Communications Market: Special Report

Consumer Engagement with Digital Communications Services

Report on research findings

Issued: 13 July 2006

Contents

Foreword

This survey is one of Ofcom's Communications Market series of special reports. It examines the different ways that consumers value and engage with digital communications services in the UK.

Ofcom undertook the research to build on the data relating to availability, take-up and consumption that we regularly provide in our core Communication Market reports. The research contained in this report explores the 'how' and 'why' that underpins this data – focusing on consumer attitudes and motivations towards digital communications services, and, in particular, the value people place on these services. To achieve this objective, the report presents a consumer segmentation model, using attitudes rather than socio-demographic indicators as a basis for explaining differences in engagement.

The survey considers three basic communications platforms; digital broadcasting (including digital TV and radio), the internet (including broadband) and telecoms (including second and third generation mobile phones and other portable devices). The findings were collated from quantitative research undertaken in the second half of 2005 and qualitative research conducted in the first quarter of 2006.

This report complements other research published by Ofcom during 2006, including the Media Literacy Audit (the main report was published in March 2006), the annual Communications Market (to be published in August this year) and its sister publication, The Communications Market: Nations and Regions (published in April 2006).

The findings will be used to provide an attitudinal dimension to Ofcom's existing work in understanding consumer behaviour within the UK communications market. For example, the segmentation model will be employed to help develop our understanding of similarities and differences across the nations and regions of the United Kingdom. Further analysis of the research will also support Ofcom's efforts to promote media literacy and help to provide greater insight into the voluntarily and involuntarily excluded groups within the UK population.

David Currie
Chairman

Executive summary

The research commissioned as part of this report highlights a variety of opportunities to promote UK consumers' engagement with digital communications services. A single over-arching theme unites all of these opportunities – the need to make it easier for consumers to engage. However, this theme needs to be tailored for different groups – as the challenges to engagement vary for each.

Consumer engagement with technology

- Ofcom's Communications Market: Nations and Regions report (April 2006) highlighted continued growth in the take-up and consumption of digital services across the UK.

- Consumers generally recognise the benefits that technology can bring – but they are also aware of drawbacks such as complexity, intrusion and the encouragement of anti-social behaviour. Technology is now intrinsically linked to how consumers like to spend their leisure time, as people increasingly rely on technology for their everyday needs.

- However, many consumers do not feel confident or competent with technology – and are frequently happy to devolve responsibility for this to others in their household. Consumers may also perceive that cost is preventing them from engaging with digital services sooner and more fully.

- Realising the potential value in digital communications services is not solely dependent on higher take-up of digital platforms, but is also related to increasing use of technology that consumers already have access to. It is frequently the case that only a small minority of those who might value a digital function claim to be actually using it.

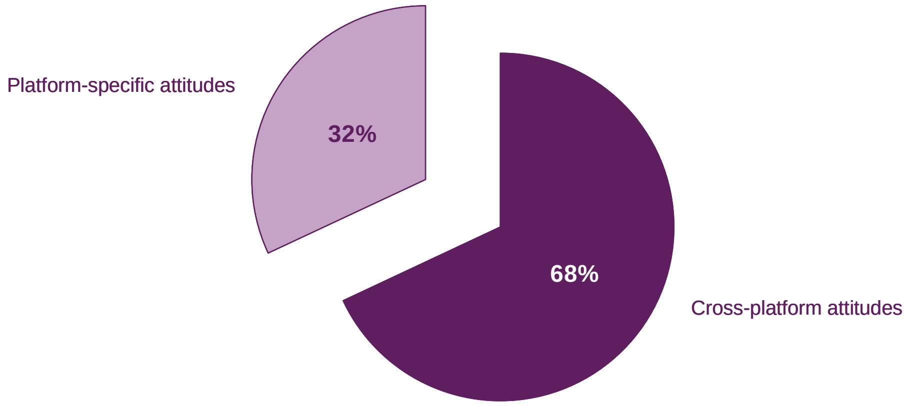
Ofcom's consumer engagement segmentation model

The research reveals that there are wide ranging differences in how and why UK consumers engage with digital communications services. However, these differences in engagement cannot be explained by an individual's age, gender or income; broader attitudes towards technology and digital services are more influential factors.

An attitudinal segmentation model was developed to provide a richer and more in-depth understanding of the different ways that UK consumers are engaging with digital communications services. The key characteristics of the model are as follows:

- Figure 1 shows that the majority (68%) of consumers have the same broad attitude towards each of the four main digital communications platforms: TV, radio, the internet and mobile phones (cross-platform attitudes). A minority (32%) of consumers think about and see value in one platform differently from the others (platform-specific attitudes).

Figure 1: Consumer attitudes towards digital communications services



- Among consumers with attitudes which are consistent across communications platforms, the segmentation model identifies five consumer segments – each one painting a picture of the way certain UK consumers value digital services.

- Among consumers with platform-specific attitudes, two key reasons generally explained the absence of more common 'cross-platform' behaviour:

    one platform or medium was considered to be a much more integral part of their life, and they placed significantly greater importance on it;

    they had a specific goal or need from one platform or medium, which was not mirrored in the other platforms.

- These attitudes were not primarily defined by take-up of digital services. Consumers with high ownership of digital services can be found across many of the segments.

The cross-platform segments

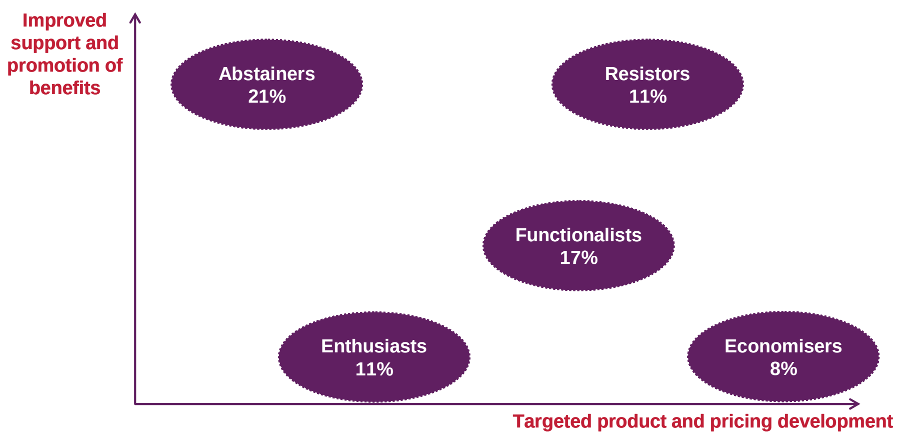
Each of the five cross-platform segments reveals opportunities to promote consumers' engagement with digital communications services. In general, these opportunities relate to:

- improved support and better promotion of benefits; and

- targeted product and pricing development.

A map of the nature of opportunities for each of the cross-platform segments is shown in Figure 2.

Figure 2: The five cross-platform segments – opportunities for further engagement



- The **Enthusiasts** are keen and adventurous digital users for whom technology plays a broad and important role in delivering practical benefits and social or leisure opportunities. Even these individuals, though, are not always taking advantage of some of the functionality they might value – as a hectic work and personal life often takes priority over further digital exploration. This group needs a fast track through to new benefits and features – potentially via convergent devices.

- The **Functionalists** are very confident with and feel knowledgeable about technology, but engage with digital services in a cautious and considered manner. While open to new developments, they are only prepared to broaden their horizons if there is a very clear benefit to them. This group needs 'fit for purpose' products and services without bolt-on 'bells and whistles'.

- The **Economisers** see clear value in the full range of benefits that digital services can offer and take advantage of the platforms at their disposal – but costs may be limiting further take-up and use, particularly of the internet. This group needs an affordable entry point and products and services with reasonable ongoing costs.

- The **Abstainers** often have access to digital services at home but use them little, primarily due to lack of confidence, knowledge or interest. In the absence of support and guidance, many have taken the easier option of turning their back on digital services as they are uncomfortable with trying something new in case it goes wrong. This group needs considerable back-up to get them started and to help them gain confidence and experience in the use of digital communications services.

- The **Resistors** are detached from digital services, believing them to be of little relevance to their lives - and actively resisting technology adoption. However, this initial rejection frequently masks a sense of being daunted by technology and a desire for digital products and services that are easier and simpler. These people also need to be clearly shown how digital services could benefit them.

Figure 3 outlines the key characteristics of the cross-platform segments.

Figure 3: Key characteristics of the cross-platform segments

	Enthusiasts	Functionalists	Economisers	Abstainers	Resistors
More likely to be…	Minority ethnic groups From metropolitan areas	More affluent Male	Younger Lower income From metropolitan areas	Female Less affluent	Older
Most likely to own and use…	Everything	Everything within reason	Everything except the internet – but with one eye on the cost	A mobile phone (but live in a household with other devices they don't use)	Nothing
Most likely to say…	I couldn't do without it	Would I really use that?	I'd really like to be able to do that	My partner/children use all that	It's just not for me
Most likely to be put off by because…	I've too many other things to do	I don't have a use for all this	I can't afford it	I don't know where to start	I'd get no value or benefit from this
Most likely to need or want…	A fast-track (Convergent devices)	Straightforward – no bells and whistles	Lower cost entry point Lower ongoing costs	Ongoing support and guidance	A reason to believe - awareness of the benefits for them

Consumer engagement with digital TV services

- Improved picture quality and greater ease of use are the two improvements to TV services that UK adults stated they would value most. Greater channel choice appealed to half of TV viewers. A minority of consumers now consider that their TV set provides more than just the opportunity to view television – for example, a way to listen to music, or a monitor for console games.

- Two broad themes cover the more advanced digital TV functionality that consumers find most attractive: features that make it easier to watch when you want to (e.g. Personal Video Recorders), and features that make it easier to find what you want to watch (e.g. electronic programme guides).

- Most consumers are aware of digital TV, and recognise some of its benefits - but this often focuses solely on greater channel choice and improved picture quality. Consumers typically do not automatically associate digital TV with ease of use, information or control benefits, despite frequently believing that these would be valuable improvements to current TV services.

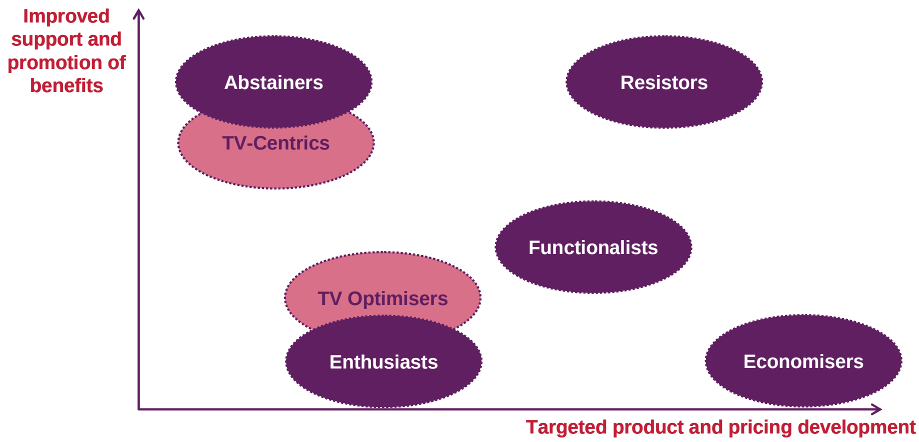
- The research identified seven different ways in which consumers value digital TV services. These were illustrated through the five cross-platform segments (Enthusiasts, Functionalists, Economisers, Abstainers and Resistors) and two TV-specific mindsets (the **TV-Centrics** and the **TV Optimisers**).

- **The TV-Centrics'** interest in and reliance on television drives their ownership of digital TV, in spite of their lack of confidence with the technology. Like the **Abstainers**, they need ongoing support and guidance to encourage more advanced digital TV use. (10% of UK adults have this attitude towards television.)

- **The TV Optimisers** strongly value digital TV benefits as a means of maximising (not expanding) their viewing experience. Like the **Enthusiasts**, they need a 'fast track' to new benefits and features, but greater promotion of the benefits of TV delivery through other delivery mechanisms could also prove valuable. (12% of UK adults have this attitude towards television.)

- Figure 4 maps the potential opportunities for further engagement with digital TV services for each of these seven groups.

Figure 4: Attitudes to television - opportunities for further engagement



Consumer engagement with digital radio services

- Improved sound quality and greater ease of use are the two improvements to radio services that UK adults state they would value most. These were found to be considerably more appealing than any of the other benefits of digital radio – including greater station choice – for both digital and analogue listeners.

- Awareness remains a considerable challenge to further engagement with digital radio. Slightly more than half of UK consumers claim to have heard of the term ‘DAB digital radio’ but only one of its benefits (improved sound quality/reception) was spontaneously mentioned by more than half of respondents. Ease of use is the benefit where there is the largest gap between the proportion of consumers valuing that feature and the number spontaneously associating it with digital radio.

- Interest in the delivery of radio content through a range of other delivery mechanisms (such as the internet, TV and portable devices) appealed to a minority of consumers. This finding mirrors the high levels of access to digital radio services in UK households – but lower levels of actual listening to radio via these platforms.

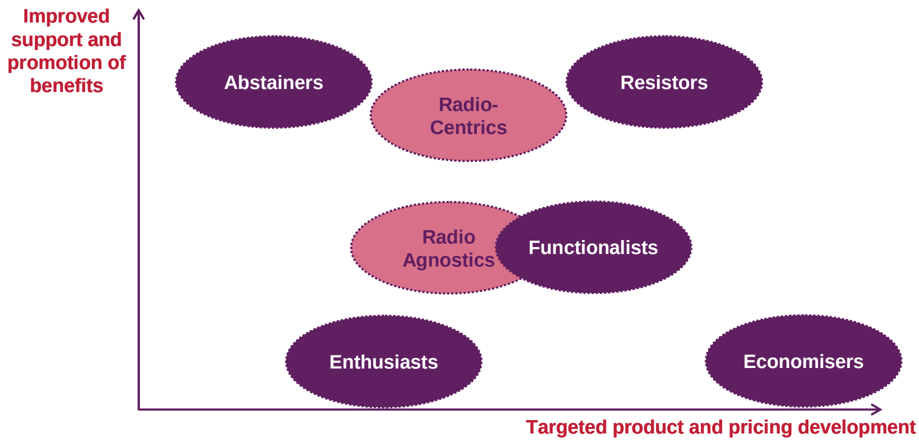
- The research identified seven different ways in which consumers value digital radio services. These were illustrated through the five cross-platform segments (Enthusiasts, Functionalists, Economisers, Abstainers and Resistors) and two radio-specific mindsets (the **Radio-Centrics** and the **Radio Agnostics**).

- **The Radio-Centrics** are strongly committed to radio as a medium but lack confidence and competence with technology. The benefits of digital are not enough to trigger a step change. Like the **Resistors,** they need a better understanding of the improved sound quality of digital radio – together with raised awareness of the ease of use of DAB sets and their ease-of-tuning benefits. (9% of UK adults have this attitude towards radio.)

- **The Radio Agnostics** are confident with technology but their limited interest in radio (primarily music) may restrict a wider appreciation of digital benefits. Like the **Functionalists**, they need an easy and straightforward upgrade path to DAB radio sets. (16% of UK adults have this attitude towards radio.)

- Figure 5 maps the potential opportunities for further engagement with digital radio services for these seven groups.

Figure 5: Attitudes to radio - opportunities for further engagement



Consumer engagement with internet and broadband services

- Many people have concerns about the internet, whether or not they have access at home. This suggests that these concerns may not be – on their own – a primary factor in determining engagement with internet services. Affordability, low levels of media literacy and lack of interest are stronger influences.

- While the main purposes of the internet are still seen to relate to communication, transactions and information, the role of the internet for entertainment is beginning to emerge. Broadband-facilitated applications, such as VoIP and music downloading, are now starting to be appreciated by a significant proportion of consumers.

- However, perceptions of the benefits of broadband still largely relate to the improved connectivity that it offers, rather than the new applications that it can support. Dial-up customers often do not believe that broadband would significantly improve their internet experience – given what they currently use the internet for.

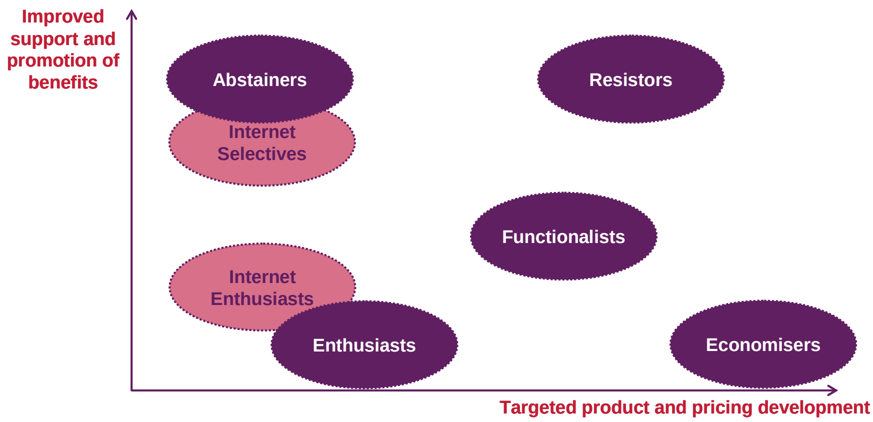
- The research identified seven different ways in which consumers value the internet and broadband services. These were illustrated through the five cross-platform segments (Enthusiasts, Functionalists, Economisers, Abstainers and Resistors) and two internet-specific mindsets (the **Internet Selectives** and the **Internet Enthusiasts**).

- **The Internet Selectives** tend to see the internet for more limited uses such as email and occasional transactions, and broadband exclusively for improved connectivity. Like the **Abstainers**, they need encouragement to broaden their horizons in terms of the benefits that the internet could bring. (6% of UK adults have this attitude towards the internet.)

- **The Internet Enthusiasts** see wide ranging uses for the internet as a whole, valuing the connectivity benefits of broadband as well as certain communications and entertainment applications – like the cross-platform **Enthusiasts**. They need greater reassurance regarding the security of the internet to ensure that their natural thirst for knowledge in this area can continue. (13% of UK adults have this attitude towards the internet.)

- Figure 6 maps the potential opportunities for further engagement with the internet and broadband services for each of these seven groups.

Figure 6: Attitudes to the internet/broadband - opportunities for further engagement



Consumer engagement with mobile phones and portable devices

- UK consumers appear to have a love-hate relationship with their mobile phones. Many claimed that there are times when they don't want to be disturbed and wish they didn't have a mobile phone, but just as many believed that they would be completely lost without it as a means of contact.

- Affordability and complexity may be a barrier to further engagement for both current owners and non-owners of mobile phones. In addition, many non-owners do not believe that they would gain sufficient value to offset the cost of using a mobile, considering it to be something that they would never use and an expensive luxury.

- Awareness and perceived relevance remain the main challenges for 3G technology. Half of consumers are aware of the term '3G', and the majority are not certain what additional benefit they would gain from a 3G phone.

- The perceived value of the functions of portable devices is relatively muted – primarily concentrated on email, audio entertainment and applications that help people to organise their lives. None of the portable features enabled by 3G were valued by more than one-fifth of consumers.

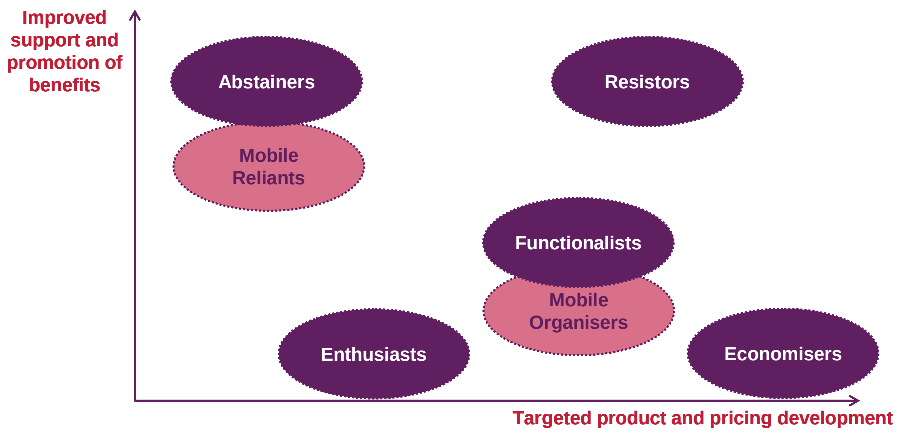
- The research identified seven different ways in which consumers value mobile phones and portable devices. These were illustrated through the five cross-platform segments (Enthusiasts, Functionalists, Economisers, Abstainers and Resistors) and two mobile/portable-specific mindsets (**Mobile Reliants** and the **Mobile Organisers**).

- **The Mobile Reliants** are wholly dependent on their mobile phones as a means of contact and a tool to organise their social life. They need peer-level support and advice, like the cross-platform **Abstainers**, to encourage more advanced use of the functionality that mobile phones and portable devices can provide. (6% of UK adults have this attitude towards mobile phones/portable devices.)

- **The Mobile Organisers** value the increased efficiency and organisational benefits that portable devices offer (in both a personal and a business context). Like the **Functionalists**, they need tried and tested products and services, as they often wait to adopt until the 'emerging' functions match the performance of established technology. (9% of UK adults have this attitude towards mobile phones/portable devices).

- Figure 7 maps the potential opportunities for further engagement with mobile phones and portable devices for each of these seven groups.

Figure 7: Attitudes to mobile phones and portable devices- opportunities for further engagement



Section 1

Introduction

1.1 Background and objectives

This Communications Market Special Report supports Ofcom's objective to undertake and publish 'best-in-class research to which stakeholders have regular access', and is a commitment in Ofcom's 2006/7 Annual Plan.

It aims to build on the data that Ofcom regularly provides in its core Communication Market reports relating to availability, take-up and consumption of communications products and services. This new research explores the 'how' and 'why' behind these figures – focusing on consumer attitudes and motivations towards using digital communications services.

It is also consistent with Ofcom's principal statutory duty; to further the interests of citizens and consumers. In doing this, Ofcom must, among other things, have regard to the way in which consumers value communications services – and the most appropriate means of promoting further engagement.

The objectives of this report are to:

- build an over-arching picture of residential consumers' engagement with digital services (the different ways in which communications services are valued, and how consumers are interacting with them);
- understand factors that influence consumer uptake and use of digital communication services; and
- identify areas where consumer needs may not currently be met – and summarise opportunities for, and challenges to, further engagement.

1.2 Working definition for 'engagement'

The word, 'engagement' can be interpreted in a variety of ways in the context of digital communications services. For the purposes of this report, Ofcom has used the following four elements as the basis for its exploration of the levels and nature of consumer engagement in the UK;

- the role and importance of media types and platforms;
- general attitudes to technology, and attitudes to each platform;
- the perceived value of the benefits or features of digital communications services; and
- the depth, breadth and volume of use of these services.

1.3 Research methodology

There were two phases to the research; a large-scale quantitative study and subsequent qualitative research.

The quantitative research consisted of a total of 1,017 interviews with UK adults, with the overall data weighted to ensure that it was representative of the UK adult population. The study was conducted for Ofcom by the research agency saville rossiter-base, and fieldwork took place from 15 September to 24 October 2005.

The qualitative research involved 44 in-depth interviews with UK adults. The study was conducted for Ofcom by the research agency saville rossiter-base, and fieldwork took place from 12th April to 2nd May 2006.

Full details of the research methodology can be found at Annex 1[1].

Significance testing at the 95% confidence level was carried out on the results reported here. Where findings are reported as 'significant', this is what is being referred to.

1.4 Structure of report

This report focuses on UK adults' engagement with digital communications services.

Section 2 paints a broad overview of consumers' engagement with technology.

Sections 3, 4, 5 and 6 focus on the television, radio, internet and mobile platforms in turn – describing consumers' engagement with each delivery mechanism.

Section 7 introduces the consumer engagement segmentation model.

Section 8 provides pen-portrait descriptions of the five cross-platform segments.

Section 9 illustrates each of the platform-specific mindsets.

Section 10 outlines how the research will inform existing Ofcom work programmes.

[1] Copies of the quantitative survey are available from Ofcom's website at www.ofcom.org.uk

Section 2

Consumer engagement with technology

This section presents an overview of consumers' engagement with technology in the broadest context – later sections will explore their perceptions and attitudes regarding individual platforms and associated services.

The main conclusions from this overview are summarised below:

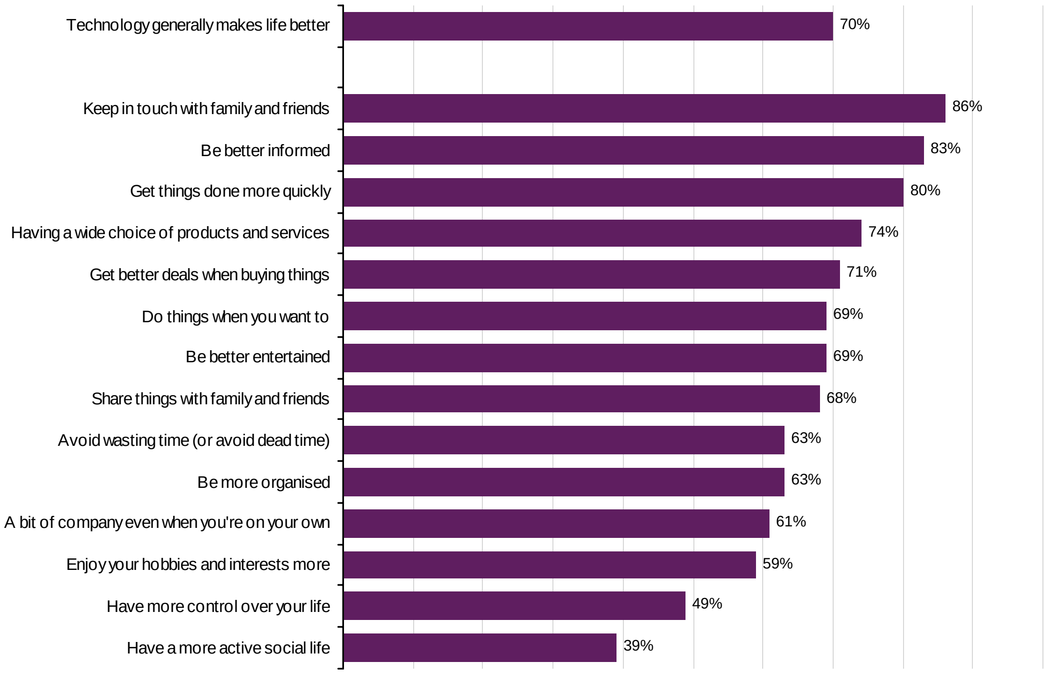
- Consumers recognise the benefits of technology – but also the associated drawbacks.
- Technology is frequently intrinsically linked to how consumers like to spend their leisure time.
- Many consumers do not feel confident or competent with technology – and often devolve responsibility for technology to others in their household.
- Levels of concern about technology are generally independent of levels of engagement; the value that an individual sees in each technology is the more important determinant of how engaged they are.
- Consumers may also perceive that cost is preventing them from engaging with digital services sooner or more fully.

Consumers recognise the benefits of technology - but also the associated drawbacks

Consumer attitudes to technology are mixed – many appearing to have a 'can't live with it, can't live without it' mindset.

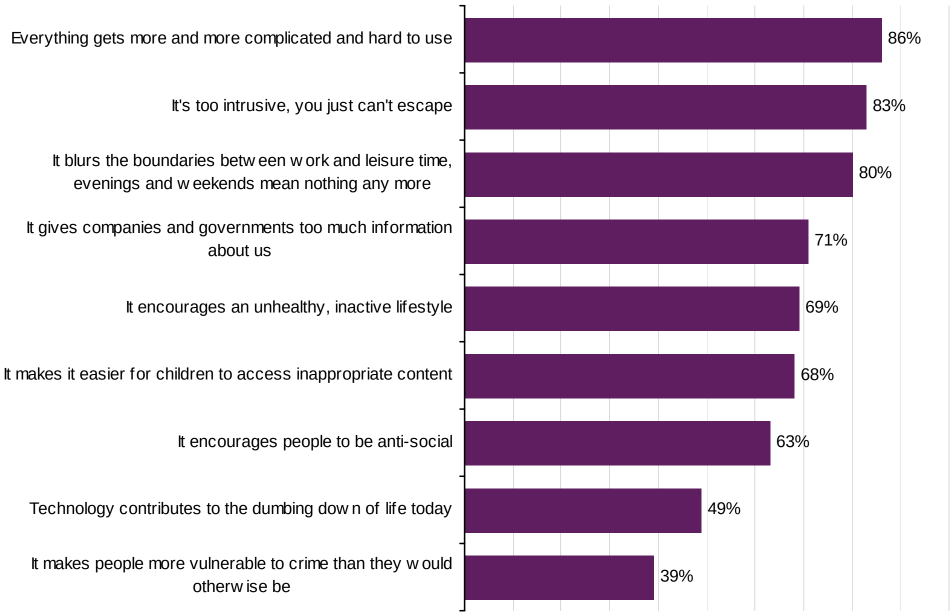
Figure 8 shows that the majority (70%) believed that technology generally makes life better. They recognise a variety of ways in which technology can improve their quality of life, across a range of benefits such as communication, information, efficiency, choice and entertainment (86% felt technology helped them keep in touch with family and friends; 83% believed it kept them better informed).

Figure 8: Advantages of technology[2]



However, Figure 9 shows that it is also widely accepted that these technologies bring drawbacks: complexity, intrusion, and the encouragement of anti-social behaviour (86% felt that everything gets more and more complicated and hard to use and 83% found technology to be intrusive, and difficult to escape from).

Figure 9: Disadvantages of technology[3]



[2] Base: All UK adults (1,017). Percentages indicate the proportion agreeing with each statement.
[3] Base: All UK adults (1,017). Percentages indicate the proportion agreeing with each statement.

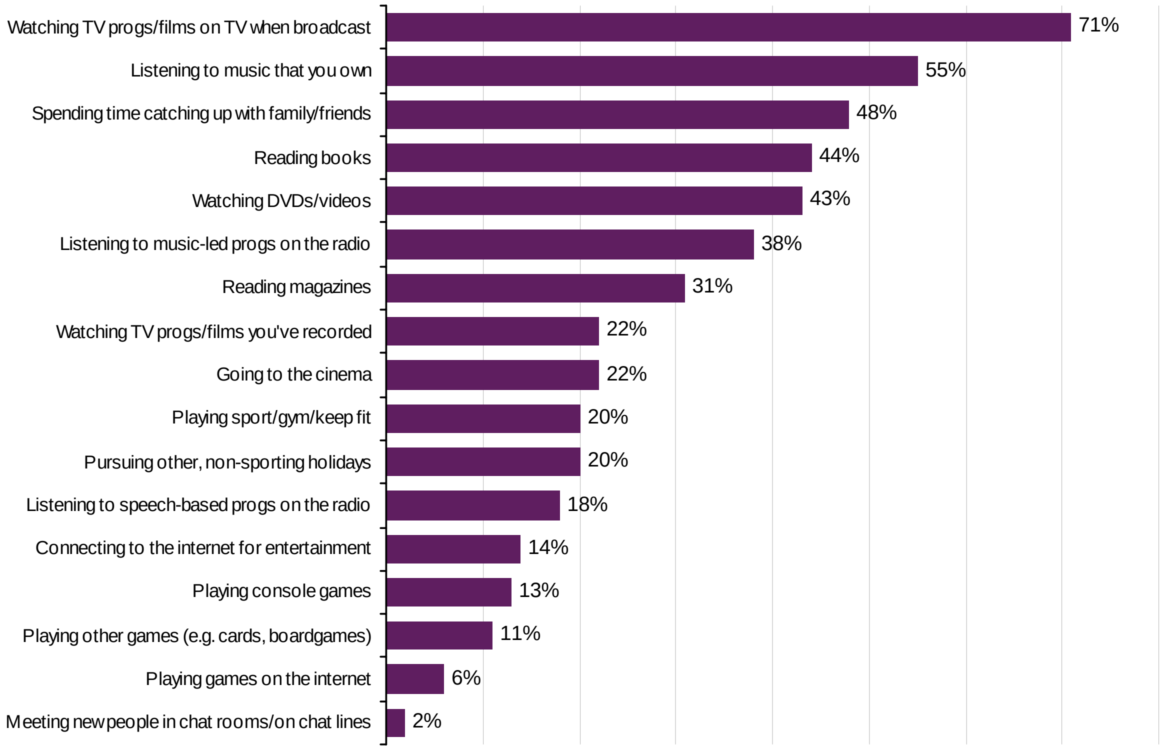
Technology is frequently intrinsically linked to how consumers like to spend their leisure time

Consumers were asked to select five leisure pursuits that they were most interested in from a list of 17 activities. The results are shown in Figure 10.

These findings highlight the prominent role that technology and communications services play in consumers' lives today. For example:

- seven in ten (71%) consumers cited watching broadcast TV as a favoured pastime;
- two-fifths (38%) mentioned listening to the radio; and
- one in seven (14%) consumers claimed to seek entertainment from the internet and a similar proportion reported enjoying playing console games.

Figure 10: Favoured ways of spending leisure time[4]



Many consumers do not feel confident or competent with technology – and often devolve responsibility for technology to others in their household

Figure 11 shows that despite an increasing reliance on technology, many consumers indicate that they do not feel in a position to take advantage of new developments in this area.

Half (54%) of the UK adults canvassed admitted that they did not think that they got the most out of the products and services they already owned. A similar proportion (49%) questioned

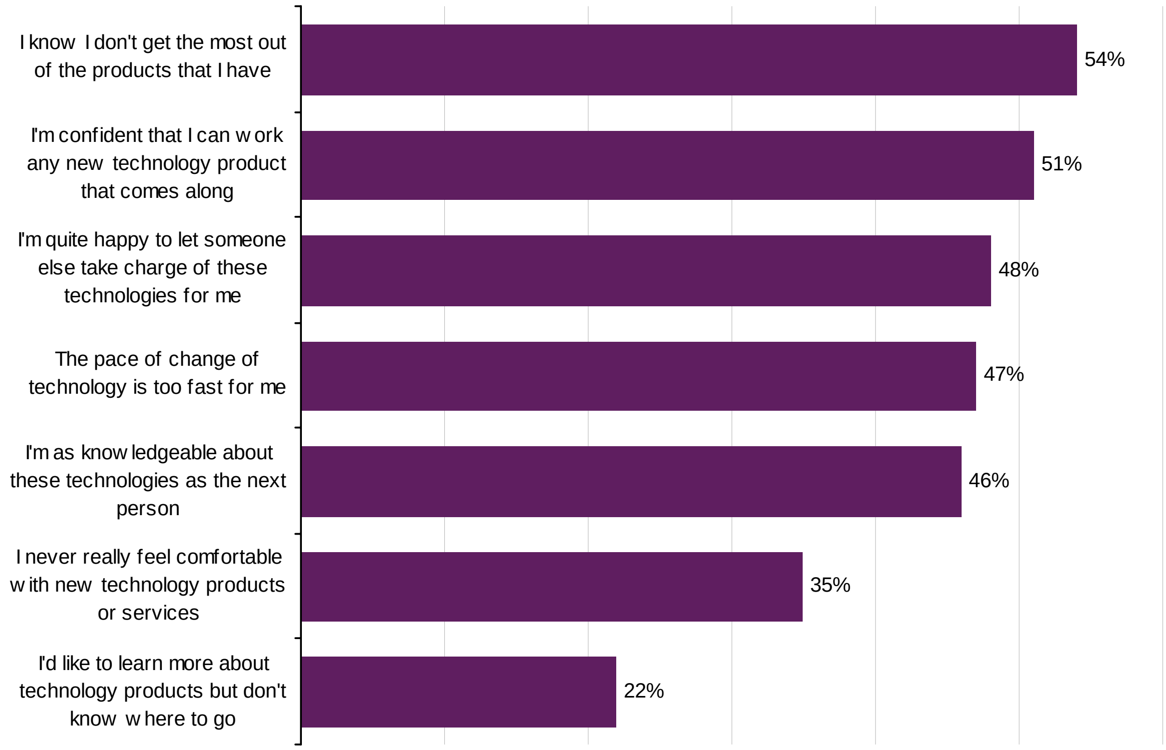
[4] Base: All UK adults (1,017). Percentages indicate the proportion citing each activity as one of the five they were most interested in (from a list of seventeen activities).

their ability to get to grips with new pieces of technology and agreed that the pace of change may be too fast for them (47%).

Despite the recognition that gaps existed in their knowledge and understanding, one-fifth (22%) stated that they were keen to learn more but did not know where to go for help. One potential result of this is that many people are quite happy to opt out and defer the responsibility for technology on to friends and family –half (48%) of consumers agreed that 'I'm quite happy to let someone else take charge of these technologies for me'.

This lack of confidence may also be leading some consumers to resent the increasing role of technology in everyday life; two-thirds (67%) agreed that 'people rely on technology too much these days'.

Figure 11: Confidence and competence with technology[5]



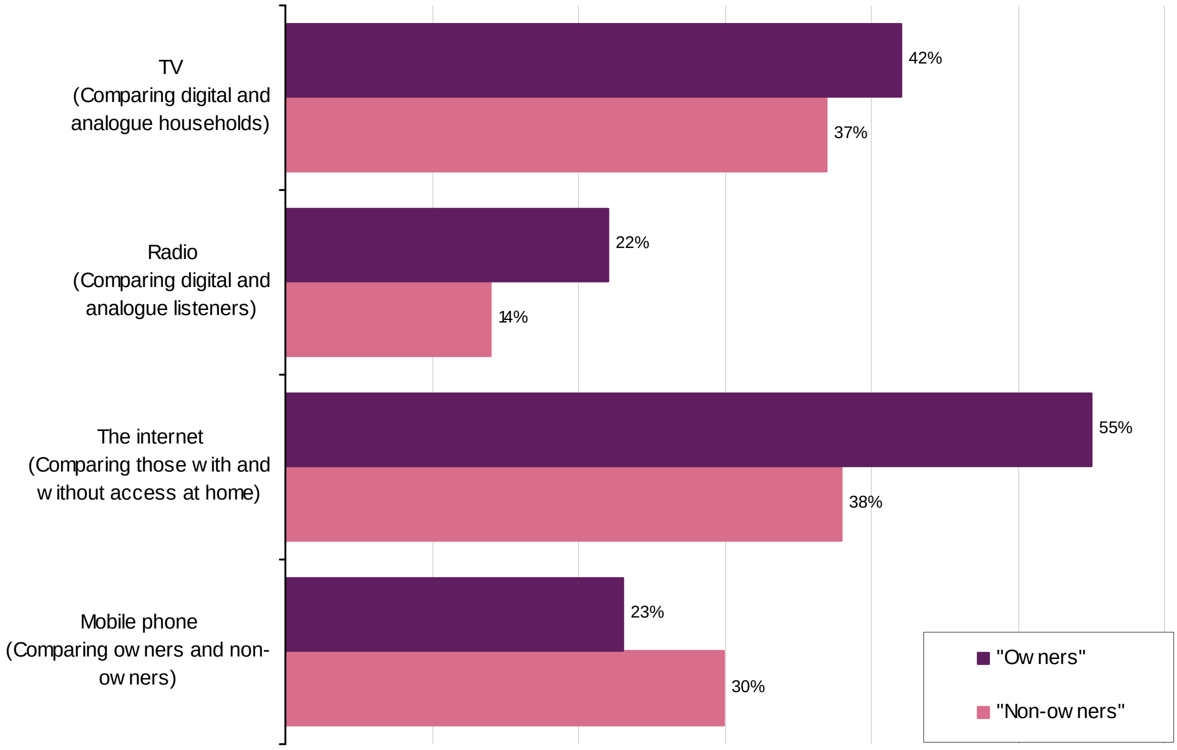
Levels of concern about technology are generally independent of levels of engagement; the value that an individual sees in each technology is the more important determinant of how engaged they are

Figure 12 shows that the existence or absence of concern regarding communications platforms such as TV, radio, the internet and mobile phones does not appear to directly influence how engaged consumers are with those platforms.

For example, two-fifths (42%) of consumers in digital TV households claimed to be concerned about what is on TV, compared to one-third (37%) of those in analogue households. Indeed, for the internet in particular, it appears that those who are more engaged with this platform are more likely to have concerns.

[5] Base: All UK adults (1,017). Percentages indicate the proportion agreeing with each statement.

Figure 12: Levels of concern regarding each platform[6]



Sections 3, 4, 5 and 6 examine more detailed attitudes towards each platform – but the core conclusion remains the same; fears and concerns exist among 'owners' in similar proportions to 'non-owners'. The value or benefits that individuals see in each technology are the more important determinants of their levels of engagement. For example, among those consumers strongly agreeing that technology enables you to 'do things when you want to', digital TV penetration is 77% and mobile phone ownership is 93% - the findings for those consumers disagreeing with this statement are 43% and 40% respectively.

Consumers may also perceive that cost is preventing them from engaging with digital services sooner or more fully

Irrespective of levels of interest in the benefits of new technology, many consumers found that they had to temper their enthusiasm for new products and services because of the high costs involved. Half (55%) agreed that 'I can't keep as up to date with technology as I would like, because of the cost'. Indeed, many appeared to be playing a waiting game – three-quarters (75%) acknowledged that 'I prefer to wait until new technology products have become cheaper and better before thinking about buying them'.

[6] Base: Those with digital TV in their household (668), those without digital TV in their household (349), those listening to digital radio (243), those only listening to analogue radio services (574), those with access to the internet at home (532), those without access to the internet at home (383), those personally using a mobile phone (855), those not personally using a mobile phone (160). Percentages indicate the proportion claiming to be either 'very concerned' or 'fairly concerned' about each platform.

Section 3

Consumer engagement with digital TV services

The first three sub-sections in this chapter (3.1, 3.2 and 3.3) provide general background data on the availability, take-up and consumption of television services in the UK. All the information shown has previously been published in Ofcom Communications Market Reports.

Later sub-sections draw on findings from Ofcom's Consumer Engagement survey to illustrate:

- reasons for owning and watching television;
- attitudes towards television;
- the perceived value of digital TV benefits and features;
- awareness of digital TV features and benefits; and
- realising the potential value from digital TV services.

3.1 Availability of digital TV[7]

There are currently four main digital TV platforms in the UK: digital terrestrial television (DTT), cable, satellite and TV over broadband.

Approximately 98% of households in the UK are able to receive digital satellite television, although some homes are unable to receive services due to specific local factors. At least 73% are able to receive digital terrestrial television (DTT) and 45% digital cable. Around 2.5 million homes in the UK are in areas covered by TV over DSL services, equivalent to 10% of UK homes or 12% of homes in England.

3.2 Take-up of digital TV[8]

Take-up of digital TV stood at a UK-wide level of 72.5% at the end of Q1 2006.

Of the various digital TV platforms, take-up of satellite is highest, at 33% of UK households, followed by DTT at 28% and digital cable TV at 11%. By the end of March 2006, Ofcom estimated that there were almost 50,000 subscribers to TV over DSL services in the UK.

Ofcom's Media Literacy Audit (Jun-Aug 2006) suggested that 6% of UK adults who did not already own digital TV intend to acquire this service in the next 12 months. By the end of Q1 2006, one in ten consumers claimed to live in a household with a personal video recorder (PVR).

[7] Source: The Communications Market: Nations and Regions (April 2006)
[8] Source: The Communications Market: Digital Progress Report (June 2006)

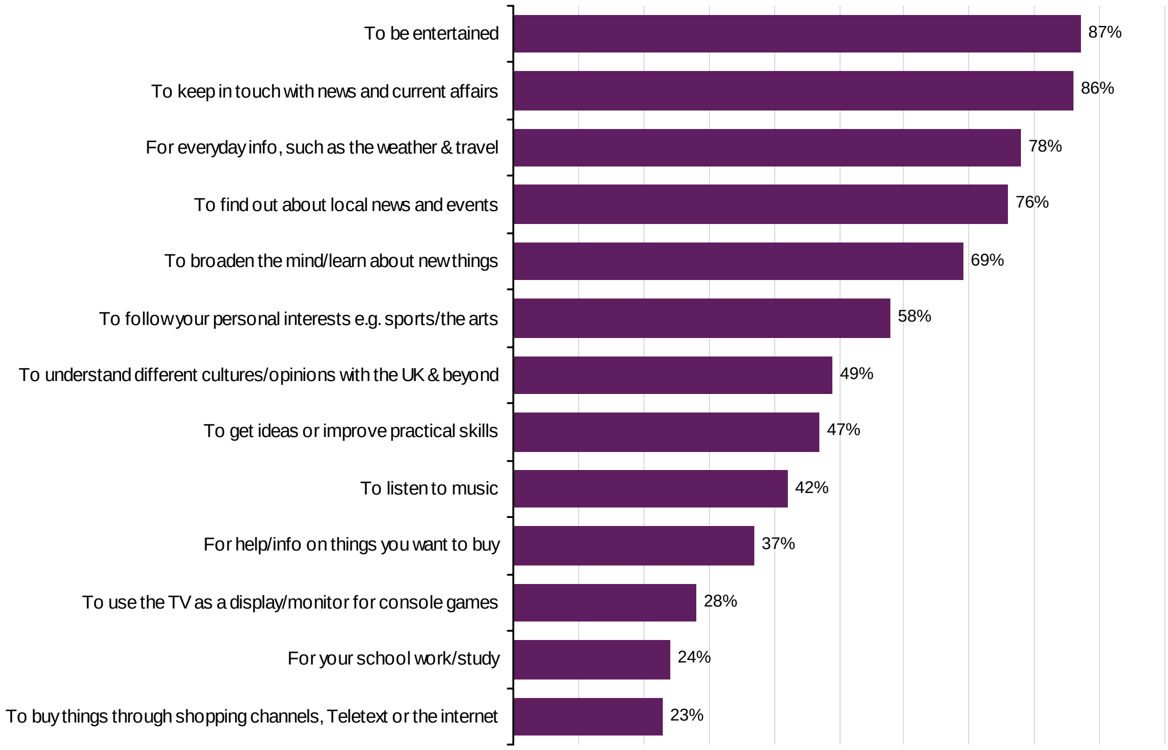
3.3 Television consumption

Average hours of viewing of television have remained fairly constant over time, irrespective of the impact of DVDs, broadband-enabled services, video games and other competing activities on leisure time. The average person, including children aged 4+, watched 25.2 hours per week of television in 2004 (3.6 hours per day).[9]

3.4 Reasons for having or watching television

Figure 13 shows that a consistent batch of core reasons for having and watching TV applies for the majority of UK adults – for general entertainment, news and current affairs, (local) everyday information and 'to broaden the mind'. There was very little difference in these results when comparing findings for households with or without digital TV.

Figure 13: Reasons for having or watching television[10]



Less common reasons for watching TV seem to indicate a 'deeper' or more personal relationship with TV where the viewer seeks to gain a more specific outcome (e.g. following hobbies/interests, improving skills, understanding different cultures/opinions, or find out about potential purchases).

In addition, a significant minority now consider that their TV set provides a broader role than just the opportunity to view television. Two-fifths (42%) stated that an important reason for having a TV was so that they could listen to music, and one-quarter (28%) valued its place as a monitor for console games.

[9] Source: The Communications Market 2005 (August 2005)

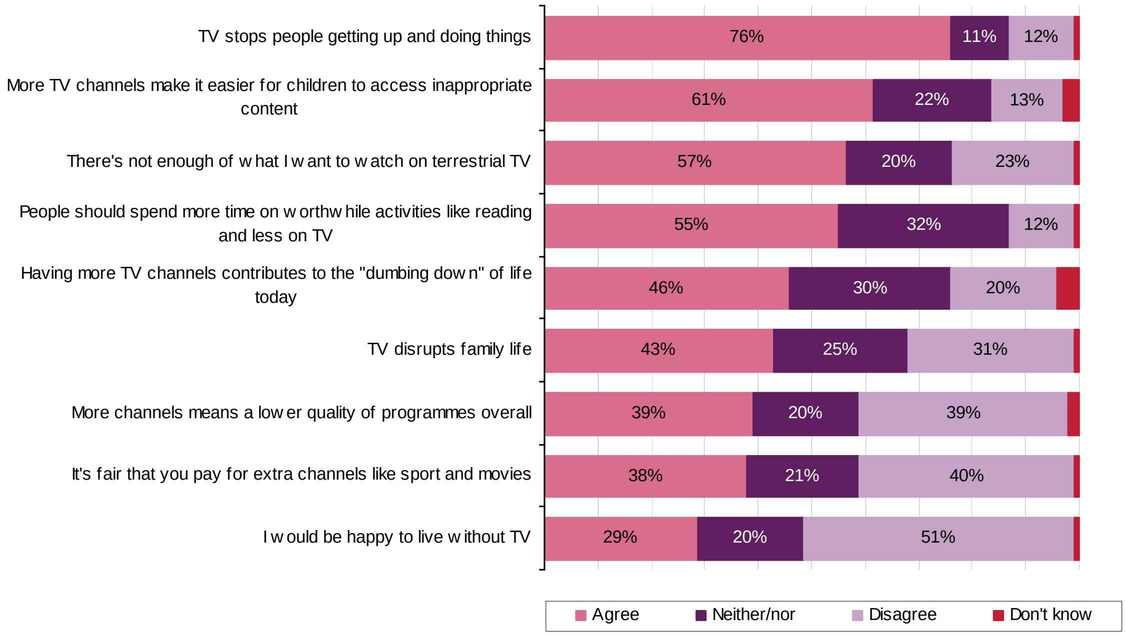
[10] Base: Those UK adults with, or intending to obtain, a TV set (1,011). Percentages indicate the proportion giving each reason a rating of 4 or 5 on a five point scale in terms of its importance for having or watching TV (a score of 1 represented 'not at all important', a score of 5 represented 'extremely important').

3.5 Attitudes towards television

Figure 14 shows that attitudes towards television are generally mixed - with negative attitudes common, even in those placing greater value in the medium or digital platform.

It would appear therefore that these attitudes to particular media types are not the strongest influences on digital engagement. For example, two-fifths (39%) of consumers in digital TV households agreed that ‘it’s fair that you pay for extra channels like sport and movies’, compared to one-third (36%) of consumers in analogue households. A similar picture is seen for attitudes to the statement: ‘more TV channels make it easier for children to access inappropriate content’, with three-fifths agreeing (62% and 59% of consumers in digital and analogue TV households respectively).

Figure 14: Attitudes towards television[11]



3.6 Perceived value of digital TV benefits and features

Figure 15 shows that the two most-valued potential improvements to TV services for UK adults were ‘better picture quality than you have now’ and it being ‘easier to choose/select what you want to watch’.

‘Access to more channels’ generated less interest – the same level as ‘more on-screen information about what is available to watch’. Greater control and using the TV set for other applications (e.g. radio, internet access, console games) generated the least appeal. This hierarchy was the same in analogue households – although the appeal of each benefit was lower.

11 Base: All UK adults (1,017).

Figure 15: Perceived value of digital TV benefits[12]

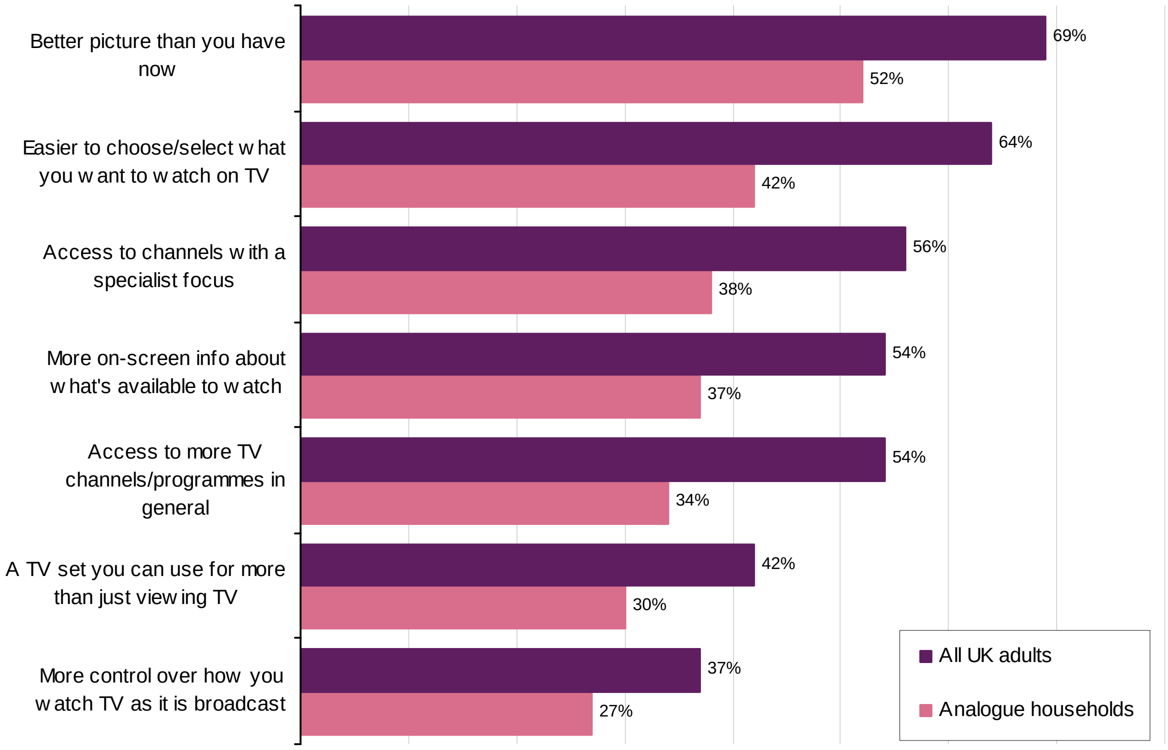
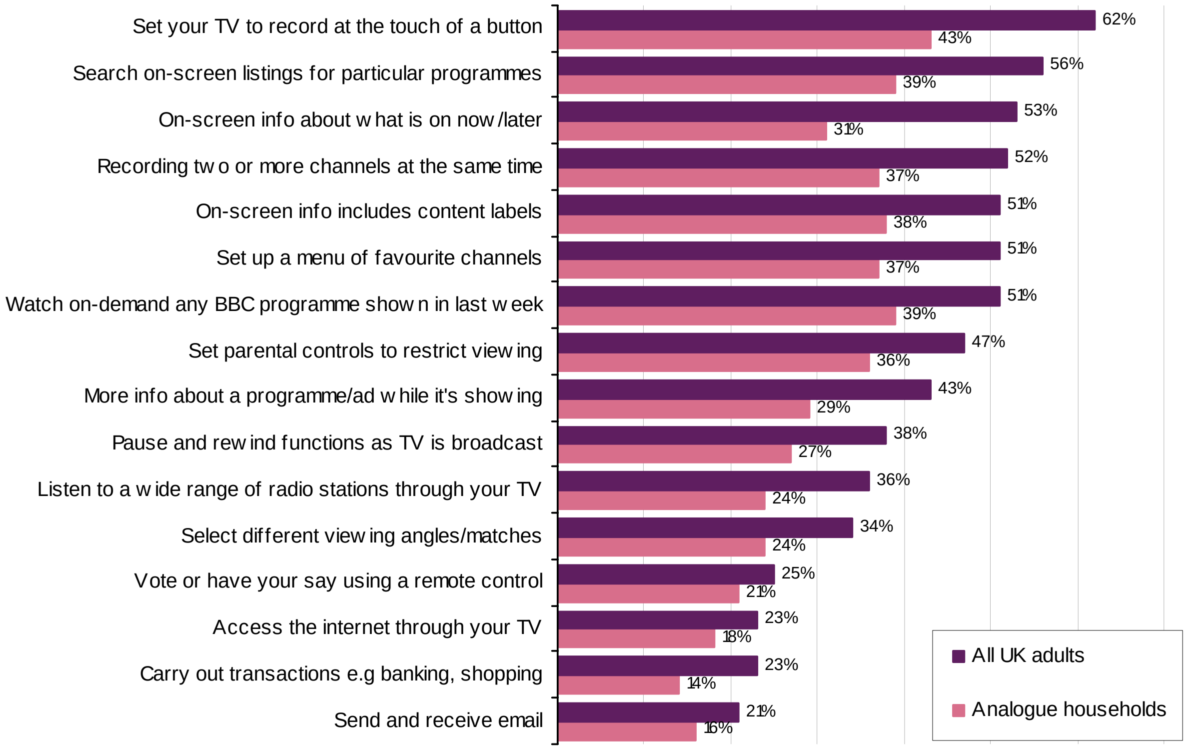


Figure 16 ranks the specific features potentially offered by digital TV by their level of appeal. Many of the features were valued by more than half of UK adults – with two broad themes emerging, which capture the types of features that consumers find most attractive:

- features that make it easier to watch when you want to (e.g. one-button recording, being able to record two programmes at the same time, on-demand access to programmes broadcast over the last week).
- features that provide information to make it easier to find what you want to watch (e.g. on-screen listings, content labels, searching for programmes, favourite channels).

12 Base: All UK adults (1,017), those without digital TV in their household (349). Percentages indicate the proportion giving each benefit/feature a rating of 4 or 5 on a five point scale in terms of how valuable it is/would be (a score of 1 represented 'not at all valuable', a score of 5 represented 'extremely valuable').

Figure 16: Perceived value of digital TV features[13]



3.7 Awareness of digital TV benefits and features

Almost all (95%) of consumers claimed to be aware of aware of the term, ‘digital television’ – although this figure fell to five-sixths (86%) for those living in analogue TV households.

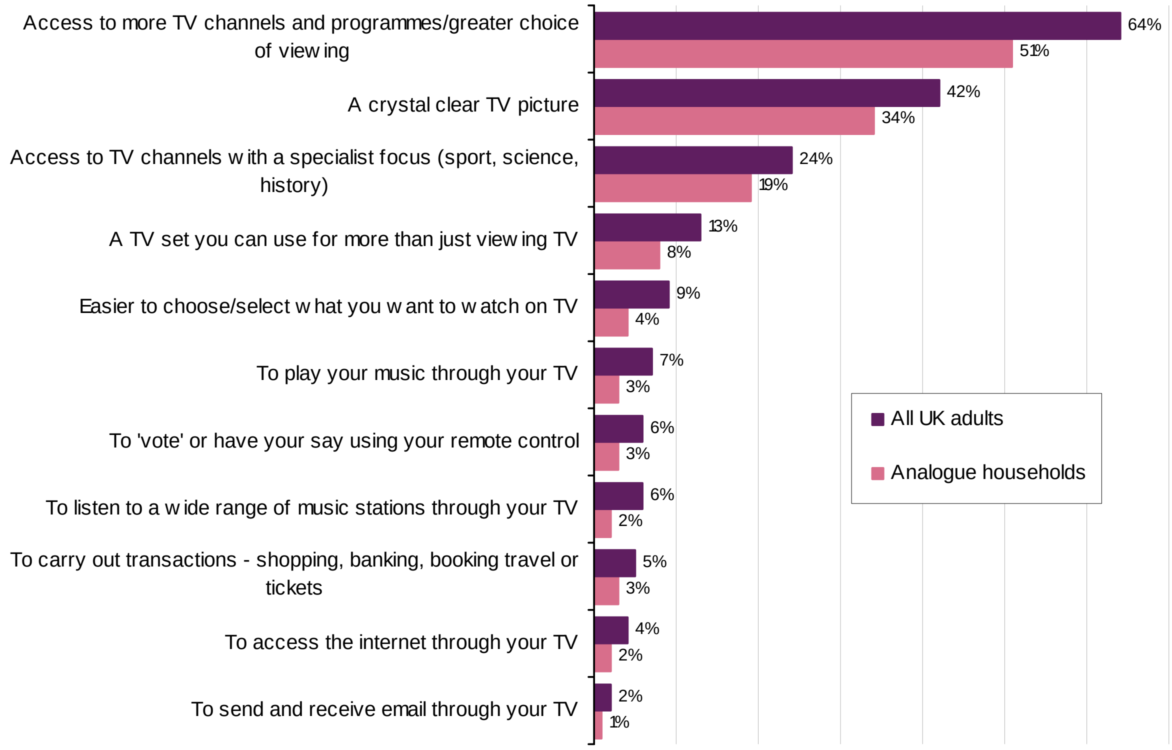
In Section 3.6, the research findings showed that consumers saw value in a broad range of benefits of digital TV – from picture quality and more channels, through to greater ease of use and additional information. However, Figure 17 shows that when consumers were asked to think of the benefits of digital TV, more channels and better picture quality were the only features to be spontaneously cited by more than one in five respondents.

Consumers do not typically appear to automatically associate digital TV with ease-of-use, information or control benefits, despite frequently believing that these would be valuable improvements to current TV services.

The pattern of these results is similar for those living in analogue households.

[13] Base: All UK adults (1,017), those without digital TV in their household (349). Percentages indicate the proportion giving each benefit/feature a rating of 4 or 5 on a five point scale in terms of how valuable it is/would be (a score of 1 represented ‘not at all valuable’, a score of 5 represented ‘extremely valuable’).

Figure 17: Spontaneous awareness of the benefits of digital TV[14]



3.8 Realising the potential value of digital TV services

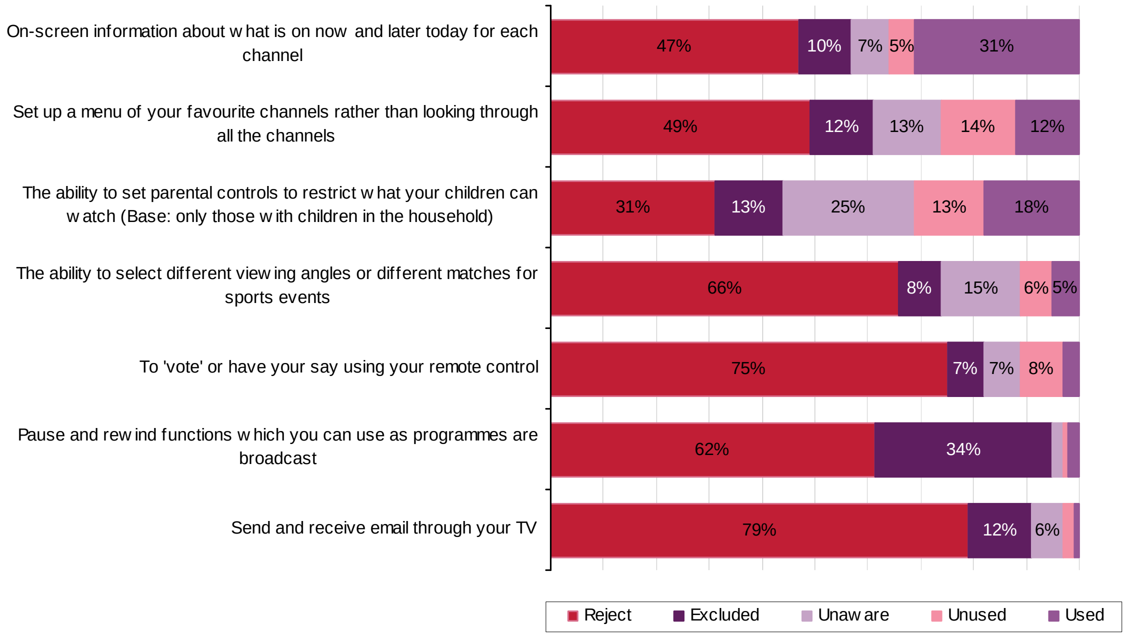
Realising ‘digital value’ is not solely about encouraging higher take-up of digital platforms, but also about maximising consumers’ use of the functionality they already have access to. This is apparent for TV, where the research enabled analysis of several features according to value, access, awareness (that the feature is available), and use – categorising people into one of five groups:

- **Reject**: don’t value a function;
- **Excluded**: value a function, but don’t have access to a platform which provides it;
- **Unaware**: value a function, but don’t realise they have a platform that provides it;
- **Unused**: value a function, aware they have it but don’t use it; and
- **Used**: value a function and use it at least monthly.

The results from this analysis are shown in Figure 18.

[14] Base: All UK adults (1,017), those without digital TV in their household (349). Percentages indicate the proportion spontaneously mentioning each benefit/feature as something that ‘digital TV offers, over and above terrestrial TV’.

Figure 18: Realising the value of digital TV features[15]



Results do vary across the functions, but apart from the ‘on-screen information’ feature, only a small minority of those who valued each function claimed to be actually using it. For example, among those consumers with children in the household, analysis of the ‘ability to set parental controls’ features shows that around one-quarter (25%) of those living in digital TV households were unaware that they had access to this feature (even though they claimed to value that functionality).

15 Base: All UK adults (1,017).

Section 4

Consumer engagement with digital radio services

The first three sub-sections in this chapter (4.1, 4.2 and 4.3) provide general background data on the availability, take-up and consumption of radio services in the UK. All the information shown has previously been published in Ofcom Communications Market Reports.

Later sub-sections draw on findings from Ofcom's Consumer Engagement survey to illustrate:

- reasons for owning and listening to radio;
- the perceived value of digital radio benefits and features; and
- awareness of digital radio features and benefits.

4.1 Availability of digital radio

Digital radio is available across the UK via the internet, digital TV and DAB digital radio. DAB digital radio services are available from the BBC, local multiplex services and Digital One. In June 2005, the majority of the UK population (89%) was covered by at least one multiplex.[16]

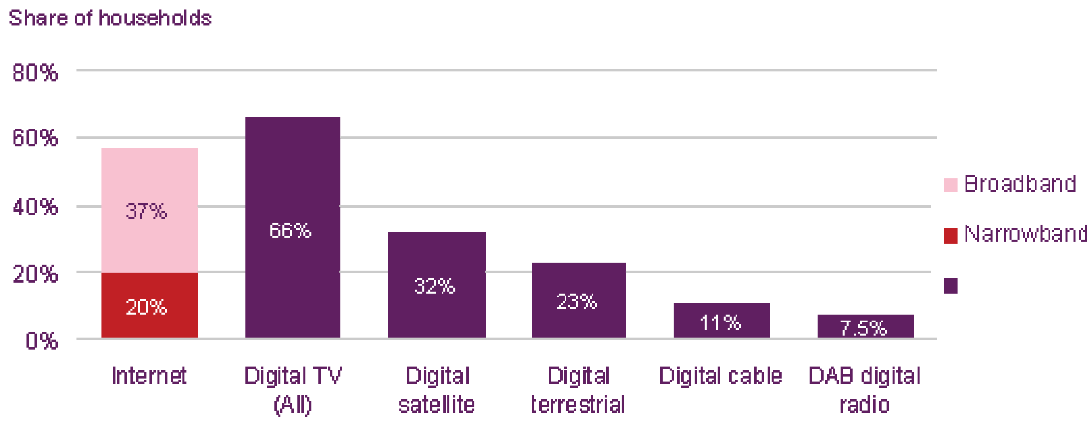
4.2 Take-up of digital radio

Radio is a ubiquitous medium, with approximately 99% of homes having at least one set in the house[17].

Potential take-up of a digital radio *service* can be measured using overall penetration of digital TV, internet and digital radio sets. This is 79% across the UK as a whole (see Figure 19)[18]. However, less than half this number (32%) say they have access to digital radio, indicating low awareness of set top box and internet functionality. This point is explored in greater detail in Section 4.6.

[16] Source: The Communications Market: Nations and Regions (April 2006)
[17] Source: Ofcom Residential Tracker Survey (July 2005)
[18] Source: The Communications Market: Nations and Regions (April 2006)

Figure 19: Penetration of equipment capable of receiving digital radio[19]



Ofcom's Residential Tracker also asks respondents how likely they are to purchase a DAB radio. 19% of respondents said they were likely to buy one within six months[20].

4.3 Consumption of digital radio

Radio is very much a part of listeners' everyday life; four-fifths (82%) of the respondents to Ofcom's residential tracker survey stated that they listened to radio at least once a week, and over half (57%) listened every day[21]. From RAJAR figures, the average listener tunes in for an average of 24.1 hours of radio each week[22].

In RAJAR's 2005 platform study[23], an estimated 10.5% of all radio listening was via digital platforms - up from 5.9% in the corresponding period in 2004.

Platform	*Share of listening August and September 2004*	*Share of listening August and September 2005*
DAB	*2.4%*	*5.5%*
Digital TV	*2.3%*	*2.9%*
Internet	*1.1%*	*1.8%*
Unsure of platform	*0.1%*	*0.3%*
Total listening via digital platforms	*5.9%*	*10.5%*

Source: RAJAR platform study

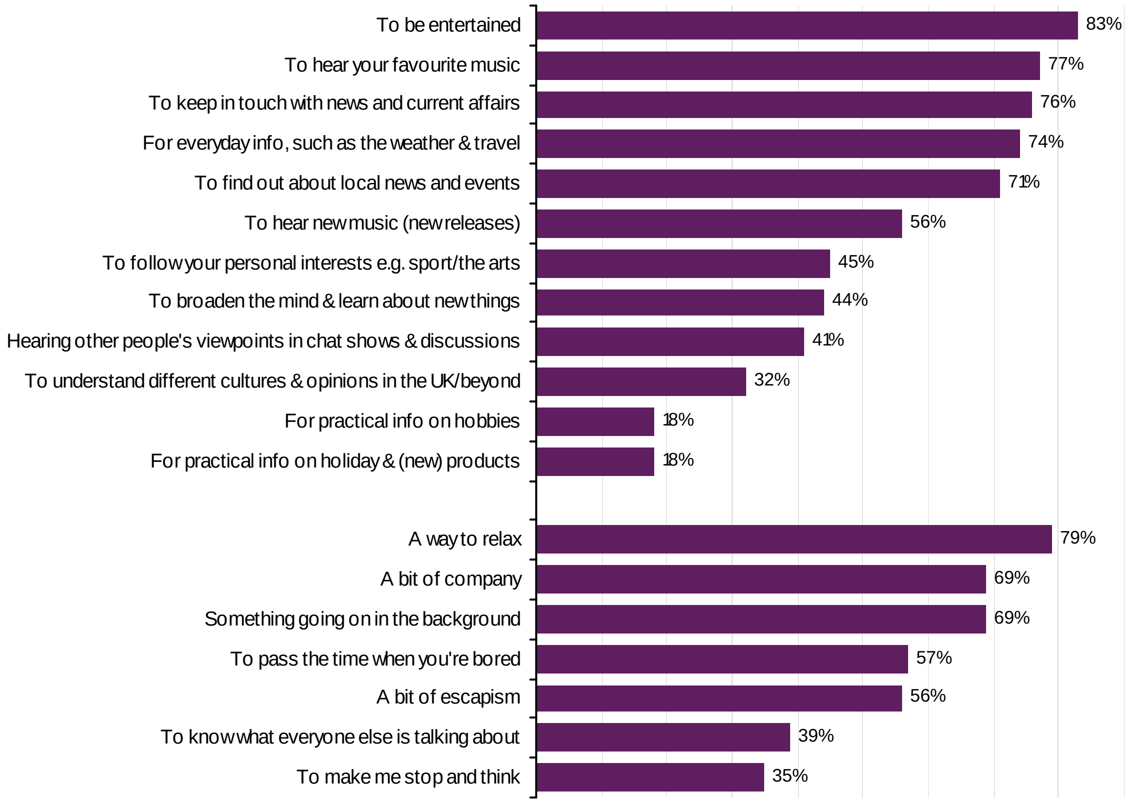
4.4 Reasons for owning and listening to radio

Figure 20 shows that music, (local) news and information are the primary tangible reasons listeners give for listening to the radio. Radio is also seen by one-third (35%) of listeners as a medium that can be thought-provoking, making them 'stop and think' – and offering a means of broadening one's outlook, hearing other people's viewpoints or helping one to understand different cultures or opinions.

19 Source: Ofcom/Gfk (September 2005)
20 Source: Ofcom Residential Tracker Survey (Quarter 1 2006)
21 Source: Ofcom Residential Tracker Survey (Quarter 1 2006)
22 Source: The Communications Market: Nations and Regions (April 2006)
23 Source: The Communications Market: Interim Report (February 2006)

Of high importance too are several intangible reasons for listening to radio – four-fifths (79%) of listeners reported that they viewed radio as a way for them to relax and seven in ten (69%) believed that it provided company and acted as something going on in the background.

Figure 20: Reasons for owning and listening to radio[24]



4.5 Perceived value of digital radio features and benefits

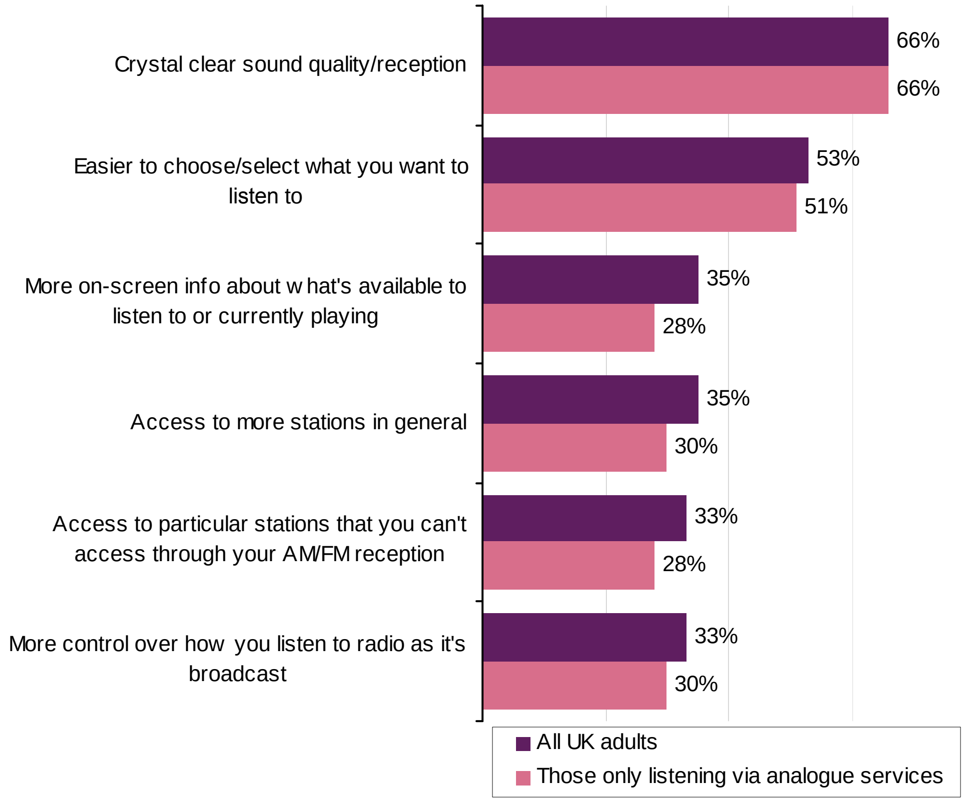
Findings were similar to those for digital television; the two potential improvements to radio services that UK adults stated they would value most were ‘better sound quality/reception’ and it being ‘easier to choose/select what you want to listen to’ (see Figure 21). These were found to be considerably more appealing than any of the other benefits of digital radio – for both digital and analogue listeners.

More on-screen information, greater station choice and improved control over how one listens to the radio were all valued by approximately one in three listeners. [25]

[24] Base: Those who ever listen to radio (830). Percentages indicate the proportion giving each reason a rating of 4 or 5 on a five point scale in terms of its importance for having or listening to radio (a score of 1 represented ‘not at all important’, a score of 5 represented ‘extremely important’).

[25] As outlined in Ofcom’s Statement, ‘Radio-licensing policy for VHF Band III, Sub-band 3’, research findings relating to the attractiveness of ‘more radio stations’ should often be treated with caution, particularly when the precise nature of these radio stations is not presented to respondents. Research undertaken by the Digital Radio Development Bureau in Q1 2005 found that main reasons consumers gave for buying a DAB radio was to receive stations that were available on this platform but not available on the analogue radio platform.

Figure 21: Perceived value of digital radio benefits[26]



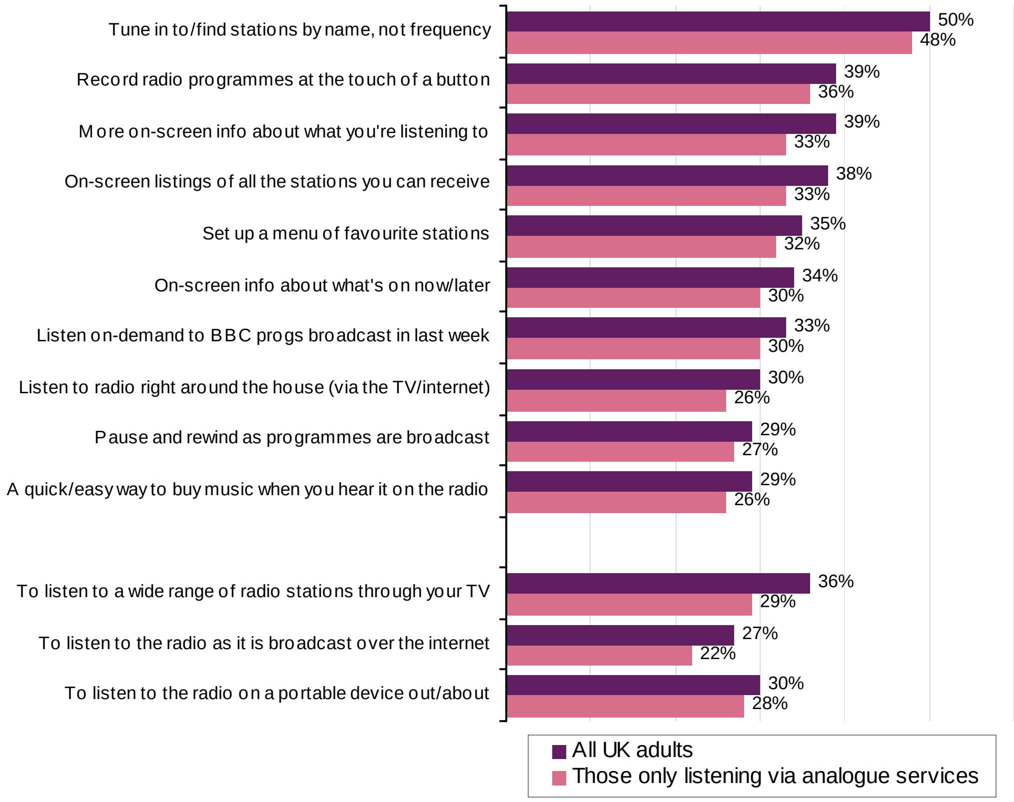
Examining specific digital radio features (see Figure 22), the ability to find stations by name rather than tune in by frequency was found to be the most popular function, valued by one-half (50%) of consumers.

A range of other ease-of-use and information features (such as one-button recording, more on-screen info about what you're listening to and on-demand access to recent BBC radio programmes) were found to be attractive by approximately one-third of consumers. It is noteworthy that these individual features generated as much appeal as greater station choice.

Interest in the delivery of radio content through a range of other delivery mechanisms (such as the internet, TV and portable devices) appealed to between one-quarter and one-third of consumers (27% valued the opportunity to listen to the radio through the internet, 36% through their TV). These findings match the results seen earlier - high access to digital radio services in UK households – but lower actual listening via these other delivery methods.

[26] Base: All UK adults (1,017), those only listening to radio via analogue services (574). Percentages indicate the proportion giving each benefit/feature a rating of 4 or 5 on a five point scale in terms of how valuable it is/would be (a score of 1 represented 'not at all valuable', a score of 5 represented 'extremely valuable').

Figure 22: Perceived value of digital radio features[27]



4.6 Awareness of digital radio features and benefits

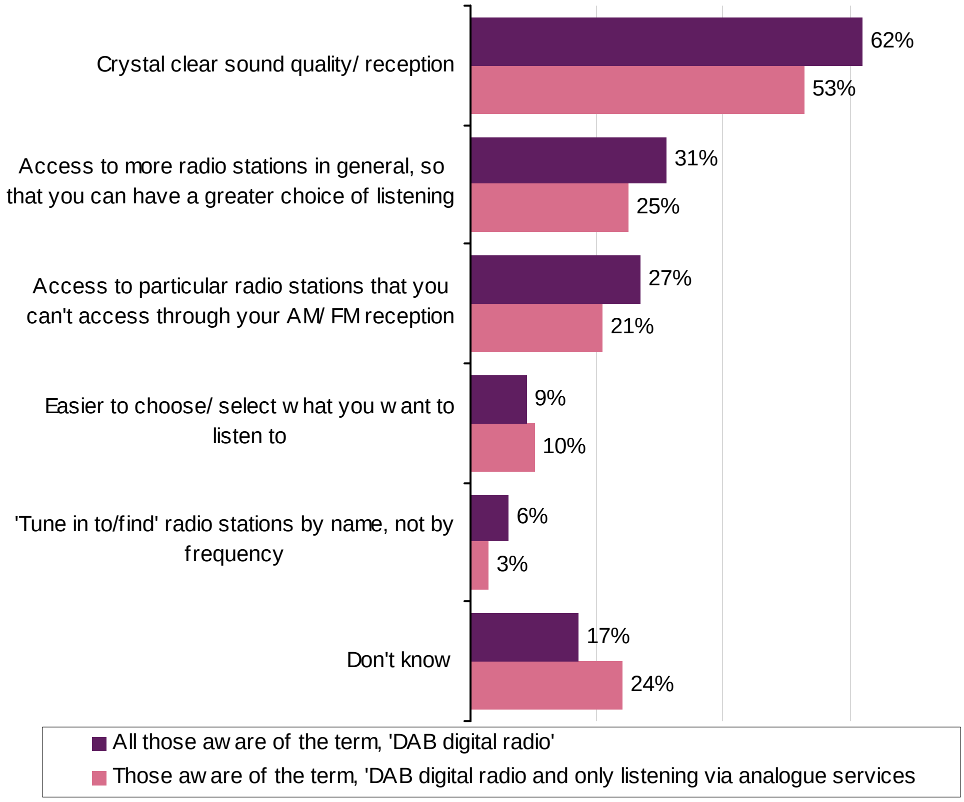
Slightly more than half of UK consumers (56%) claimed to have heard of the term ‘DAB digital radio’, falling to 51% among those listening to radio via analogue services only.

Gaps in awareness were also seen when respondents claiming to be aware of the term ‘DAB digital radio’ were asked to spontaneously state, ‘what digital radio offers, over and above analogue (AM/FM) radio’. Figure 23 shows that almost three-fifths (62%) of these consumers mentioned better sound quality/reception – however, this was the only benefit mentioned by more than half of those aware of DAB digital radio. One third (31%) mentioned greater station choice.

However, it is for the ‘easier to choose/select what you want to listen to’ benefit where the largest gap is seen between the proportion of consumers valuing that feature – and the number spontaneously associating it with digital radio. Among those consumers aware of DAB digital radio and currently only listening to radio via analogue services, one-half (51%) found this feature valuable – but only one in ten (10%) gave this as a top-of-mind benefit of digital radio.

[27] Base: All UK adults (1,017), those only listening to radio via analogue services (574). Percentages indicate the proportion giving each benefit/feature a rating of 4 or 5 on a five point scale in terms of how valuable it is/would be (a score of 1 represented ‘not at all valuable’, a score of 5 represented ‘extremely valuable’).

Figure 23: Awareness of digital radio benefits[28]



Gaps in awareness also appear to exist in terms of consumers' understanding of the delivery mechanisms that can enable digital radio listening. Of those living in digital TV households, one-half (46%) reported that digital radio was available through their TV. In households with broadband connections, one-third (36%) mentioned the internet as a potential delivery method for digital radio.

[28] Base: Those aware of the term, 'DAB digital radio' (546), those aware of the term, 'DAB digital radio' and only listening to radio via analogue services (287). Percentages indicate the proportion spontaneously mentioning each benefit/feature as something that 'digital radio offers, over and above analogue (AM/FM) radio'.

Section 5

Consumer engagement with internet and broadband services

The first three sub-sections in this chapter (5.1, 5.2 and 5.3) provide general background data on the availability, take-up and consumption of internet and broadband services in the UK. All the information shown has previously been published in Ofcom Communications Market Reports.

Later sub-sections draw on findings from Ofcom's Consumer Engagement survey to illustrate:

- reasons for having and using the internet;
- attitudes towards the internet;
- attitudes towards broadband;
- awareness of broadband features and benefits;
- the perceived value of broadband benefits and features; and
- realising the potential value from broadband services.

5.1 Availability of broadband services[29]

BT data from January 2006 shows that 99.9% of premises in the UK are connected to DSL-enabled exchanges. However, some premises within these exchange areas are not suitable for delivery of broadband services, or only at very low speeds, due to local technicalities such as distance from the exchange or the poor quality of network.

Distance from the exchange is a key determinant of broadband speed. Around 86% of premises are located within a 5km local loop length from their exchange – making it likely that these premises will be able to receive higher speed services.

Broadband services are also available via cable modem to all homes and businesses that are passed by cable operators' networks. As of January 2006, cable networks pass about 45% of UK homes. In addition, 44% of premises are connected to an LLU-enabled exchange.

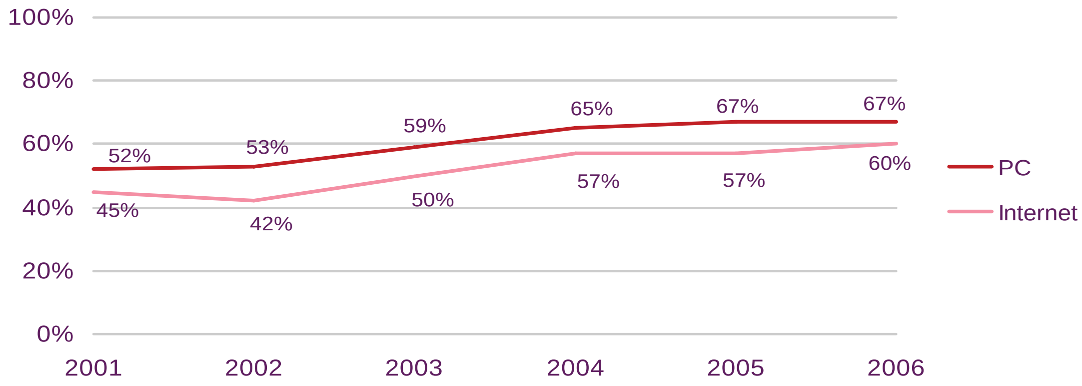
[29] Source: The Communications Market: Nations and Regions (April 2006)

5.2 Take-up of internet and broadband services

By the end of March 2006, 60% of UK households claimed to have an internet connection – a significant increase on the figure of 50% at the end of 2003. During the same period 2003 and 2005, the proportion of households with PCs also increased from 59% to 67% (Figure 24).

Figure 24: Internet and PC penetration in UK homes[30]

Proportion of households



Across the UK in September 2005, 63% of internet households said that they had taken up broadband connections[31].

5.3 Consumption of internet services[32]

Across the UK, adults say they spend an average of nearly 10 hours per week accessing the internet. On average, UK internet customers said they spent £18 per month on internet services.

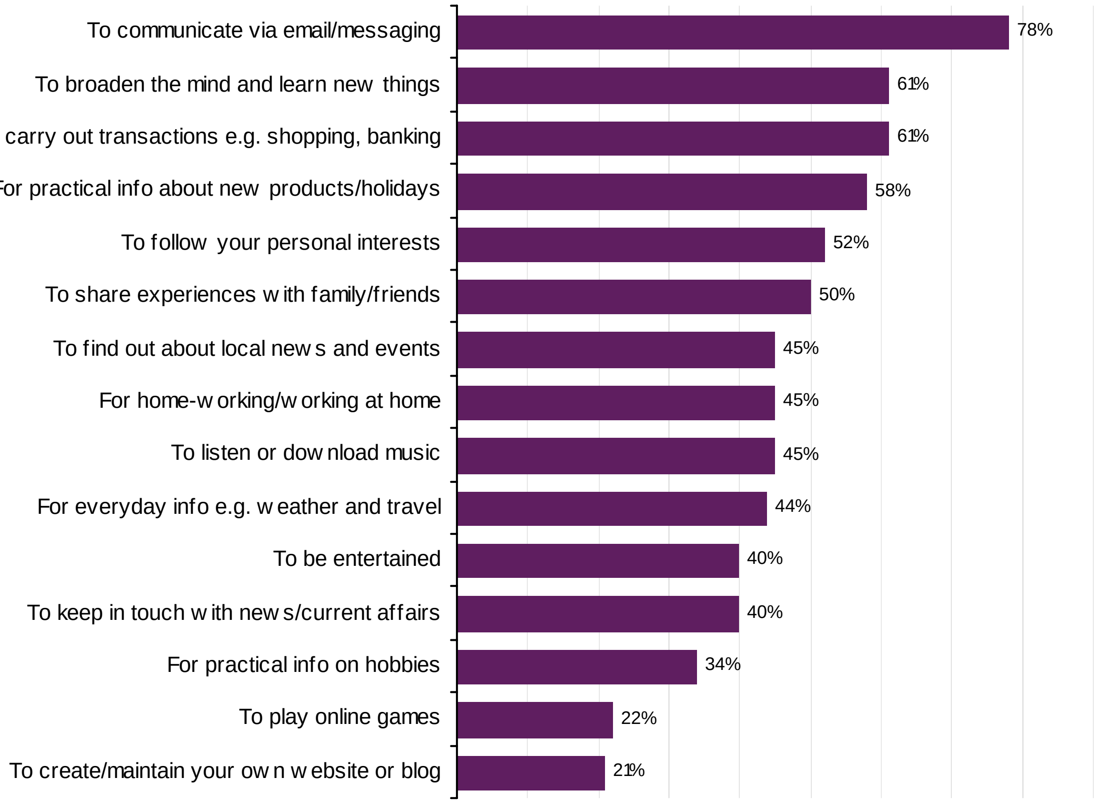
5.4 Reasons for having and using the internet

The ability to communicate by email and messaging was found to be the most common reason for having the internet – Figure 25 shows that this was cited by three quarters (78%) of UK adults. This is followed by the ability to carry out transactions (61%) and a number of information-based reasons – to broaden the mind (61%), for practical advice about products/holidays (58%) and to pursue personal interests (52%).

And while the broad purposes of the internet are still stated to be communication, transactions and information, the role of the internet for entertainment purposes is emerging. Two-fifths (40%) of UK consumers felt that 'to be entertained' was a reason for having the internet. More specifically, the growth in and prevalence of music streaming/downloading is reflected in the finding that two-fifths (45%) of respondents claimed that this was an important role for the world wide web.

[30] Source: Ofcom Residential Tracker Survey (Quarter 4 data presented for each year, except for 2006 where Quarter 1 data is shown)
[31] Source: The Communications Market: Nations and Regions (April 2006)
[32] Source: The Communications Market: Nations and Regions (April 2006)

Figure 25: Reasons for having and using the internet[33]



5.5 Attitudes towards the internet

Figures 26 and 27 show that many people have concerns about the internet, whether or not they have access at home. This suggests that these concerns may not be (on their own) a primary factor in determining take-up of internet services.

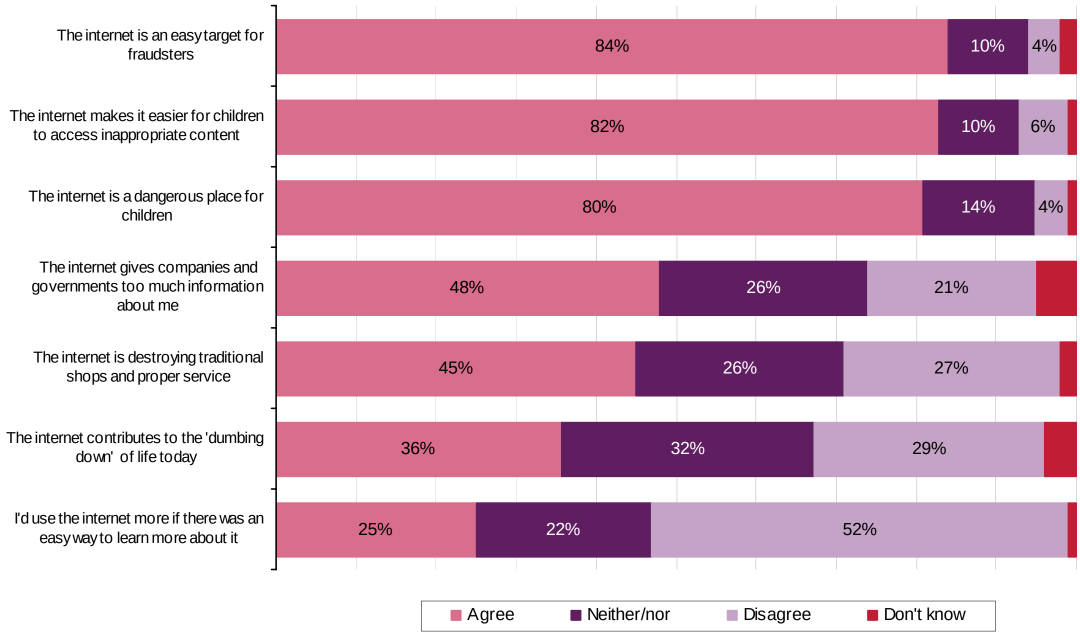
For example, more than four-fifths of consumers with access to the internet at home or elsewhere agreed that internet users could be targeted by fraudsters (84%), that it was a potentially dangerous place for children (80%) and it made it easier for children to be exposed to inappropriate content (82%). Results were consistent for those without access to the internet at home – with at least two-thirds sharing these concerns.

In addition, between one-third and one-half of those with and without access had concerns regarding the internet's impact on traditional shops, its contribution to the 'dumbing down' of society and the ability it gives companies and government to collect information about people.

Two specific findings illustrate media literacy gaps. Firstly, one-quarter (25%) of those with access at home (approximately one in six adults in the UK) claimed that they would 'use the internet more if there was an easy way to learn more about it'.

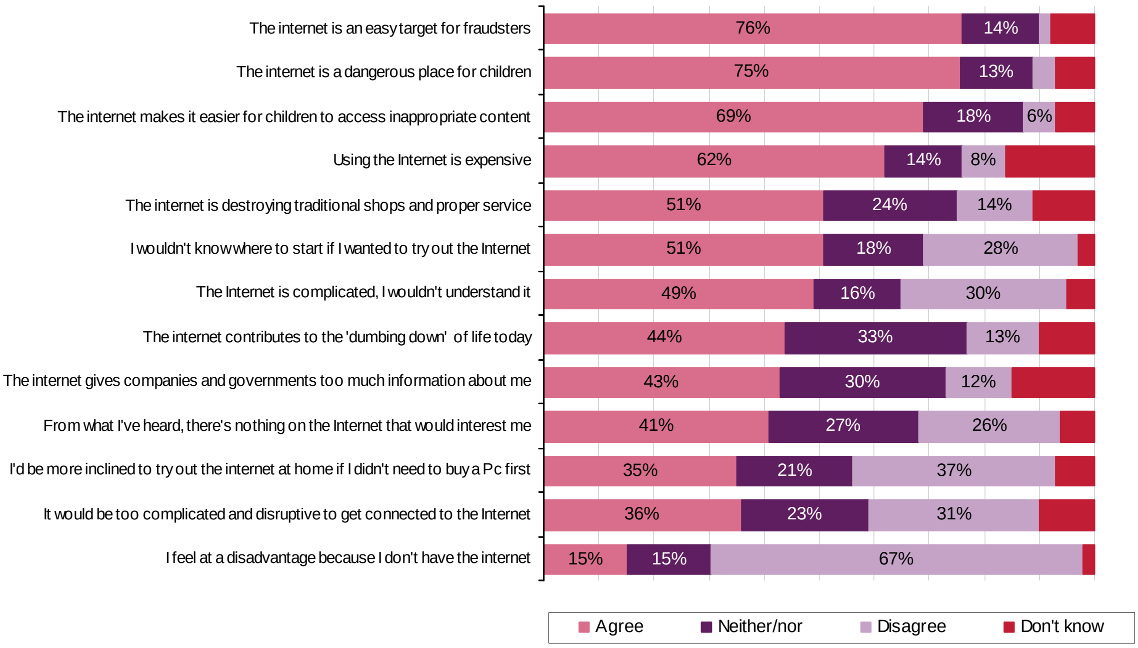
33 Base: Those with, or intending to obtain, access to the internet at home (598). Percentages indicate the proportion giving each reason a rating of 4 or 5 on a five point scale in terms of its importance for having or using the internet (a score of 1 represented 'not at all important', a score of 5 represented 'extremely important').

Figure 26: Attitudes towards the internet (*those using at home or elsewhere*)[34]



Secondly, as illustrated in Figure 27, one-half of those without internet access at home reported that 'I wouldn't know where to start if I wanted to try out the internet' (51%) and a similar proportion believed that 'the internet is complicated, I wouldn't understand it' (49%).

Figure 27: Attitudes towards the internet (those not intending to get access at home)[35]



Finally, affordability does appear to be a barrier to further take-up of the internet at home. Figure 27 shows that three-fifths (62%) of those without access at home – and with no plans to get it - considered the internet to be expensive and one-third (35%) claimed that they would be more likely to get access if they didn't have to buy a PC first.

[34] Base: Those using the internet at home or elsewhere (590).

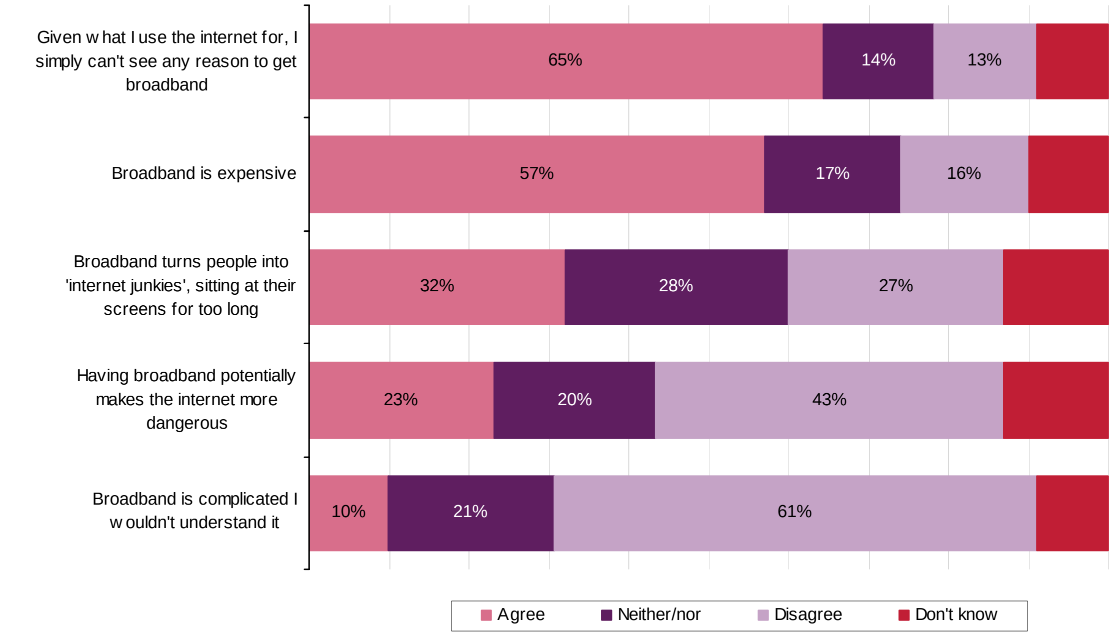
[35] Base: Those without, and not intending to obtain, internet access at home (397).

5.6 Attitudes towards and awareness of broadband

Figure 28 shows that the majority (65%) of dial-up customers did not believe that broadband would significantly impact their internet experience – given what they used the internet for. This reflects the findings in Section 5.4 where current reasons for using the internet were found to focus largely on communication and information (activities less likely to demand broadband than entertainment-based applications). Indeed, this lack of perceived need does not appear to be a product of lack of awareness of the benefits of broadband – Figure 29 reveals that dial-up and broadband customers have similar knowledge in this regard.

Despite the falling cost of broadband services over recent years, more than half (57%) of customers planning to remain on dial-up connections considered broadband to be expensive. In addition, one-third (32%) of these individuals believed that the always-on nature of broadband had the potential to turn people into ‘internet junkies’.

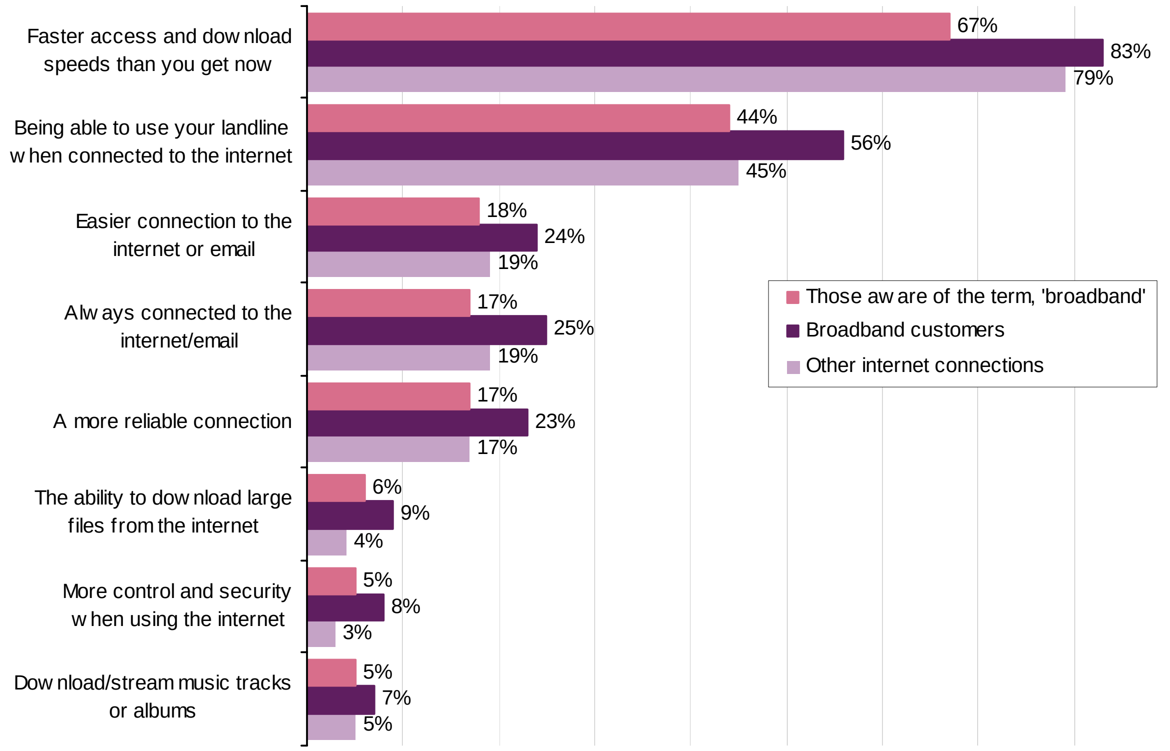
Figure 28: Attitudes towards broadband (dial-up consumers not intending to change speed of connection)[36]



For those respondents in the consumer engagement survey who had heard of the term ‘broadband’, Figure 29 details their spontaneous mentions of the benefits that it offers.

[36] Base: Those with dial-up connections to the internet at home and who do not intend to change the speed of connection in the next 12 months (99).

Figure 29: Awareness of broadband features and benefits[37]



Overall, consumers' perceptions of the benefits of broadband relate to the improved connectivity that it offers, rather than the new applications that it can support.

Two-thirds (67%) of respondents recognised that broadband provided faster access and download speeds and two-fifths (44%) cited the ability to use a landline at the same time as being connected to the internet. One sixth (17%) quoted the always-on connection and its improved reliability. The most frequently mentioned entertainment application was the ability to stream/download music –just 5% spontaneously mentioned that broadband enabled this.

5.7 Perceived value of broadband benefits and features

The value that consumers see in the different benefits of broadband broadly mirror the findings in terms of awareness seen above – improved connectivity is valued more than new applications. For example, Figure 30 shows that three-fifths (59%) of UK adults felt that the ability to use a landline at the same time as the internet was valuable, compared to one-third (37%) who claimed to value the opportunity for wider access to and choice of entertainment. Overall though, 'more control and security when using the internet' was found to be the most attractive improvement to internet services – perhaps a reflection of the high levels of concern about the medium, already highlighted in Section 5.5.

Dial-up customers do appear to appreciate the connectivity benefits of broadband – with a high proportion claiming to value these features. Other findings suggest that their light use of the internet or perception of the cost of broadband may be discouraging them from upgrading.

[37] Base: Those aware of the term, 'broadband' (873), those aware of the term, 'broadband' and with broadband connections at home (341), those aware of the term, 'broadband', and with non-broadband connections at home (184).

Figure 30: Perceived value of broadband benefits[38]

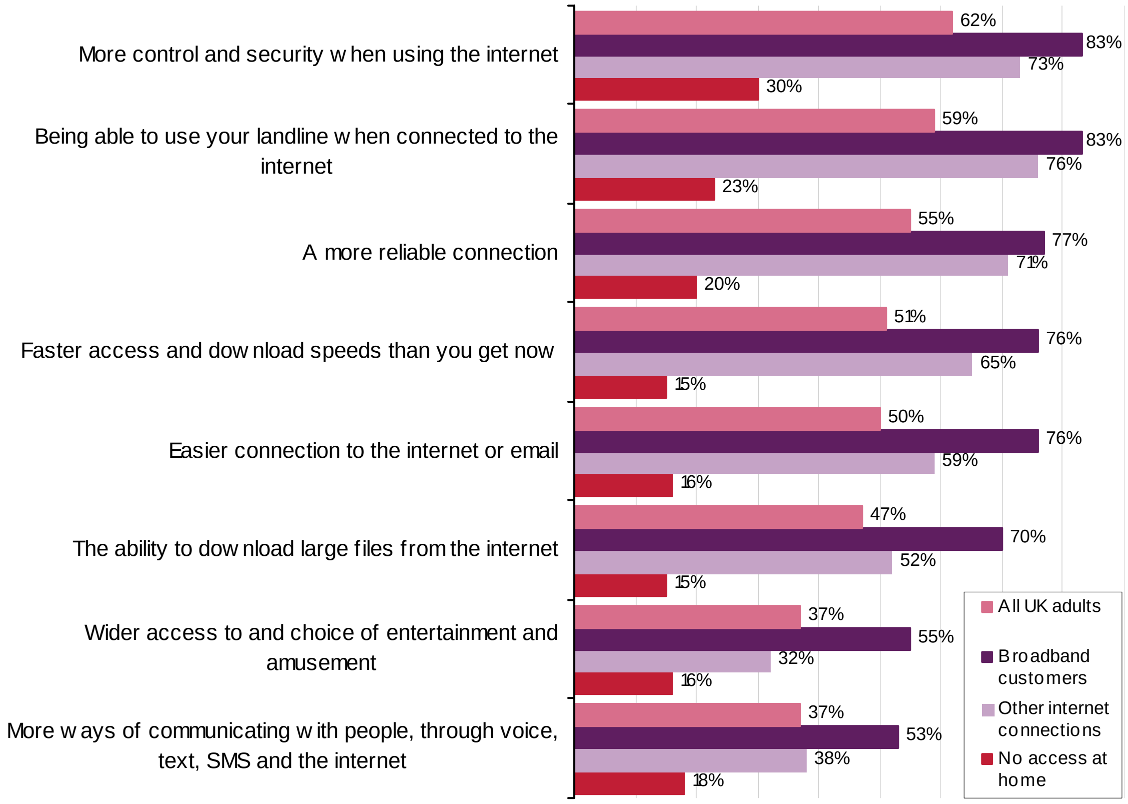


Figure 31 shows a similar picture in terms of consumers' levels of interest in specific broadband features. Once again, connectivity improvements are the most valued – always on, wireless and multi-PC access representing the three most appealing features.

However, a significant proportion of consumers are appreciating broadband-enabled applications. More than half (55%) of current broadband customers claimed to value the ability to 'stream/download music tracks or albums' and to make voice calls over the internet. In addition, more than one-third of these customers found the following features potentially attractive: using a webcam (45%), listening to the radio (39%) and watching short clips of television (37%).

None of the broadband-enabled features generated significant interest among those currently without internet access at home.

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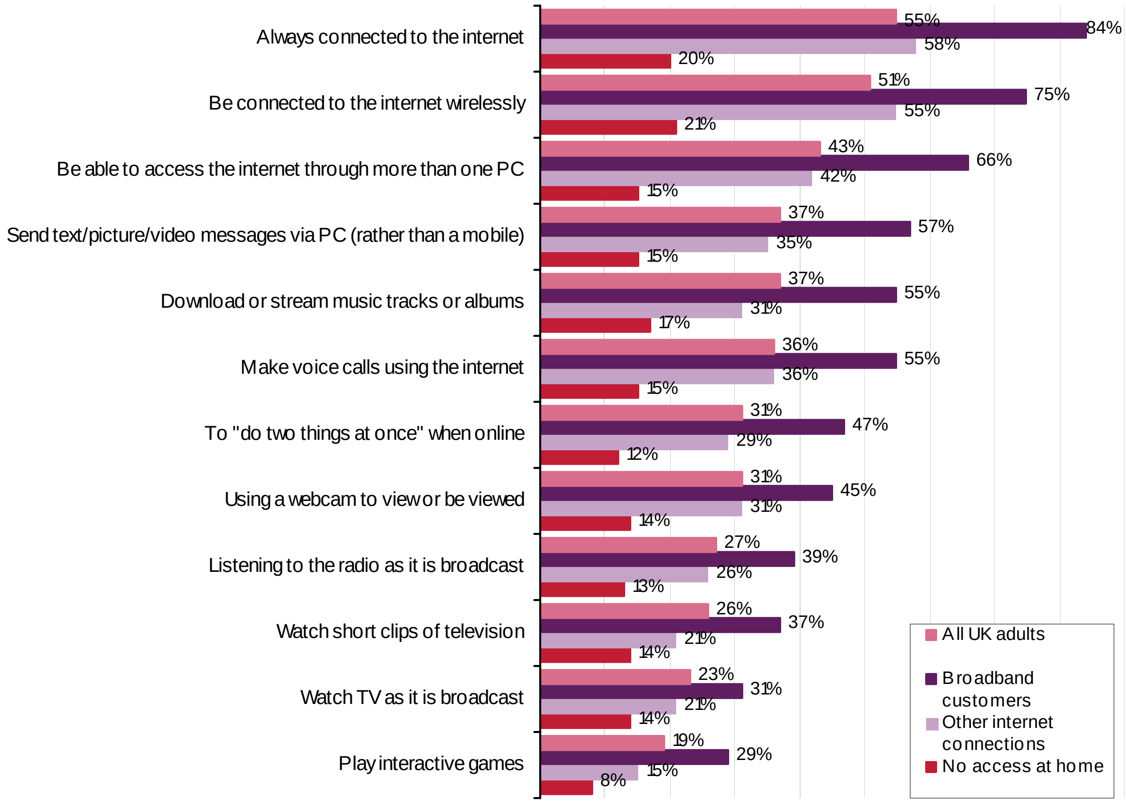
38 Base: All UK adults (1,017), those with broadband connections at home (342), those with non-broadband connections at home (190), those without internet access at home (383). Percentages indicate the proportion giving each benefit/feature a rating of 4 or 5 on a five point scale in terms of how valuable it is/would be (a score of 1 represented 'not at all valuable', a score of 5 represented 'extremely valuable').

Figure 31: Perceived value of broadband features[39]



5.8 Realising the potential value of broadband services

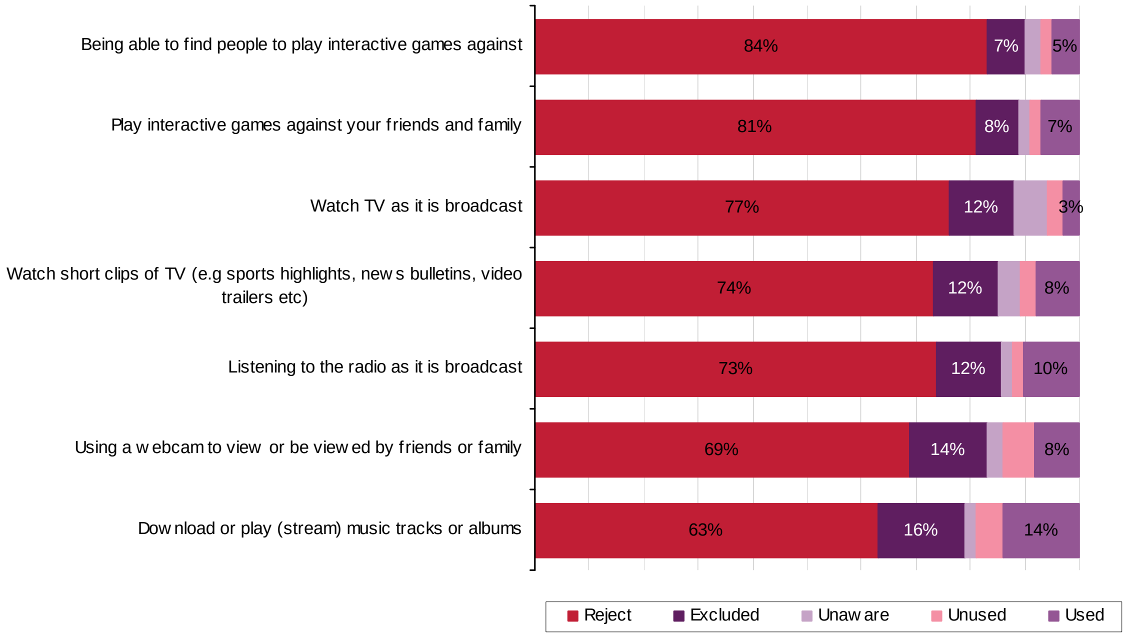
As seen in Section 3.8, 'realising digital value' is not solely about encouraging higher take-up of digital platforms, but also about maximising consumers' use of the functionality they already have. This is apparent for broadband, where the research enabled analysis of several features according to value, access, awareness (that the feature is available), and use – categorising people into one of five groups:

- **Reject**: don't value a function;
- **Excluded**: value a function, but don't have access to a platform which provides it;
- **Unaware**: value a function, but don't realise they have a platform that provides it;
- **Unused**: value a function, aware they have it but don't use it; and
- **Used**: value a function and use it at least monthly.

The results from this analysis are shown in Figure 32.

[39] Base: All UK adults (1,017), those with broadband connections at home (342), those with non-broadband connections at home (190), those without internet access at home (383). Percentages indicate the proportion giving each benefit/feature a rating of 4 or 5 on a five point scale in terms of how valuable it is/would be (a score of 1 represented 'not at all valuable', a score of 5 represented 'extremely valuable').

Figure 32: Realising the value of broadband features[40]



For all these features, only a minority of those who value each function are actually using it. For example, analysis of the download/stream music feature shows that around one-sixth (16%) of UK adults claimed to value that function but didn't have access to the technology to enable them to do it. In addition, of the one-third (37%) of UK adults who found downloading/streaming music from the internet appealing, only one-third of these said they undertook that activity more than once a month.

40 Base: All UK adults (1,017)

Section 6

Consumer engagement with mobile phones and portable devices

The first three sub-sections in this chapter (6.1, 6.2 and 6.3) provide general background data on the availability, take-up and consumption of mobile phone services in the UK. All the information shown has previously been published in Ofcom Communications Market Reports.

Later sub-sections draw on findings from Ofcom's consumer engagement survey to illustrate:

- reasons for having a mobile phone;
- attitudes towards mobile phones;
- awareness of 3G benefits and features;
- attitudes towards 3G; and
- the perceived value of features available on portable devices.

6.1 Availability of mobile phone networks[41]

Second generation (2G) mobile phone services are widely available across the UK – 99.9% of the UK population live within postal districts that have at least one operator with at least 75% area coverage, and 94.6% of the UK population live within postal districts that have coverage by all four operators.

Roll-out of third generation (3G) mobile phone services has focused on more urban areas first. Half (46.2%) of postal districts in the UK have coverage by at least four 3G operators and 90.5% of postal districts have coverage by at least one operator.

6.2 Take-up of mobile phones

80% of UK adults say they use a mobile phone – and 8% of UK adults say they rely solely on mobile phones for their telecommunications needs[42].

The number of 3G mobile subscriptions continues to grow, and Ofcom estimates that there were around 4 million in the UK at the end of September 2005[43]. Ofcom research from Q2 2005 suggested that 11% of UK consumers lived in a household with a 3G mobile, and an additional 4% claimed that they would purchase a 3G mobile within the next six months[44].

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[41] Source: The Communications Market: Nations and Regions (April 2006)
[42] Source: The Communications Market: Nations and Regions (April 2006)
[43] Source: The Communications Market: Interim Report (February 2006)
[44] Source: Ofcom Residential Tracker Survey (Quarter 2 2005)

6.3 Consumption of mobile phones

Every week across the UK, adults say they make, on average, over 20 calls on their mobile phones and send 28 text messages[45].

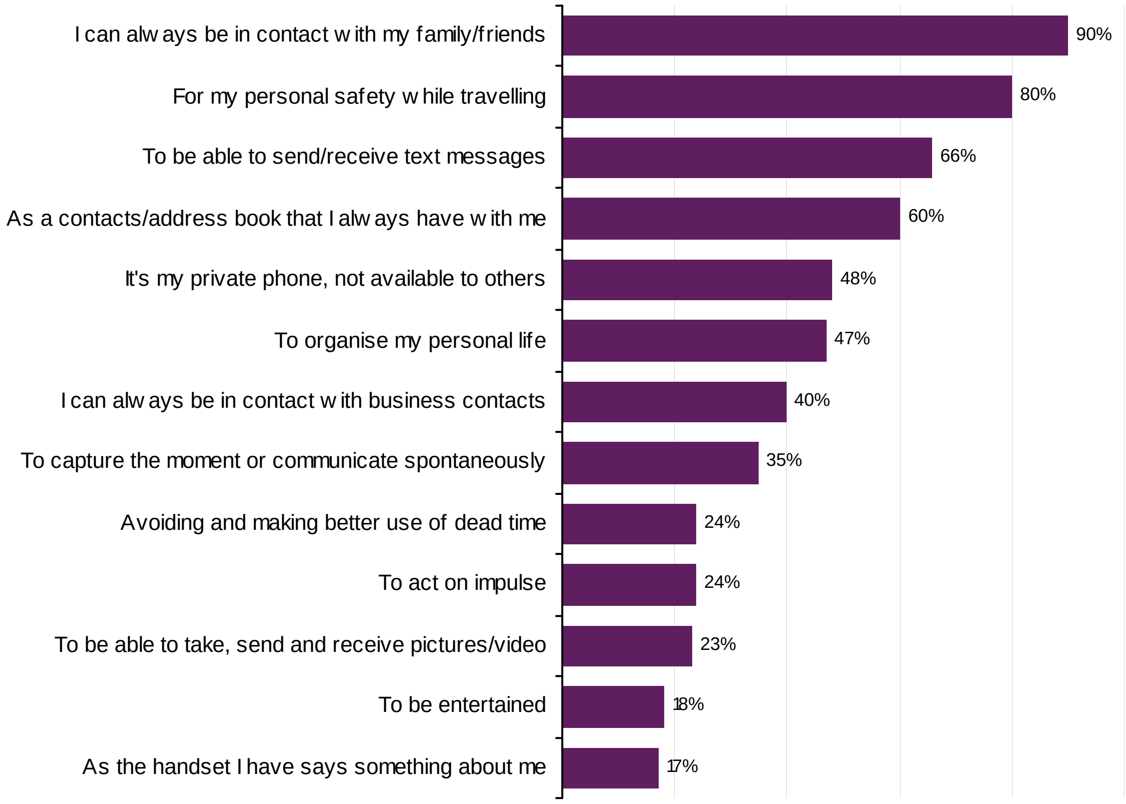
Of those using mobile phones, 30% were contract subscribers and 68% used pre-pay packages. In Q3 2005, users paid an average mobile bill of £19.31 per month – over £1 more than in Q1 2005[46].

6.4 Reasons for having a mobile phone

The main reasons for having a mobile phone were found to be relatively polarised – with only four reasons being cited by more than half of all owners (see Figure 33). Staying in contact with friends/family and personal safety were found to be most important – mentioned by 90% and 80% of owners respectively. Text messaging was reported as an important reason by two-thirds (66%) and the ability to use the phone as a contacts/address book by three-fifths (60%).

More recent developments, e.g. cameras, innovative handset designs and entertainment applications, were found to resonate with a minority of owners.

Figure 33: Reasons for having a mobile phone[47]



[45] Source: The Communications Market: Nations and Regions (April 2006)
[46] Source: The Communications Market: Interim Report (February 2006)
[47] Base: Those personally using a mobile phone (855). Percentages indicate the proportion giving each reason a rating of 4 or 5 on a five point scale in terms of its importance for having or using a mobile phone (a score of 1 represented 'not at all important', a score of 5 represented 'extremely important').

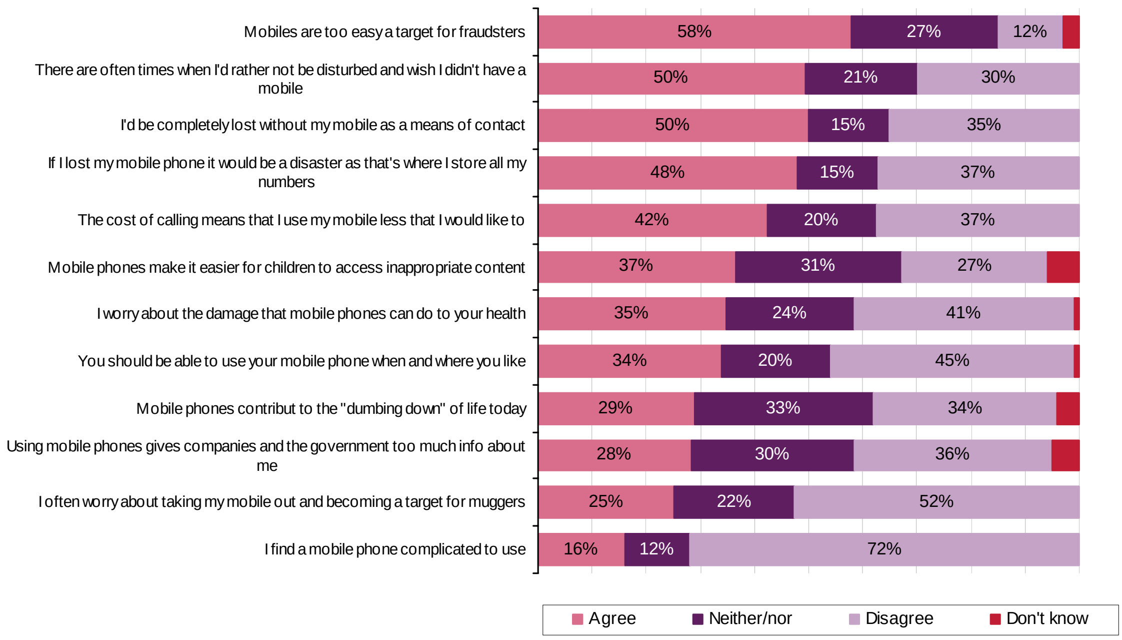
6.5 Attitudes towards mobile phones

The findings shown in Figure 34 highlight the love-hate relationship that many mobile phone owners have with their phones. Half claimed that there are times when they don't want to be disturbed and wish they didn't have a phone – but a similar proportion believed that they would be completely lost without their phone as a means of contact.

Mobile phone owners also admit to having concerns about this technology (albeit to a lesser extent than for the internet). The majority (58%) of owners believed that mobiles are a target for fraudsters and approximately one-third feared that they could damage one's health, make it easier for children to access inappropriate content or contributed to the 'dumbing down' of society.

Affordability may also be a barrier to further engagement for a signification proportion of owners – two fifths (42%) reported that 'the cost of calling means that I use my mobile less than I would like to'. One sixth (16%) of owners found their mobile phones complicated to use.

Figure 34: Attitudes towards mobile phones (*mobile phone owners*)[48]



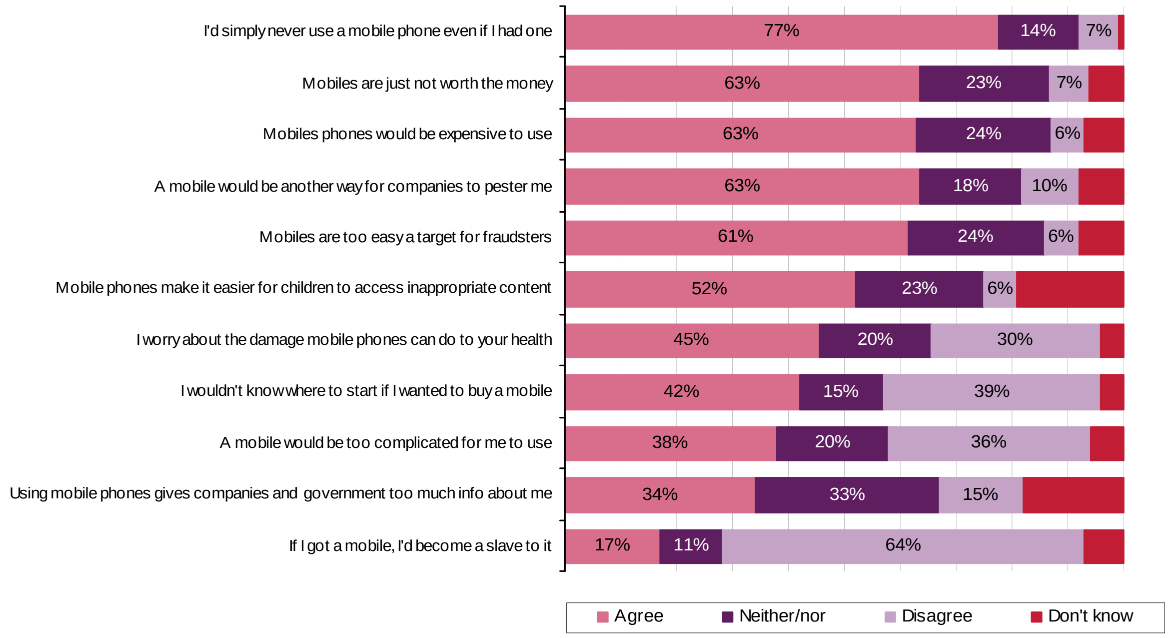
Those UK consumers not currently using a mobile phone share similar fears and concerns about the potential negative impact of mobile phones (for example, Figure 35 shows that 61% of non-owners felt that mobiles were too easy a target for fraudsters). This suggests that these attitudes may not be a primary factor in determining take-up of mobiles.

Quite simply, it appears that non-owners do not perceive that they would gain sufficient value to offset the cost of using a mobile. Three-quarters (77%) of non-owners believed that they would never use a mobile phone even if they had one, and almost two-thirds (63%) felt that they were expensive and not worth the money.

Some media literacy gaps do appear to exist for non-owners of mobiles. Figure 35 shows that two-fifths stated that they wouldn't know where to start if they wanted to buy a mobile phone (42%) or that a mobile phone would be too complicated for them to use (38%).

[48] Base: Those personally using a mobile phone (855).

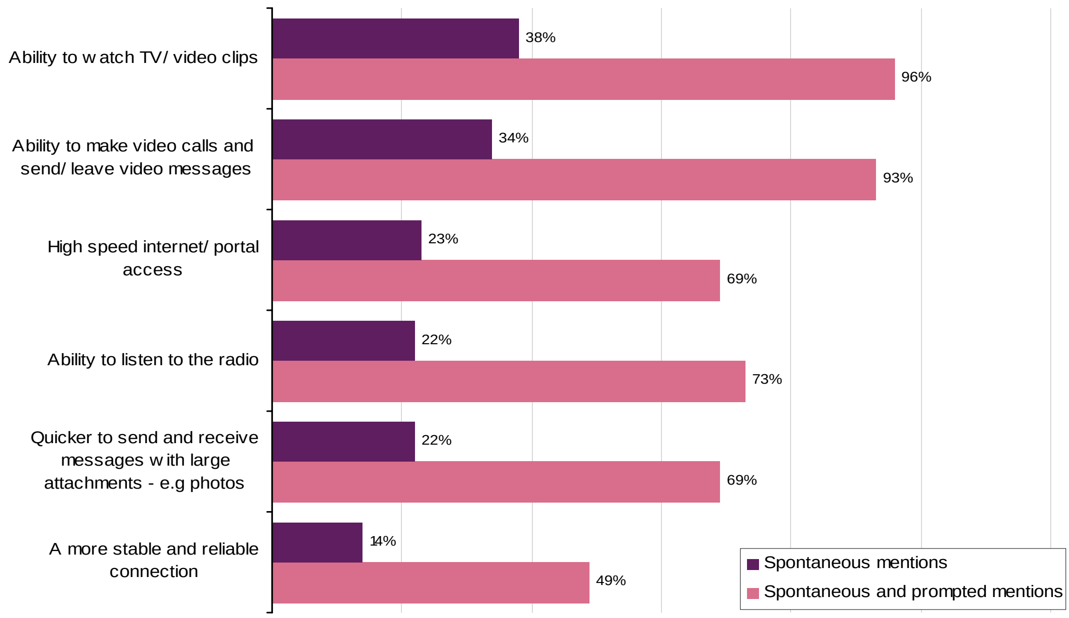
Figure 35: Attitudes towards mobile phones (*non-mobile phone owners*)[49]



6.6 Awareness of and attitudes towards 3G

Half (51%) of UK consumers claimed to have heard of the term 3G or 'third generation'. Figure 36 shows that spontaneous knowledge of 3G benefits is not widespread – no feature was mentioned by more than two-fifths of those aware of this technology. When prompted, however, almost all claimed to know that 3G provided the ability to watch TV/video clips and send video messages or make video calls.

Figure 36: Awareness of 3G benefits and features[50]



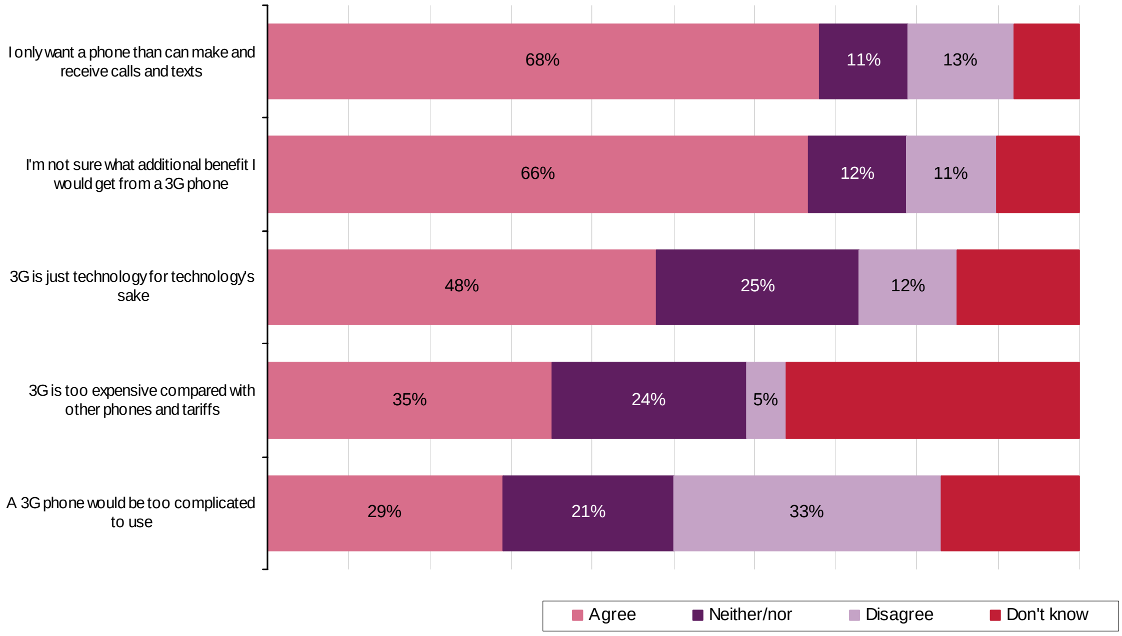
49 Base: Those not personally using a mobile phone (162).

50 Base: Those aware of the term, '3G' or 'third generation' (507). Percentages indicate the proportion mentioning (spontaneously, and when prompted with a list) each benefit/feature as something that '3G offers, over and above non-3G phones'.

Figure 37 also suggests that consumers are not wholly certain of the value that 3G could bring them; two-thirds (66%) of non-3G mobile phone owners believed that 'I'm not certain what additional benefit I would get from a 3G phone'. Indeed, the majority of these consumers claimed that they just wanted a mobile phone to make voice calls and send text messages.

In addition, one-third said they had concerns regarding the affordability (35%) and simplicity (29%) of 3G phones.

Figure 37: Attitudes towards 3G (non-3G subscribers not intending to switch to 3G)[51]



6.7 Perceived value of features available on portable devices

The appeal of a range of features available on portable devices is shown in Figure 38.

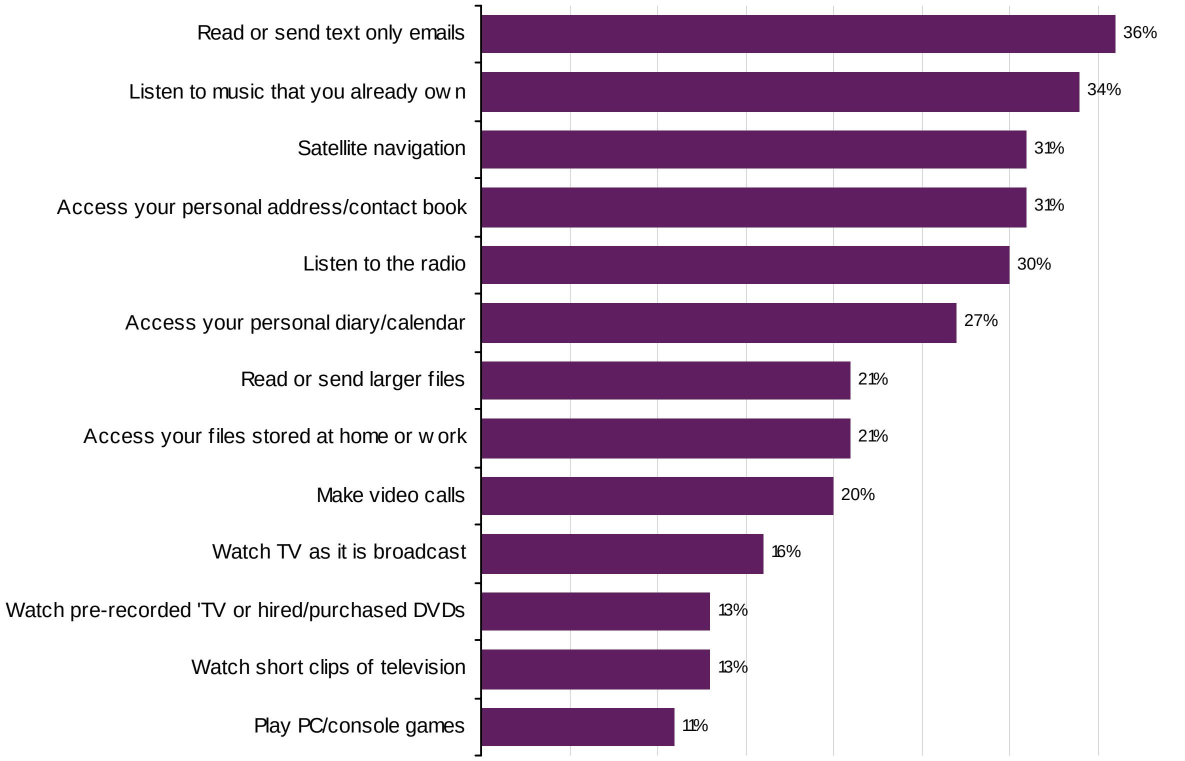
The perceived value of these functions is relatively low – with no feature found attractive by more than two-fifths of consumers. Three themes summarise the most popular features:

- email;
- audio entertainment (listening to the radio or one's own music); and
- organisation (access to diaries, address books or satellite navigation).

Notably, none of the portable features enabled by 3G were valued by more than one-fifth of consumers (for example, emailing larger files, making video calls, watching TV).

51 Base: Non-3G mobile phone subscribers not intending to switch to a 3G service in the next twelve months (728).

Figure 38: Perceived value of the benefits and features of portable devices[52]



[52] Base: All UK adults (1,017). Percentages indicate the proportion giving each benefit/feature a rating of 4 or 5 on a five point scale in terms of how valuable it is/would be (a score of 1 represented 'not at all valuable', a score of 5 represented 'extremely valuable').

Section 7

Segmentation model overview

7.1 The role and nature of consumer segmentation

Segmentation involves the subdivision of a population into discrete groups sharing similar characteristics.

Typically, the primary purpose of a segmentation exercise is to drill down beneath the superficial picture of a whole population or group in society – to identify and understand particular groups that may behave in a specific way or have particular needs.

A variety of approaches to segmentation exist, differing according to the number and type of characteristics that are used to define the discrete groups. For example:

- **Demographic segmentation** divides a population into a number of socio-demographic groups (e.g. males/females, the younger/older, ABC1s/C2DEs).

- **Behavioural segmentation** divides a population into groups based on use of particular services (e.g. digital/analogue TV households, heavy/light users of the internet, high/low spenders on mobile phones).

- **Needs-based or attitudinal segmentation** often divides a population into groups based on their responses to a wide variety of questions relating to motivations, needs and attitudes - seeking to identify groups of individuals who have similar mindsets.

The decision on which segmentation approach to adopt is usually based on the specific goals and objectives of the exercise.

7.2 Objectives of Ofcom's consumer engagement segmentation model

Two of the core objectives of this report (see Section 1) are to 'paint a picture of the different ways in which communications services are valued' in the UK and 'to identify areas where consumers needs may not be currently met'.

Both of these objectives are best met by a needs-based or attitudinal segmentation approach. Therefore, the following criteria were used to define the Ofcom consumer engagement segmentation model:

- reasons for owning or using TV, radio, the internet or mobile phones;

- general attitudes to technology, and attitudes towards each platform and medium; and

- the perceived value of the benefits or features of each digital communications service.

One further objective of the segmentation was to understand the extent to which individuals have similar attitudes or needs across all platforms, or if they think about and see value in one platform differently from the others.

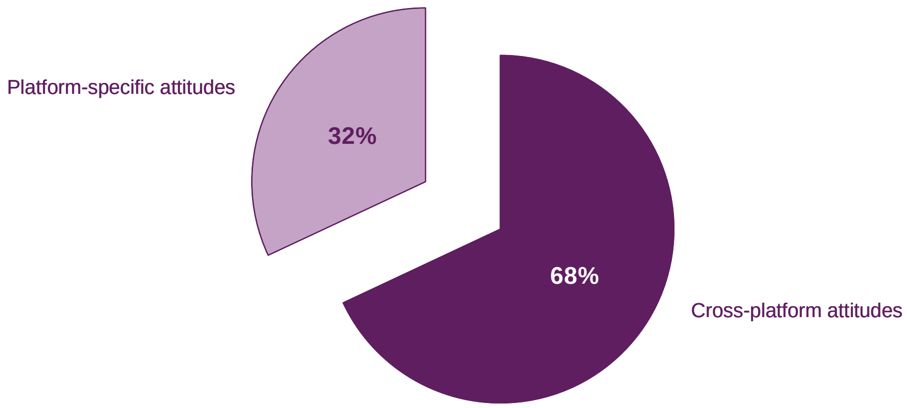
7.3 An overview of Ofcom's consumer engagement segmentation model

Ofcom's consumer engagement segmentation model divides UK adults into two groups:

- those with the same broad attitude towards each of the four main digital communications platforms; TV, radio, the internet and mobile phones (*those with cross-platform attitudes)*
- those who think about and see value in one platform differently from the others (*those with platform-specific attitudes*).

Figure 39 reveals that the majority (68%) of UK adults were found to have cross-platform attitudes. Only a minority (32%) were shown to have platform-specific attitudes.

Figure 39: Cross-platform and platform-specific attitudes



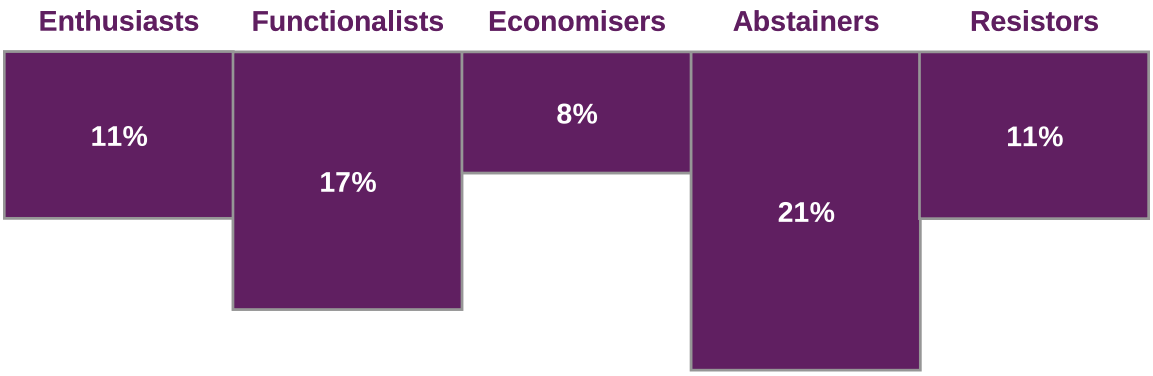
7.4 Consumers with cross-platform attitudes

Within the 68% of UK consumers with cross-platform attitudes, the segmentation model identified five consumer segments – each one painting a picture of the way certain UK consumers value digital communications services. These segments were not primarily defined by take-up of digital services. Consumers with high ownership of digital services can be found across many of the segments.

The five cross-platform segments are summarised as follows:

- **The Enthusiasts** (11% of the UK adult population) universally value and explore the broadest benefits that digital technology can bring.
- **The Functionalists** (17%) exhibit confident yet measured engagement with the core benefits that each digital platform offers - but display little interest beyond this.
- **The Economisers** (8%) see clear value in the full range of benefits that digital can offer and take advantage of the platforms at their disposal, but affordability may limit further uptake.
- **The Abstainers** (21%) display very limited interest in digital technology and, despite ownership levels only slightly below the UK average, rarely utilise the digital platforms they have.
- **The Resistors** (11%) believe digital technology to be generally irrelevant to their lives, almost completely opting out of ownership.

Figure 40: The five cross-platform segments



Each of these segments is described in detail in Section 8.

7.5 Platform-specific mindsets

As highlighted above, a minority (32%) of UK consumers' attitudes towards digital communications services varied by platform. Two key reasons generally explained the absence of the more common 'cross-platform' behaviour:

- One platform or medium was considered a much more integral part of their life, and they placed significantly greater importance on it.

- They had a specific goal or need from one platform or medium, which was not mirrored in the other platforms.

The consumer engagement segmentation model identified two platform-specific mindsets for each platform.

Television

- **The TV-Centrics'** (10% of UK adults having this attitude towards television) interest in and reliance on television drives their ownership of digital TV – in spite of their lack of confidence/comfort with the technology.

- **The TV Optimisers** (12%) strongly value digital TV benefits as a means of maximising (not expanding) their viewing experience.

Radio

- **The Radio-Centrics** (9%) are strongly committed to radio as a medium but lack confidence and competence with technology. The benefits of digital are not enough to trigger a step change.

- **The Radio Agnostics** (16%) are confident with technology but their limited interest in radio (primarily music) may restrict their wider appreciation of digital benefits.

The internet

- **The Internet Selectives** (6%) tend to see the internet for more limited uses such as email and occasional transactions and broadband exclusively for improved connectivity.

- **The Internet Enthusiasts** (13%) see wide ranging uses for the internet as a whole, and value the connectivity benefits of broadband as well as certain communications and entertainment applications.

Mobile phones and portable devices

- **The Mobile Reliants** (6%) are wholly dependent on their mobile phone as a means of contact and a tool to organise their social life.

- **The Mobile Organisers** (9%) value the increased efficiency and organisational benefits that portable devices offer (in a business context too).

Each of these mindsets is described in detail in Section 9.

Section 8

The cross-platform segments

Section 7 introduced the consumer engagement segmentation model, summarising the cross-platform segments and the platform-specific mindsets.

This section focuses on the **cross-platform segments** - providing a more detailed pen portrait for each, including:

- an overview;
- general attitudes to technology;
- perceived value of digital communications services;
- ownership of digital communications services;
- demographic profile; and
- opportunities for, and challenges to, further engagement.

(These pen portraits reflect both the quantitative and qualitative phases of research undertaken for this project.)

Each of these five segments reveals opportunities to promote UK consumers' engagement with digital communications services. One over-arching theme emerges – the need to make it easier for consumers to engage. However, the ways in which digital communications services need to be made easier for consumers varies for each segment:

- **Enthusiasts** need a fast track to new benefits and features – potentially via convergent devices.
- **Functionalists** need 'fit for purpose' products and services without bolt-on bells and whistles.
- **Economisers** need an affordable entry point and products and services with reasonable ongoing costs.
- **Abstainers** need considerable back-up to get them started and to help them gain confidence and experience in the use of digital communications services.
- **Resistors** need to be clearly shown how digital communications services could benefit them.

The table in Figure 41 provides a summary of the cross-platform segments.

Figure 41: Summary of the cross-platform segments

	Enthusiasts	Functionalists	Economisers	Abstainers	Resistors
More likely to be…	Minority ethnic groups From metropolitan areas	More affluent Male	Younger Lower income From metropolitan areas	Female Less affluent	Older
Most likely to own and use…	Everything	Everything within reason	Everything except the internet – but with one eye on the cost	A mobile phone (but live in a household with other devices they don't use)	Nothing
Most likely to say…	I couldn't do without it	Would I really use that?	I'd really like to be able to do that	My partner/children use all that	It's just not for me
Most likely to be put off by because…	I've too many other things to do	I don't have a use for all this	I can't afford it	I don't know where to start	I'd get no value or benefit from this
Most likely to need or want…	A fast-track (Convergent devices)	Straightforward – no bells and whistles	Lower cost entry point Lower ongoing costs	Ongoing support and guidance	A reason to believe - awareness of the benefits for them

8.1 The Enthusiasts

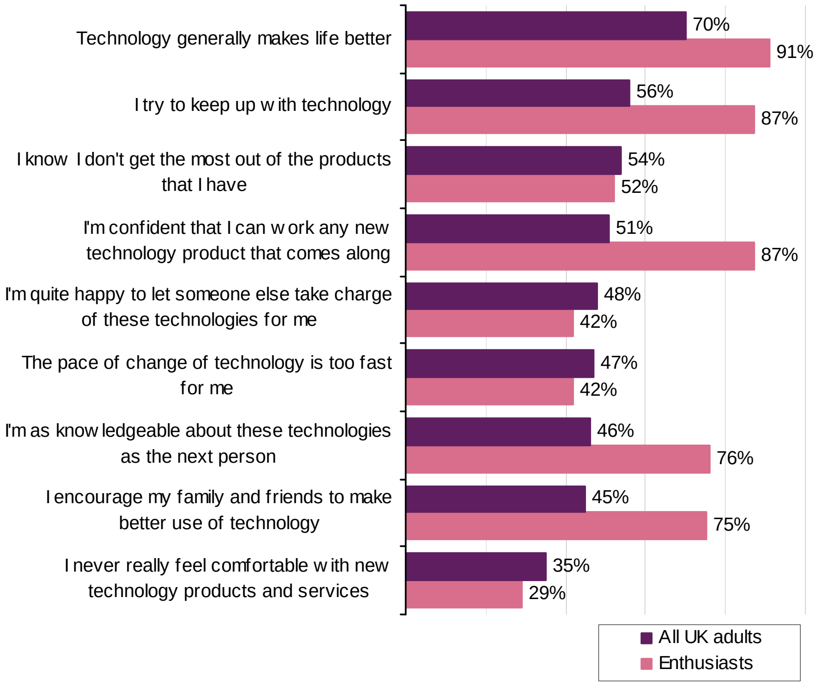
Overview

The Enthusiasts are keen and adventurous digital users for whom technology plays a broad and important role in delivering practical benefits and social or leisure opportunities. Even these individuals, though, are not always taking advantage of all of the digital benefits and functionality they might value, as a hectic work and personal life often takes priority over further digital exploration. This group needs a fast track to new benefits and features, potentially via convergent devices. This segment represents 11% of the UK adult population.

General attitudes to technology - Enthusiasts

This group represents the vanguard of technology uptake in the UK and believes that technology makes life better. Figure 42 shows that the Enthusiasts are keen to keep up with the latest developments and are confident they can work out how to use any product that comes along. Emotionally, they warm to technology and have a positive approach to new products or applications. However, they are also keen to learn more – many believing that they don't get the most out of the products they already own.

Figure 42: General attitudes to technology - Enthusiasts[53]



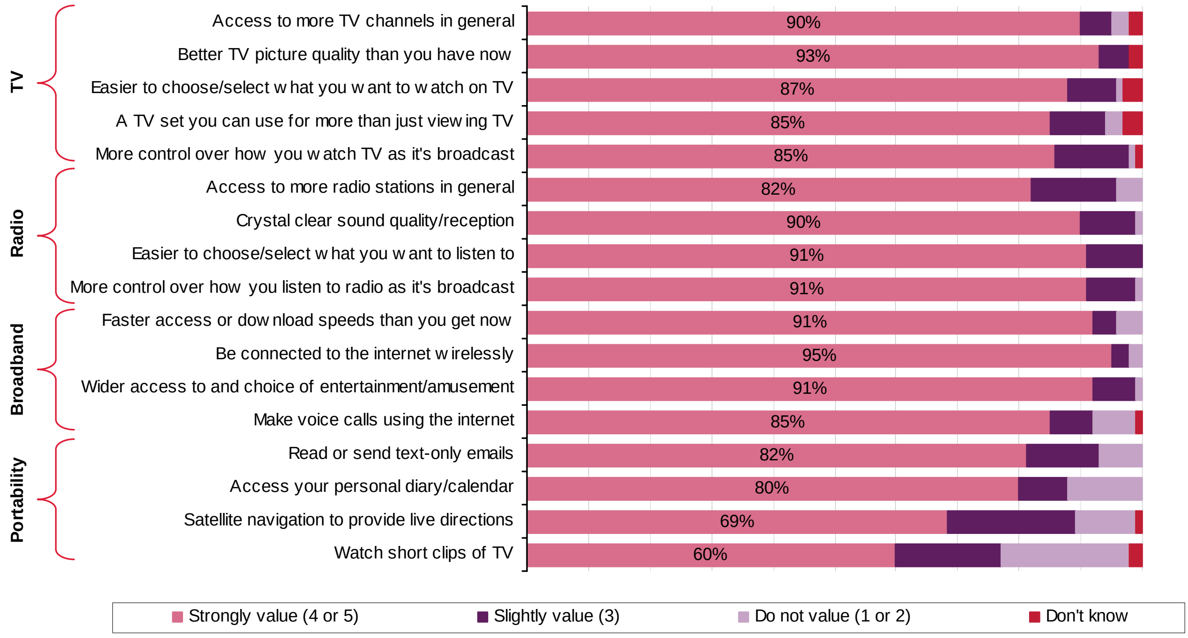
Enthusiasts also tend to be generally very active in terms of hobbies and interests, career and/ or social life, suggesting that their positive approach to technology may be driven by their general attitude to life rather than a specific fondness for all things technical.

Perceived value of digital communications services - Enthusiasts

Enthusiasts' attitudes are generally consistent across digital TV, digital radio, the internet/ broadband and portable devices. Figure 43 shows that, in essence, they value and utilise the broadest and most advanced benefits that digital can bring in each area. This extends to the greatest interest in accessing content via a range of delivery mechanisms and the recognition and use of the applications (such as VoIP and streaming media) that broadband can deliver.

[53] Base: All UK adults (1,017), all Enthusiasts (103). Percentages indicate the proportion agreeing with each statement.

Figure 43: Perceived value of digital communications services - Enthusiasts[54]



This segment is willing to experiment with new technology and has the confidence to learn about products/applications through trial and error rather than relying on manuals or tuition.

> "I haven't really spent time learning it as such…I'm just not scared of it"

Their positive attitude towards digital technology coupled with their above-average knowledge levels means that isolated problems rarely undermine their confidence in a particular platform.

Many are passionate advocates of digital technology, informing and helping less knowledgeable friends and family. They are also keen to learn more and word of mouth is a powerful influence thanks to shared enthusiasm and interest in new products and applications among their friends.

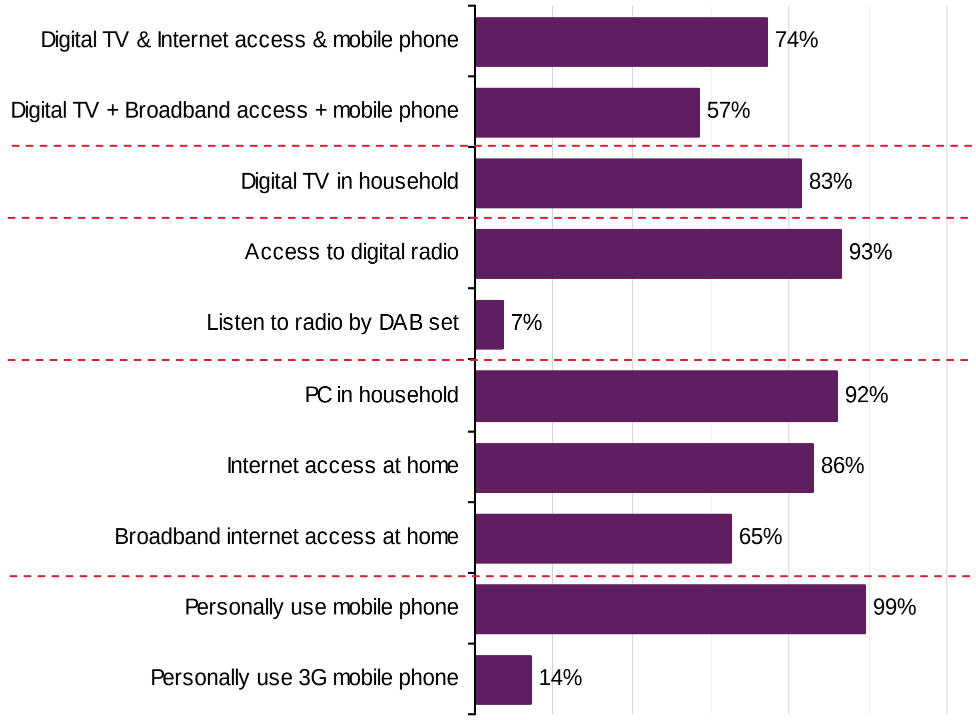
> "Peers have played a role in getting broadband – there's a domino effect where if one person gets it we all get it. We do talk about that within our circle."

Ownership of digital communications services - Enthusiasts

Figure 44 shows that ownership of digital technology is very high among this group – five in six (85%) reported having digital TV and a similar proportion have internet access at home (broadband and 3G penetration are also considerably above average). They are particular heavy users of mobile devices and the internet.

[54] Base: All Enthusiasts (103). Percentages indicate the proportion giving each benefit/feature a rating of 4 or 5 on a five point scale in terms of how valuable it is/would be (a score of 1 represented 'not at all valuable', a score of 5 represented 'extremely valuable').

Figure 44: Ownership of digital communications services - Enthusiasts[55]



Where platforms have not been adopted by this group, this is a lifestyle choice rather than a reaction against the technology itself.

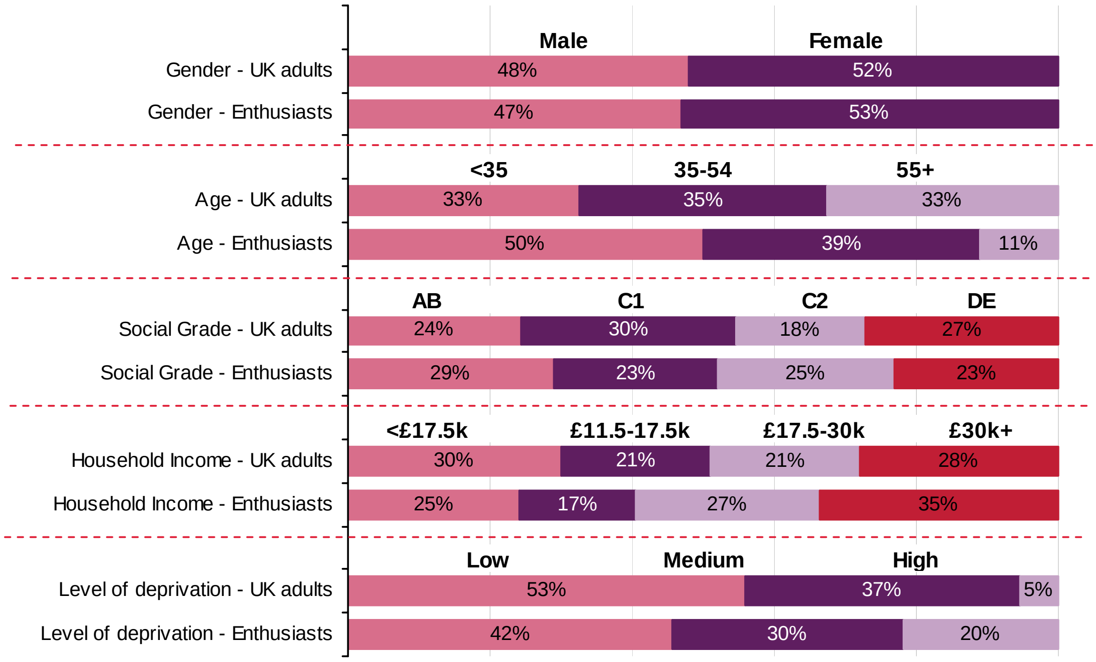
Demographic profile - Enthusiasts

Figure 45 shows that this group is evenly balanced in terms of gender but does tend to be slightly younger than the UK average (although not exclusively so - half of this segment was age 35 or over). A high proportion of this group (36%) live in the largest UK cities – and probably as a consequence, they are also more likely to live in areas of high deprivation (20% compared to 5% for the UK overall).

An above average proportion of those from minority ethnic groups also fall into this segment (24%). Social, economic and geographic profiles are not significantly different from the UK population as a whole.

[55] Base: All Enthusiasts (103).

Figure 45: Demographic profile - Enthusiasts[56]



Opportunities for further engagement - Enthusiasts

Though some believe they are not getting as much as they could from digital technology, to some extent this is a product of their own enthusiasm. Though they are already adventurous users, they are more aware than other segments of the current and future potential of technology and inevitably realise that they are not doing *everything* possible. Busy lifestyles can also be a barrier to fuller exploitation of existing platforms – digital technology is not always their top priority. This group needs a fast track to new benefits and features – potentially via convergent devices.

In addition, word of mouth and peer advocacy play an important role in uptake and engagement for this group. They are enthusiastic about new technology for its own sake, but they find it most engaging when it also offers practical lifestyle benefits. When this is combined with an 'ingenuity' factor it tends to encourage peer discussion and recommendation.

> "I've recommended (DAB) to friends but it's not got the wow factor that would make it a huge topic of conversation"

8.2 Functionalists

Overview

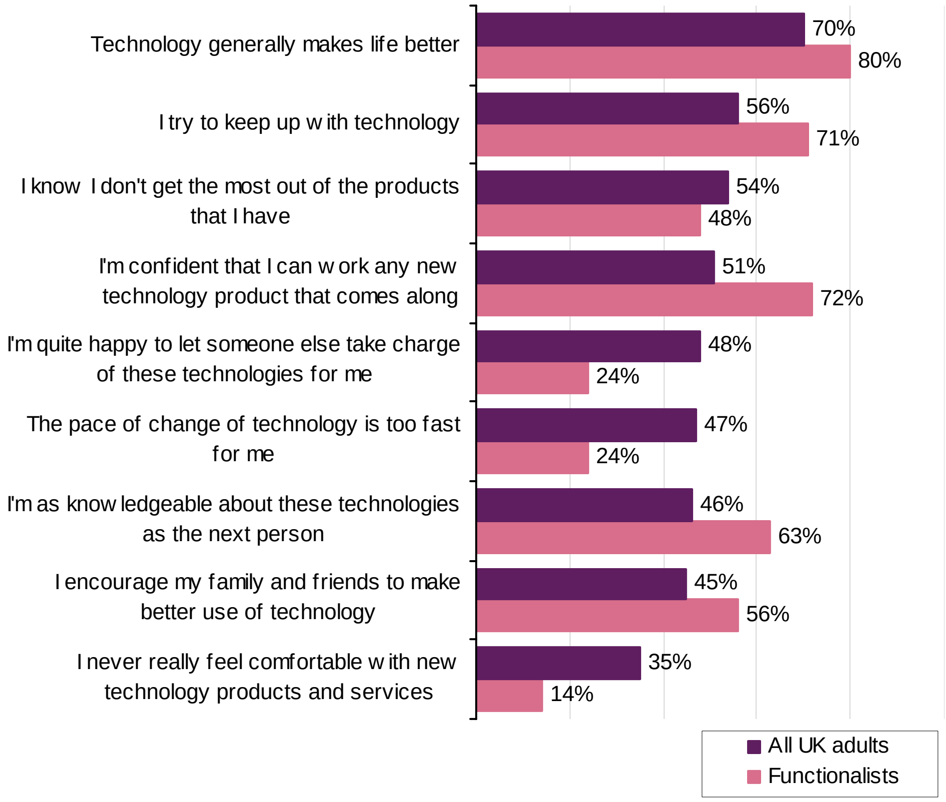
The Functionalists are very confident with and feel knowledgeable about technology, but engage with digital communications services in a cautious and considered manner. While open to new developments, they are only prepared to broaden their horizons if there is a very clear benefit to them. This group needs 'fit for purpose' products and services without bolt-on 'bells and whistles'. This segment represents 17% of the UK adult population.

[56] Base: All UK adults (1,017), all Enthusiasts (103).

General attitudes to technology - Functionalists

Figure 46 shows that Functionalists are very confident in their own abilities and feel knowledgeable about technology, but are only prepared to experiment with it if there is a very clear benefit to them. For example, the latest innovations in digital TV are only adopted relatively early if they are already avid TV watchers, and broadband tends to be used to meet specific needs such as the pursuit of a hobby.

Figure 46: General attitudes to technology - Functionalists[57]



Perceived value of digital communications services - Functionalists

As adoption of new technology is primarily driven by existing needs, the levels of engagement with each platform tend not to diverge from ‘traditional’ applications, or at least diverge more slowly than for some other segments (e.g. the TV is for audio-visual entertainment, the mobile phone is for communication). New technology is usually adopted to improve the way they already use a particular platform rather than to broaden the range of applications delivered to them.

This linear view of new technology, even among the most confident and knowledgeable in this segment, means there is a tendency to compartmentalise each platform, seeing each as having discrete and therefore limited benefits.

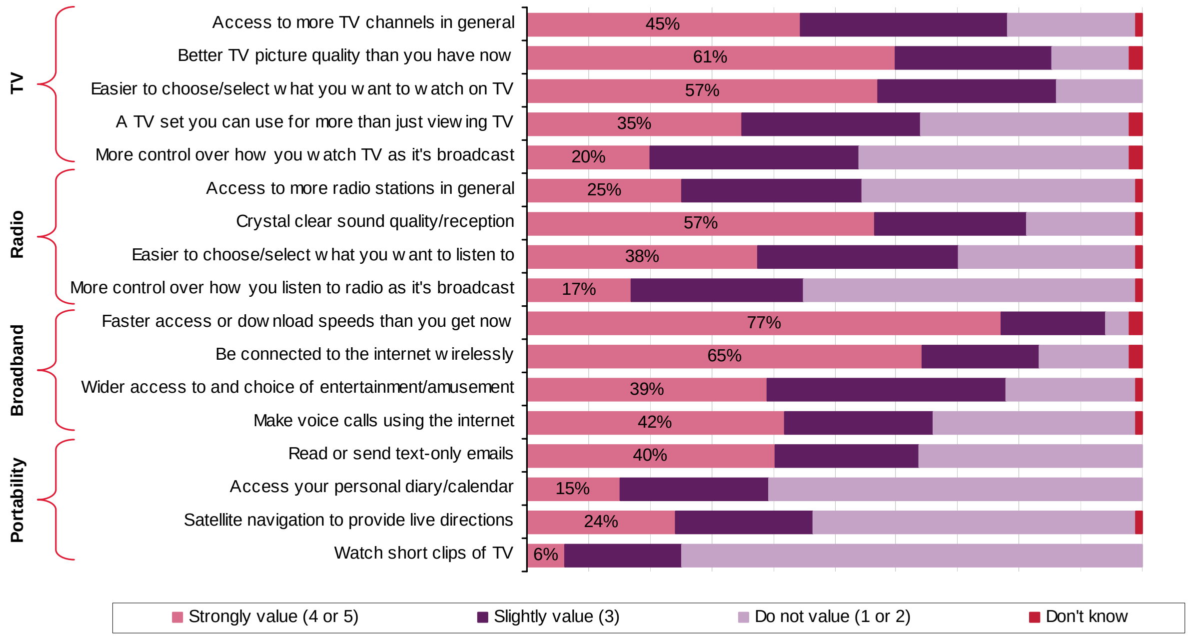
> “I tend to compartmentalise things. For me the phone is all about communication”

Figure 47 shows that digital TV and radio are valued for picture/ sound quality and ease of use, and less for multi-channel or station choice. Broadband is of interest due to its

[57] Base: All UK adults (1,017), all Functionalists (160). Percentages indicate the proportion agreeing with each statement.

connectivity benefits (e.g. speed, reliability, always on, wireless) but not as an enabler of newer applications such as the delivery of entertainment media. Portable devices are felt to provide valuable voice, text and data communications – but little of value beyond this.

Figure 47: Perceived value of digital communications services - Functionalists[58]



This is often rationalised by asserting that when platforms stray beyond their core use, delivery is compromised. Typically, this means mobile phone use tends to be functional and largely restricted to calling and texting because practical limitations such as screen size and menu complexity mean that the phone is felt to be a poor substitute to, for example, TV or internet.

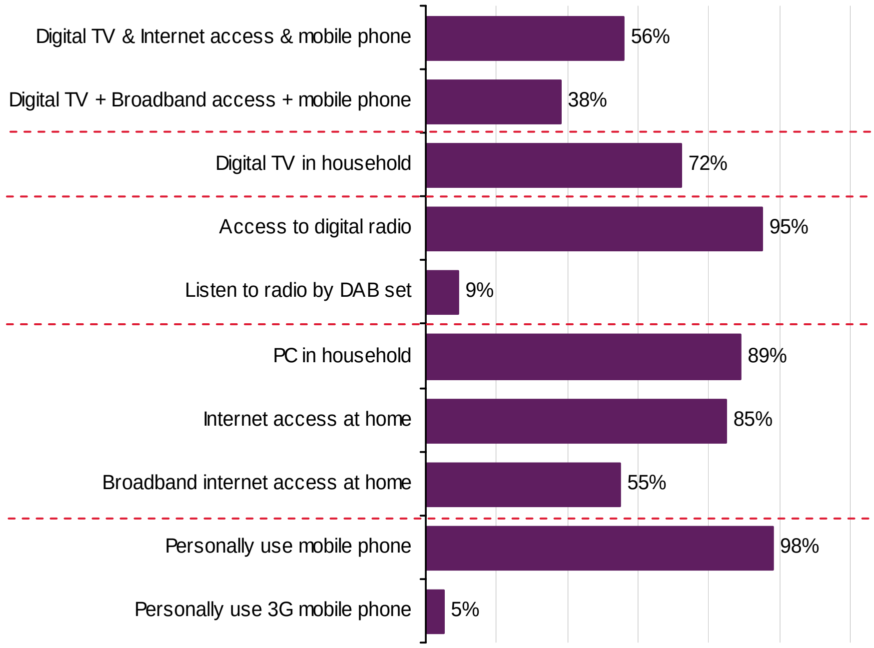
> "Menus, more menus and more menus and every time you press 'OK' it takes ages to come up. And what am I trying to find? Maybe just a football score or something like that."

Ownership of digital communications services - Functionalists

Figure 48 shows that access to the internet at home is reported to be very high among this group – as is mobile phone ownership - but the penetration of digital TV and DAB sets is only moderate (potentially reflecting their below average levels of consumption of both of these media).

58 Base: All Functionalists (160). Percentages indicate the proportion giving each benefit/feature a rating of 4 or 5 on a five point scale in terms of how valuable it is/would be (a score of 1 represented 'not at all valuable', a score of 5 represented 'extremely valuable').

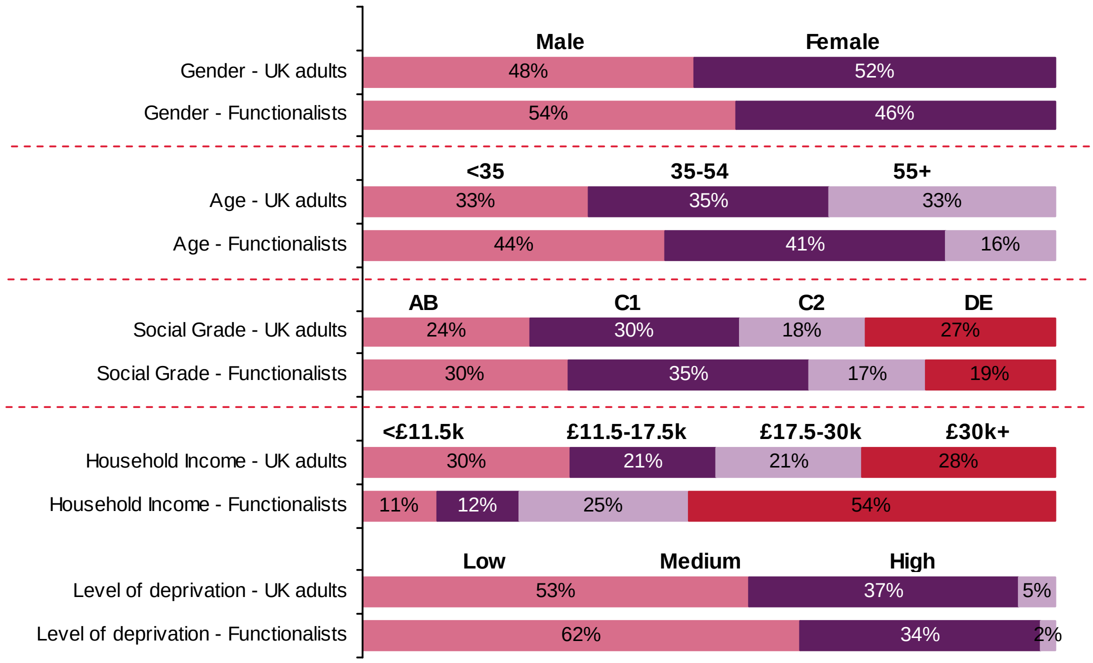
Figure 48: Ownership of digital communications services - Functionalists[59]



Demographic profile - Functionalists

With a slight skew towards men, Figure 49 shows that this group is the most affluent of the five cross-platform segments.

Figure 49: Demographic profile - Functionalists[60]



59 Base: All Functionalists (160).
60 Base: All UK adults (1,017), all Functionalists (160).

A higher proportion of Functionalists come from the ABC1 social groups and areas of low deprivation. While the age profile of this group broadly matches that of the UK overall, those aged 55 and over are under-represented (only comprising one-sixth of this segment, compared to one-third of UK adults).

Opportunities for further engagement - Functionalists

In summary, Functionalists' siloed engagement with digital communications services is not driven by a lack of confidence but by an unwillingness to spend time and money building understanding unless there is a clear lifestyle benefit.

While Functionalists appear to operate within a comfort zone because of their heavily compartmentalised and rational attitude to new technology, they are prepared to try new things out if it is worth their while. There is scope to broaden horizons where doing so delivers value. For example, a household that makes a lot of international phone calls could find VoIP appealing if it offers significant cost savings, whereas other households would see no point whatsoever in it.

> "I'm not a great television viewer so it's not that important to me. I'm not aware of any features or benefits that would suggest I need to get digital TV in the next week or next month"

Communications should focus on the practical benefits, rather than on the technology for its own sake. Encouraging use of platforms beyond their core functions depends not simply on identifying benefits, but also showing that these are delivered more effectively than they are through other means. This group needs 'fit for purpose' products and services without bolt-on 'bells and whistles'.

8.3 Economisers

Overview

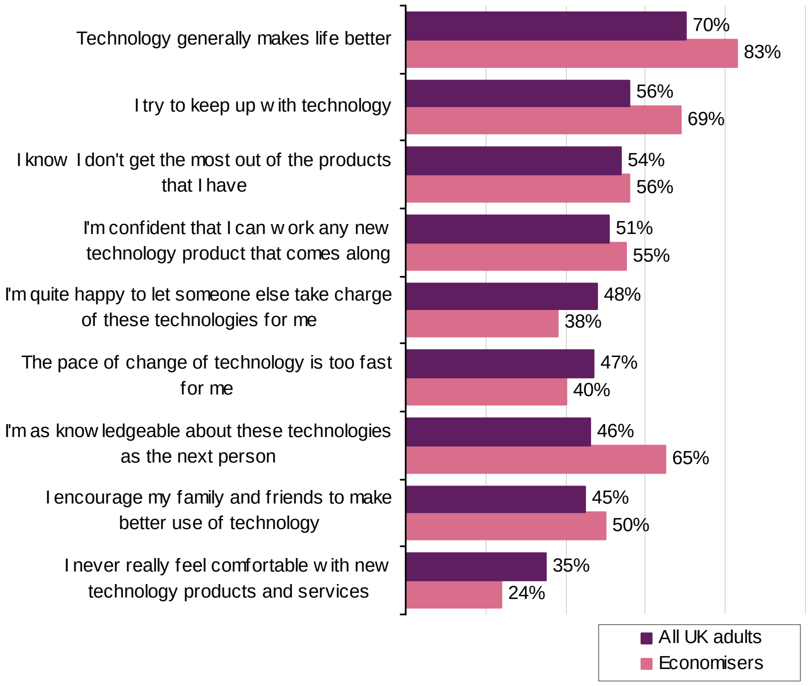
The Economisers see clear value in the full range of benefits that digital services can offer and take advantage of the platforms at their disposal – but costs may be limiting further take-up and use, particularly of the internet. This group needs an affordable entry point and products and services with reasonable ongoing costs. This segment represents 8% of the UK adult population.

General attitudes to technology - Economisers

Figure 50 shows that Economisers widely believe that technology makes life better and they try to keep up with new developments as best they can.

While they feel quite knowledgeable in this area and are generally comfortable with new products and services (as evidenced by their greater awareness of digital radio compared to other segments), they do not display the same level of confidence in terms of ability to master new technology as some other groups. Economisers see themselves as needing help when installing or first using any digital technology, but in hindsight realise that they probably did not need this support. This positive experience does not, however, tend to persuade them that other platforms are equally as accessible in terms of their set-up and usability.

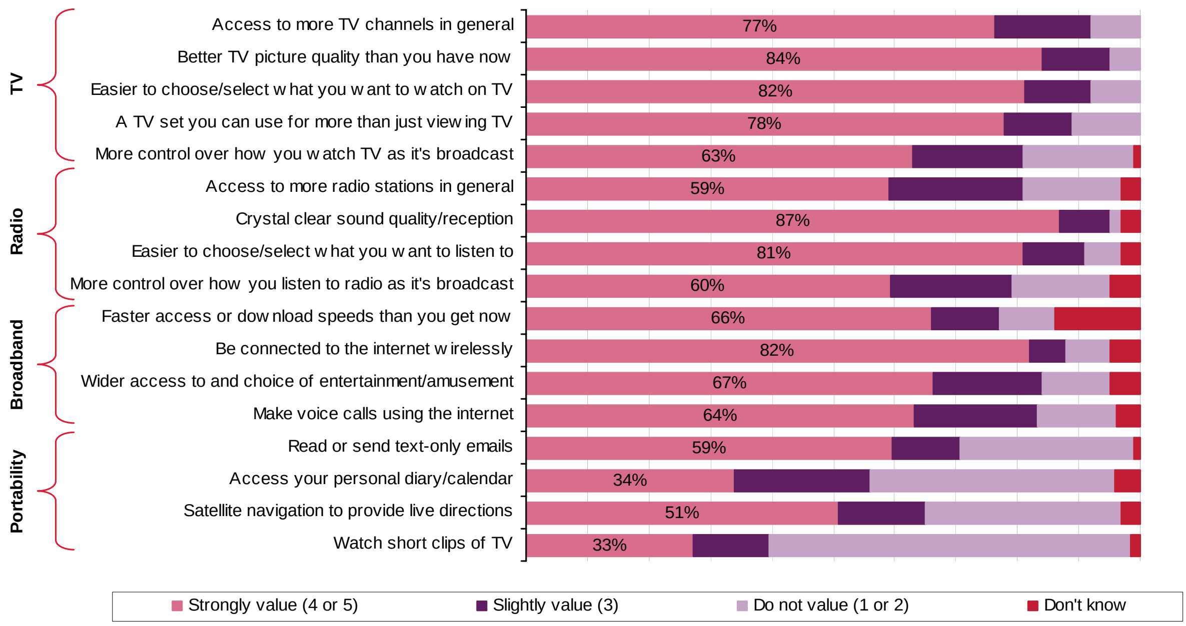
Figure 50: General attitudes to technology - Economisers[61]



Perceived value of digital communications services - Economisers

Figure 51 shows that Economisers, although not to quite the same level as Enthusiasts, display strong interest in the full range of benefits that digital TV, digital radio and the internet/ broadband can offer. This includes interest in accessing content via a range of delivery mechanisms, and broadband applications such as VoIP and streaming media.

Figure 51: Perceived value of digital communications services - Economisers[62]



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61 Base: All UK adults (1,017), all Economisers (85). Percentages indicate the proportion agreeing with each statement.

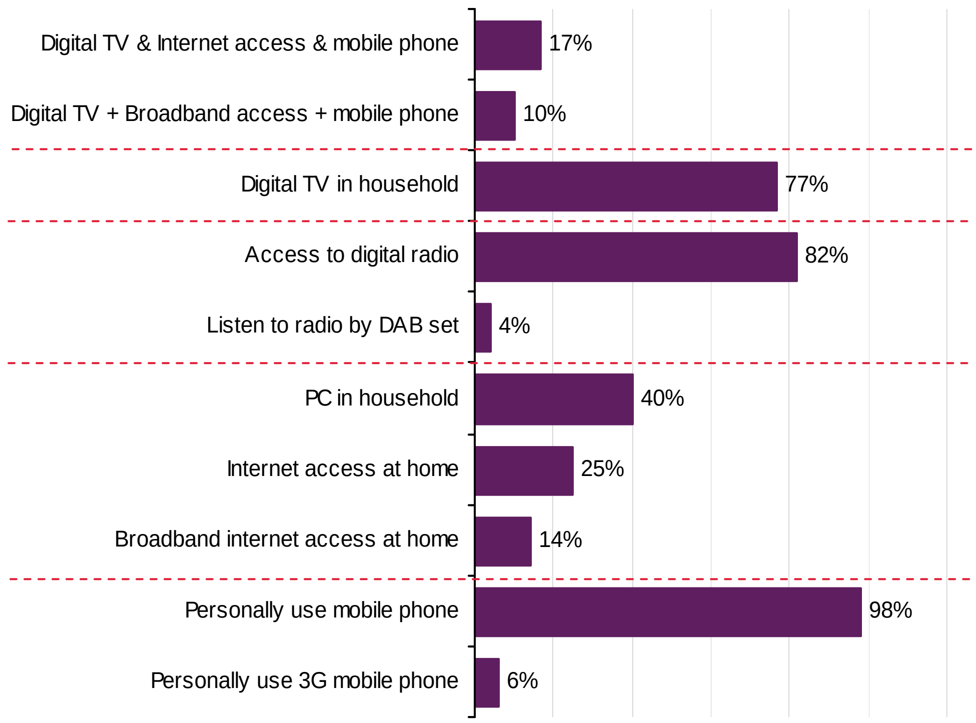
62 Base: All Economisers (85). Percentages indicate the proportion giving each benefit/feature a rating of 4 or 5 on a five point scale in terms of how valuable it is/would be (a score of 1 represented 'not at all valuable', a score of 5 represented 'extremely valuable').

Mobile phones tend to be valued for their organisational and communication benefits, and as a result Economisers are heavy users of mobile phones for voice calls and texting. The value this group places on portability benefits is more muted, and there is clear demarcation between interest in organisational tools such as emailing and satellite navigation, and pure entertainment-focused features such as watching TV and gaming.

Ownership of digital communications services - Economisers

Affordability is preventing this segment from realising the full value they could derive from digital communications services; indeed, Figure 52 shows that only one-quarter of this segment said they had access to the internet at home (despite clearly seeing the benefits that it could offer).

Figure 52: Ownership of digital communications services - Economisers[63]



This group comprises a significant proportion of those classified as 'involuntarily excluded' and this exclusion is driven predominantly by cost concerns as opposed to a lack of understanding about the platforms themselves. This involuntary exclusion tends to relate as much to the applications available (on the platforms) as to the platforms themselves. This is particularly the case for mobile phones.

> "I think video calls might be fun to begin with which I'd like to try but it would become quite gimmicky and would wear off. Cost is really the main barrier, I mean none of it's free"

In some instances there is a degree of confusion about the type of costs attributable to the platforms, for example there is still a perception among some that the Freeview digital TV platform involves an ongoing subscription.

63 Base: All Economisers (85).

> "I encouraged our household to get the digibox, as they were a bit scared about technology and they thought they wouldn't be able to get the full signal. Now they really like the history channels and are glad we got it, initially they were quite put off by the cost but when they found out it was just a one-off cost they were quite pleased"

While cost is the most frequently cited barrier to technology adoption - particularly pertinent for the internet and DAB radio, given the additional cost of the required equipment, this only reveals part of the true issue. Value for money is the principal concern and price is assessed and offset against perceptions of incremental use or value.

While placing high value on home internet access, there is little interest in using alternative delivery mechanisms. Mobile devices are discounted due to cost concerns, particularly when accessing via a pay-as-you-go package.

> "I wouldn't use the internet through a mobile phone, as particularly through the mobile I just instantly think how much is it going to cost me?"

While awareness of accessing the internet via digital TV is high, this tends to be discounted as a viable alternative. This is due to either low levels of interest in accessing the internet via the TV platform (in part due to a historical association of TV being a passive medium) or to a less than satisfactory trial experience (slow connection speeds and/ or difficulties in navigating via a remote control).

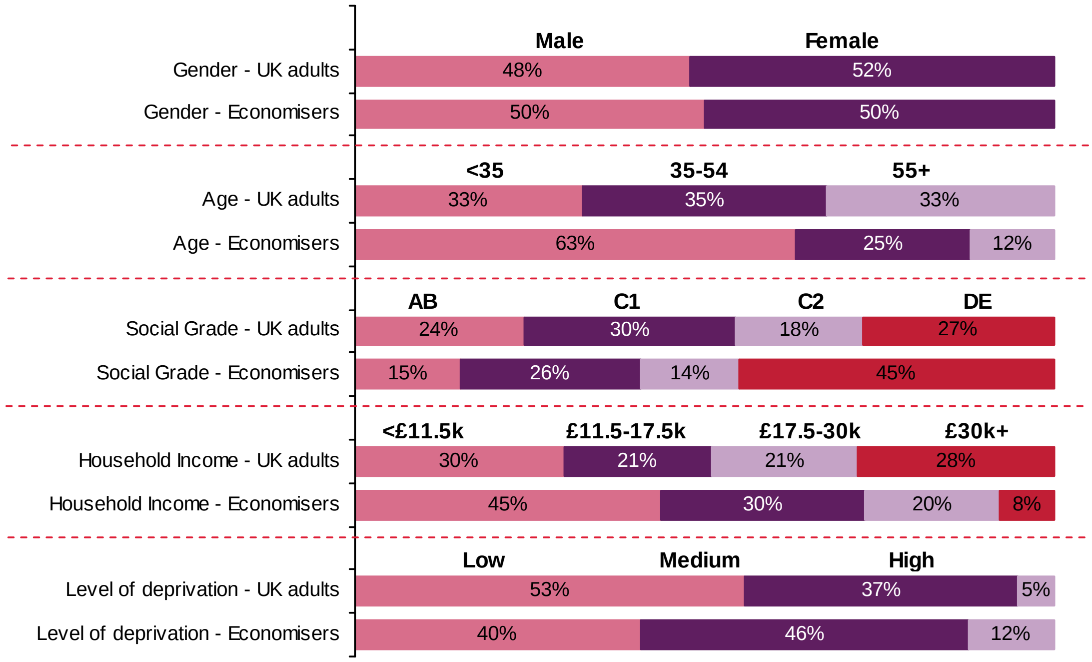
> "I have tried to check email and stuff but I don't seem to be able to do it, it's just not good enough basically I don't think. I couldn't really be bothered as you have to compose it all by remote and it takes forever and I have to drag a phone line down the side of my lounge which I just don't want to do. If it was easier/better I would be inclined to use it more"

Interest in accessing the internet at locations outside the home is seen as a short-term solution but tends to be discounted, particularly at work-based locations where access may be monitored or not readily available.

Demographic profile - Economisers

Figure 53 shows that this group is evenly balanced in terms of gender but younger than average (with 63% under 35, compared to 33% in the UK overall). A high proportion of this group (35%) live in the largest UK cities – and probably as a consequence, they are also more likely to live in areas of high deprivation. Almost one-half of the individuals come from the DE social grades – well above the UK average – and this is mainly comprised of those out of work or retired, rather than full-time students. As a consequence, almost half live in households with an annual income below £11.5k.

Figure 53: Demographic profile - Economisers[64]



Opportunities for further engagement - Economisers

This group does take advantage of the technology at their disposal – for example, often using the more advanced/interactive functionality of digital TV. Consequently, they have high expectations about what can be delivered, and poor service performance (in terms of speed of content delivery) can therefore alienate them, effectively discouraging them from repeating the experience as often as they would like.

Perceived difficulties in set-up and use are not a specific barrier to adoption, and any technology that enhances their lives <u>and</u> is recognised as easy to use (such as Personal Video Recorders) is seen as extremely worthwhile.

Affordability restricts this segment from realising the full value they could derive from digital communications services. Economisers need an affordable entry point and products/services with reasonable ongoing costs.

8.4 Abstainers

Overview

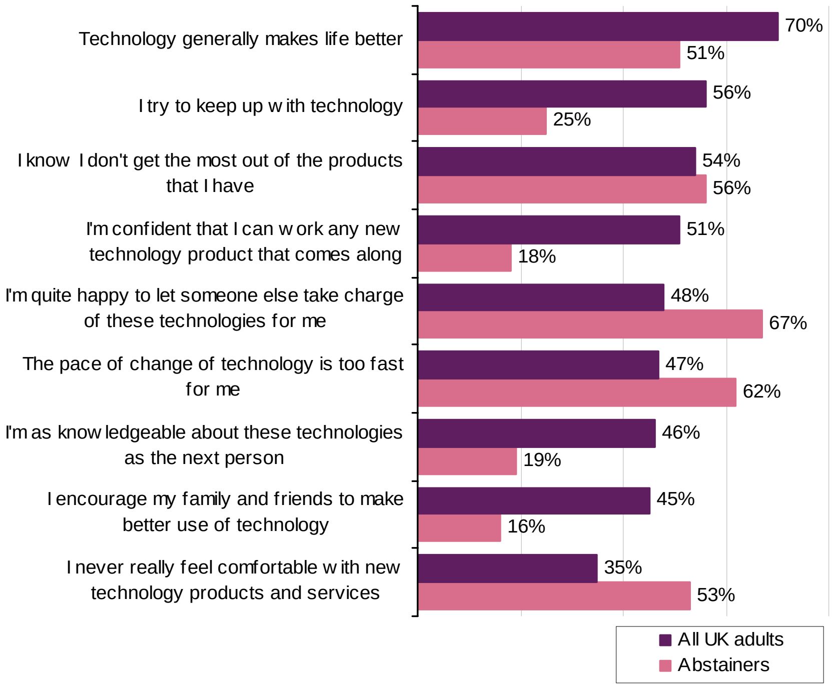
The Abstainers often have access to digital services at home but use them little, primarily due to a lack of confidence, knowledge or interest. In the absence of support and guidance, many have taken the easier option of turning their back on digital services as they are uncomfortable with trying something new in case it goes wrong. Abstainers need considerable back-up to get them started and to help them gain confidence and experience in the use of digital communications services. This segment represents 17% of the UK adult population.

[64] Base: All UK adults (1,017), all Economisers (85).

General attitudes to technology - Abstainers

As Figure 54 shows, Abstainers frequently acknowledged that technology does make life better, but, (like Economisers) they do not consider themselves particularly knowledgeable in this field or able to keep up with pace of change – nor do they feel comfortable with new products or services. They have little confidence in their ability to work out how to use new technology products, and this lack of confidence is likely to be driving their stated desire for simple and straightforward services, without lots of functions and features.

Figure 54: General attitudes to technology - Abstainers[65]



Perceived value of digital communications services - Abstainers

Abstainers claim to derive very little benefit from any digital technology – although Figure 55 shows that they appreciate the improved picture/sound quality and ease of use offered by digital TV/ radio, and the role of mobile phones for personal safety/ emergencies.

Despite this apparent lack of interest, technology ownership levels are only slightly below the UK average. Where digital services are used, this is done conservatively both in terms of level and type of use. Like the Functionalists, this group tends to have a distinct view of each platform (e.g. digital TV offers passive audio-visual entertainment, just as TV always has), but unlike Functionalists they do not have the confidence to explore fully the opportunities open to them. While it can seem at first that they are simply not interested in broadening their horizons, a suspicion, or even a fear, of technology can also be holding them back.

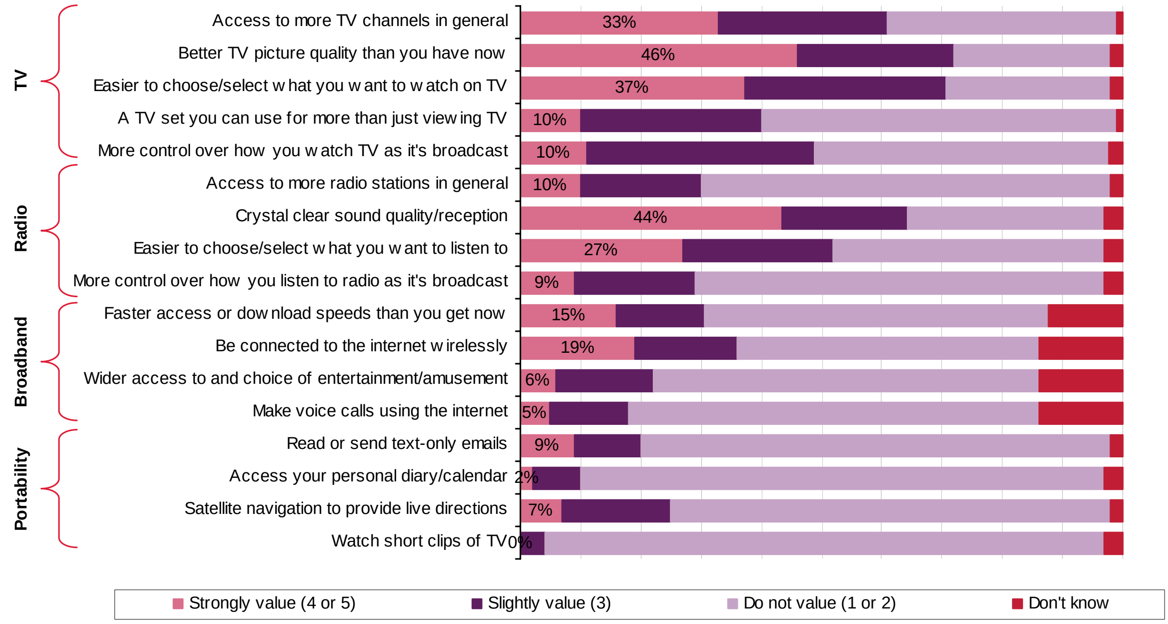
> "The problem with computers is I've no real interest in it…"

…but later the same respondent admitted…

> "The one [platform] I'd like to use most is the internet because there's so much I could learn off that"

[65] Base: All UK adults (1,017), all Abstainers (217). Percentages indicate the proportion agreeing with each statement.

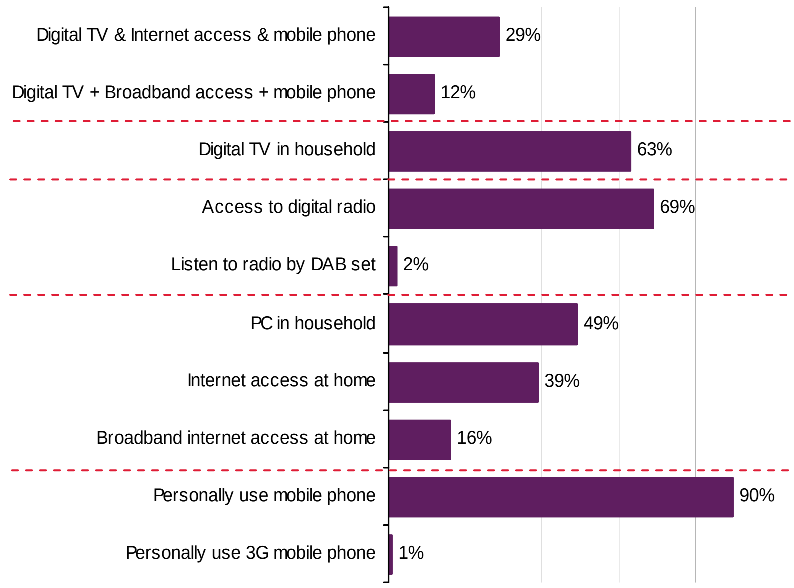
Figure 55: Perceived value of digital communications services - Abstainers[66]



Ownership of digital communications services - Abstainers

Figure 56 shows that Abstainers' technology ownership levels are only slightly below the UK average – but usage levels are light and lack depth.

Figure 56: Ownership of digital communications services - Abstainers[67]



The vast majority claimed to own mobile phones - but they are used infrequently, almost half (45%) using them once a week or less. Two-thirds have digital TV in their households - but

[66] Base: All Abstainers (217). Percentages indicate the proportion giving each benefit/feature a rating of 4 or 5 on a five point scale in terms of how valuable it is/would be (a score of 1 represented 'not at all valuable', a score of 5 represented 'extremely valuable').

[67] Base: All Abstainers (217).

only just over half of these (56%) said they watch more than five channels, and only a small minority claimed to use more advanced functionality (e.g. red button). Of the two-fifths with the internet at home, the majority (76%) reported spending less than 5 hours a week online.

Reasons for this apparent contradiction between ownership and use vary, though three principal explanations emerge:

- they are not the primary decision-maker in the household in terms of technology take-up and so their personal use is low or incidental because it was not their choice to have access to the platform in question in the first place;

- there is an actual or perceived incremental cost in using the technology which limits use or experimentation with new applications (e.g. accessing websites on a mobile); or

- their claimed lack of interest may actually be driven by ignorance of the potential benefits of increased use. There is a tendency among this segment to feel uncomfortable with trying something new (such as pressing the red button) in case it goes wrong.

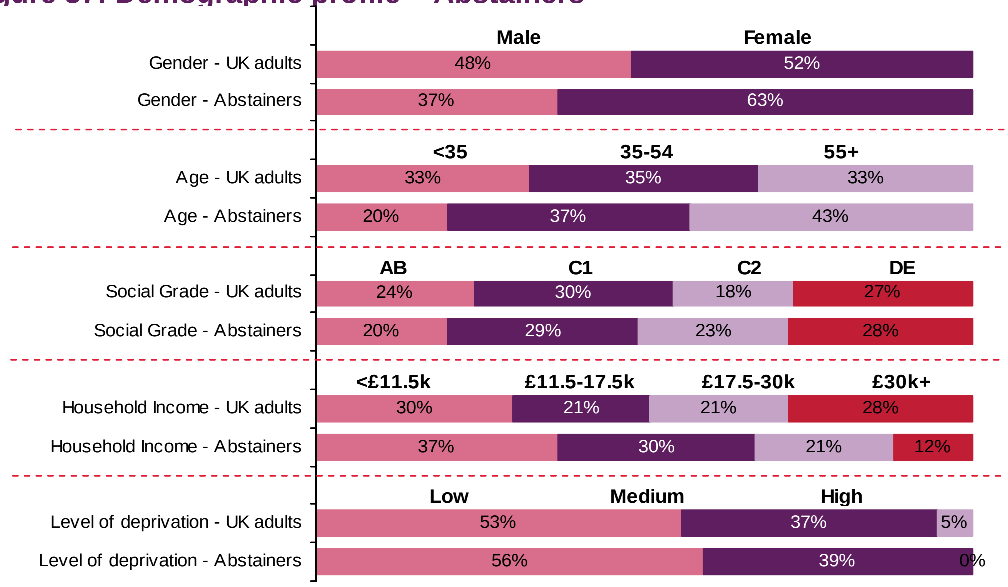
> "I'm not comfortable with the idea of trying [the internet]. Where do you start?...What can go wrong? On the PC sometimes you get messages like XYZ is going to happen."

> "I might get more confident over time and decide to use the red interactive button, but I'll tend to do it in my own time"

Demographic profile - Abstainers

Figure 57 shows that the most marked demographic variation is the strong skew towards females – representing 63% of this segment. Half of the individuals are aged 25-54 – but this segment is slightly older, and contains very few adults below 25. The socio-economic profile is similar to that for the UK, although there are fewer of the highest earners in this group.

Figure 57: Demographic profile – Abstainers[68]



68 Base: All UK adults (1,017), all Abstainers (217).

Opportunities for further engagement - Abstainers

Abstainers are the cross-platform segment displaying the largest media literacy gaps. Many in this group are acutely aware that they are not getting the most out of technology but there is a tendency to dismiss what they do not understand rather than experiment. They feel that manuals/ help menus are written for those with a greater level of knowledge and feel unable to advance without more thorough guidance, often mentioning face-to-face tuition as the ideal. Phrases such as ‘I need someone to hold my hand’ are common. In some cases, a key part of this support would be reassurance that they are not going to break anything or incur costs by experimenting, but others have a genuine need for much more detailed guidance to get them started. Without support many will take the easier option of turning their back on digital services.

> “I’d really like someone to sit down with me and show how [the internet] works”
>
> “I’ve got to see somebody doing it two or three times and then I can do it”
>
> “I would need my hand held to get it all set up”
>
> “I went to a place to ask about doing an internet thing, but they said they’d give us a CD and I’d have to go home and do it myself, but then there’s no one to ask. It’s no good with an on-screen menu. It doesn’t really help.”

A two-step process may be the most effective approach, entailing initial promotion of practical benefits to stimulate interest, followed by measures to inform and boost confidence to avoid rejection. Well-publicised face-to-face training could make a real difference, particularly for internet use. Promoting use of non-core features could be counter-productive as it could lead to confusion and rejection of the platform altogether.

8.5 Resistors

Overview

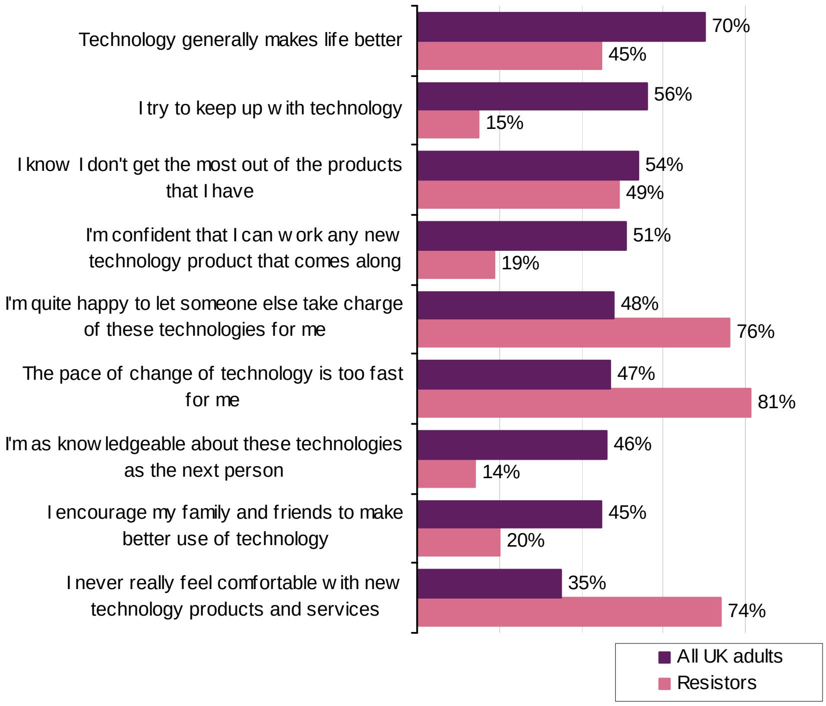
The Resistors are detached from digital services, believing them to be of little relevance to their lives, and actively resisting technology adoption. However, this initial rejection frequently masks a sense of being daunted by technology and a desire for digital products and services that primarily make things easier and simpler. This group needs to be clearly told and shown how digital services could really benefit them. Resistors make up 11% of the UK adult population.

General attitudes to technology - Resistors

Figure 58 shows that Resistors, in a similar way to Abstainers, do not consider themselves particularly knowledgeable about technology or able to keep up with the pace of change, nor do they feel comfortable with new products or services in this field. They are not confident that they can work out new technology products themselves, and this is likely to be driving their stated desire for simple and straightforward services, without lots of functions and features.

> “My son has tried to set up a Freeview box on their TV but their aerial wasn’t good enough, I just wouldn’t know where to start as I’m no good at that sort of thing”

Figure 58: General attitudes to technology - Resistors[69]



While not outright refuseniks, Resistors are the group most likely to believe that ‘we rely on technology too much these days’ and state a preference for other forms of activity/media in preference to TV/the internet. There is a tendency for this group to self-impose restrictions on any interest in or use of the platforms.

For example, when thinking about digital TV, they can be fearful that this could significantly increase time watching TV ‘for the sake of it’ which is considered wasteful and would be at the expense of engaging in other more ‘worthwhile’ (non-technological) pursuits. Similarly, with the internet, there is an inherent perception that any time spent using this platform, (even when engaging in purposeful research as opposed to more general surfing) is ‘down-time’ which could be put to better use.

> “I just have this self-built rule that I can’t spend too much time on it, I must limit myself and I mustn’t get too carried away”

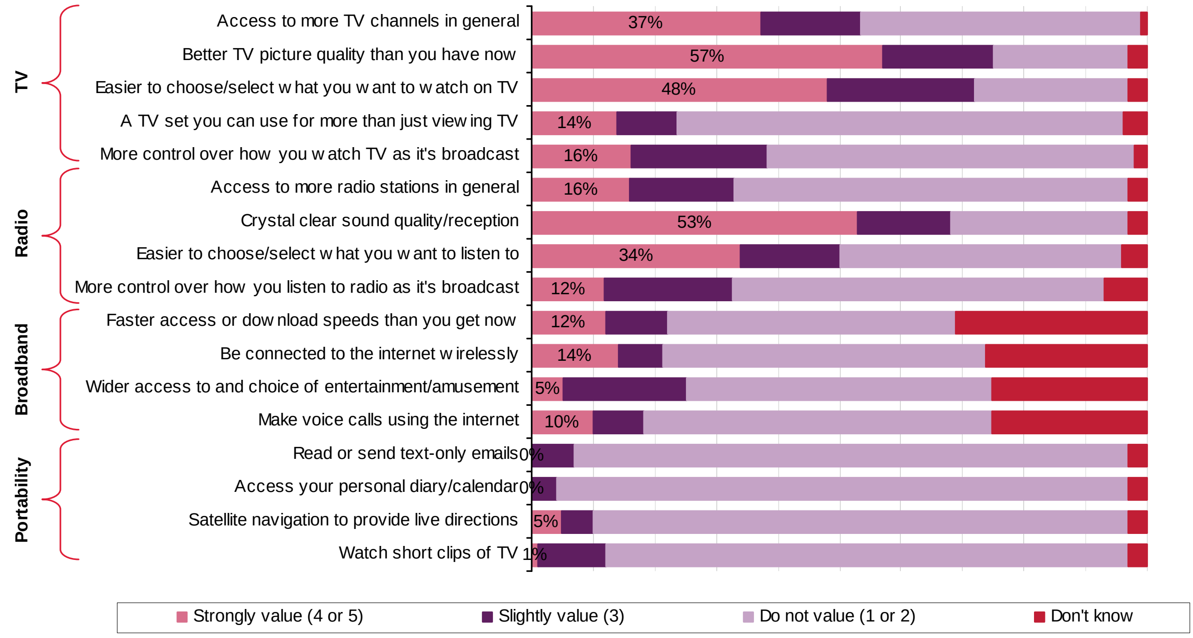
Perceived value of digital communications services - Resistors

Figure 59 shows that Resistors claim to derive very little benefit from any digital technology. The qualitative research highlighted that fixed line telephony tends to be cited as a valued piece of household ‘technology’ particularly in comparison to its portable alternative, which is seen as contributing to a sense of ‘dumbing down’ within society. This segment, however, does appreciate the improved picture/ sound quality and ease-of-use potentially offered by digital TV/ radio.

While there is baseline comprehension about digital switchover there is a feeling that they will resist it for as long as possible. This is further compounded by a perception that digital delivery of TV and radio services via Freeview is not fully available in certain areas of the UK.

[69] Base: All UK adults (1,017), all Resistors (111). Percentages indicate the proportion agreeing with each statement.

Figure 59: Perceived value of digital communications services - Resistors[70]



The affordability of technology is also a contributing factor to this segment's lack of interest, albeit to a lesser extent. Like the Abstainers, concerns about safety/security aspects (viruses attacking PCs, credit card fraud etc) also play a part.

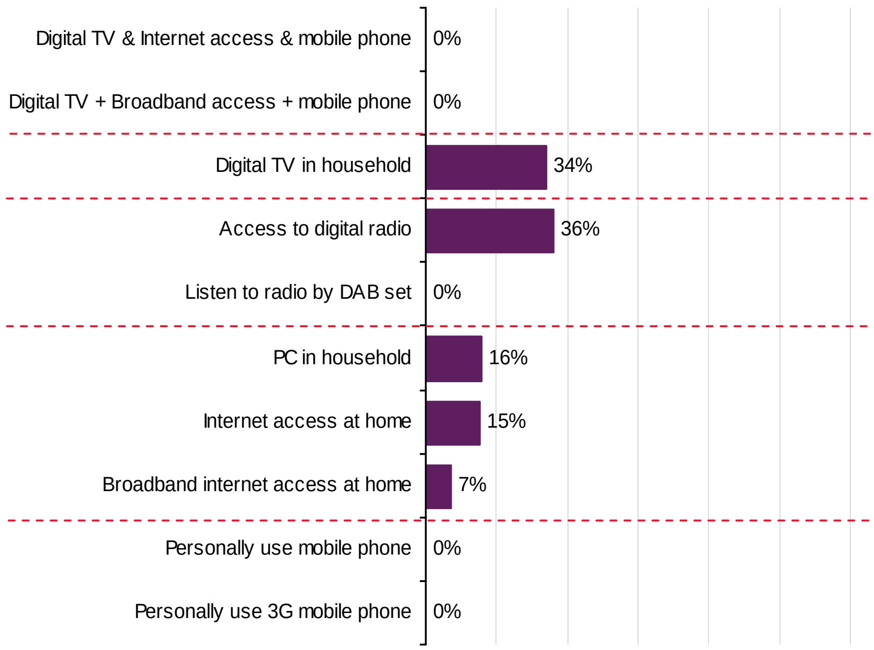
Ownership of digital communications services - Resistors

Figure 60 shows that digital ownership and usage levels are very low. None of the individuals in this segment personally used a mobile phone. While one in six (15%) claimed to have access to the internet at home, only one in twelve (8%) actually used it – and only 4% said they accessed the internet away from the home in libraries, cafes or the homes of friends/family. And while one in three of these households reported that they had digital TV, four-fifths generally watched five or fewer channels.

The affordability of technology is also a contributing factor to the lack of take-up, albeit to a lesser extent than the Economisers.

[70] Base: All Resistors (111). Percentages indicate the proportion giving each benefit/feature a rating of 4 or 5 on a five point scale in terms of how valuable it is/would be (a score of 1 represented 'not at all valuable', a score of 5 represented 'extremely valuable').

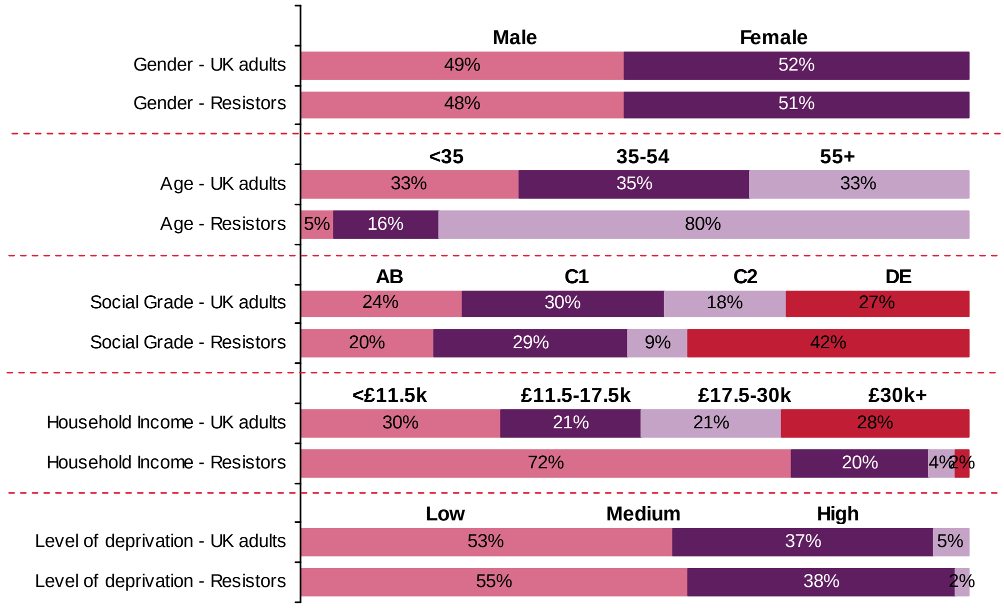
Figure 60: Ownership of digital communications services - Resistors[71]



Demographic profile - Resistors

Figure 61 shows that the demographics for this group are characterised by the age profile – with four-fifths (80%) being 55 and over, and half (52%) 65 and over. Intrinsically linked to this is the higher proportion of DE social grades in this segment, and the very high incidence (72%) of annual household incomes less than £11.5k.

Figure 61: Demographic profile - Resistors[72]



71 Base: All Resistors (111).
72 Base: All UK adults (1,017), all Resistors (111).

Opportunities for further engagement - Resistors

Given the age profile of this segment, coupled with the step change in behaviour required to overcome their self-imposed restrictions, opportunities for a significant increase in engagement in the short term is probably limited.

In essence, this group needs to be told and shown how digital services could benefit them. While interest in any technology/platform is by no means guaranteed, it could be optimised by focusing on and promoting one or two key messages, such as the ease of use of digital services. This is likely to be a more compelling message than any associated with the array of channels/radio stations available.

In addition, Resistors tend to feel daunted at the prospect of asking about technology through traditional retail channels, expecting to feel patronised as a result of their lack of interest in and understanding of the technology.

Section 9

The platform-specific mindsets

Section 7 introduced the consumer engagement segmentation model, summarising the cross-platform segment and the platform-specific mindsets. This section focuses on the **platform-specific mindsets** - providing a more detailed pen portrait for each, including:

- an overview;
- general attitudes to technology, and to the platform concerned;
- perceived value of the digital services available via that platform;
- ownership and use of digital communications services;
- demographic profile; and
- opportunities and challenges to further engagement.

9.1 TV-Centrics and TV Optimisers

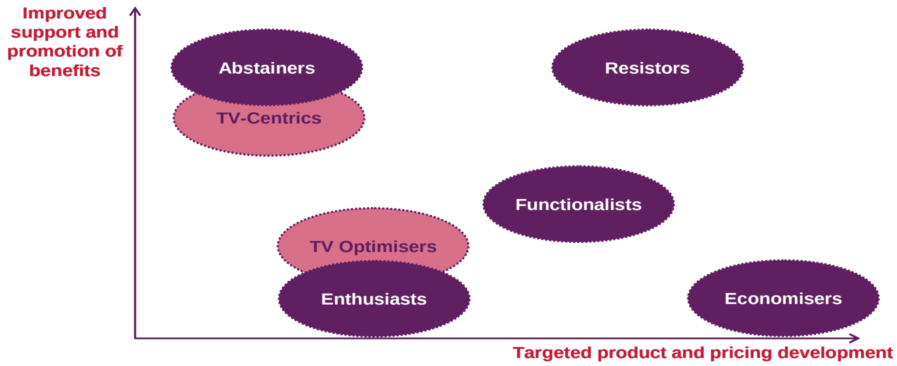
Overview

The research identified seven different ways in which consumers value digital TV services. These were illustrated through the five cross-platform segments (Enthusiasts, Functionalists, Economisers, Abstainers and Resistors) and two TV-specific mindsets (the TV-Centrics and the TV Optimisers).

The TV-Centrics' interest in and reliance on television drives their ownership of digital TV – in spite of their lack of confidence with the technology. Like the Abstainers, they need on-going support and guidance to encourage more advanced digital TV usage. (10% of UK adults have this attitude towards television.)

TV Optimisers strongly value digital TV benefits as a means of maximising (but not necessarily expanding) their viewing experience. They are most similar to the Enthusiasts in terms of the opportunities for further engagement. 12% of UK adults have this attitude towards television. Figure 62 summarises the potential opportunities for further engagement with digital TV services for the TV-Centrics and TV Optimisers.

Figure 62: Attitudes to television – opportunities for further engagement



General attitudes to technology

TV-Centrics

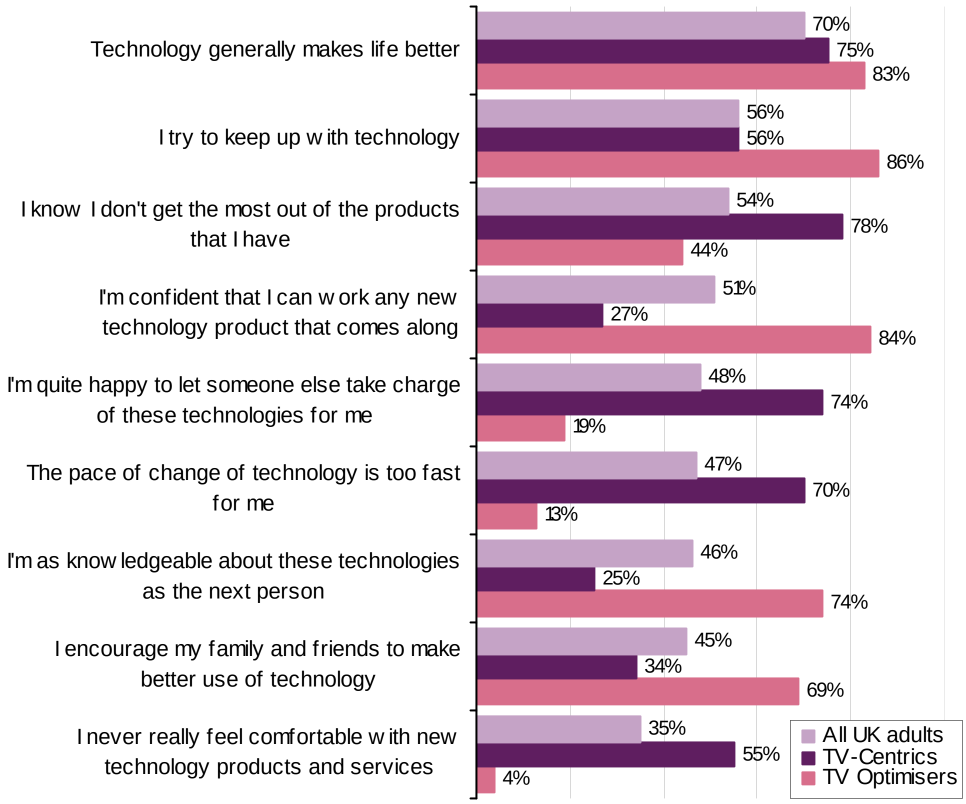
Figure 63 shows that TV-Centrics, despite having average levels of penetration of digital TV, do not feel at all confident or knowledgeable when it comes to technology, and often believe that the pace of change is too fast. Consequently, any technology ownership tends to fulfil less sophisticated needs.

TV-Centrics are more than happy to let someone else take charge of these technologies for them, and desire simple/straightforward products and services.

TV Optimisers

Figure 63 shows that TV Optimisers are very keen to keep up with technology – and believe that they get the most out of the products that they already own. They give the impression of being supremely confident in their ability to get to grips with new products and services.

Figure 63: General attitudes to technology – TV-specific mindsets[73]



General attitudes to television

TV-Centrics

It is the TV-Centrics' interest and reliance on TV (rather than their affinity with technology) that is driving this group's take-up of digital TV. Figure 64 shows that they are more likely than any other group to cite television as a favoured leisure activity and they display a much

[73] Base: All UK adults (1,017), all TV-Centrics (105), all TV Optimisers (113). Percentages indicate the proportion agreeing with each statement.

wider set of reasons for having TV - including news & current affairs, weather & travel, a bit of escapism and knowing what everyone else is talking about.

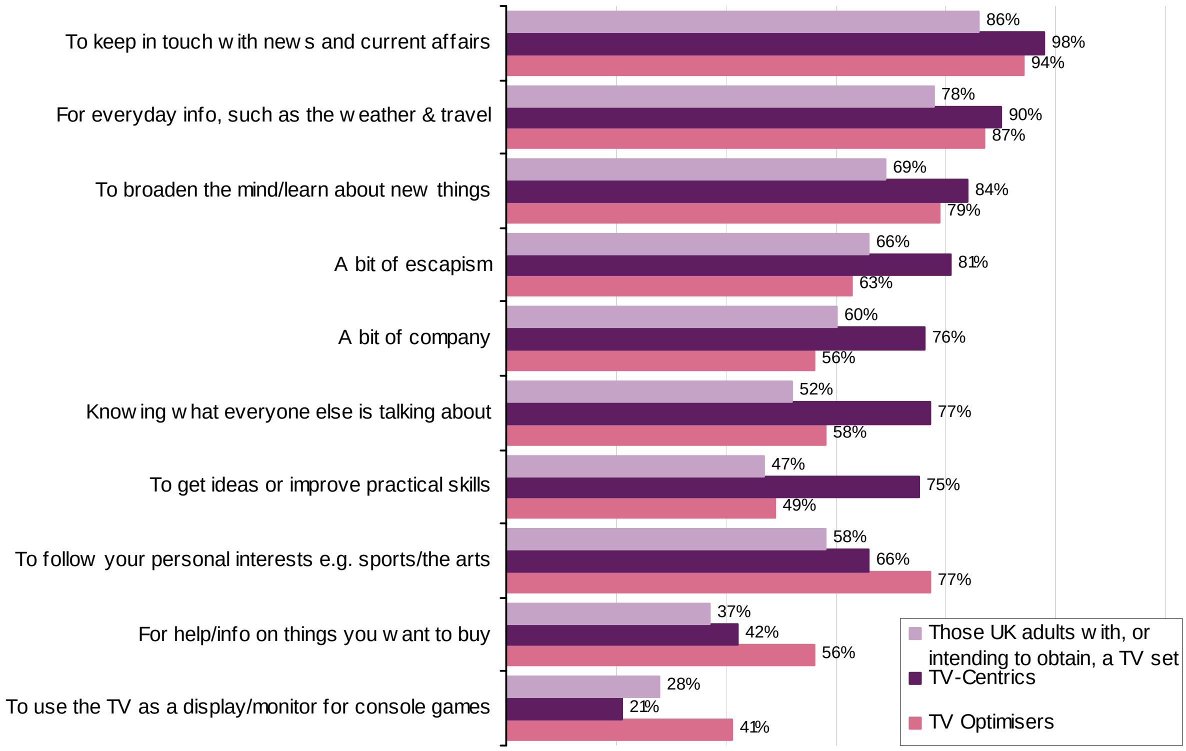
Perhaps somewhat surprisingly, TV-Centrics are also more negative about the impact of TV on the 'dumbing down' of society and it acting as a disruption to family life or a disincentive to get out and do other things.

TV Optimisers

This group appears selective in how and when they view TV. With viewing hours in line with the UK average, Figure 64 shows that they are much more likely to see TV as something that satisfies their 'personal interests' or meets a specific purpose. The use of the TV for console/ video games is also a more common activity.

> "Living on my own I value my TV, I do tend to like to snuggle up at weekends with it which is why I got Sky as I'm quite interested in nature programmes"

Figure 64: Reasons for having/watching TV – TV-specific mindsets[74]



Perceived value of digital TV services

TV-Centrics

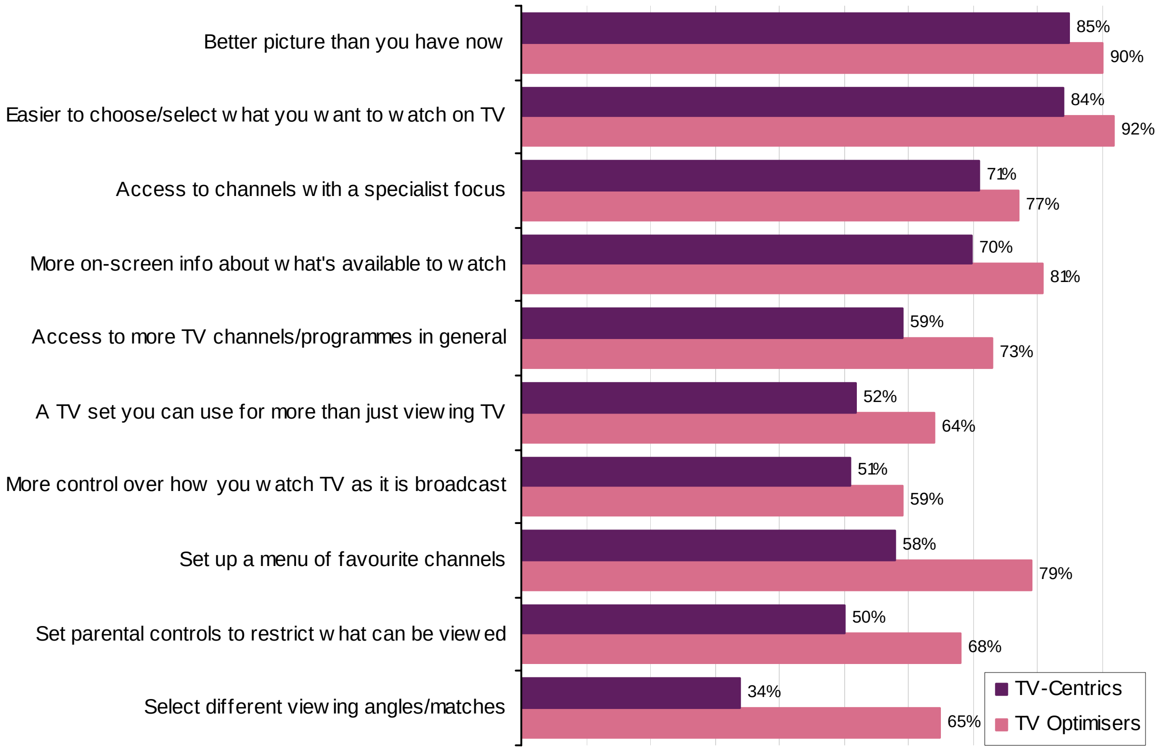
Figure 65 illustrates that TV-Centrics show great interest in the picture quality and ease-of-use benefits of digital TV. They also value, but to a slightly lesser extent, the availability of more information on what's on and access to channels with a specialist focus (e.g. sport, movies, news, children's programmes).

[74] Base: Those UK adults with, or intending to obtain, a TV set (1,011), all TV-Centrics (105), all TV Optimisers (113). Percentages indicate the proportion agreeing with each statement. Percentages indicate the proportion giving each reason a rating of 4 or 5 on a five point scale in terms of its importance for having or watching TV (a score of 1 represented 'not at all important', a score of 5 represented 'extremely important').

TV Optimisers

Figure 65 shows that TV Optimisers, like the Enthusiasts, highly value a wide range of digital TV benefits - in particular, picture quality and the ease of choosing/ selecting what they want to watch. However, their interest is focused on the viewing experience – illustrated by their greater interest in setting up a menu of favourite channels and using the red button to select different viewing angles - and much less on using the TV for other purposes (such as internet access, emailing, shopping).

Figure 65: Perceived value of digital TV services – TV-specific mindsets[75]



Ownership and use of digital TV services

TV-Centrics

Over three-quarters of TV-Centrics (78%) live in households with digital TV, with above average incidence of Freeview boxes. PVR penetration is similar to the UK as a whole.

'Red button' or advanced EPG features are not frequently used (or valued). This is potentially a reflection of TV-Centrics lack of confidence with the technology, or negative associations with the functionality due to an unsatisfactory previous experience.

TV Optimisers

TV Optimisers' high levels of interest in the benefits of digital TV do translate through to higher levels of ownership. The vast majority (85%) live in digital TV households, and half (52%) live in households with subscriptions to Sky.

[75] Base: All TV-Centrics (105), all TV Optimisers (113). Percentages indicate the proportion giving each benefit/feature a rating of 4 or 5 on a five point scale in terms of how valuable it is/would be (a score of 1 represented 'not at all valuable', a score of 5 represented 'extremely valuable').

Use of digital TV features such as different viewing angles and more advanced EPG functionality is also high. TV Optimisers consider these more interactive features as a means to enhance the overall viewing experience, as they add value by allowing a greater degree of 'inclusion' with the programme or genre such as sports.

> "It's very good if you want to watch Wimbledon in the summer, you can press the button and choose which one you want to watch. Now I've got used to it, I do it without thinking."

This group also has a higher than average ownership of PVRs (16%).

> "If all the companies offered what Sky+ does I'd definitely use it for the things you can do with that. I'd have all my programmes set up on it and I'd like to be able to rewind stuff"

This group's interest is driven by targeted viewing, combined with a fearless attitude towards experimentation and an understanding of how their digital service can work for them. Their interest in and understanding of the platform (and its limitations) is already encouraging them to investigate further developments, namely how PVR technology can add greater value.

Demographic profile

TV-Centrics

The two most marked demographic variations are the skew toward females (representing 62% of this group) and the high incidence of the middle age groups (71% 35-64 compared to the UK average of 53%). This group generally matches the national socio-economic profile.

TV Optimisers

The two most marked demographic variations are the strong skew toward males – representing 64% of this group – and their greater affluence (40% with annual household incomes over £30k). This group generally matches the overall age and socio-economic profile of the UK – although the over-65s are under-represented.

Opportunities for further engagement

TV-Centrics

At first glance, given the incidence of digital TV in TV-Centrics' households, this group appears to fully embrace the technology. However, TV-Centrics are less likely to be aware of the specific functionality that digital TV delivers, over and above that of analogue TV. Indeed, their perception is often that they do not use their TV any differently to other households - they do not consider their use of digital TV to be 'advanced'.

If TV-Centrics perceive a technology as too complex, this will be a significant barrier to take-up and further engagement. Simple messages about the key features of the platforms and the ease of use is therefore crucial.

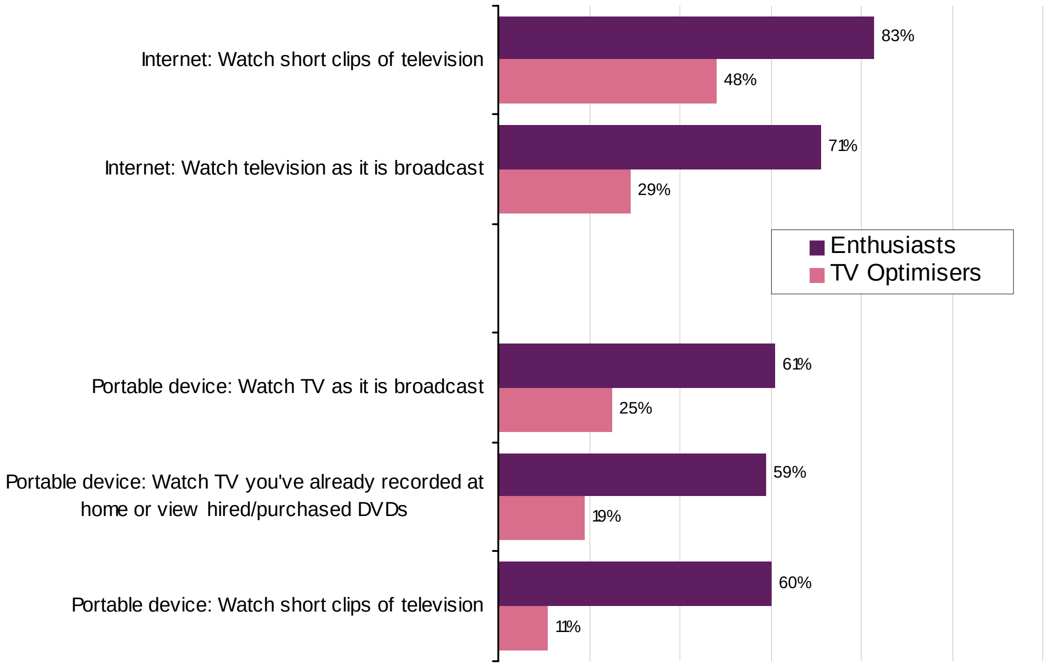
> "I have used the red button before but I've tended to get lost, it seemed a bit complex. I pressed the red button at the end of a programme and it just wasn't what I was expecting, and I couldn't get back to where I started…I'm loath really to use it again."

As for the Abstainers, on-going support and guidance to encourage more advanced use is likely to be of considerable benefit.

TV Optimisers

TV Optimisers often value and capitalise on the full range of digital TV benefits so the primary challenge is to ensure that these individuals have a fast track to new benefits and features. However, Figure 66 shows that this group places less value on TV delivery through other mechanisms (such as the internet and portable devices) than the cross-platform Enthusiasts, and this could be an area for greater promotion/incentivisation.

Figure 66: Perceived value of other television delivery mechanisms – TV-specific Optimisers[76]



In addition, TV Optimisers cannot always understand why other people struggle with or resist technological change - so while they are willing to act as advocates or ambassadors for digital technology, this may limit their potential to help.

[76] Base: All Enthusiasts (103), all TV Optimisers (113). Percentages indicate the proportion giving each benefit/feature a rating of 4 or 5 on a five point scale in terms of how valuable it is/would be (a score of 1 represented 'not at all valuable', a score of 5 represented 'extremely valuable').

9.2 Radio-Centrics and Radio Agnostics

Overview

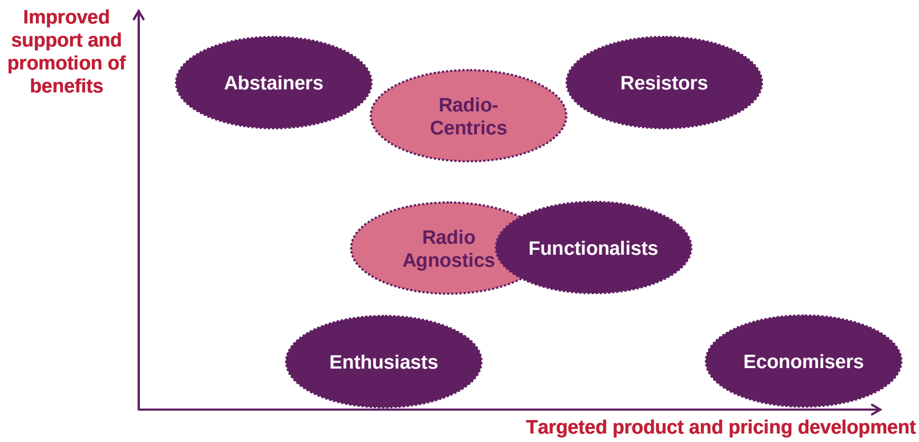
The research identified seven different ways in which consumers value digital radio services. These were illustrated through the five cross-platform segments (Enthusiasts, Functionalists, Economisers, Abstainers and Resistors) and two radio-specific Mindsets; (the Radio-Centrics and the Radio Agnostics).

The Radio-Centrics are strongly committed to radio as a medium but lack confidence and competence with technology. The benefits of digital are not enough to trigger a step change. Like the Resistors, they need a better understanding of the improved sound quality of digital radio – together with raised awareness of the ease of use of DAB sets and the ease-of-tuning benefits that they bring. (9% of UK adults have this attitude towards radio.)

The Radio Agnostics are confident with the technology but their limited interest in radio may restrict a wider appreciation of digital benefits. Like the Functionalists, they need an easy and straightforward upgrade path to DAB radio sets. (16% of UK adults have this attitude towards radio.)

Figure 67 summarises the potential opportunities for further engagement with digital radio services for the Radio-Centrics and Radio Agnostics.

Figure 67: Attitudes to radio - opportunities for further engagement



General attitudes to technology

Radio-Centrics

Figure 68 shows that Radio-Centrics do not feel at all confident or knowledgeable when it comes to technology – and often believe that the pace of change is too fast. They are more than happy to let someone else take charge of these technologies for them – and desire simple/ straightforward products and services.

They are not interested in technology and sometimes seem to resist it on principle, expressing concerns about the negative impact it could have on them or their families.

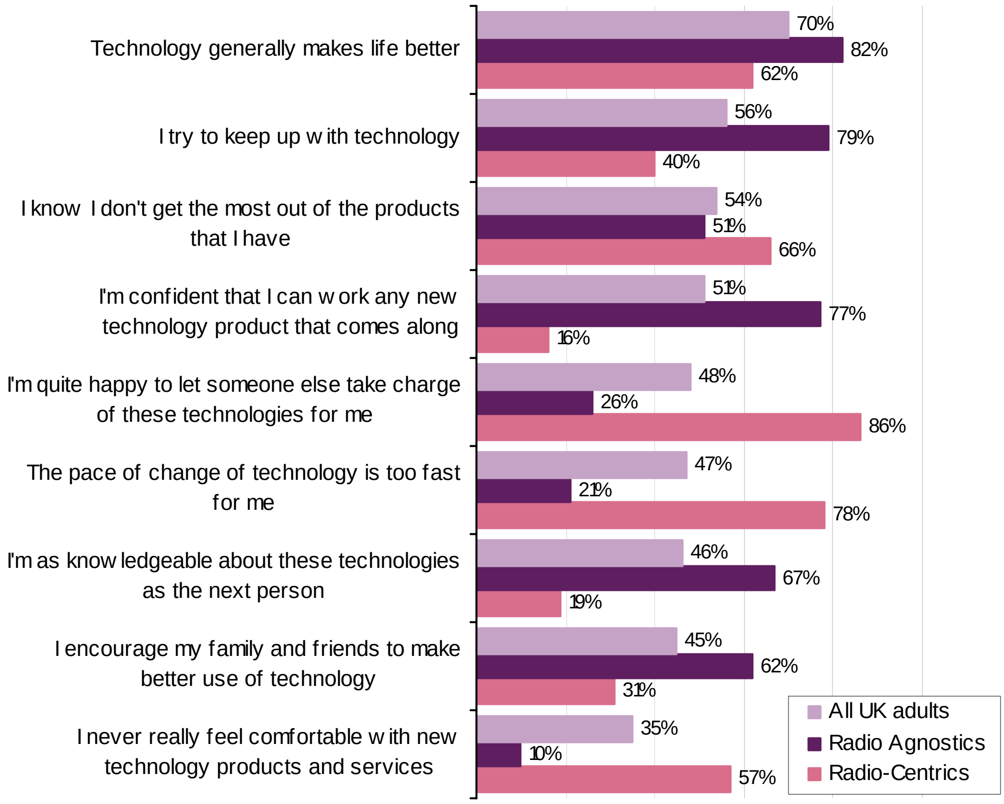
> “I’m not interested in digital TV. I think people should be encouraged to get out of the house and socialise with others.”

Radio Agnostics

As shown in Figure 68, Radio Agnostics are very pro-technology and keen to stay up-to-date. However, this group is still often likely to wait for products to become cheaper/ better before considering a purchase. While feeling very knowledgeable, confident and comfortable with technology, simplicity and ease of use remains important.

> "Useful and simple to use – that's the mark of a successful bit of technology."

Figure 68: General attitudes to technology – radio-specific mindsets[77]



General attitudes to radio

Radio-Centrics

The Radio-Centrics are the most engaged with radio as a medium – professing a high volume of listening (almost 50% greater than the UK average). Figure 69 shows that they derive a wide range of benefits from its content and, at a more intangible level, consider radio as a form of company. In addition, for this group, the appeal of radio can be its unobtrusiveness - unlike TV, it can provide background music or help pass the time.

Radio Agnostics

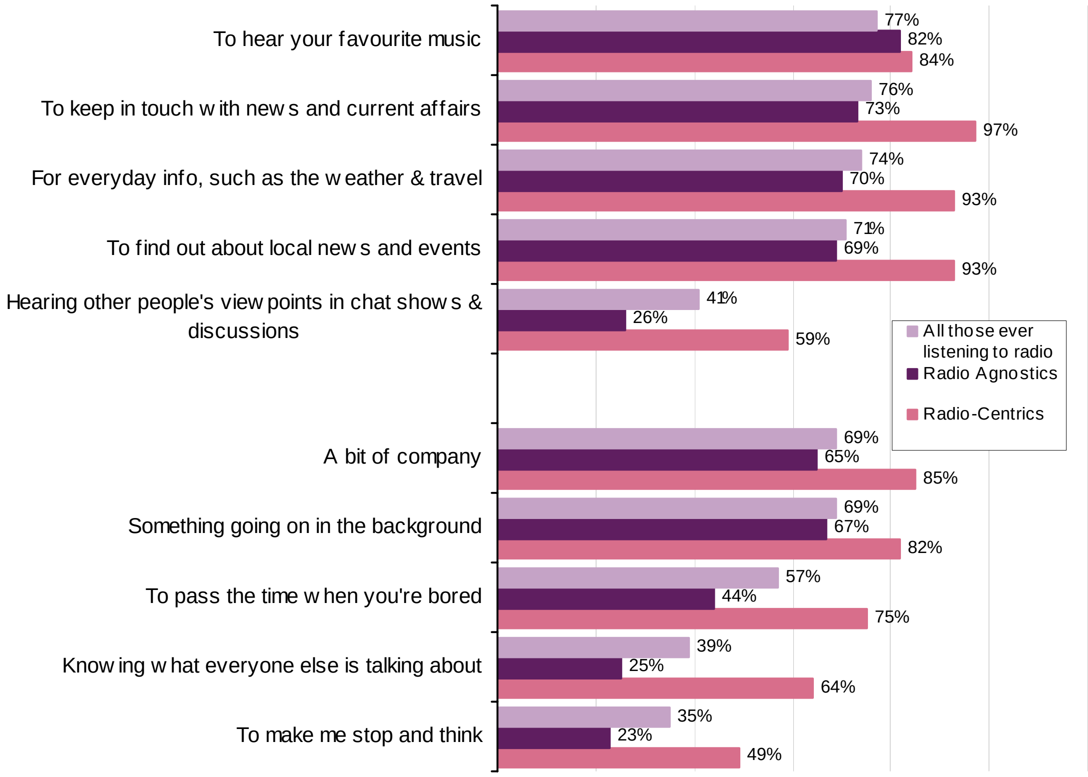
This group displays moderate levels of interest in radio as a medium (with listening hours in line with the UK population) but Figure 69 shows that this interest appears primarily focused on music, with speech elements less likely to be reasons for listening. Radio listening is a passive activity, predominately used for background music or for passing 'dead' time such as

[77] Base: All UK adults (1,017), all Radio Agnostics (142), all Radio-Centrics (81). Percentages indicate the proportion agreeing with each statement.

while driving. The exception to this is where radio coverage satisfies specific interests such as a sport or a particular music genre. In these cases, enthusiasm is generated by the subject matter rather than the medium itself (e.g. listening to cricket on the radio out of a passion for cricket, not for radio).

> "I don't listen very much at all. I listen to my MP3 player if I want music. I'm not at home when Jo Whiley's Live Lounge is on and sometimes there are bands I like, so when I get home I use the play again bit on the website for that."

Figure 69: Reasons for having/listening to radio – radio-specific mindsets[78]



Perceived value of digital radio services

Radio-Centrics

Figure 70 shows that improved sound quality is the only feature of digital radio that truly strikes a chord with the Radio-Centrics, although the ease-of-station-selection benefit also generates some appeal. There is very limited interest in greater station availability.

> "I have the radio most of the time as background to whatever I'm doing… I'm happy that I can get what I want now. I've no interest in extra stations - I'm happy with reception quality"

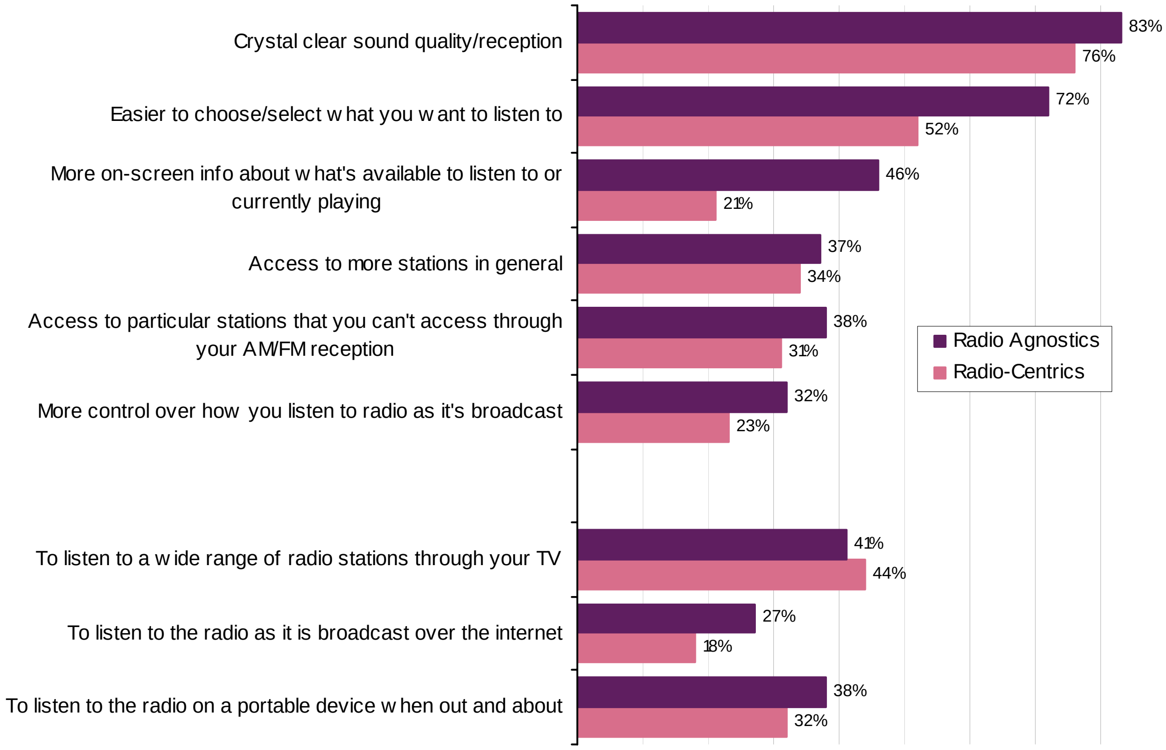
---

78 Base: All those who ever listen to radio (830), Radio Agnostics ever listening to the radio (131), Radio-Centrics ever listening to the radio (81). Percentages indicate the proportion giving each reason a rating of 4 or 5 on a five point scale in terms of its importance for having or listening to radio (a score of 1 represented 'not at all important', a score of 5 represented 'extremely important').

Radio Agnostics

Figure 70 illustrates that Radio Agnostics mainly value the improved sound quality and ease-of-use/ tuning benefits of digital radio – and, to a lesser extent, the additional information features that it could offer (such as on-screen info about what is on and station listings) but not greater station choice. Radio listeners in this group tend to stick to one or two radio stations and most claim that they would continue to do so even if they were given a wider choice. Current stations meet their relatively undemanding needs and they are not sufficiently interested in radio as a medium to explore this further.

Figure 70: Perceived value of digital radio services – radio-specific mindsets[79]



Ownership and use of digital radio services

Radio-Centrics

Despite the importance this group places on radio, only one-quarter (25%) currently listen via digital means – even though a further 45% have access to digital radio either via the internet or through their TV. 4% own a DAB set.

One half (50%) of the individuals in this group, who claimed they were unlikely to acquire digital radio in the next 6 months, believed that digital radio would be too complicated for them to use.

Radio Agnostics

Two-fifths (38%) of the individuals in this group listen to the radio via digital means – one in three via digital TV, one in ten via the internet but only one in twenty via a DAB set.

[79] Base: All Radio Agnostics (142), all Radio-Centrics (81). Percentages indicate the proportion giving each benefit/feature a rating of 4 or 5 on a five point scale in terms of how valuable it is/would be (a score of 1 represented 'not at all valuable', a score of 5 represented 'extremely valuable').

Demographic profile

Radio-Centrics

The two most marked demographic variations are the skew toward females, representing 66% of this group, and the high incidence of the older middle age groups (56% are 45-64 compared to the UK average of 35%). This group generally matches the national socio-economic profile but is less likely to have annual household income over £30k.

Radio Agnostics

Beyond a significant skew towards males (who comprise three-fifths of this group), the only demographic variations are slightly higher proportions of 25-44 year olds and those with higher annual household incomes.

Opportunities for further engagement

Radio-Centrics

Radio-Centrics are most likely to be encouraged towards further engagement by a two-pronged approach. Firstly, by messages emphasising the improved sound quality of digital radio. Secondly, by raising their awareness of the ease-of-use of DAB sets and the ease-of-tuning benefits that they bring.

Many may need to experience a DAB set first-hand (perhaps at a friend or family-member's home) before committing themselves to it. Otherwise, there is likely to be a slow natural take-up as FM/AM radios are replaced by new DAB sets if and when they wear out.

> "I'm fine with the way it is. I wouldn't specifically go looking for it…but would get the best one if I was forced to, if the radio broke."

Radio Agnostics

Relatively comfortable with technology, they are likely to be aware of how to get digital radio and, through an interest in technology rather than an interest in radio, may have listened through one of the three media available. While not likely to make a special effort to buy a DAB set, they are not intimidated by the technology and would be likely to replace a worn out AM/ FM radio with a DAB set as a matter of course.

> "It's still at a bit of a premium but what would be the point in of buying an analogue radio now? You might as well buy a DAB one."

9.3 The Internet Selectives and Internet Enthusiasts

Overview

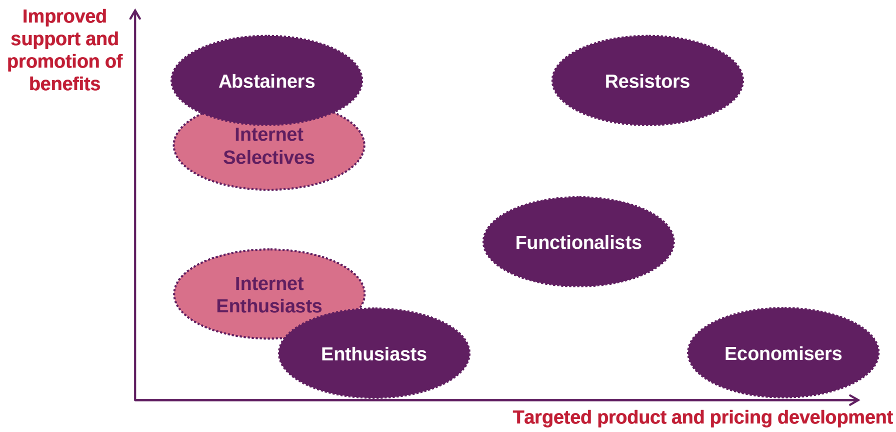
The research identified seven different ways in which consumers value the internet and broadband services. These were illustrated through the five cross-platform segments (Enthusiasts, Functionalists, Economisers, Abstainers and Resistors) and two internet-specific mindsets; the Internet Selectives and the Internet Enthusiasts.

The Internet Selectives tend to value the internet for limited uses such as email and occasional transactions and broadband exclusively for improved connectivity. Like the Abstainers, they need encouragement to expand/broaden their horizons in terms of the benefits that the internet could bring. (6% of UK adults have this attitude towards the internet).

The Internet Enthusiasts, like the cross-platform Enthusiasts, see wide-ranging uses for the internet as a whole, valuing the connectivity benefits of broadband as well as certain communications and entertainment applications. They have a natural thirst for knowledge in this area but some need further reassurance regarding the security of the internet. (13% of UK adults have this attitude towards the internet.)

Figure 71 summarises the potential opportunities for further engagement with the internet and broadband services for the Internet Selectives and Internet Enthusiasts.

Figure 71: Attitudes to the internet/broadband - opportunities for further engagement



General attitudes to technology

The Internet Selectives

Figure 72 shows that the Internet Selectives, despite the relatively high levels of technology in their households, do not feel particularly knowledgeable or confident in this area – and perhaps as a consequence, often believe that they don't get enough out of the products or services that they already have.

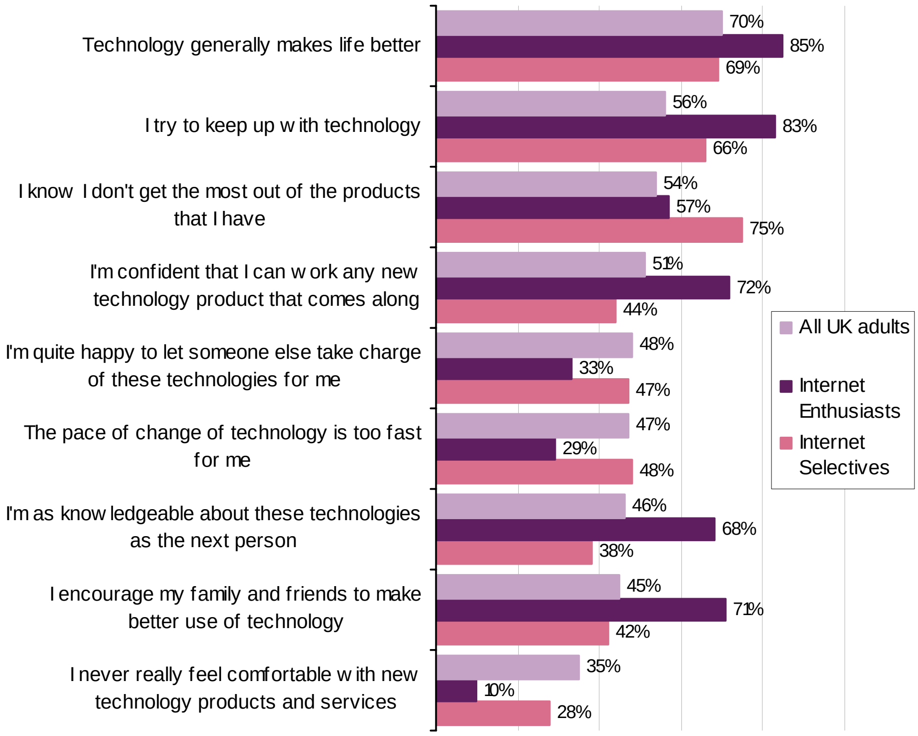
Internet Enthusiasts

As Figure 72 also illustrates, Internet Enthusiasts are keen on technology but are often inclined to wait for products to become cheaper or better before considering a purchase.

> "I have access to the internet at work so I waited until the price of broadband came down and was more on a par with the cost of dial up."

While being very pro-technology, simplicity is still important, although they typically feel confident and comfortable with new products and services. Indeed, Internet Enthusiasts frequently encourage their friends and family to make better use of technology.

Figure 72: General attitudes to technology – internet-specific mindsets[80]



General attitudes to the internet

The Internet Selectives

Figure 73 shows that almost all (93%) of the individuals in this group live in households with access to the internet, generally having started with a dial-up service five or more years ago. However, they are typically lighter users – with the majority (60%) estimating that they spend less than five hours online each week (compared to 27% for the Internet Enthusiasts). They do not consider themselves internet 'surfers' or 'browsers' and usually have a set task in mind when accessing the internet, for example, email, transactions, online banking and the sourcing of practical information.

Internet Enthusiasts

Almost all (93%) the individuals in this group have internet access at home, and they spend considerable time online each week (40% claiming to spend more than 15 hours).

Figure 73 shows that the Internet Enthusiasts, although not always to quite the same extent as the cross-platform Enthusiasts, display a very broad range of reasons for having or using the internet for communication, transactions, information and – to a slightly lesser extent – entertainment.

They are very keen to learn more about the internet, with many believing that they don't get the most out of it. This group has invested a great deal of time learning about the internet, by simply 'practising' online, attending courses, and learning from more knowledgeable friends and family.

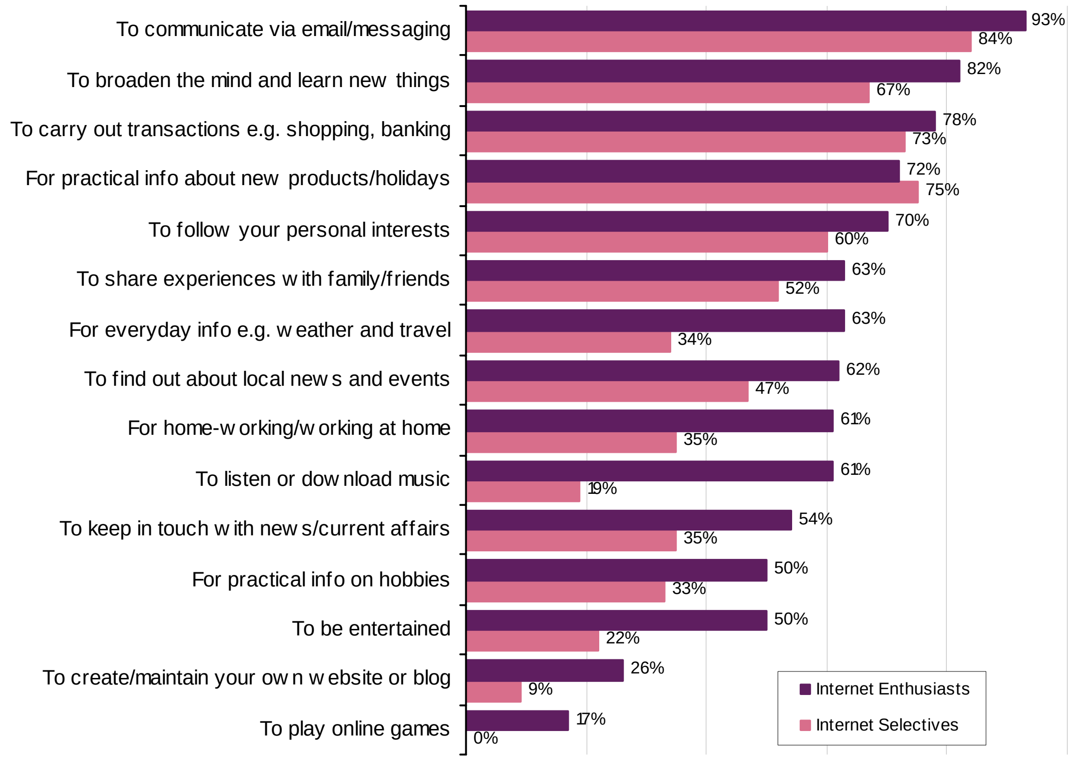
[80] Base: All UK adults (1,017), all Internet Enthusiasts (125), all Internet Selectives (53). Percentages indicate the proportion agreeing with each statement.

"I spent a lot of time learning about it. When I got it I'd never been on the internet before, so I spent a lot of time and effort. I went on to the AOL website and practised with drop down menus and favourites, Q&A sessions, and I used to email questions to friends."

"I learnt on a course at the library. Looking back now it was really basic but perfect for me."

Over time they have passed this knowledge on to friends, family and colleagues, and in a few cases are the first point of contact when help is required.

Figure 73: Reasons for having/using the internet – internet-specific mindsets[81]



Perceived value and use of broadband

The Internet Selectives

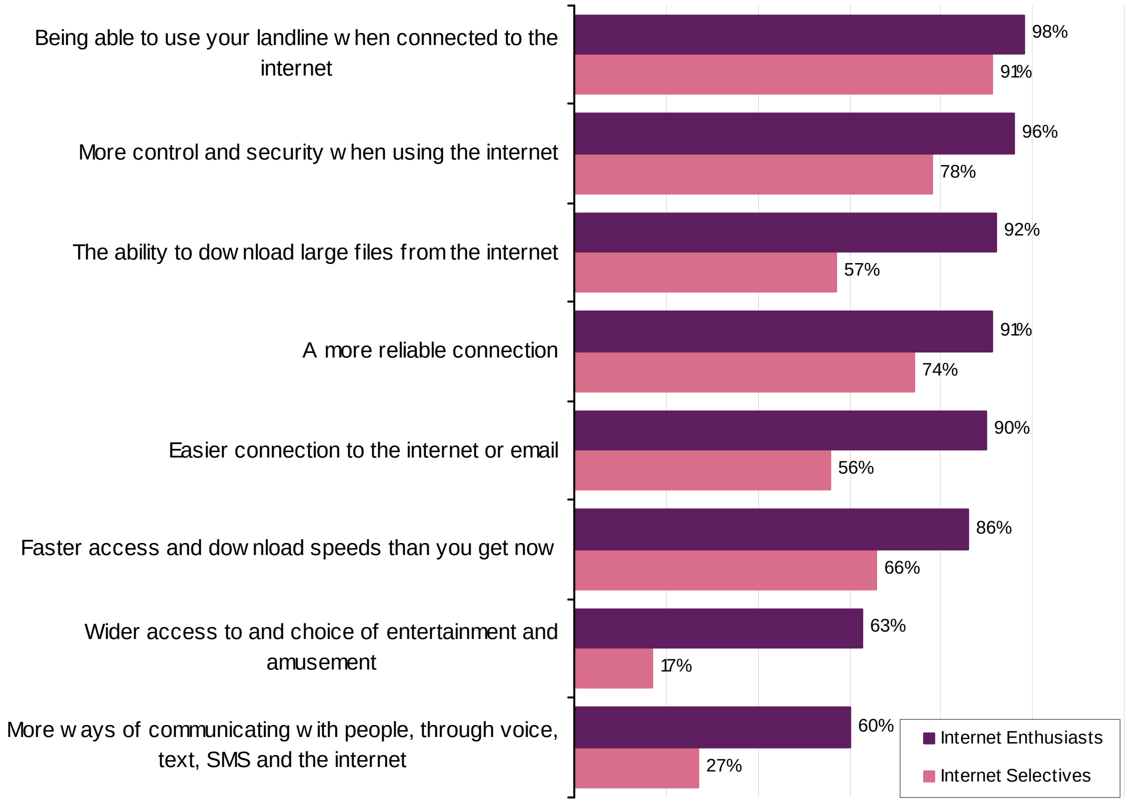
Approximately half (47%) of the online consumers in this group have broadband connections, having traded up from a dial-up connection primarily to get faster connectivity, as opposed to new applications. Figure 74 shows that they consider the ability to use a landline phone at the same time as being online much more valuable than increased download speeds – possibly a reflection of their 'lighter' use of the internet in terms of volume and nature of interactions.

"I looked at broadband because it's quicker and it freed up the phone line."

[81] Base: All Internet Enthusiasts (125), all Internet Selectives (53). Percentages indicate the proportion giving each reason a rating of 4 or 5 on a five point scale in terms of its importance for having or using the internet (a score of 1 represented 'not at all important', a score of 5 represented 'extremely important').

"You have to have broadband unless you have the patience of a saint."

Figure 74: Perceived value of broadband services – internet-specific mindsets[82]



Internet Enthusiasts

Almost all (87%) of the online Internet Enthusiasts have broadband connections, with some opting immediately for ADSL rather than dial-up based on their positive experiences of using broadband internet elsewhere (particularly at work). Figure 75 shows that this group views the benefits of broadband in two distinct tiers. In the first tier are the connectivity benefits, particularly being able to use a landline phone at the same time as being online.

"I've had home internet access for three years and it has always been broadband so that it frees up the telephone line."

In the second tier are 'entry level'/ mainstream communication and entertainment applications, such as VoIP, and downloading or streaming music, and to a lesser extent, streaming TV and radio. Gaming over the internet appears to hold little appeal.

"I download a lot of music…I think downloading is one of the best things about the internet."

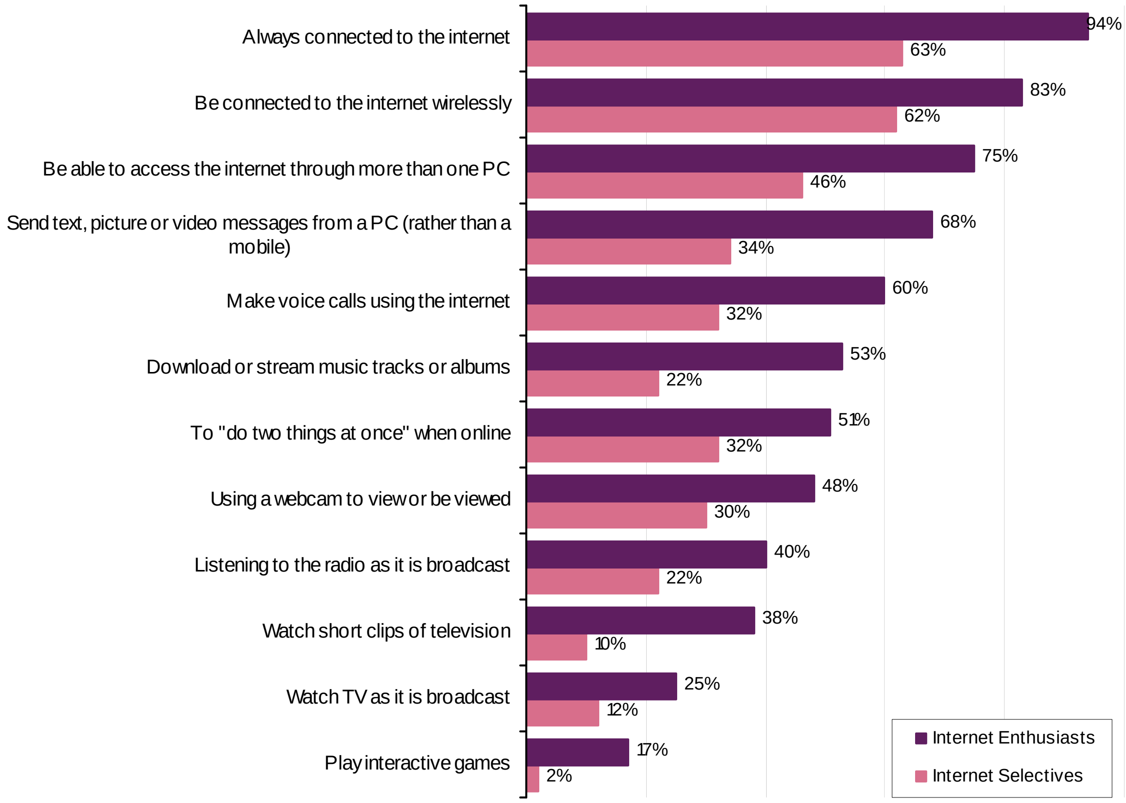
Broadband users in this group tend to stick to pre-defined tasks and most claim that they have continued to use the internet in a similar way to dial-up.

"It's spot on in terms of speed, but I just use it like dial-up."

82 Base: All Internet Enthusiasts (125), all Internet Selectives (53). Percentages indicate the proportion giving each benefit/feature a rating of 4 or 5 on a five point scale in terms of how valuable it is/would be (a score of 1 represented 'not at all valuable', a score of 5 represented 'extremely valuable').

"I'm not very adventurous with technology so I tend to do the same things with broadband internet that I did with dial up."

Figure 75: Perceived value of broadband services – internet-specific mindsets[83]



Demographic profile

The Internet Selectives

The two most marked demographic variations are the strong skew towards females, representing 60% of this group, and their more affluent AB profile (50% with annual household incomes over £30k compared to the UK average of 28%). This group is also more middle aged, over-represented in the 35-54 age brackets, and this is at the expense of the under-35s who comprise only 15% of this group.

Internet Enthusiasts

The demographics for this group generally match the age profile of the UK as a whole (with the exception of a very low incidence of those over 65). This group tends to be more affluent and upmarket – approximately seven in ten have an annual household income over £17.5k (72%) or come from ABC1 social groups (69%). There is a slight male skew to this group – and they are also slightly more likely to live in the UK's largest cities.

[83] Base: All Internet Enthusiasts (125), all Internet Selectives (53). Percentages indicate the proportion giving each benefit/feature a rating of 4 or 5 on a five point scale in terms of how valuable it is/would be (a score of 1 represented 'not at all valuable', a score of 5 represented 'extremely valuable').

Opportunities for further engagement

The Internet Selectives

The Internet Selectives are often familiar with some of the features of the internet that are possible with broadband, such as downloading music and VoIP, but lack interest in learning more about using them. Internet Selectives appear to have no overwhelming desire to expand their learning unless it is to enhance what they are already doing on the internet. The key challenge for this group, therefore, is to expand and broaden their horizons in terms of the benefits that the internet could bring them.

> "I feel I'm getting the most out of the internet, there's nothing that I'd really like to be able to do where I think, I wonder how that works."

While Internet Selectives are not likely to make any efforts to expand their internet use, they are not intimidated by the potential of broadband. In some cases, the role of 'broadband advocate' is being fulfilled by someone else in the household, typically the children.

Non-broadband users in this group display moderate levels of interest in broadband, but, like existing users, this interest appears primarily focused on improved connectivity rather than expanding their breadth of usage. Cost is mentioned as a key deterrent for some simply because their low use of the internet is inexpensive through dial-up, so they cannot justify the additional expense of trading up to a broadband connection.

> "It does seem quite attractive but when I tot up how much I spend on dial up it doesn't go anywhere near the cost of broadband internet, so it is just not worth it."

Internet Enthusiasts

While broadband internet has expanded the horizons for many in this group, their enjoyment has been further enhanced by the ongoing evolution of the web, seen as resulting in major improvements in the quality and content of websites. They are keen to continue advancing their knowledge and experience as the platform itself evolves.

Internet Enthusiasts are more likely than average to engage with advanced broadband services for three reasons:

- their thirst for knowledge and learning;
- their greater exposure to the internet; or
- their greater propensity for 'straight to broadband' access at home.

However, while this group feels generally comfortable with the internet, some of them have underlying concerns about security which appear to be deterring them from exploring other services, such as online banking and shopping. There may be a need for greater reassurance in this area.

9.4 Mobile Reliants and Mobile Organisers

Overview

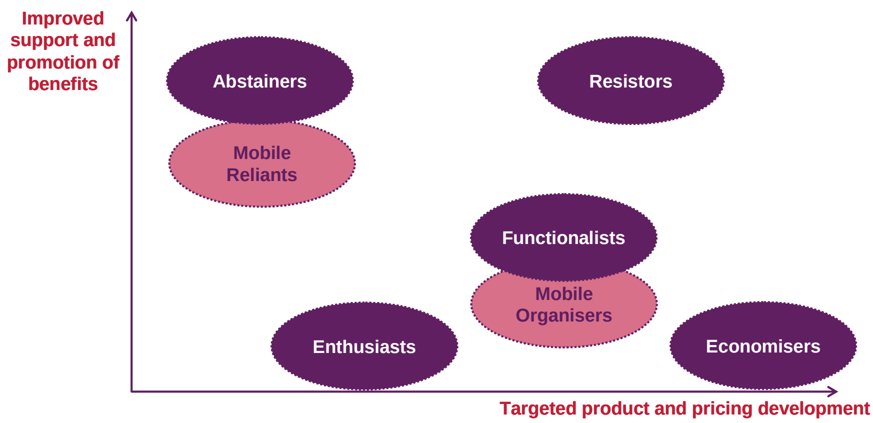
The research identified seven different ways in which consumers value their mobile phones and portable devices. These were illustrated through the five cross-platform segments (Enthusiasts, Functionalists, Economisers, Abstainers and Resistors) and two mobile/portable-specific mindsets; the Mobile Reliants and the Mobile Organisers.

The Mobile Reliants are wholly dependent on their mobile phone as a means of contact and a tool to organise their social life. They need peer-level support and advice, like the cross-platform Abstainers, to encourage more advanced use of the functionality that mobile phones and portable devices can provide. (6% of UK adults have this attitude towards mobile phones/portable devices.)

The Mobile Organisers value the increased efficiency and organisational benefits that portable devices offer (in a personal and business context). Like the Functionalists, they need tried and tested products and services; they often delay take-up until the 'emerging' functions match the performance of mainstream technology. (9% of UK adults have this attitude towards mobile phones/portable devices.)

Figure 76 summarises the potential opportunities for further engagement for Mobile Reliants and Mobile Organisers.

Figure 76: Attitudes to mobile phones and portable devices – opportunities for further engagement



General attitudes to technology

Mobile Reliants

Figure 77 shows that the Mobile Reliants widely believe that technology makes life better and they try to keep up with new developments as best they can. While their awareness and knowledge of specific functionality can be patchy, overall they are confident and comfortable with technology and can see potential benefit in new applications, although perhaps with a nagging concern that 'people rely too much on technology these days'.

This group tends to be generally active in terms of hobbies and interests, career and/ or social/ family life. Technology is used to organise their lives and support other interests in a structured and specific manner.

Mobile Organisers

Mobile Organisers are keen to keep up with technology, but cautiously, often waiting for products to become cheaper/ better before considering a purchase.

> "I always wait. The first wave tends to be expensive and unreliable. Wait until phase two or three and the prices have come down and the products have been tested"

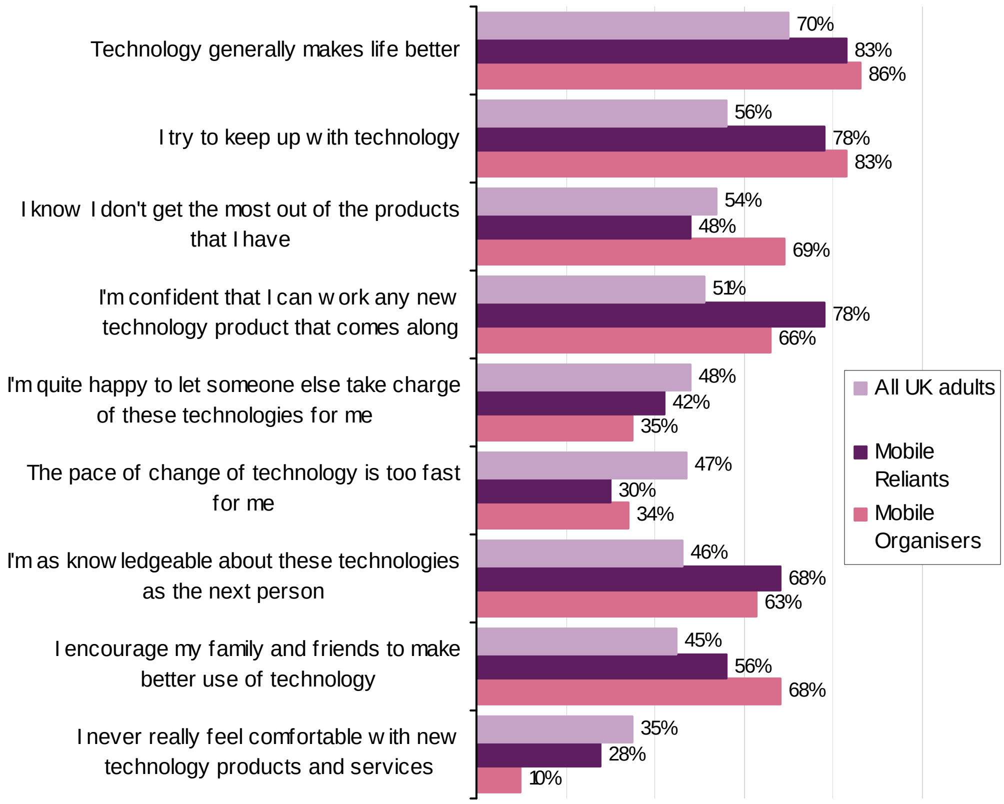
Figure 77 illustrates that, while being very pro-technology, simplicity is important to this group. They are not always confident they can work any new product that comes along. The majority believe they don't get the most out of the technology they already have. They are not particularly regretful about this, however, often seeing the additional features as inferior to the purpose-specific technology they already own.

> "Camera phones hold no attraction for me, I'm interested in digital photography and I'm very happy with the camera I have for that"

They frequently encourage their friends and family to make better use of technology, and are often referred to for advice, often because they have experience of the technology through their work.

This group is more likely to believe that some of the advantages of technology include; getting things done more quickly, avoiding wasting time, being better informed, and getting better deals and wider choice when buying things.

Figure 77: General attitudes to technology – mobile-specific mindsets[84]



[84] Base: All UK adults (1,017), all Mobile Reliants (61), all Mobile Organisers (80). Percentages indicate the proportion agreeing with each statement.

General attitudes to mobile phones

Mobile Reliants

All (100%) of the individuals in the Mobile Reliant group personally use a mobile phone. They primarily value the fundamental benefits of mobile phones – calling and texting. Their use of mobile phones for voice calls is high (65% more than once a day) as is their texting behaviour (65% texting more than once a day). One in seven (14%) in this group live in households without a fixed line phone, and therefore place a very high level of importance and value on mobile phones.

Mobile Reliants see their mobile phone as a critical enabler of their lives, with some relying heavily on their calendar, alarm and reminders to organise their daily activities (both business and personal). More than four in five (83%) agree that 'if I lost my phone it would be a disaster as that's where I store all my numbers' and the same proportion stated that 'I'd be completely lost without my mobile phone as a means of contact'.

> "I couldn't be without my mobile phone. I'm so reliant on it for keeping track of what's going on with the kids, family and friends. I'm a real slave to it."

Figure 78 shows that, while the core functional voice/text benefits of mobile phones are paramount to this group, they also see merit in the multimedia features of mobile phones, such as cameras and MMS. In addition, Mobile Reliants often value highly the flexibility their mobile phone gives them, so that they can 'act on impulse', capture the moment and make better use of dead time.

This group is more satisfied with their overall 'mobile phone experience' than any other group.

> "Out of all the ones we've talked about today I think my mobile phone is the one that I get the best out of."

Mobile Organisers

Almost all (97%) Mobile Organisers currently own a mobile phone and Figure 78 shows that they primarily value the core functional benefits: basic calling (both business and personal), texting and address books. They are unlikely to use their mobile phone for anything beyond communicating and organising their work and home lives:

> "A phone's a phone for me"

> "The mobile phone is just a portable phone"

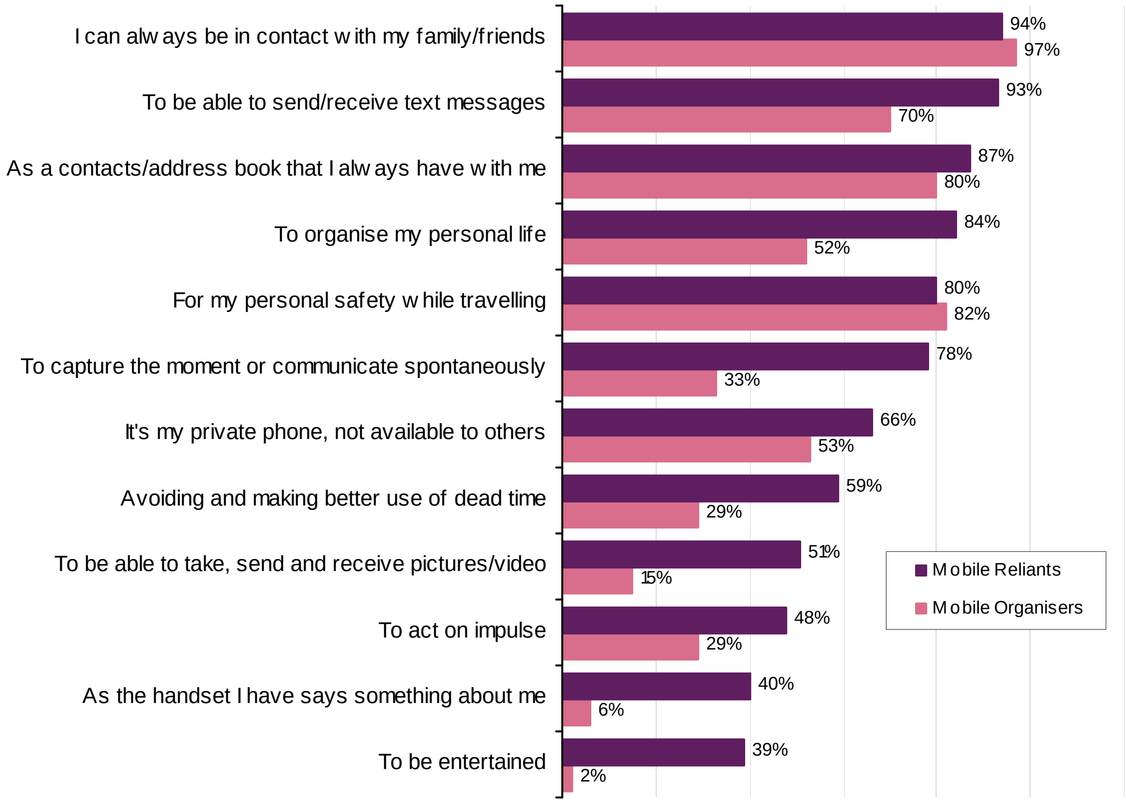
Until such time as peripheral mobile phone features (e.g. camera, radio, internet access) can match the technology this group already owns and uses for these functions, Mobile Organisers are unlikely to make wider use of their phones.

> "It's all 'light' internet sites and it's like going back ten years"

> "With the picture quality on the phone it's like going back to poor quality Polaroid"

While this group had a somewhat literal attitude towards the role of mobile phones, they value them within these parameters and consider them integral to their daily lives. However, many people in this group like to have private, undisturbed relaxation time so will often have their mobile switched off.

Figure 78: Reasons for having/using a mobile phone – mobile-specific mindsets[85]



Perceived value of portability benefits and ownership of 3G

Mobile Reliants

Figure 79 shows that this group is relatively muted in its interest in the various non-voice/text applications that portable devices can offer, and value the audio entertainment and organisational benefits most. Interest levels in visual entertainment applications are significantly lower.

While awareness of 3G is relatively high among this group (74%), concern about coverage and unfavourable word of mouth reporting appears to be stifling take-up. However, one in ten (10%) currently owns a 3G phone and one in six (16%) plan to do so in the near future.

> "From what I've heard about it from mates it's just not very good – it fails a lot of the time"

Mobile Organisers

Figure 79 shows that it is the organisational benefits, as with mobile phones, that are highly valued and used by this group – for example, contacts book, calendar, accessing files stored at home or work, satellite navigation and emailing. Beyond a limited interest in music-based

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85 Base: All Mobile Reliants personally using a mobile phone (61), all Mobile Organisers personally using a mobile phone (78). Percentages indicate the proportion giving each reason a rating of 4 or 5 on a five point scale in terms of its importance for having or using a mobile phone (a score of 1 represented 'not at all important', a score of 5 represented 'extremely important').

portable functions, other entertainment-led applications generated virtually no interest. 3G ownership is in line with the UK average.

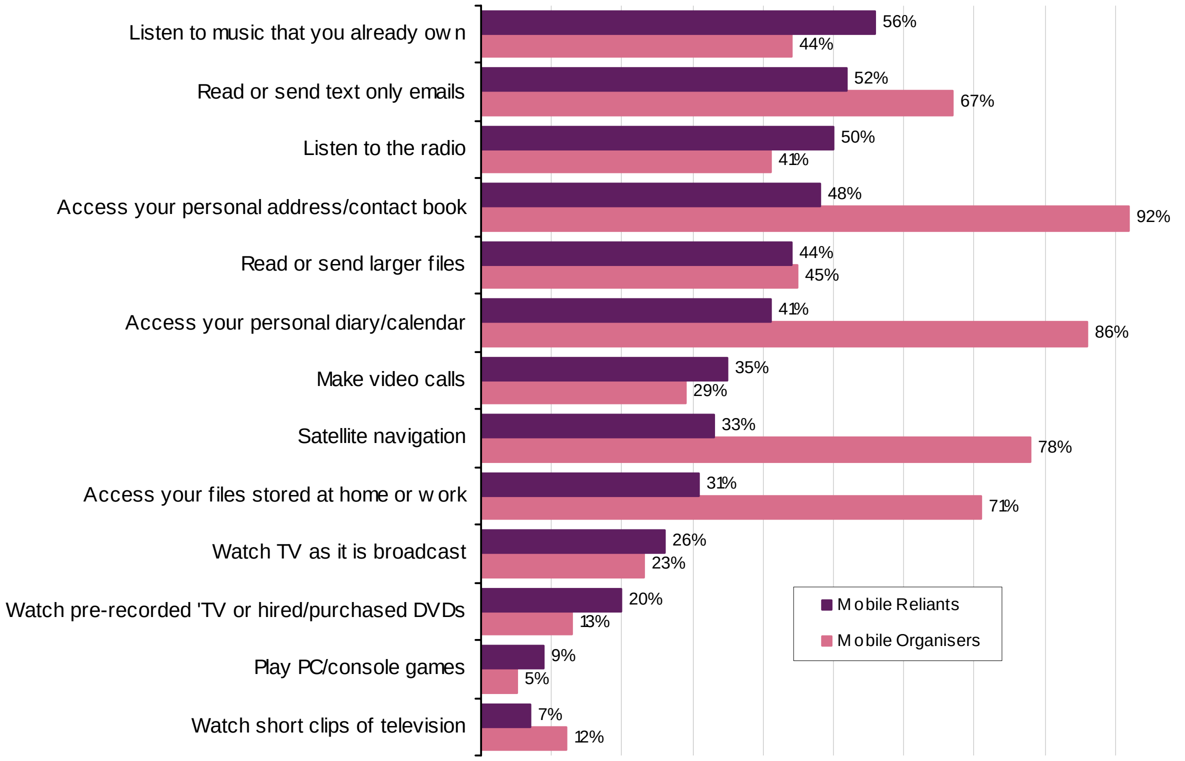
While all-in-one portable devices are desirable to this group because of their organisational benefits, they are seen as a compromise at present, and some way off being fit for purpose.

> "Until they are really a general purpose device it's always a play-off with technology; they get bigger or the battery doesn't last. But it'll happen"

> "My ideal would be one device that does everything well: something you can dock in the car and then in the office, but the small screens are infuriating"

Mobile Organisers also have concerns about the potential these devices have to become too important and also the extent to which information provided (e.g. location-based services) could be trusted to be unbiased.

Figure 79: Perceived value of portable devices– mobile-specific mindsets[86]



Demographic profile

Mobile Reliants

The Mobile Reliants are a younger group with the majority (58%) under the age of 35, with a slight female skew. The C1/ C2 social grades are over-represented at the expense of AB social groups, yet this group still contains a high proportion with an annual household income of £30k and over.

[86] Base: All Mobile Reliants (61), all Mobile Organisers (80). Percentages indicate the proportion giving each benefit/feature a rating of 4 or 5 on a five point scale in terms of how valuable it is/would be (a score of 1 represented 'not at all valuable', a score of 5 represented 'extremely valuable').

Mobile Organisers

This group almost exclusively reflects those in their 'middle years'; containing only a tiny proportion of those aged under 25 or over 65. Almost half (45%) come from AB social grades with a high proportion (60%) working from home on at least an occasional basis. An above-average proportion of this group live in households with an annual income of £30k+. There is a slight, though not pronounced, male skew to this group.

Opportunities for further engagement

Mobile Reliants

Mobile Reliants tend to learn through trial and error and they rely heavily on friends and family to introduce them to, and educate them about, new technology functions. While they accept that they do not get the most out of the technologies that they own, they are typically habitual in their technology use. Time constraints and a perceived lack of need limit their experimentation with new applications.

They need peer-level support and advice to encourage more advanced use of the functionality that mobile phones and portable devices can provide.

Mobile Organisers

This group is most likely to adopt technology once it is tried and tested, and also has high exposure to technology through their work. A broader use of technology is anticipated (perhaps a few device generations from now) once the 'emerging' functions match the performance of standalone technology. Uptake and broader use is most likely when organisational benefits are clear; in particular those relating to both home and work.

Section 10

The role of the research in supporting Ofcom's work

The consumer engagement research and segmentation model will be used to provide an attitudinal dimension to Ofcom's existing work in understanding consumer behaviour within the UK communications market. This will also serve to complement existing analysis undertaken using more traditional socio-demographic criteria.

The research findings will specifically inform the following individual programmes of work within Ofcom:

- analysis of communications take-up and consumption across the nations and regions of the UK;
- the promotion of media literacy in the UK;
- progress towards the digital switchover; and
- Ofcom's approach to consumer policy.

Nations and regions

Over the next 12 months, the segmentation model will be employed to help develop our understanding of consumer behaviour across the nations and regions of the United Kingdom. We plan to present early analysis of the incidence of the cross-platform segments by geographic location to the National Advisory Councils in the autumn of 2006 and will incorporate these findings into the annual Communications Market: Nations and Regions report in the Spring of 2007.

Media literacy

Further analysis of the segments and mindsets will also support Ofcom's efforts to promote media literacy in the UK, defining groups of individuals who may display gaps in their awareness of, and confidence and competence with, technology. The Abstainer and Resistor groups are likely to be of particular interest here, with opportunities for engagement focusing on their need for on-going advice and support, and a greater understanding of how digital communications services could benefit them.

Digital switchover

The television-specific results from the research will inform Ofcom's work in support of progress towards digital switchover. From the findings presented in Section 3, one core conclusion is that many of the consumers currently living in analogue TV households value the features and benefits that digital TV can provide – but are often unaware that they are available.

Consumer policy

Ofcom's approach to consumer policy focuses on a number of key areas: consumer access, choices, protection and empowerment. This engagement-focused research will help to provide greater insight into voluntarily excluded groups (for example, Abstainers and Resistors) and those involuntarily excluded (e.g. Economisers).

In addition, Ofcom will incorporate the segmentation model framework into its regular tracking studies and, where appropriate, on-going research and market intelligence publications. We also aim to undertake further work to understand the segments and mindsets in greater detail, and will work with all interested parties in developing our knowledge of the resulting opportunities and challenges.

Annex 1

Research methodology

Initial in-depth interviews

The first stage of research consisted of a series of 12 in-depth interviews, one hour in duration, conducted in the respondent's home. The primary objective of this exercise was to aid the development of the questionnaire for the quantitative research. These interviews were spread over four locations.

Main quantitative research

The main stage of quantitative research consisted of 1,017 face-to-face, in-home interviews with adults (aged 16+) between 15th September and 24th October 2005. The interview length averaged 72 minutes and respondents were offered a small incentive (£7) to participate. Fieldwork was conducted by Fieldworks Limited, on behalf of saville rossiter-base. Respondents were alerted that the interview was being conducted on behalf of Ofcom.

Follow-up qualitative research

A final stage of qualitative research was conducted to facilitate a more detailed examination of the attitudes and behaviour of the cross-platform segments and platform-specific mindsets identified through the quantitative research.

A total of 44 in-depth interviews were conducted during March and April 2006; 43 of the interviews were face-to-face in the respondent's home, one interview was administered via the telephone.

Annex 2

Technical appendix

Quantitative sample design

The quantitative sample was determined by a two-stage process. The first stage involved the selection of a set of sampling points, 118 in total, to ensure a representative coverage of the UK. The sampling points identified by postcode districts. Within each sampling point, the interviewer was issued with a quota of interviews to be filled, based upon age, working status and gender. These varied by sampling point; and the total is shown in the table below:

Total interviews	**1,017**
Male	485
Female	532
16-24	144
25-34	184
35-54	358
55+	331
Working full-time	399
Working part-time	172
Not working	446
ABC1	522
C2DE	495

Business Geographics’ Urbanity Indicator

Post-interview, each respondent was classified, using postcode data, into the Business Geographics’ Urbanity Indicator. This indicator comprised six categories reflecting the size of the settlements they contained and the degree of isolation as determined by their proximity to larger settlements. The classification is defined in the following table.

Category	***Urbanity***	***Category Name***	***Definition***	***Residential addresses***	***Interviews achieved*** [87]
1	*Urban*	*Large City*	*The 9 largest cities in GB*	*26%*	*24%*
2	*Urban*	*City/Large Town*	*Other settlements over 100,000 population*	*14%*	*13%*
3	*Urban*	*Medium Town*	*Settlements 10,000-100,000 population*	*37%*	*34%*
4	*Urban*	*Small Satellite Town*	*Settlements 2,000-10,000 population and within 10 miles from a larger settlement*	*10%*	*13%*
5	*Urban*	*Isolated Small Town*	*Settlements 2,000-10,000 population and more than 10 miles from a larger settlement*	*1%*	*3%*
6	*Rural*	*Accessible or Remote Rural*	*Settlements less than 2,000 population*	*12%*	*11%*

[87] The column total does not sum to 100% as some postcodes could not be determined

Business Geographics' Urbanity Indicator

Business Geographics also coded interviews according to the Deprivation Index, which – after weighting – corresponded to the UK profile of 53% low, 37% Medium and 5% High – adding to less than 100% as some areas are unclassified (and some postcodes missing, as above).

Weighting

Quantitative data was weighted to reflect the UK profile using target rim weights for age, gender, social grade, working status and nation. The weighting figures are from the 2001 Census data, and are shown below.

Based on household (except social grade - based on those 16-64)	**UK**
Gender – Male 15+	*48%*
Gender – Female 15+	*52%*
Age – 15-34	*33%*
Age – 35-54	*35%*
Age – 55+	*33%*
Social Grade – AB	*24%*
Social Grade – C1	*30%*
Social Grade – C2	*18%*
Social Grade – DE	*27%*
Working Status – working	*57%*
Working Status – not working	*43%*
Region – England	*83%*
Region - Scotland	*9%*
Region - Wales	*5%*
Region – Northern Ireland	*3%*