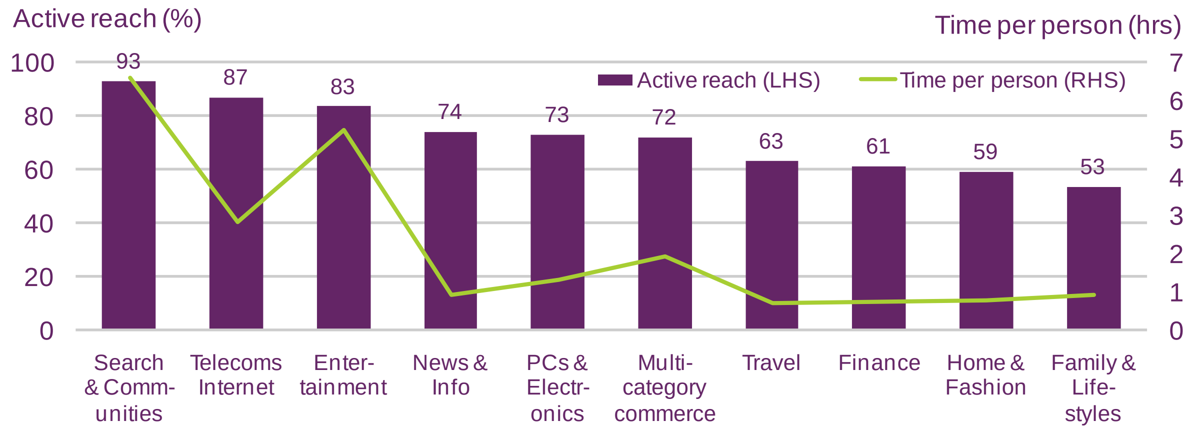
Source: UKOM/Nielsen
Note: Home and work panel, applications included. Email excludes work-related email

UKOM/Nielsen audience analysis organises websites into categories. The most popular category in May 2010 was 'search and communities' (this includes search engines like Google, portals like Yahoo! and social networking sites like Facebook). It attracted a monthly active reach of 93%, meaning that 93% of all unique internet users visited a site in this category. It was also the most popular category from the perspective of time spent per person, with the average person using sites in this category for 6 hours 36 minutes in April 2011 (Figure 4.28).

'Telecoms/Internet' sites had the second highest reach, with 87% of users visiting a site, spending an average of 2 hours 51 minutes a month. This category includes email, instant messaging and voice over IP services like Skype.

Sites within the 'Entertainment' category were visited by 83% of internet users, who spent an average of 5 hours 13 minutes – this category includes most video and music sites. Nearly three-quarters of users (74%) visited news and information sites, but on average users spent less than an hour (56 minutes) visiting sites in this category.

Figure 4.28 Most popular site categories, by active reach



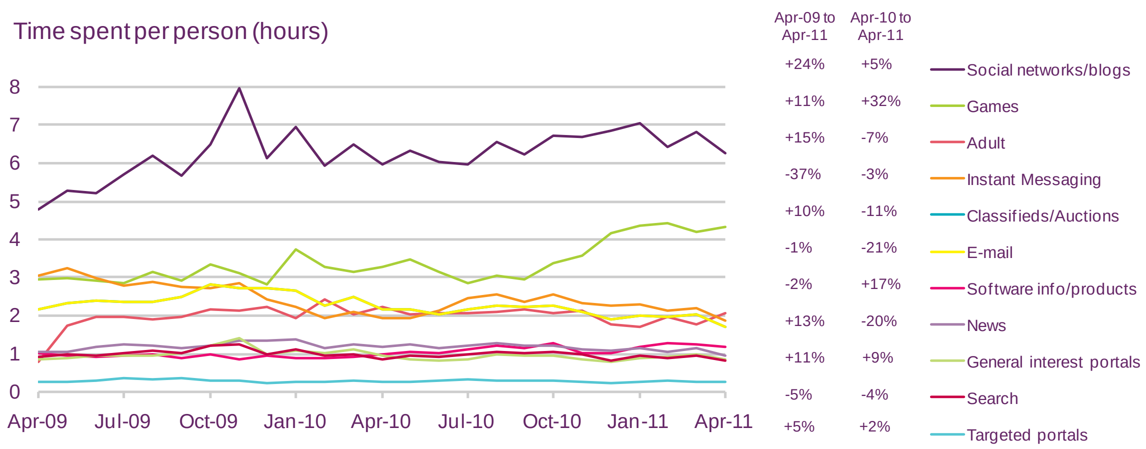
Source: UKOM/Nielsen home and work panel, applications included, month of April 2011.
Note: "active reach" = the percentage of all active 2+ unique persons who visited the site or used the application. 'Active' is defined as anyone who used an internet-enabled computer within the time period.

Time spent playing online games increased by 33% between April 2010 and April 2011

Figure 4.29 looks at changes in average time spent per month on some of the most popular sub-categories of websites in the UKOM/Nielsen classification. After social networks/blogs, the sub-category which took the second highest proportion of total time on the internet was online gaming, accounting for 8% of total UK internet time in April 2010. Users of online games played for on average of 4 hours 19 minutes in April 2011, up from 3 hours 16 minutes a year previously. However, this time is likely to be understated as it excludes time spent on games within social networking sites– therefore excluding the likes of the Farmville game when played via Facebook.

Average timer per user on email declined by 21% between April 2010 and April 2011. This might partly again be explained by the Facebook effect – with some users potentially using Facebook for communications that that they would have previously made using email. Some users may also be increasingly using smartphones for email, leading to a reduction in time spent using email on PCs.

Figure 4.29 PC-time per user per month spent on internet activities



Source: UKOM/Nielsen
Note: Home and work panel, applications included. Email excludes work-related email

People spend more than five times as much time on Facebook than on any other site

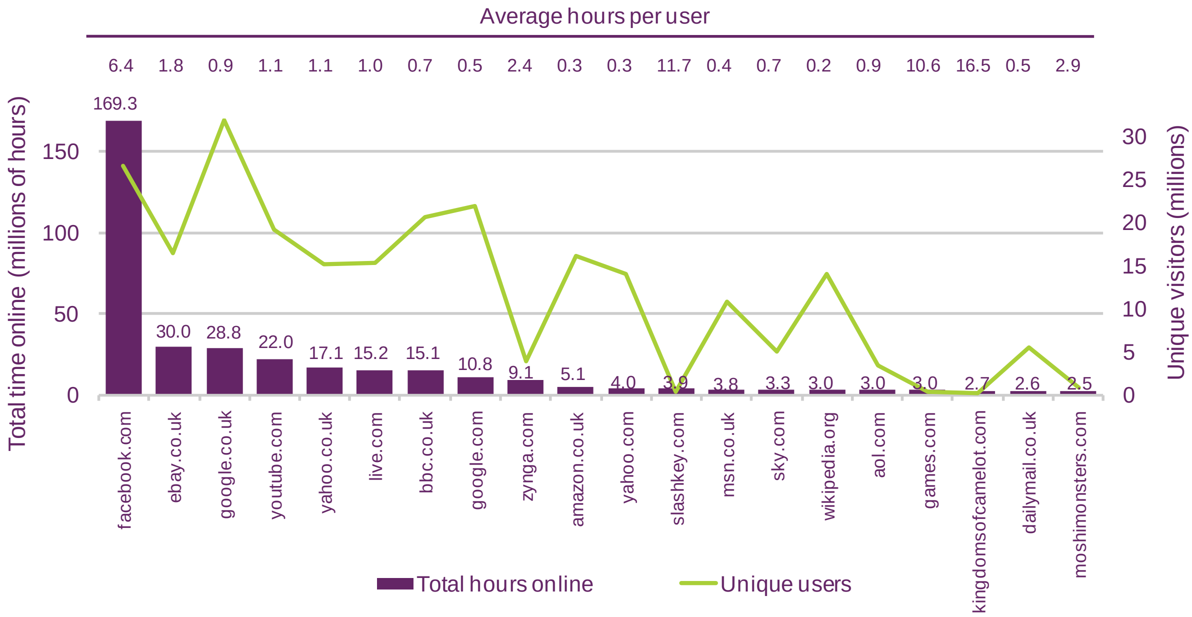
More than five times as much time is spent on Facebook than on any other single internet site, with UK users spending a total of 169 million PC hours on the social networking site in April 2011, far ahead of second-placed eBay (30 million hours) (Figure 4.30). This is in addition to time spent on Facebook on mobile phones – which amounted to 42 million hours in December 2010 (see Figure 4.8 above). However, not all time on Facebook is spent 'social networking': Facebook has developed into a general portal offering services such as email, films (for example, it has agreed a deal with Warner Brothers, which streams movies on the site[38]) and, most significantly, games - it is estimated that around 40% of time spent on Facebook globally is spent playing games, provided by third-party developers such as Zynga or Playfish.[39]

More PC internet users in the UK visited search giant Google in the month, with 32.0 million unique visitors (79% of active users), compared to 26.6 million visitors to Facebook. Google users spent an average of 54 minutes on the site, doing an average of 133 searches. The much lower time spent on Google compared to Facebook represents fundamental differences in the business models – the objective of Facebook is to keep users on its site for as long as possible to maximise advertising revenues, while Google's objective is to have users on its site for as little time as possible for each search, ensuring that users quickly find the information they require and generating revenues when users go to advertisers' sites

Most of the UK's top 20 websites by time spent are online-only brands – the exceptions are the websites of the BBC, Sky and the Daily Mail. The four gaming sites in the top 20 have lower reach than all of the other top-20 sites, but are characterised by users spending a large amount of time on them. Three of the gaming sites - Zynga (home of the FarmVille game), Kingdoms of Camelot and Slashkey.com (home of the FarmTown game) are primarily Facebook-based, while Games.com also has a Facebook presence.

[38] http://www.bbc.co.uk/newsbeat/12688633
[39] http://techcrunch.com/2010/07/30/half-of-all-facebook-users-play-social-games-its-40-of-total-usage-time/

Figure 4.30 Top 20 UK websites by time spent on PCs online, April 2011



Source: UKOM/Nielsen, April 2011 – 'At home' data excluding internet applications

Google has the greatest reach among all ages of internet users

Section 4.2.3 highlighted significant differences in take-up and use of the internet by age group. However, there are few differences in the most popular websites in terms of reach, with the same nine companies accounting for all top ten sites across all age groups.

Google's leading position in search means that it has the highest reach across all age groups, while the integration of aspects of MSN, Windows Live and Bing within the Windows platform explains the high reach of the Microsoft brand across all age groups. It is no surprise that Facebook also features prominently among younger age groups, but worth noting that it is behind only Google, Microsoft and the BBC among over-65s. Indeed, this represents a significant change from May 2010, when Facebook ranked ninth among over-65s.[40]

The BBC network of sites also feature in the top ten among all age groups, indicating its success in reaching all age groups with a range of content including programme-related, news, sport and weather.

[40] Ofcom Communications Market Report 2010, Fig 4.30.

Figure 4.31 Top ten sites by unique audience, split by age

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

Key

Google (ex. YouTube)
Microsoft
Facebook
Yahoo!
BBC
YouTube
eBay
Amazon
Wikipedia

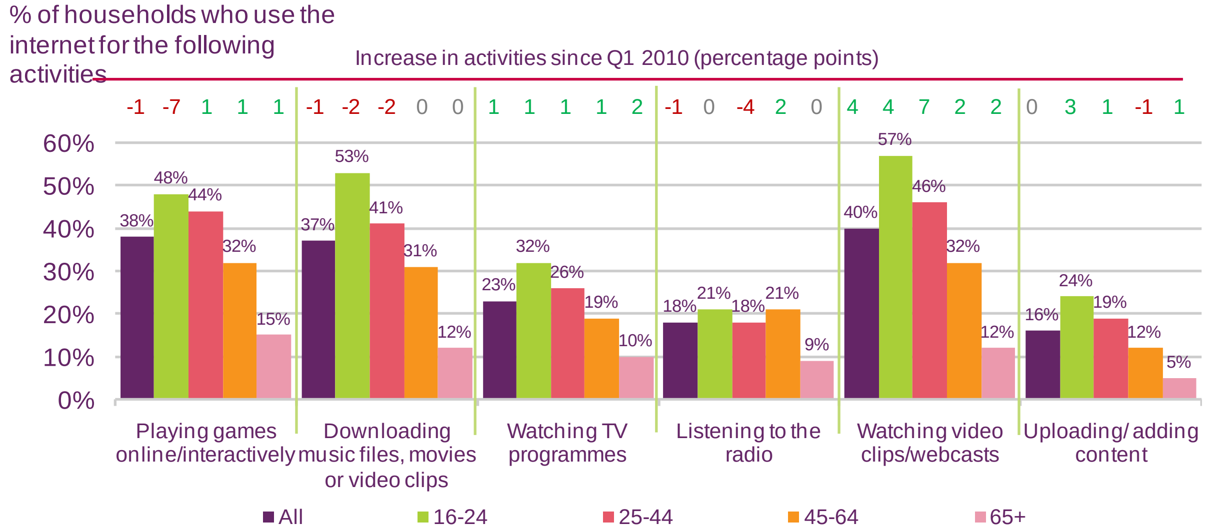
Source: UKOM/Nielsen home and work panel, applications included, month of April 2011
Note: "Unique audience" = the total number of unique persons who have visited a website or used an application at least once on a PC in the specified reporting period. Persons visiting the same website or using the same application more than one time in the reporting period are only counted once.

More people play games than watch TV on the internet

The use of websites is of course only part of the online experience for most internet users – with users increasingly using applications to play games, watch audio-visual content and upload their own content. Figure 4.32 indicates that around four in ten home internet connections are used for playing games (38%), downloading music or video (37%) and watching video (40%), with smaller proportions watching TV programmes (23%), listening to the radio (18%) and uploading content (16%). (Note that this figure for uploading content is lower than that in Figure 4.42 below – this is likely to be because, unless prompted, people do not generally consider updating social networking profiles as "uploading content").

For all types of media content except listening to the radio, reach is highest among the youngest age group and lowest among the oldest. Radio has similar levels of take-up among all age groups except the over-65s. This is likely to be due to higher levels of interest in radio programmes among older people, as discussed in Section 3 of this report.

Figure 4.32 Engagement with online media content, by age



QE5A: Which, if any, of these do you or members of your household use the internet for while at home?
Source: Ofcom research, Q1 2011
Base: All adults who have the internet at home (n= 2534)

Microsoft applications have the highest reach

Audio-visual and interactive content is commonly delivered to customers using stand-alone programs or applications outside the web browser.

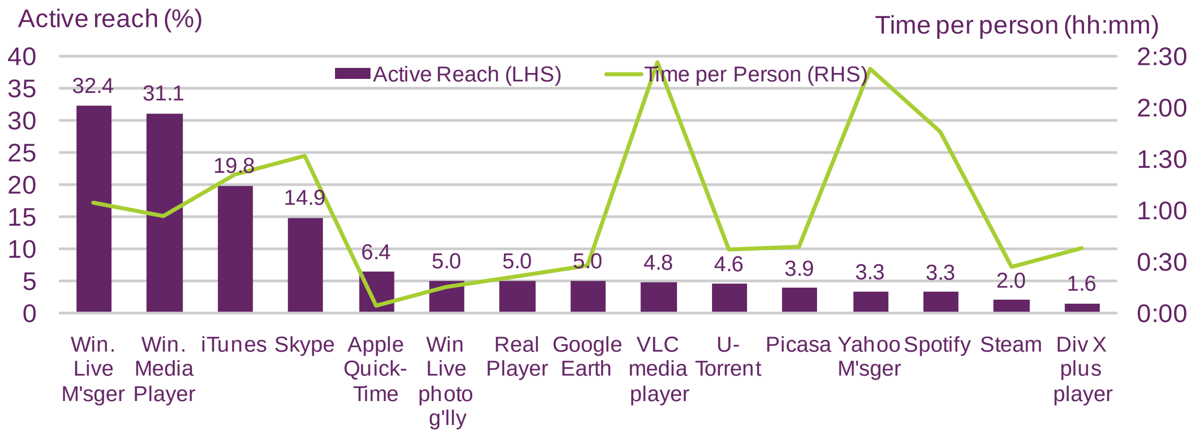
According to UKOM/Nielsen, the most popular online application in April was Windows Live Messenger, Microsoft's instant messaging application, with an active reach of 32%. This number is broadly in line with the number of internet users who say that they use instant messaging (34% - see Figure 4.22 above), and is a long way ahead of the second most popular instant messaging platform (Yahoo Messenger, with 3% active reach, although it does average more than twice as much time per user per month).

Microsoft's Windows Media player had the highest reach of any media player (31%), well ahead of Apple's iTunes (19%). The high reach of Media Player can be partly explained by the fact that it is the default media player on many Windows PCs, while iTunes' reach is helped by the fact that it is required for those who own an iPod or an iPhone. However, the open-source, cross-platform VLC media player, with 4.8% reach, had much higher average use, with users spending an average of two-and-a-half hours on it in April 2011. It also had the greatest increase in reach between May 2010 and April 2011, up by around 30%.[41]

The leading VoIP application, Skype (which was acquired by Microsoft in May 2011), was used by 15% of UK internet users in April 2011. Other types of applications in the top 15 by reach included photo-sharing sites Windows Live photo gallery (5%) and Picasa (4%), Google Earth (5%), file-sharing application U-torrent (5%), music service Spotify (3%) and gaming platform Steam (2%).

[41] Ofcom Communications Market Report 2010, Fig 4.31.

Figure 4.33 Most popular internet applications, by active reach



Source: UKOM /Nielsen home and work panel, applications included, month of April 2011
Note (1): "active reach" = the percentage of all active age 2+ unique persons who visited the site or used the application. 'Active' is defined as anyone who used an internet-enabled computer within the time period.
Note (2): Time per person refers only to the application that is 'in focus' (i.e. the one to which keyboard and mouse activity is directed), and does not count minimised applications or applications running in the background. Therefore the metrics are not always compatible as applications that tend to require people to keep them in focus the whole time (such as video or messaging applications) will record higher time spent than audio applications which can run in the background.

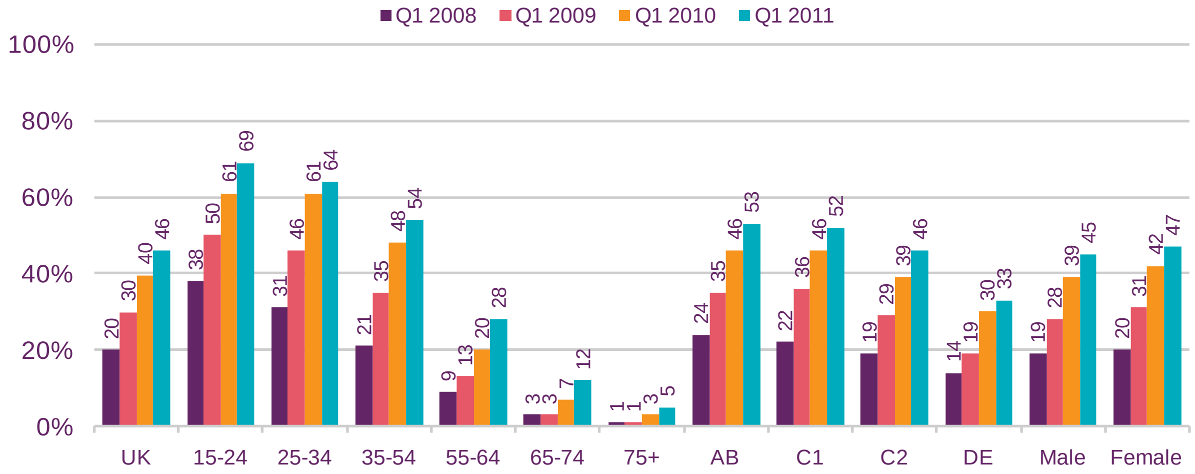
4.3.3 Social networking

Nearly half of all UK households use social networking sites

More than one in every five hours spent by UK users on the internet in April 2011 was on social networking sites (see Figure 4.27 above), and in Q1 2011 nearly half of all UK internet users (46%) claimed to have used a social networking site in the past week, up from just one in five three years previously.

Figure 4.34 indicates how social networking has grown across all age groups and socio-economic groups since 2008. Points to note in the past year are the increased use of social networking among older age groups: in Q1 2011, 28% of 55-64s, 12% of 65-74s and 5% of over-75s claimed that their households used social networking sites. Women are slightly more likely to use social networks than men.

Figure 4.34 Proportion of adults who access social networking sites on the internet at home



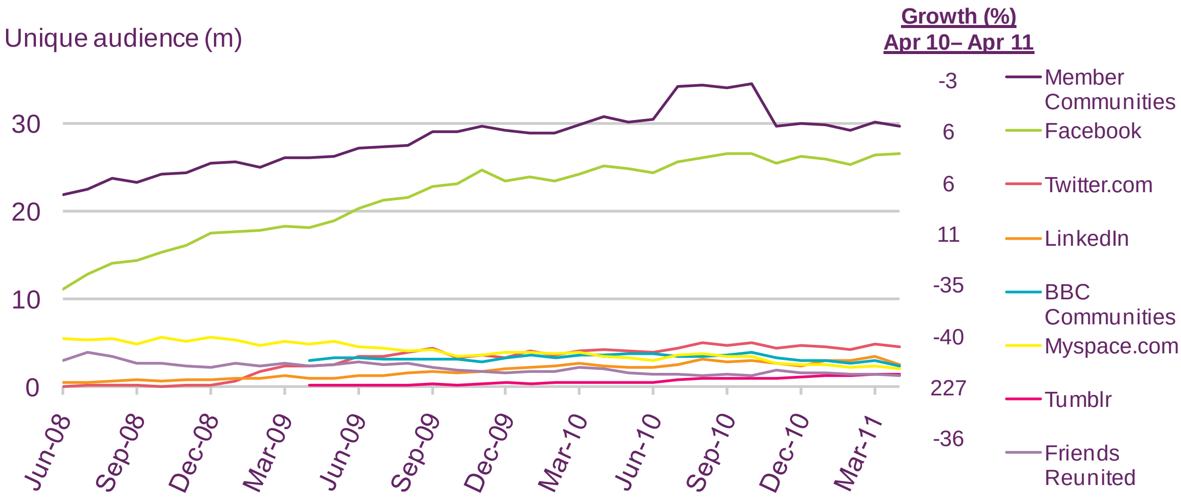
QE12: Which, if any, of these do you or members of your household use the internet for while at home?
Source: Ofcom technology tracker, Q1 2011
Base: All adults aged 16+ (n = 5812 Q1 2008, 1581 Q3 2008, 6090 Q1 2009, 9013 Q1 2010, 3474 Q1 2011).

There are some signs that social networking on PCs may be levelling off

The growth of social networking in the past three years has largely been driven by the growth of Facebook (Figure 4.35). According to data from UKOM/Nielsen, in April 2011 Facebook was visited by 24.8 million UK internet users, more than six times as many visitors as to the second most-visited site, Twitter.

However, after several years of rapid growth, the reach of Facebook, and of social networking services in general, appears to have levelled off. The overall reach of UKOM/Nielsen's 'Member Communities' category fell by 3% between April 2010 and April 2011, and Facebook increased its reach by just 6%, having increased by 33% in the previous 12 months. There is also some evidence that social networking is reaching saturation – our consumer research found that in 2010 only 3% of UK internet users say they do not have a social networking page or profile but are interested in setting one up (43% say they do not have one and have no interest in having one – see Figure 4.41 below). However, it should be noted that these data only include use of the internet on PCs. As discussed in Section 4.1.2 above, use of social networking services on mobile phones has increased significantly over the past year – 57% of mobile phone internet users (around 12.5% of all UK adults) claim to use social networking on mobile phones, and Facebook users average around five-and-a-half hours on the mobile service every month.

Figure 4.35 Unique audience of selected social networking sites

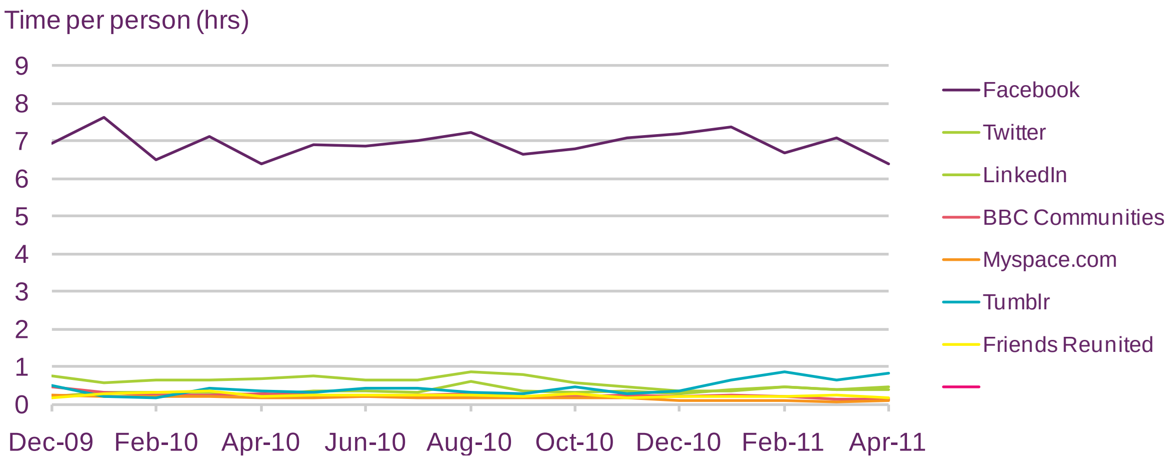


Source: UKOM/Nielsen
Note: Home and work panel, applications included. 'Member communities' is the UKOM category that primarily consists of social networking sites. "Unique audience" = the total number of unique persons who have visited a website or used an application at least once in the specified reporting period. Persons visiting the same website or using the same application more than one time in the reporting period are only counted once.

More than 90% of social networking time is spent on Facebook

Not only does Facebook have the greatest reach, but on average its users spend much longer on the site than users of other social networking sites (Figure 4.37). On average, in April 2011, Facebook users spent 6 hours 23 minutes on the site. Over time, Facebook has evolved from being a social network to become a more general portal – offering games, video content (e.g. some films from Warner Bros and, from July 2011, episodes of the BBC's *Dr Who*) and email addresses. In contrast, average use of all the other leading social networking sites was less than half an hour, suggesting that many users of these sites are occasional users.

Figure 4.36 Time per user per month spent on selected social networking sites

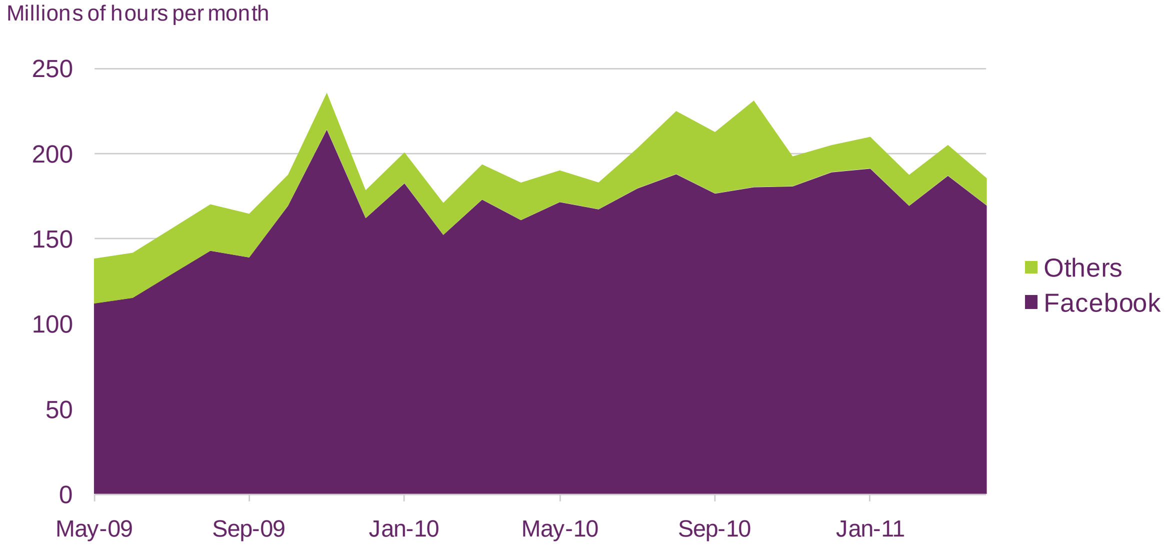


Source: UKOM/Nielsen.
Note: Home and work panel, applications included.

The dominance of Facebook in the social networking landscape of UK internet use is illustrated by Figure 4.37 which details the total time spent online on sites within UKOM/Nielsen's 'Member Communities' category. It indicates that of the total 186 million hours spent on these sites in April 2011, 170 million hours were spent on Facebook (91% of the total time).

Figure 4.37 also indicates that overall use of social networking, and of Facebook, has been fairly stable since the beginning of January 2010, although again it should be noted that these data exclude the use of social networking services on mobile phones.

Figure 4.37 Total time spent on social networking and blogging sites

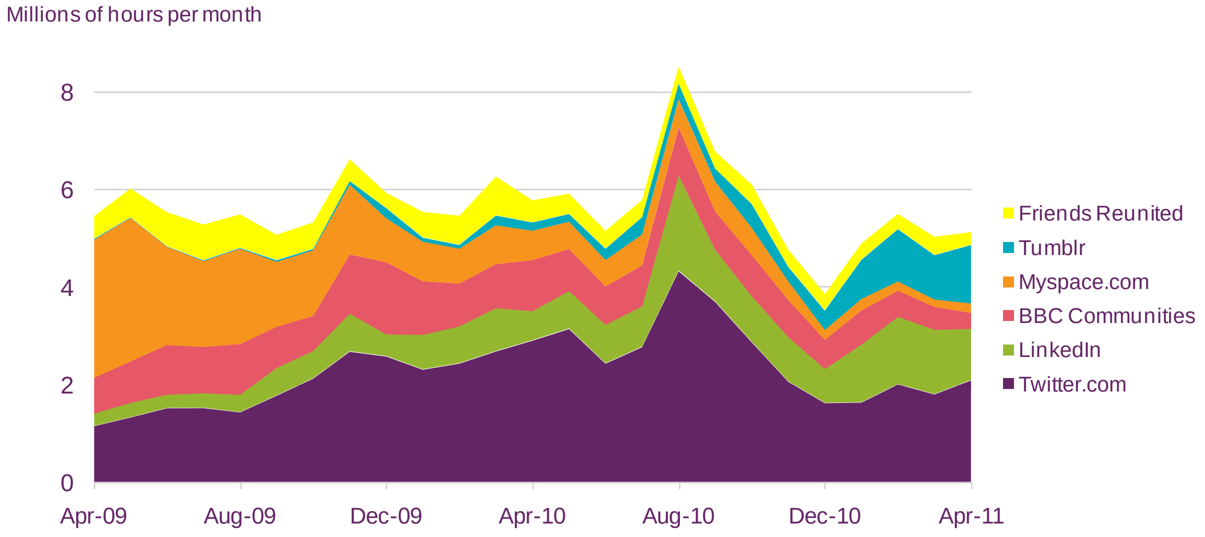


Source: UKOM/Nielsen
Note: Includes all sites in the UKOM/Nielsen category of 'Member Communities'

Changes in use of other social networking sites

Figure 4.38 details the time spent online on the UK's most popular social networking sites excluding Facebook. It indicates that there have been some significant changes in the past two years; use of earlier services such as MySpace (sold by News Corporation to Specific Media in June 2009 for around 6% of the price paid by News Corp in 2005) and Friends Reunited has fallen, while time spent on Twitter, LinkedIn and Tumblr has grown. But overall, there has been a small fall in the total time spent on these sites; although some have been successful in targeting specific segments (LinkedIn, for example, among business users), they have not made any significant inroads into Facebook's market share. In June 2011 Google launched its new social networking platform, Google+, initially on a trail basis to randomly invited Gmail users.

Figure 4.38 Total time spent on selected social networking sites (excluding Facebook)



Source: UKOM/Nielsen

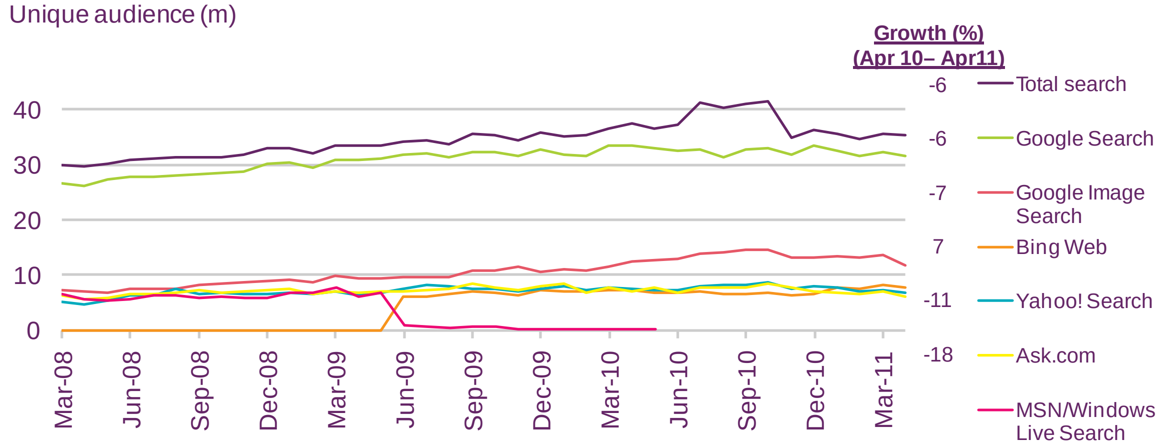
4.3.4 Search

Google has more than three times the user base of any other search engine

The main way in which people navigate the web and find information is typically via search engines. As such, search is used by the large majority of internet users – among all the UKOM/Nielsen sub-categories, search has the highest reach, with 88% of UK active users using it in April 2011.

Figure 4.39 indicates that Google has by far the largest reach of any search engine, with 31.4 million unique UK users in April 2011, more than three times as many as those of Yahoo! Search, Ask.com or Microsoft's Bing. However, Bing was the only one of the UK's leading search engines to increase its reach between April 2010 and 2011, perhaps in part due to its integration as the default search engine on Windows 7 computers, in which Internet Explorer comes pre-installed, with Bing set as the default homepage. Following a deal in July 2009, the Bing search engine also powers Yahoo! Search.

Figure 4.39 Unique audience of leading search sites



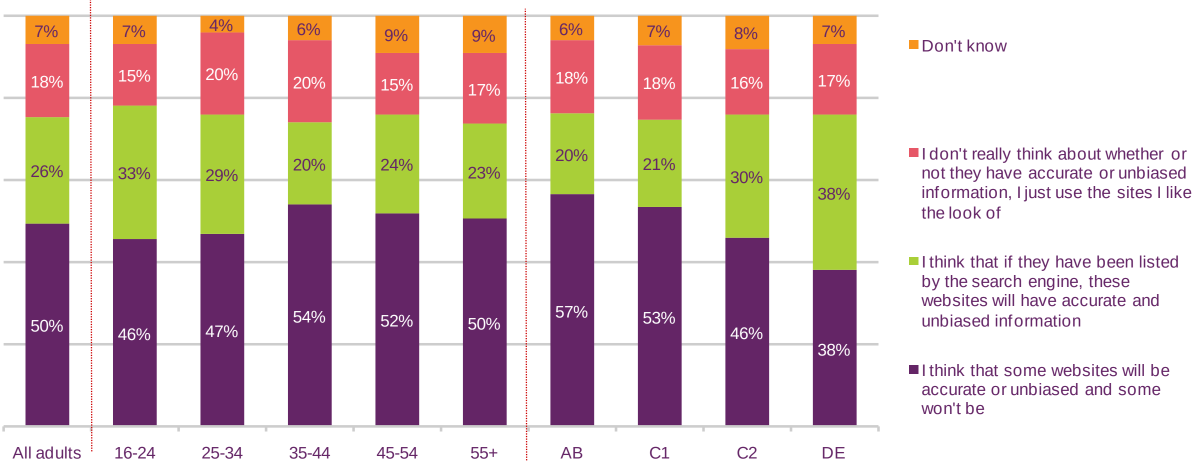
Source: UKOM/Nielsen home and work panel, applications included, month of May 2010.
Note: "Unique audience" = the total number of unique persons who have visited a website or used an application at least once in the specified reporting period. Persons visiting the same website or using the same application more than one time in the reporting period are only counted once.
MSN/Windows Live search rebranded as Bing in May 2009.

Half of all internet users are sceptical about accuracy or bias of some search engines

Given their role in directing consumers to information and services on the internet, search engines have considerable power in determining the websites that consumers visit. Search engine businesses are built on balancing the need to build a reputation for providing wholly impartial search results, delivering the best information to meet the user's requirements, with the commercial imperative to drive revenue through advertising. One way that search engines balance this need is by displaying 'ads' (or 'sponsored links') related to the user's search terms prominently at the top of most search queries, while clearly differentiating them from the general search results.

While trust in search engine results is critical to consumers' confidence in the internet, they also need to be able to evaluate and interpret search results; unlike broadcast platforms, where there are rules about the impartiality of content, there are no such rules on the internet. In order to investigate consumers' levels of trust, Ofcom's media literacy research asks internet users about their views on the accuracy, or bias, of search engine results, and finds that they have a mixture of views. Half of all internet users claim that they have suspicions about some search results, and consider some websites to be accurate and unbiased and some not. Younger users and those in lower socio-economic groups are less likely to make a critical evaluation and more likely to assume that search results will return accurate and unbiased information (Figure 4.40)

Figure 4.40 User attitudes towards accuracy or bias of search engine results



NIN46 – When you use a search engine to find information, you enter a query in the search box and the search engine will then show some links to websites in the results pages. Which one of these is closest to your opinion about the level of accuracy or bias of the information detailed in the websites that appear in the results pages? (Prompted responses, single coded)
Base: All adults aged 16+ who ever use search engine websites (1090 aged 16+, 205 aged 16-24, 227 aged 25-34, 235 aged 35-44, 183 aged 45-54,240 aged 55+, 329 AB, 353 C1, 199 C2, 209 DE)
Source: Ofcom research, fieldwork carried out by Saville Rossiter-Base in April to May and September to October 2010

4.3.5 User-generated content

Most UK internet users have published something online

Most of the content on the internet is not professionally produced, but may be categorised as user-generated content (UGC), uploaded from the PC by internet users looking to share news or views, pictures or audio, with other internet users – sometimes just with friends and family, sometimes with anyone who has an interest. As a low-cost, interactive publishing platform with social and democratic possibilities, the internet has allowed this content to flourish. Indeed, in the past year there has been a lot of media attention about the role that UGC (sometimes referred to as 'social media') has played in events such as the uprisings in the Middle East, and responses to the earthquake/tsunami in Japan.[42] But UGC has also led to concerns about privacy and safety online, as well as (because of its ubiquity) about content quality and navigation.

There are many types of UGC; the best-known include personal websites, blogs, and the pictures, profiles and updates provided on social networking sites. The websites of many news organisations encourage users to upload their own comments, pictures and videos; and some of the world's most popular websites are primarily aggregators of UGC – for example Wikipedia (encyclopaedia), YouTube (videos), Facebook (social networking) and eBay (auctions).

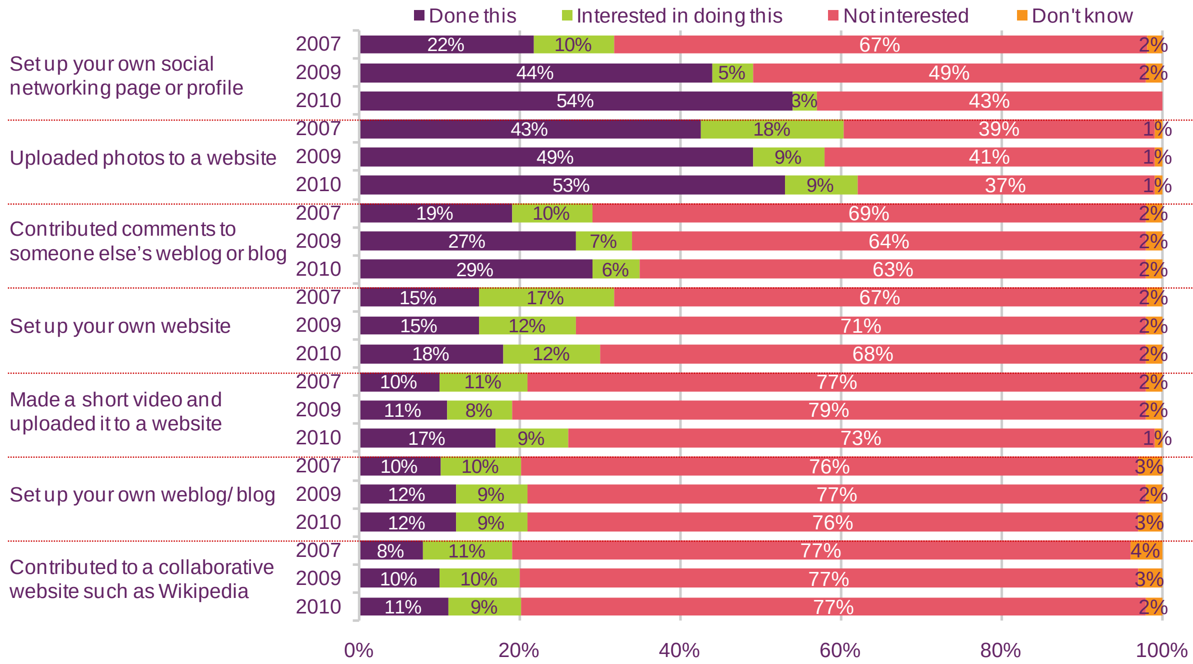
[42] See for example, http://www.bbc.co.uk/news/world-middle-east-12573995 and http://www.mirror.co.uk/celebs/news/2011/03/11/japan-earthquake-and-tsunami-reaction-on-twitter-115875-22982288/

The majority of UK internet users have published something on the internet. However, the most common way in which this is done is through setting up a social networking page or profile, which 54% of UK users surveyed in 2010 said they had done (Figure 4.41). This typically involves uploading photos, which explains why 53% of UK internet users say they have uploaded pictures (although it should be noted that sites such as Flickr and Picasa are dedicated to photos and photo sharing – and picture sharing sites were among the first social networking sites).

There has been significant growth in the past year in the proportion of people who have uploaded short videos. This may be due to increasing take-up of mobile phones which make video uploading simple, and, as with still pictures, it is likely that many of these videos are published for friends and family to view on social networking sites.

The collaborative nature of the internet is evident from the growing numbers of internet users who have contributed comments to someone else's blog (29% in 2010), or contributed to a collaborative website such as Wikipedia (11%).

Figure 4.41 Experience of, and interest in, content creation

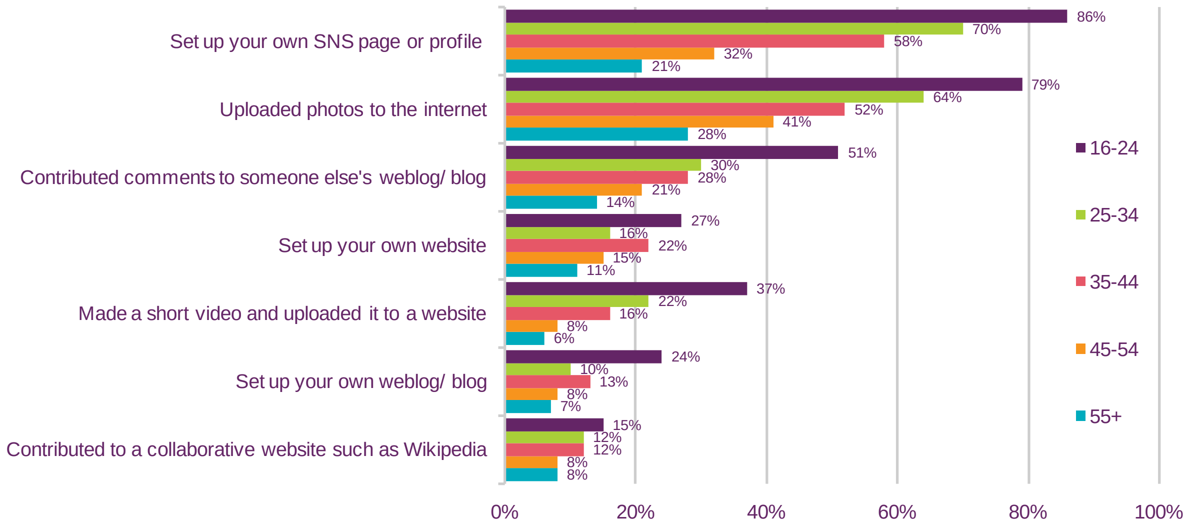


IN23A-I – I'm going to read out a number of things people might do online. Please tell me for each one I read out if you've done it, or you'd be interested in doing it, or not interested. (prompted responses, single coded)
Base: All who use the internet at home or elsewhere (1723 in 2007,1282 in 2009, 1489 in 2010)
Significance testing shows any change between 2009 and 2010
Source: Ofcom research, fieldwork carried out by Saville Rossiter-Base in April to May and September to October 2010

More than a quarter of over-55 internet users have uploaded photos

As with most internet activities, young internet users are most likely to have uploaded content. For example, more than half (51%) of 16-24s have contributed comments to someone else's blog, compared to just 21% of over-55s. However, a significant minority of over-55s are also engaged in content creation and publishing – 28% of over-55 internet users have uploaded photos.

Figure 4.42 Experience of creative activities, by age



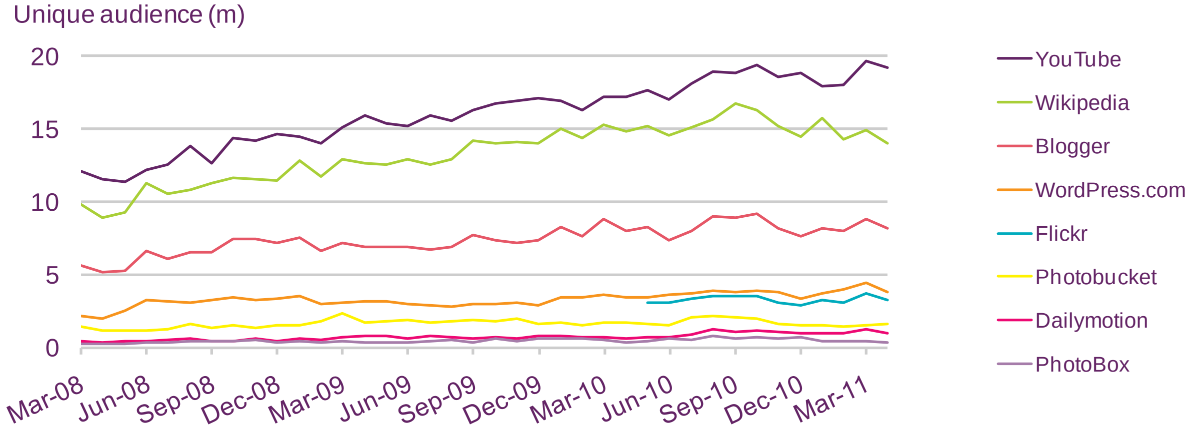
IN23A-I – I'm going to read out a number of things people might do online. Please tell me for each one I read out if you've done it, or you'd be interested in doing it, or not interested.
All who use the internet at home or elsewhere (271 aged 16-24, 287 aged 25-34, 338 aged 35-44, 245 aged 45-54, 348 aged 55+)
Source: Ofcom research, fieldwork carried out by Saville Rossiter-Base in April to May and September to October 2010

Despite overlap with social networking, many UGC sites continue to grow

There is a wide range of user-generated content sites, and Figure 4.43 focuses on a selection of them (note that social networking sites are not included – see Figure 4.35 above). YouTube remains the most popular video-sharing site, and grew its UK user base by 11% in the year to April 2011, when it was accessed by nearly 20 million unique users. However, while the large majority of videos on YouTube may be categorised as UGC, increasingly the site also includes professionally-produced content made available by broadcasters, film studios and music companies. For example, YouTube's UK site includes a prominent link to "TV Shows" which includes 'catch-up' TV programmes from Channel 4, Channel 5 and STV.

Online collaborative encyclopaedia Wikipedia was visited by nearly 15 million UK internet users in April 2011, although since September 2010 its reach has declined slightly. The leading blogging site is Google's Blogger, which reached 8.2 million users in April 2011. It is notable that Blogger and leading photo-sharing site Flickr have been able to slowly grow their user base, despite some overlap with social networking sites such as Facebook, which also enable users to upload photos and publish blog-like articles.

Figure 4.43 Unique audience of selected user-generated content sites

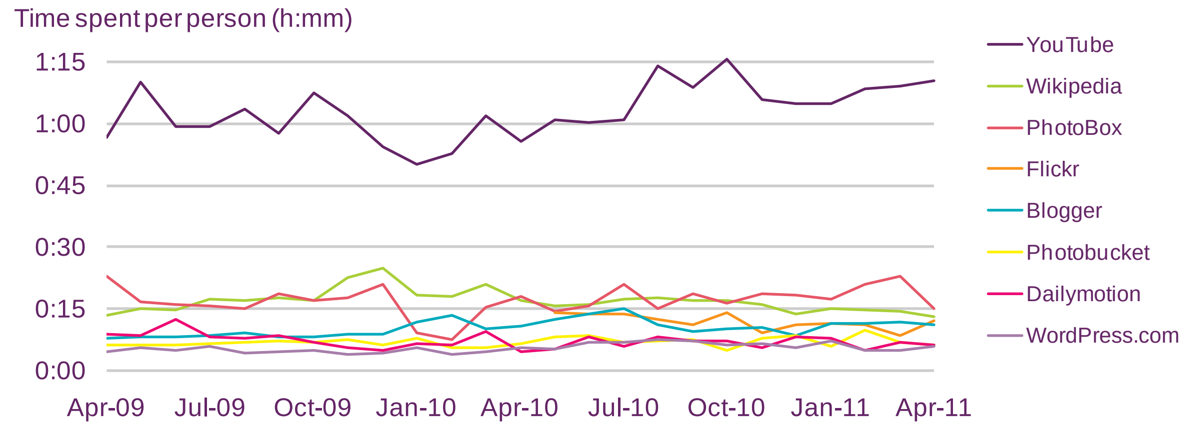


Source: UKOM /Nielsen home and work panel, applications included,
Note: "Unique audience" = the total number of unique persons who have visited a website or used an application at least once in the specified reporting period. Persons visiting the same website or using the same application more than one time in the reporting period are only counted once. Flickr: due to UKOM changes no data available pre-May 2010.

YouTube users spend on average over an hour a month on the site

According to data from UKOM/Nielsen, UK users spent on average 1 hours 10 minutes on YouTube in April 2011, considerably longer than on any of the other (non-social networking) UGC sites for which we have data. It is also notable that average time spent on YouTube has increased since the end of 2009 – although it is not clear if this is driven by viewing of user-generated content or the professionally-produced content available on the site.

Figure 4.44 Time spent on selected user-generated content sites



Source: UKOM/Nielsen home and work panel, applications included, month of May 2010.

4.3.6 Online shopping

A key benefit of the internet for many consumers is the convenience, choice and value offered by online shopping. Similarly, retailers are able to benefit from efficiencies offered by internet sales, as well as the increased reach enabled by the ability to address a global market.

UK consumers have been relatively early adopters of online shopping, facilitated by the historic popularity of catalogue shopping, high penetration of credit cards, a willingness to trust online payment systems and the early launch of retailers such as Amazon.co.uk, which had a high-profile launch in 1998. Research by Mediascope Europe at the end of 2009 found that, on average, UK internet users estimated that they spent on average £1,031 online, across an average of 19 transactions – more than double the number of purchases by consumers in France, Germany, Italy, Spain and the Netherlands, and around twice the value.[43]

In this section we explore three dimensions of how consumers are using the internet for shopping:

- purchasing goods from mass-market retailers such as Amazon.co.uk, Tesco.com and Argos.co.uk;
- using price comparison sites to identify the best-value product or service for their needs; and
- downloading coupons or vouchers to take advantage of special offers.

More than eight in ten internet users visit shopping sites

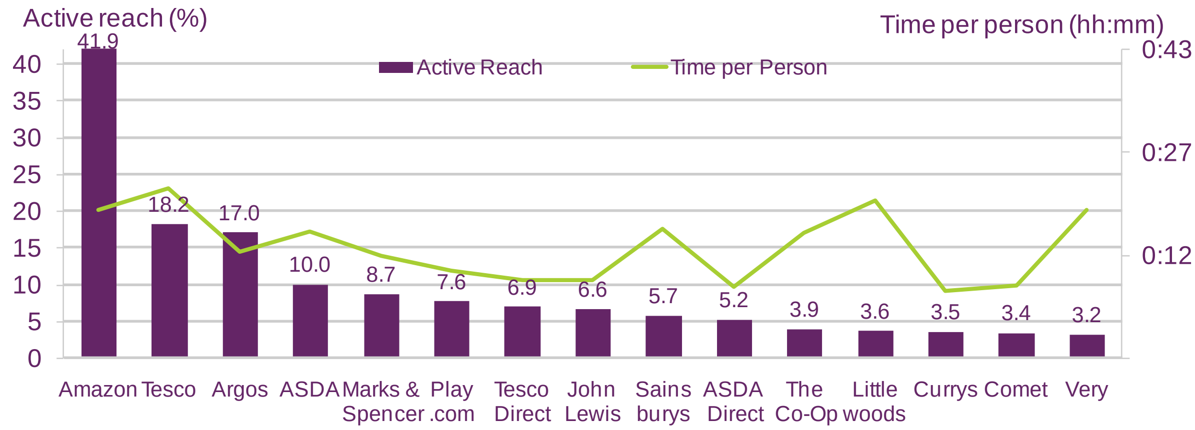
According to data from UKOM/Nielsen, in August 2010 more than eight in ten active internet users visited at least one of the UK's top e-commerce sites. In total, 546 million site visits were made, resulting in 89 million transactions[44]. Around a quarter of the U.K.'s 50 most popular sites are e-commerce sites – a ratio that has been maintained for the past three years. The most popular is eBay, with 17.7 million unique U.K. visitors in August 2010, putting it ahead of Amazon, Apple, Tesco and Argos.

This is broadly in line with Ofcom's consumer research, which finds that 72% of adults claim to use their broadband connection for 'purchasing goods/services', making it the third most popular online activity among broadband internet users, behind sending and receiving email and general surfing/browsing (see Figure 4.22 above). It is likely that this figure is lower than the Nielsen data because of the differences between visiting shopping sites and actually shopping.

Figure 4.45, below, details the reach of the UK's largest mass merchandising websites. It shows that online-only retailer Amazon has considerably the greatest reach, with over 40% of internet users accessing the site at least once in April 2011. But most of the other sites are high-street retailers. Tesco has the largest reach of the supermarkets, with 18% of internet users accessing its main site (and 7% accessing the Tesco Direct site), while despite competition from sites such as internet-only retailer Very, Argos has the third largest reach, with 17% of internet users accessing its site.

[43] See Ofcom, *International Communications Market report 2010 pp217-218,* *http://stakeholders.ofcom.org.uk/binaries/research/cmr/753567/icmr/ICMR_2010.pdf*
[44] http://www.nma.co.uk/opinion/industry-opinion/analyst-speak-online-shoppers-spend-the-most-on-electronics-and-groceries/3020674.article

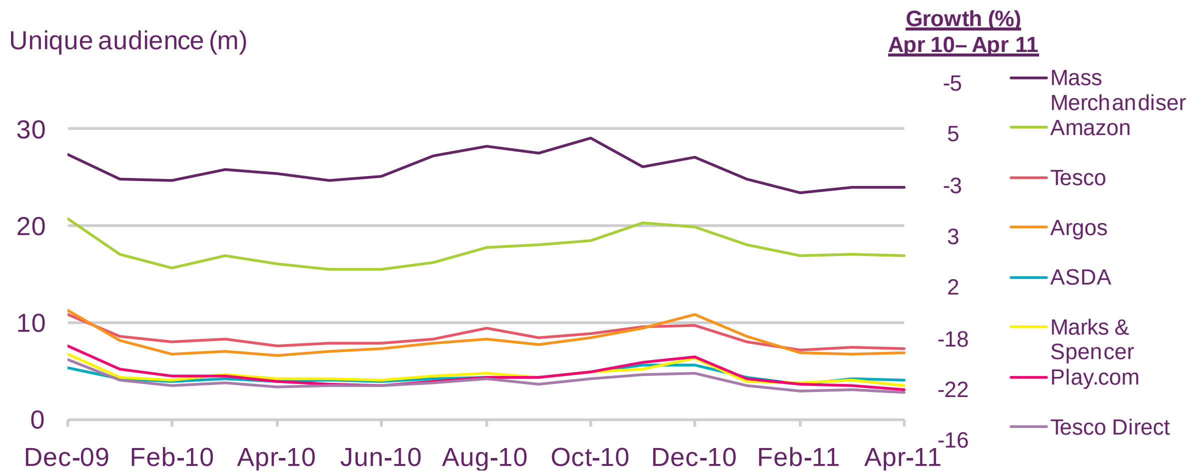
Figure 4.45 Mass merchandising, by active reach: April 2011



Source: UKOM/Nielsen home and work panel, month of April 2011
Note: "active reach" = the percentage of all active age 2+ unique persons who visited the site or used the application. 'Active' is defined as anyone who used an internet-enabled computer within the time period.

There are some suggestions that online mass merchandising is maturing as a market. Between December 2009 and April 2011 there has been a good deal of continuity in the reach of the major sites (Figure 4.46). The growth of Amazon (up 5% between April 2010 and April 2011) indicates the continuing success of the world's major online shopping brand, although its lower reach than other internet giants such as Facebook and Google (discussed in Section 4.3.3 and Section 4.3.4 above), indicates that there may be less of a network effect, and therefore less scope for dominance, in online shopping than in search or social networking. However, the decline of Play.com (down 22%), may indicate that it is difficult for more niche online retailers to maintain market share in the face of competition from the combination of internet giants (Amazon, and also potentially eBay) and high street brands (e.g. Tesco).

Figure 4.46 Unique audience of selected mass merchandising sites

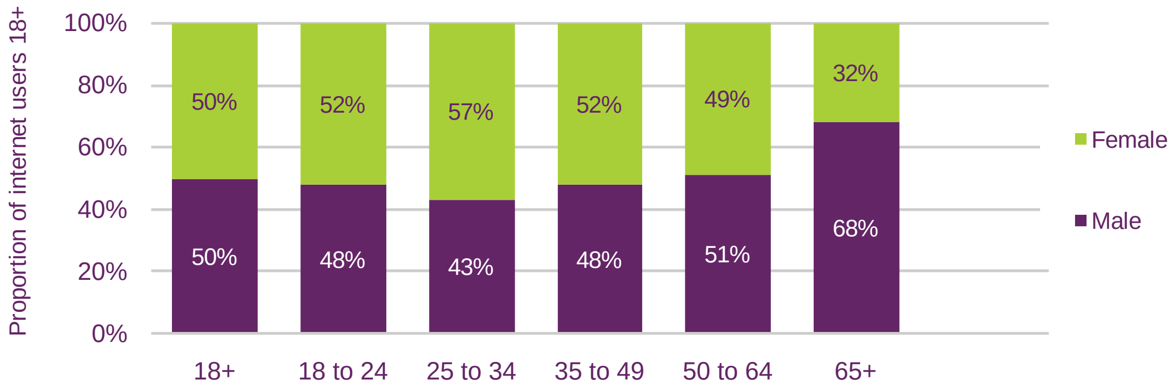


Source: UKOM/Nielsen.
Note: Home and work panel,' "Unique audience" = the total number of unique persons who have visited a website or used an application at least once in the specified reporting period. Persons visiting the same website or using the same application more than one time in the reporting period are only counted once.

Female internet users are slightly more likely to visit mass merchandising sites than male internet users. Overall, 47.6% of time on the internet is spent by women (see Figure 4.20);

however, women account for 50% of visitors to mass merchandising websites (Figure 4.47). Among 25 to 34-year-olds, 57% of visitors to mass merchandising sites are women, although women account for only 46% of total time spent online.

Figure 4.47 Mass merchandising, by gender

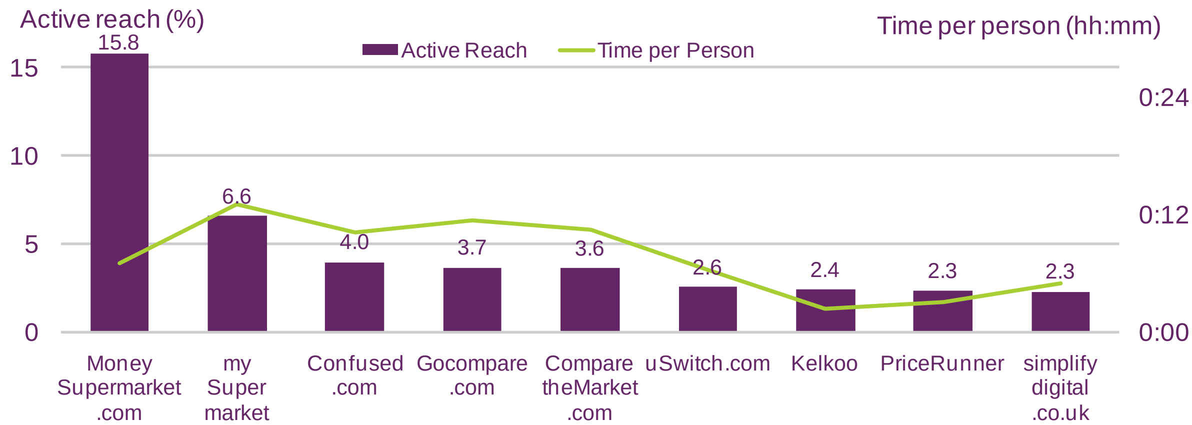


Source: UKOM /Nielsen April 2011

Comparing prices

For many consumers, a key benefit of internet shopping is the ability to compare prices between providers before making an online or offline purchase. Figure 4.48 details the UK's leading price comparison sites in April 2011, and indicates that more than one in seven internet users (16%) visited the leading comparison website, moneysupermarket.com.

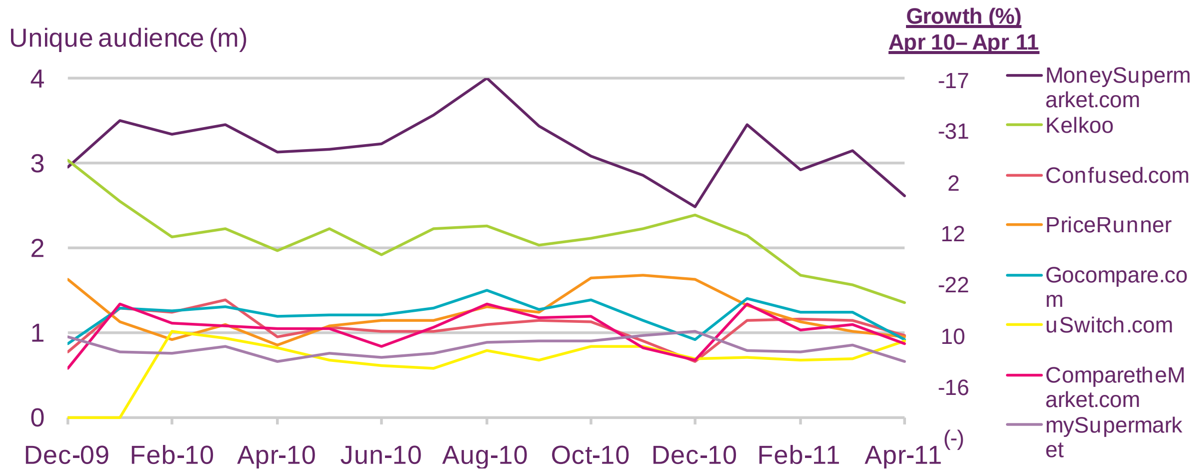
Figure 4.48 Reach and time spent on selected price comparison sites, April 2011



Source: UKOM/Nielsen
Note: Home and work panel,' "Unique audience" = the total number of unique persons who have visited a website or used an application at least once in the specified reporting period. Persons visiting the same website or using the same application more than one time in the reporting period are only counted once.

As with mass merchandising websites, price comparison sites are now reasonably well established – most leading sites have now been operating for several years and there was little change in overall use between April 2010 and April 2011, although there were some significant changes in the reach of individual sites (Figure 4.49).

Figure 4.49 Unique audience of selected price comparison sites

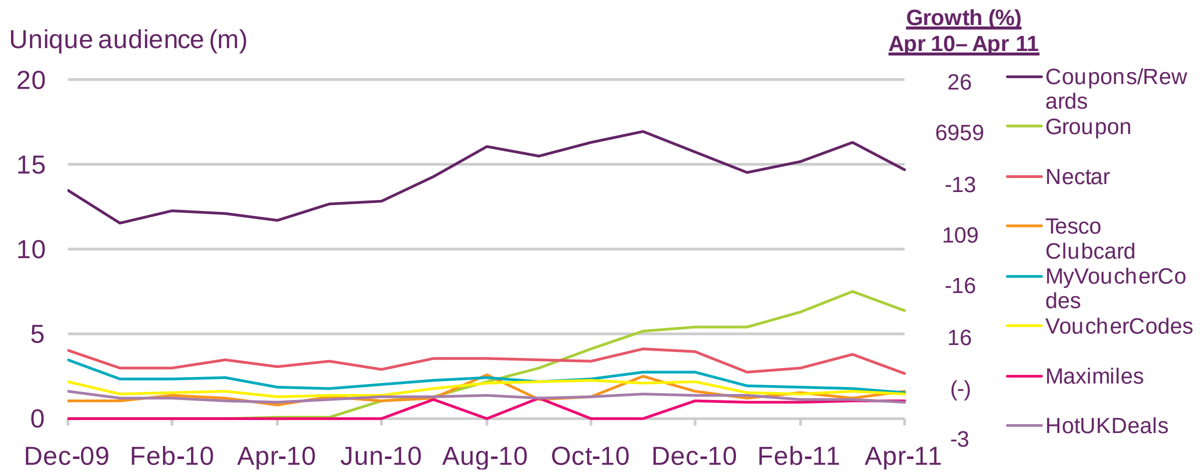


Source: UKOM/Nielsen
Note: Home and work panel,' "Unique audience" = the total number of unique persons who have visited a website or used an application at least once in the specified reporting period. Persons visiting the same website or using the same application more than one time in the reporting period are only counted once.

Vouchers and coupons

A major development in the past year has been the growth of voucher and coupon sites, where retailers offer consumers discounted prices for products and services, typically for a short period of time and often for a specific location. Around 15 million internet users in the UK used voucher or reward sites in April 2011 (Figure 4.50).

Figure 4.50 Unique audience of selected coupon and reward sites

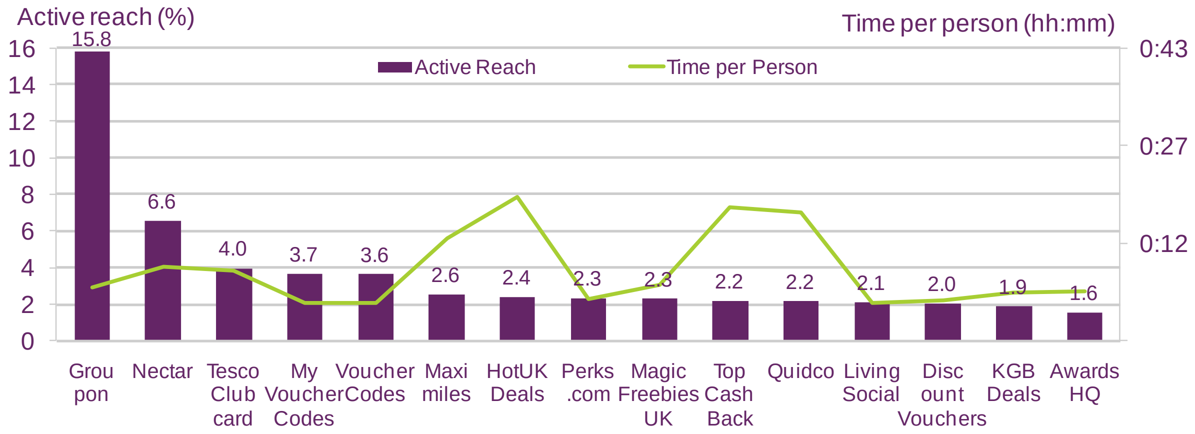


Source: UKOM/Nielsen.
Note: Home and work panel,' "Unique audience" = the total number of unique persons who have visited a website or used an application at least once in the specified reporting period. Persons visiting the same website or using the same application more than one time in the reporting period are only counted once. Maximiles data unavailable for some months, Groupon not available pre Feb10.

The highest profile coupon site is Groupon, which, from its January 2010 expansion into the UK, has grown rapidly, becoming the UK's most-visited coupon and reward site in October 2010 and reaching 16% of UK internet users by April 2011. Its innovative business model involves partnering with retailers in particular locations to offer deals to consumers: if a stated number of people sign up for the offer then the deal is available.

The UK's largest two reward card schemes, Nectar and Tesco Clubcard, both have significant internet presence, reaching 7% and 4% of UK internet users respectively (although given that they are supported by two of the UK's largest supermarkets (Tesco and Sainsbury's), there appears to be scope for much more growth). Another category of sites are voucher sites such as My Voucher Codes; these provide users with the ability to print discount coupons for use in retail outlets including restaurants, high street stores and visitor attractions, while sites such as Top Cashback and Quidco offer cashback for purchasing products and services via their sites.

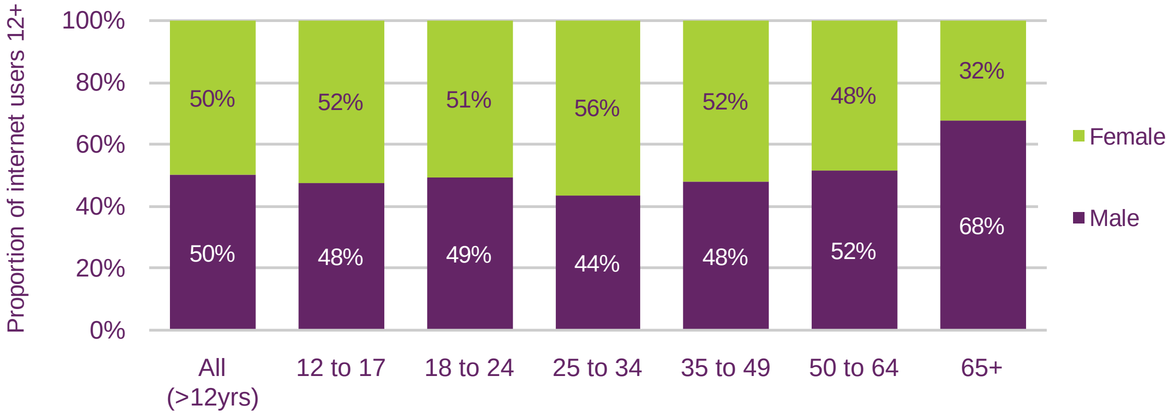
Figure 4.51 Coupon and reward sites: active reach



Source: UKOM/Nielsen home and work panel, month of April 2011
Note: "active reach" = the percentage of all active age 2+ unique persons who visited the site or used the application. 'Active' is defined as anyone who used an internet-enabled computer within the time period

Overall, men and women are equally likely to use internet coupon and voucher sites; indeed the pattern is very similar to that for using mass merchandising sites (see Figure 4.47 above). Among 25-34 year-olds, 56% of visitors to coupon and reward sites are women (Figure 4.52).

Figure 4.52 Coupon and reward sites: active reach



UKOM /Nielsen April 2011