United Kingdom

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The Communications Market Report

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About this document

The report contains statistics and analysis of the UK communications sector and is a reference for industry, stakeholders and consumers. It also provides context to the work Ofcom undertakes in furthering the interests of consumers and citizens in the markets we regulate.

The report contains data and analysis on broadcast television and radio, fixed and mobile telephony, internet take-up and consumption and post.

We publish this report to support Ofcom's regulatory goal to research markets constantly and to remain at the forefront of technological understanding. It also fulfils the requirements on Ofcom under Section 358 of the Communications Act 2003 to publish an annual factual and statistical report. It also addresses the requirement to undertake and make public our consumer research (as set out in Sections 14 and 15 of the same Act).

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Introduction

In 2004, when we began publishing the Communications Market Report, the proportion of households with broadband was just 16%. This has now grown to 77%. More recently, with the roll-out of new technologies, people have gained access to next-generation telecoms services such as 'superfast' broadband and 4G. By the end of Q1 2014 there were 6.1 million UK superfast broadband connections, an increase of 2.2 million (58%) compared to the previous year. The proportion of all UK broadband connections that were classed as being superfast increased over the same period, from 17.5% to 26.7%.

We estimate that there were over six million 4G mobile subscriptions in the UK at the end of March 2014, equivalent to approximately 8% of all active mobile subscriptions. This represents a significant increase since a year ago, when EE, then the only UK 4G provider, announced that it had 318,000 4G subscriptions, accounting for less than 0.5% of all UK mobile subscriptions.

Take-up of smartphones has continued to increase rapidly over the past year, with six in ten adults now claiming to own one (61%), while household take-up of tablet computers has almost doubled over the past year to 44%. The ways in which people are connecting to the internet continues to evolve, with just under six in ten (57%) saying they personally use their mobile phone to access the internet (up from 49% in Q1 2013), due in part to the increasing take-up of smartphones.

These developments have manifested themselves in different behaviours within the market, particularly among younger people, and these are explored in more detail in this year's report. The first section of the report looks at a number of topics, including measuring confidence in digital communications services (page 33) and how and when people access media content and use communications services (page 43). We also explore how digital communication technologies are affecting people's work-life balance (page 89), as well as how communications media are used by older and younger users, to highlight the often significant differences between the two age groups (page 103).

The remainder of the report covers television and audio-visual content (page 125), radio and audio content (page 207), internet and web-based content (page 245), telecoms and networks (page 301), and post (page 371). In each chapter, we set out in detail an analysis of industry and consumer data.

To make this report and its resources more useful to stakeholders, we are publishing all of the data and charts in a searchable resource. This can be found at www.ofcom.org.uk/cmruk. Companion reports for each of the UK's nations are once again published alongside this report; these can be found at www.ofcom.org.uk/cmr14.

The information set out in this report does not represent any proposal or conclusion by Ofcom in respect of the current or future definition of markets. Nor does it represent any proposal or conclusion about the assessment of significant market power for the purpose of the Communications Act 2003, the Competition Act 1998 or any other relevant legislation.

Key points: the market in context

Key market trends

- **The TV sector saw the largest rise in communications industry revenues in 2013.** Total UK communications revenues generated by telecoms, TV, radio and postal were unchanged at £60.2bn in 2013. A 3.4% increase in UK TV industry revenue, and a 2.9% increase in postal revenue, were offset by revenue falls in the telecoms and radio sectors.

- **Meanwhile, average monthly household spend on communication services fell in real terms from £126.73 in 2008 to £117.08 in 2013.** This represents a monthly saving of £9.65, or £115.80 per year. The largest decrease in spending over the five-year period was on mobile services.

- **Household take-up of tablet computers has almost doubled over the past year.** Over four in ten households (44%) reported having one of these devices in Q1 2014, up from a quarter (24%) the previous year. Fourteen per cent of homes claimed to have two or more. A majority of this growth was over the Christmas period, with take-up rising nine percentage points between Q4 2013 and Q1 2014.

- **Take-up of smartphones has also continued to increase rapidly over the past year**, with six in ten adults now claiming to own one (61%), up from 51% in 2013.

- **Nearly six in ten consumers now report accessing the internet on their mobile.** While the proportion of households with access to the internet remains stable at 82%, the ways in which people connect continues to evolve. Nearly six in ten respondents (57%) said they personally used their mobile phone to access the internet (up from 49% in Q1 2013), driven by growth in the smartphone market. Almost all UK adults who have mobile phone internet access also have access via fixed broadband. Only 4% of UK adults reported that their household's only means of internet access was a smartphone.

- **4G is now available with all four national mobile network operators, with more than 6 million subscriptions.** The UK's four national mobile network operators (MNOs) are currently deploying 4G mobile networks, and by June 2014 71.8% of UK premises were in areas with outdoor 4G coverage from at least one mobile network.

- Over a quarter of all fixed broadband connections are now superfast. By the end of Q1 2014 there were 6.1 million UK superfast broadband connections, an increase of 2.2 million (58%) compared to a year previously. The proportion of all UK broadband connections that were classed as being superfast increased accordingly over the same period, from 17.5% to 26.7%.

Measuring confidence in digital communications services

- **Consumers' relationship with communications technology varies by age, with the highest levels of technological knowledge and confidence found among 14-15 year olds.** As age increases, consumers' Digital Confidence Score decreases, with 61% of over-55s registering a below-average score.

- **Males, and those in the ABC1 socio-economic group, have greater confidence with technology.** A third of males have an above-average score, compared to a fifth

(22%) of females. And a third of those in the ABC1 group have an above-average score, compared with just over one in five C2DE group.

- **A third of adults claim to know a lot about 4G services, and half say they are knowledgeable about superfast broadband services.** And while over half of all adults claimed to know a lot about smartphone and tablet apps, 47% said they had never heard of Snapchat (an example we used of a newer popular communications app).

- **Knowledge and use of newer devices among adults was low.** Nearly half of all adults (46%) said that they had never heard of 'smart' glasses, and four in ten had not heard of 'smartwatches'. A quarter of adults claimed to have heard of these new devices but didn't know much about them.

- **Most adults claim that, at least sometimes, new technology confuses them.** Six in ten adults claim to like finding out about new technology (62%) and more than half (54%) say they wouldn't know what to do without technology. But six in ten admit that new technology confuses them, and the same proportion say they wait until someone they know gets new technology before they consider it themselves.

- **Children aged 6-15 display a greater enthusiasm and reliance on technology than the adult sample.** Three-quarters of children say they would not know what to do without technology, while this figure drops to 54% among adults. Half as many children as adults (32%) said that new technology confused them.

- **Children are advocates of technology; seven in ten claimed to tell their friends and family about new technology, compared to 47% of adults.** Almost nine in ten (88%) claimed to do 'lots of different things' on the devices that they use.

- **Knowledge and awareness of some new services was much higher among older children than adults.** Almost eight in ten children (77%) aged 12-15 claimed to know a lot about smartphone or tablet apps compared to 55% of adults, while a third were using apps such as Snapchat (compared to 12% of adults).

Digital Day 2014

- **The average adult in the UK spends over half of their waking hours engaged in media or communications activities.** On average, UK adults sleep for 8 hours 21 minutes in a 24-hour period, while they spend 8 hours 41 minutes engaged in media or communication activity.

- **UK adults squeeze over 11 hours' worth of communications and media activity into less than nine hours.** The total volume of media and communications activities undertaken by an individual each day equate to 11 hours 7 minutes. But as some media activities are conducted simultaneously, this is squeezed into 8 hours 41 minutes per day.

- **Our media and communications consumption is growing.** Comparisons with results from our 2010 study indicate an increase in total media consumption: from 8 hours 48 minutes of total media activity in 2010 to more than 11 hours in 2014. This is likely to be due to increased take-up and use of smartphones, and generally more time spent on communication activities, especially among the 16-24 age group. Overall, 16-24s spend a substantially greater amount of time communicating at 261 mins per day versus 146 mins for UK adults as whole.

- **Media multi-tasking is undertaken by almost every person.** Almost every adult (99%) recorded conducting two or more media activities at the same time at some point during the week. This simultaneous activity amounted to an average time of 2 hours 3 minutes a day. Watching live TV and making voice calls was the most popular multi-tasking combination, with 42% of adults doing this throughout the week.

- **On average, adults spend almost three hours each day watching live television.** Watching live television is the individual activity that has most time spent on it. Across all adults, it accounts for 2 hours 58 minutes per day. On average, 82% of adults watched live TV each day, while 94% watched it during the week. Live TV viewing peaked at 9pm when 80% of adults were watching it.

- **However, young people spend as much time on text communications as watching TV or films on a TV set.** Among all adults, 37% of total time spent on media and communications activities is attributed to watching TV or films on a television set. However, only a quarter (24%) of the media and communications activity of an average 16-24 year-old is spent doing this, compared to half (49%) for those aged 65 and older. The pattern switches for text communications; for 16-24 year olds, 23% of their media time is spent engaged in this form of activity (such as texting or communicating via social networks) compared to 7% for those aged 65+.

- **Live TV accounts for half of the time younger people spend on 'watching' activities compared to 69% among all adults.** Live TV is followed by just under a fifth (16%) of 'watching' time spent on recorded television among UK adults as a whole. In comparison, among 16-24s, only half (50%) of their time spent on 'watching' activities is accounted for by live TV. A fifth (21%) of their viewing time is spent consuming online content; 13% consuming downloaded/ streamed content and 8% watching short online video clips – a significantly greater proportion than for any other age group.

- **Listening to live radio is only the third most popular audio activity for 16-24s, after streaming music and listening to a personal digital music collection.** Taking into account all audio-based activities, listening to live radio makes up 71%. However, for 16-24 year olds, listening to live radio comprises less than a quarter (24%) of their time spent on listening activities, with personal digital music and streamed music together accounting for 60% of their listening time.

- **16-24 year olds who use social media spend almost one and a half hours on it per day.** Over eight in ten adults in this age group (82%) used social networking sites during the week, and use of social networking sites accounts for a quarter of all time spent communicating for this age group. Young people (16-24) who use social media spend 1 hour 24 minutes on it per day, compared to 51 minutes per day spent on average by adult social media users.

- **Smartphones are ranked third in terms of time spent on devices across a typical day, after TV and desktops/ laptops.** However, their central role in consumers' lives is particularly evident among those aged 16-24; a quarter of all communications and media time spent by this age group is spent on a mobile phone and 77% of the time they spend on social media is on a mobile phone. The device that shows the largest difference in terms of daily use by age among adults is the smartphone with 16-24 year olds spending over three and a half hours on this device each day (216 mins) versus 82 mins for UK adults.

- **Whereas among 6-15 year olds tablets and smartphones are more popular than desktop/laptops.** Tablets are the most used device among 6-11s after TV sets.

Sixty per cent of children aged 6-11 years claim to use tablets each week compared to 38% of all adults. For 12-15s, smartphones are the most used device each week (67%) after TV sets.

Communications technology and work-life balance

- **On balance, workers tend towards a positive, or neutral, view of the impact of technology on work-life balance;** almost a quarter (24%) of workers think that technology (e.g. mobiles/smartphones, laptops, tablets etc) is improving their work-life balance; just under half (49%) say it is not making much difference either way, and 16% think this kind of technology is making their work-life balance worse.

With reference to working in personal time:

- **Emailing is the most common activity out of hours**, involving nearly half (46%) of all workers from time to time, including over a fifth (22%) on a regular basis. Around four in ten workers also take part in work-related telephone calls (41%) and text messages (37%) occasionally outside their working hours.

- **Workers in higher management level roles are more likely to work outside office hours.** Nearly three-quarters (72%) of senior managers send work related emails, at least occasionally, outside working hours, and 44% say they do this regularly.

- **Of those who work during 'personal time', over one in ten read or send work emails or texts in bed.** The largest proportion of work-related communications take place in the evening at home, with 53% of those who take part in work-related calls and 59% of those who do work-related emailing/texting in their personal time doing so in the evening at home. Additionally, just over one in ten engage in work-related emails or texts on waking in the morning or last thing at night in bed.

- **Around three in ten workers overall take part in some form of work-related activity while on holiday.** Approaching a quarter of workers (23%) regularly or occasionally engage in work emails on holiday, 19% regularly or occasionally engage in work texts and 16% take part in work phone calls (4% regularly).

- **The main advantages of working outside office hours are flexibility and a feeling that workers are not going to miss anything important**. But 80% acknowledge at least one disadvantage or working in their personal time: e.g. "it can be hard to switch off and relax".

Personal communications in work time:

- **Six in ten workers say that while they are at work they regularly or occasionally send and receive texts for personal reasons**. Furthermore, half email, and just under half make or receive telephone calls for non-work-related reasons.

- **Those in higher socio-economic grades and higher management levels are more likely to blur work-life boundaries and take part in most forms of personal communication and online activity during the working day**.

- **Workers who engage in personal communications at work see both the benefits and potential problems these can bring:** 55% value the greater ability to stay in contact with family and friends, and just over half (52%) agree that communications technology can help them have a break from work. However, about

half are also aware of the downsides: potential time-wasting (51%), conflicts between employees and bosses (49%) and unnecessary distractions at work (48%).

Generation Gap

- **Overall, younger and older people's consumption habits remain starkly differentiated across many communications media.** That said, differences are most evident in the extent and types of *use* made of communications, and less so in terms of actual *take-up* of various platforms, as we see internet access and mobile phone ownership become more prevalent among older age groups.

- **TV viewing has remained resilient over time, although there has been a decline since 2010 for younger age groups.** Between 2010 and 2012 there was very little change, either at the overall level or among older groups. However, younger people's viewing decreased during this period, with viewing among 16-24s decreasing from 169 minutes in 2010 to 157 in 2012. Between 2012 and 2013, there was an overall decrease in viewing. Viewing among all individuals (4+) went down from 241 to 232 minutes, and among 16-24s from 157 to 148 minutes.

- **The average weekly reach of radio remains high among all ages, while the amount of time spent listening has fallen – particularly for the 15-24s and the 25-34s.** Among all adults average time spent listening has dropped from 24.3 hours per week in 2003 to 21.5 hours per week in 2013, whereas 15-24s have experienced the largest decrease: from 21.4 to 15.5 hours per week.

- **The amount of 15-24s' total audio listening time spent with radio is far lower than for the other age groups.** Just 24% of listening time was spent with radio, compared to 30% with streaming audio and 30% with personally-owned digital audio. All other age groups spent at least two-thirds of their time listening to audio content listening to radio, rising to 86% among those aged 65+.

- **There is little difference by age in the take-up and use of mobiles – with only the over-65s out of step with the majority of the UK adult population.** For example, 99% of 16-34s and 98% of 35-54s use a mobile phone; this decreases slightly to 92% for 55-64s. Among those aged 65+ this figure is 72%. However, smartphone ownership differs greatly by age. Almost nine in ten (88%) of 16-24s own a smartphone, compared to 14% among those aged 65 and over.

- **Those aged 16-34 send less post than any other age group.** Older age groups are more likely to send more items of post, and are more likely to consider themselves reliant on post as a way of communicating. Younger age groups are more likely to express a preference for email, and to say that they only use post if there is no alternative.

- **While on average 82% of UK adults have internet access at home, this drops to half (50%) among those aged 65+.** Furthermore, younger people are more likely to undertake a wider range of activities online, including social networking. Over three-quarters (74%) of 16-24s with internet access use social networking sites, compared to 25% of 65-74s and one-fifth of those aged 75+ with internet access.

- **Younger people are three times more likely to get their news online.** Six in ten (60%) of 16-24s say they use the internet for news, compared to 21% of those aged 55+. Conversely, 90% of those aged 55+ say they watch news on TV compared to 56% of 16-24s.

- **Paradoxically, the growth in types of communication could lead to a deepening generation gap.** Twenty-five years ago, there were fewer, but more ubiquitous communications platforms; landlines and letters were the main means of person-to-person communication. Since then, methods of communication have proliferated. While the majority of younger people are engaged with these newer forms, older people use them far less, and so are less visible across a range of communication and connection platforms.

UK cities' communication markets

- **Of the cities in our study, one in 25 premises had a line speed of less than 2Mbit/s.** However, this was less than the UK average of 8% of premises and is a 1.4 percentage point decline since 2012.

- **Availability of NGA services, from either BT Openreach[1] or Virgin Media, was found to be close to or higher than 90% in nine of the 11 cities.** Across the 11 cities as a whole, availability increased by two percentage points between 2012 and 2013.

- **In eight of the 11 cities, less than 1% of premises that received a speed less than 2Mbit/s were in areas where NGA was unavailable.** This demonstrates that most households with connections of less than 2Mbit/s were able to upgrade to an NGA service but chose not to do so. This is likely to be because they did not want such a service, could not afford to upgrade, or were not aware of the benefits of doing so.

- **In five of the six cities we looked at in our socio-economic analysis, the most income-deprived quartile of each city had lower NGA availability and a greater prevalence of slow lines.** The exception was Cardiff, where NGA availability was higher, and the prevalence of sub-2Mbit/s connections was lower in the most income deprived-quartile than the average for Cardiff.

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[1] or other providers using access to BT Openreach's NGA network BT Openreach has regulatory obligations to give other providers wholesale access to its NGA network. Those other providers can then make retail services available to consumers.

Key points: TV and audio-visual

- **The UK television industry generated £12.9bn in revenue during 2013, an increase of £426m (3.4%).** The increase was driven by growth in subscription revenues and net advertising revenues. There was a small decline in publicly-funded television programming in 2013, following an eventful year in 2012, including the London Olympic and Paralympic Games.

- **Pay-TV subscription revenue continues to drive growth in total sector revenues.** Subscription revenues increased by 6.7% in 2013 to reach almost £5.9bn. Subscriptions now account for 46% of all television industry revenues in the UK.

- **Broadcast-based TV advertising income returned to growth in 2013,** increasing by 4% (or £146m) to reach almost £3.7bn, its highest number in the past five years**.** The largest proportional growth was in the commercial PSBs' portfolio channels, where revenues increased by 14% to reach a combined total of £669m.

- **Online TV revenue increased by 41% in 2013 to reach £364m.** The subscription model saw the steepest growth; revenue rose 76% to £112m, a possible indication that online streaming services are gaining traction in the UK market.

- **Spend on content by all UK TV channels rose by 3.7% to reach £5.8bn.** In a year of English Premier League broadcast rights renewal, spend on sports programming grew by 19% to reach £1,808m or 59.1% of all programme spend on commercial non-PSB channels. Spend on BBC digital channels and the other PSBs' portfolio channels also increased, rising by 6% and 4% respectively. Spend on first-run originated programming for the main five PSB channels declined by 5%; from £2,588m in 2012 to £2,451m in 2013, partly due to the absence of major sporting events that year.

- **Twelve per cent of TV households had a smart TV in Q1 2014, an increase of five percentage points on the previous year.** Among smart TV owners, use of the internet functionality is increasing; 82% used the internet connection on their TV in 2014 compared to 77% in 2013 and 65% in 2012.

- **TV viewing has remained resilient, although there was a decline in 2013 across all age groups.** According to BARB, average viewing dropped from 241 minutes in 2012 to 232 in 2013 among all individuals, with all age groups experiencing declines. This may be due in part to changing media habits, but it may also be influenced by the hotter summer in 2013 and a lack of 'event' viewing – in previous years viewing was boosted by major sports events such as the 2010 Football World Cup or the Olympic Games in 2012. However, among 16 to 24 year olds viewing has declined for three consecutive years: from 169 minutes in 2010 to 148 in 2013.

- **According to our Digital Day research, UK adults spent on average 4 hours and 17 minutes per day viewing audio visual content through a variety of media.** Sixty nine per cent of this viewing was to live TV and recorded television accounted for a further 16%. Viewing online content represented 10% (consisting of 5% on on-demand catch-up services such as BBC iplayer or 4oD, 3% on other downloaded or streamed services such as Amazon Prime Video or Netflix, and 2% on short video clips). A further 5% was spent on physical media such as DVDs or Blu-ray.

Key points: radio and audio

- **Total UK radio industry revenue was £1.18bn in 2013**, down by 2.1% from 2012. Within this total, BBC expenditure fell by £4m while commercial radio revenue fell by £21m.

- **Two prominent radio acquisitions were completed.** Global Group sold eight commercial radio licences to Communicorp, and now has a 17.6% share of all UK radio listening. Bauer Media Group acquired the Absolute Radio group of stations, bringing its share of listening to 13.4%.

- **According to our Digital Day research, radio listening is the main media activity at breakfast time.** Although television viewing dominates in the evening, and activities involving text communications thrive during the daytime, listening to the radio accounts for up to 58% of all media and communications activities at the start of the day.

- **Radio makes up 71% of all audio-based activities**. Considering music video channels, personal music collections, streamed music, personal digital music, on-demand listening and live radio listening, radio accounts for the largest portion by far of 'share of ear'.

- **On average, 90.4% of the adult population tuned in to the radio in 2013.** According to RAJAR, over the past six years the reach of radio remains practically unchanged. However, the average hours spent listening, by listeners of all ages, is falling.

- **DAB set ownership across the UK has edged closer to the 50% mark, while take-up of smartphones and tablets has increased.** Ownership of a DAB radio set in the first quarter of 2014 was 47.9%. Take-up of smartphones and tablets (both devices capable of receiving digital radio) has increased by 10pp and 20pp respectively year on year.

- **Digital platforms' share of total listening has doubled since 2008.** Currently standing at 36.6% (Q1 2014) the share of listening via a digital platform has increased from 17.8% (Q1 2008).

- **In Q1 2014 there were 213 million requests to listen to radio on BBC iPlayer.** The use of BBC iPlayer to listen to radio has increased year on year; in each quarter there were at least 200 million requests, peaking in Q3 2013 at 220 million. One fifth (20%) of the requests in March 2014 came from mobile devices.

- **The number of subscribers to on-demand music services grew by 49% in 2013.** There were more than two million subscribers to on-demand music services in the UK by the end of 2013 - an increase of 48.9% on the previous year.

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Key points: internet and web-based content

- **More than eight in ten households had internet access in Q1 2014.** The number of adults with household internet access grew to 82%, a rise of two percentage points since Q1 2013. Fixed broadband increased by one percentage point to 73% in Q1 2014, while mobile broadband rose three percentage points to 8% of UK households.

- **Two-thirds of adults aged between 65 and 74 had access to the internet in Q1 2014.** However, there are large differences between the younger and older age groups: 94% of those aged between 16 and 24 had access to the internet, while only 32% of those aged 75 and over had access.

- **Almost three-quarters of offline homes do not intend to take up the internet in the next 12 months.** Just under a fifth of adults (19%) did not have household access to the internet in Q1 2014. The majority of respondents without internet access claimed that they do not intend to get access (14% of all adults).

- **Laptop and desktop users spend an average of 31.4 hours browsing the web each month.** This was down 14.7% from 36 hours 49 minutes in March 2013, while the average time spent webpage browsing on mobile phones was up 2.5% to 5 hours 48 minutes in March 2014.

- **UK smartphone take-up is almost on a par with laptop ownership.** In Q1 2014, laptop computers remained the most popular internet-enabled device and were present in 63% of households, followed very closely by smartphones, present in 61%.

- **Mobile advertising doubled to £1bn in 2013.** Mobile advertising expenditure grew like-for-like by 93.3% from £528.5m in the year to 2013. This increase accounted for 59% of the increase in total digital advertising spend in 2013.

- **eBay overtook Amazon as the most popular retail website in March 2014**. eBay had 27.3 million visitors compared 26.9 million visitors to Amazon. eBay and Amazon have maintained their leading positions among retail websites ahead of the next most popular sites Argos (11.2 million visitors) and Tesco (10.2 million).

- **Online news is increasingly accessed on mobile handsets.** The most popular news provider on a mobile handset was the BBC (14.5 million users) in April 2014, and a fifth of mobile internet users access news on their handset every day.

- **Despite the growth in digital media in recent years, forms of physical media remain popular.** Books were the most popular physical medium between 2005 and 2014. Eighty-four per cent of UK adults had a physical book collection in April 2014, down from 93% in 2005. Notwithstanding this decline, books are still more popular than DVD/Blu-ray discs (80%) and music CDs (79%).

- **The average DVD and Blu-ray disc collection increased from 45 to 68 discs between 2005 and 2014**. During the same period the average size of a book collection declined by three books (to 86) and the average size of a music CD collection declined by six CDs (to 84).

Key points: telecoms and networks

- **Total operator-reported telecoms revenues fell by £0.6m to £38.6bn in 2013.** The main reasons for this fall were a £0.4bn (5.1%) fall in wholesale revenues and a £0.3bn (2.0%) fall in retail mobile revenues, which were partially offset by a £0.3bn (8.0%) increase in revenues generated by fixed broadband services.

- **Average monthly household spend on telecoms services fell by 2.9% in 2013.** Average household spend on telecoms services was £81.17 a month in real terms in 2013, £2.41 less than in 2012, as a result of a fall in the average household spend on fixed voice services and mobile voice and data services.

- **4G is now available with all four national MNOs, with more than 6 million subscriptions.** In March 2014 EE had the largest UK 4G network footprint, with its 4G services available to 71.8% of the UK population based on outdoor coverage. Telefonica (O2) followed with 41% and then Vodafone at 36% (Three has not published any population coverage figures yet, but has said that its 4G services are available in 36 large towns and cities).

- **Over a quarter of fixed broadband connections were superfast in Q1 2014.** The number of superfast broadband connections increased by 58% to 6.1 million in the year to Q1 2014, with the proportion of all fixed connections that were classed as being superfast increasing by 9.2 percentage points to 26.7% over the same period. Ofcom estimates that 22.5% of UK homes had superfast broadband by the end of Q1 2014.

- **Over a third of UK adults were VoIP users in Q1 2014.** The proportion of adults who said that they were users of VoIP services almost tripled in the five years to Q1 2014, up from 12% to 35%, due to growing take-up of fixed and mobile data access services, smartphones and tablets with integrated VoIP apps.

- **Total outgoing fixed and mobile voice call minutes fell by 3.9% to 226 billion minutes in 2013.** Total outgoing fixed voice call volumes fell by 10.7% to 92 billion minutes during the year, while mobile-originated call minutes increased by 1.4% to 134 billion minutes.

- **The total number of mobile subscriptions fell for the first time in 2013.** There were a total of 83.1 million active mobile handsets and dedicated mobile data connections at the end of 2013, a 0.4% decrease compared to the previous year.

- **Nearly four in five households had a broadband connection in 2013.** 77% of households had a fixed broadband or a dedicated data-only mobile broadband connection in 2013.

- **There were 55 million UK mobile data connections at the end of 2013.** The total number of mobile data connections (including machine-to-machine) increased by 6.5 million (13.3%) during the year, with most of this increase being in the number of handsets that were used to access data services, up by 6.2 million (16.1%) to 44.5 million as a result of increasing smartphone take-up.

Key points: post

- **Mail revenue increased for the third consecutive year.** Mail revenue grew by 2.9% in 2013 to reach £7.5bn. Royal Mail increased its revenue by 2.8% to £7.3bn, with 80% of this coming from its end-to-end retail products. Revenue from access operations increased, both for Royal Mail and for the access operators.

- **Addressed mail volumes fell by 5.0% in 2013.** Mail volume fell from 15.5 billion to 14.8 billion items in 2013; there are now 5.8 billion fewer items in the market than in 2008.

- **Access mail volumes declined for the first time in 2013.** For the first time since its introduction in 2004, the volume of access mail declined, falling by 0.6%. In 2013, 49% of mail volume came from access agreements.

- **Operators other than Royal Mail delivered 56 million letters in 2013.** This is more than triple the amount of items delivered in 2012, and a more than six-fold increase on 2011. It represents less than 0.4% of total addressed mail.

- **Older people send the most items of post per month.** The average number of items sent per month increases with age, with those aged 55+ sending an average of 8.4 items per month. This falls to 4.3 items each month among those aged 16-34.

- **Among those who are sending less post than two years ago, email is the most common replacement for post.** Eight in ten (80%) of those aged 16-34 who are sending less post than two years ago claim to have replaced post with email.

- **One-fifth (20%) of all adults had not received an item of post in the past week.** Those aged 16-34 were more likely to have received no post at all in the past week, with three in ten (29%) claiming this. For the twelve months ending Q1 2014, the average number of items received in the past week was 8.7.

- **Half of all consumers claim to have received their parcels exclusively from Royal Mail**. Half of all respondents who had received a parcel had had their parcels delivered exclusively by Royal Mail; a further fifth had received parcels from both Royal Mail and at least one other operator.

- **Awareness of the correct price of a First Class stamp increases with age.** Just over one-third of adults were able to correctly state the price of a First Class stamp when asked, rising to four in ten (39%) of those aged 55+.

- **Six in ten consumers love to send and receive letters and cards**. As is the case with the use of post, consumers' attitudes to post differ by age. Six in ten adults agree with the statement "I love to send and receive letters and cards", falling to 53% of 16-34s, but rising to seven in ten (69%) of those aged 55+.

- **Two-thirds (66%) of consumers consider themselves reliant on post as a way of communicating.** There is little variation in this across the age groups – in all cases, at least six in ten say that they are either "very reliant" or "fairly reliant".

The Communications Market 2014

1   The market in context

Contents

1.1 Introduction and structure

1.1.1 Introduction

This introductory section of the Communications Market Report 2014 is divided into six sections:

- **Key market trends** (Section 1.3, page 19)

  The section summarises developments in the UK's communications sectors during 2013 and 2014. It focuses on services' availability, take-up and industry revenues, as well as covering consumers' use of devices and household spending on communications services.

- **Measuring confidence in digital communications services** (Section 1.4, page 33)

  Technology is playing an increasingly important role in people's lives. As this trend continues, the importance of people's understanding of, and confidence in using, technology grows. This section looks at measuring an individual's' technological aptitude in order to understand their confidence, competence and literacy. This report outlines the methodological approach taken to create a 'Digital Confidence Score', and highlights the key findings from data collected during the process.

- **Digital Day 2014** (Section 1.5, page 43)

  People have more flexibility and choice than ever before when it comes to what, how and when they access media content and use communications services. The Digital Day 2014 research studies UK adults' total media and communications activities on a minute by minute basis to provide an overview of the role of media and communications in people's lives. The research provides a snapshot of people's media and communications behaviour over a seven-day period, exploring when and how people use services and devices throughout the day, covering both personal and business use, in- and out-of-home use.

- **Communications technology and work-life balance** (Section 1.6, page 89)

  This section reports our research into workers' views on how communications technology affects their work-life balance. It provides a picture of the extent to which workers are using communications technology to carry out work-related activities in their personal time, how they use communications technology for personal reasons in their workplace, their opinions on this and the impact it has on their work-life balance.

- **Generation Gap** (Section 1.7, page 103)

  This section compares how communications media are used by older and younger users, to highlight the often significant differences between the two age groups.

- **UK cities' communications markets** (Section 1.8, page 115)

  This section outlines a range of key findings for communications markets in the UK's cities, looking at availability and take-up of telecoms services.

1.2 Fast facts

Unless otherwise stated figures are from Q1 2014.

Digital TV	
Proportion of UK homes with digital TV Q1 2014	97%
Minutes spent watching TV per day (person aged 4+)	232
Proportion of homes with a DVR	60%
Radio	
Proportion of radio listeners with a DAB radio in their household	48%
Proportion of listener hours through a digital platform (DAB, online DTV	37%
Minutes spent listening to radio per day (among radio listeners)	183 (3 hours 3 minutes) (Q2 2013-Q1 2014)
Number of local radio stations broadcasting on analogue (excluding community stations)	345 (May 2014)
Number of community radio stations currently on air	215 (May 2014)
Number of national radio stations (analogue and DAB)	25 (May 2014)
Internet	
Total household internet take-up	82%
Number of fixed residential and SME broadband connections	22.6 million (Dec 2013)
Proportion of adults with broadband (fixed and mobile)	77%
Proportion of adults with mobile broadband (dongles/PC datacard)	8% (March 2014)
Superfast broadband take-up (proportion of non-corporate connections)	26.7%
Average actual broadband speed	17.8Mbit/s (Nov 2013)
Proportion of homes with a PC or Laptop	79%
Proportion of people who use their mobile to access the internet	57%
Number of mobile broadband subscriptions (dongles/PC datacard)	4.9 million (Dec 2013)
Fixed and mobile telephony	
Number of residential fixed landlines	25.0 million (Dec 2013)
Number of fixed landlines in the UK, including ISDN channels	33.4 million (Dec 2013)
Proportion of adults who personally own/use a mobile phone	93%
Proportion of adults with a smartphone	61%
Proportion of adults who live in a mobile-only home	16%
Proportion of prepay mobile subscriptions	35%
Number of text messages sent per mobile subscriber per month	169 (2013)
Post	
Addressed mail volume in 2013	14.8bn
Approximate no. items received by residential consumers per week	8.7 (Q2 2013-Q1 2014)
Approximate no. items sent by residential consumers per month	6.7 (Q2 2013-Q1 2014)

1.3 Key market trends

1.3.1 UK communications market revenue

**The TV sector saw the largest rise in communications industry revenues in 2013**

Total UK communications revenues generated by telecoms, TV, radio and postal services were unchanged at £60.2bn in 2013.

Total operator-reported telecoms revenues fell by £0.6bn (1.7%) to £38.6bn during the year as a result of declining retail mobile revenues (down £0.3bn) and fixed voice revenues (down £0.1bn), along with falling revenues from wholesale services and corporate data services (Figure 1.1). These falls were partially offset by a £0.3bn increase in revenues from fixed internet services during the year.

The UK television industry generated revenue of £12.9bn in 2013, an increase of 3.4% on 2012, and the largest annual change across the sectors studied. Total UK radio industry revenue stood at £1.2bn in 2013, down by 2.1% on the previous year.

In 2013, addressed mail volumes continued to decline, falling by 5.0% to 14.8 billion items. However, price increases implemented by Royal Mail meant that mail revenue increased for the third year in a row, reaching £7.5bn in 2013.

Figure 1.1 **Communications industry revenue: telecoms, TV, radio, post**

	Annual change	5 year CAGR
Total	-0.1%	-0.2%
Post	2.9%	1.6%
Radio	-2.1%	0.9%
TV	3.4%	2.8%
Telecoms	-1.7%	-1.5%
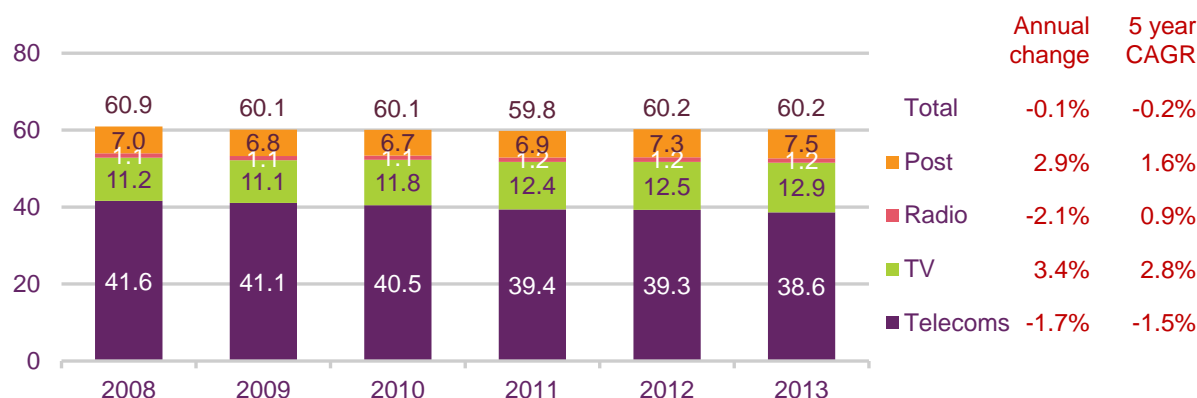
Source: Ofcom/ operators. Note: Includes licence fee allocation for radio and TV, Figures are in nominal terms

1.3.2 Availability of communications services

NGA broadband is now available to over three-quarters of the UK

ADSL has the highest availability of the technologies used to deliver fixed broadband in the UK, and at the end of 2013 almost all UK premises (over 99.9%) were connected to an ADSL-enabled BT exchange.[2] Figure 1.2 also shows that availability of broadband via local loop unbundling (LLU) continued to increase in 2013, and by the end of the year 95% of UK

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[2] Note: some people in these areas may not be able to receive ADSL broadband services, or may be able to do so only at very slow speeds, as a result of the long length or poor quality of the copper telephone line from their premises to the local exchange.

premises were connected to an LLU-enabled BT local exchange,[3] a one percentage point increase compared to a year previously.

Ofcom's estimates show that under half (44%) of UK premises were able to receive Virgin Media's cable broadband services in June 2014, and we estimate that 69% of UK premises were able to receive BT Openreach/ Kcom's fibre broadband services by June 2014, although access to this service varied significantly across the nations; it was highest in Northern Ireland (where 92% of premises had access) compared to just under half of premises (48%) in Scotland. Superfast broadband services are provided over next-generation access (NGA networks), which were available to 78% of UK premises by June 2014.[4]

In terms of mobile phone coverage across the UK, we estimate that 99.7% of premises had outdoor 2G mobile coverage from at least one operator in June 2013, while 3G availability was slightly lower, with 99.2% of UK premises having outdoor coverage from at least one operator.

The UK's four national mobile network operators (MNOs) are currently deploying 4G mobile networks. These are able to provide faster download speeds than those possible over 3G (according to EE, the UK's largest 4G provider, average actual speeds over its 4G network are around 8 to 10Mbit/s), allowing consumers to surf the web and download apps at faster speeds and stream higher quality video content. Data provided to Ofcom by the MNOs show that by June 2014 71.8% of UK premises were in areas with outdoor 4G coverage from at least one mobile network[5].

With the UK's switchover to digital television completed in October 2012, 99% of households are able to receive the PSB channels via digital terrestrial television (DTT). For radio, the BBC DAB network in 2013 provided coverage to 94.4% of UK households, while the DAB commercial network, Digital One, reached 89.5% of UK households. Coverage from this national commercial multiplex increased by 4.5 percentage points over the year, as its coverage was extended to Northern Ireland.

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[3] Local loop unbundling (LLU) involves an alternative operator placing its own equipment in the incumbent's local exchange, and consumers living in LLU-enabled exchange areas are likely to have a greater choice of ADSL broadband services and, typically, access to lower-cost (particularly bundled) services.
[4] It should be noted that not all fixed broadband connections provided over NGA networks will necessarily achieve actual download speeds of 30Mbit/s or higher.
[5] (Update June 2015): please note this did not include data from Three

Figure 1.2   Digital communications services availability

Platform	UK 2013	UK 2012	UK change	England	Scotland	Wales	N Ireland
Fixed line	100%	100%	0pp	100%	100%	100%	100%
2G mobile[1]	99.7%	99.6%	0.1pp	99.9%	99.5%	99.0%	98.9%
3G mobile[2]	99.2%	99.1%	0.1pp	99.4%	98.1%	97.8%	97.8%
4G mobile[3]	71.8%	n/a	n/a	74.9%	56.4%	44.4%	79.2%
LLU ADSL broadband[4]	95%	94%	+1pp	96%	88%	93%	87%
Virgin Media cable broadband[5]	44%	n/a	n/a	47%	35%	21%	26%
BT Openreach/Kcom fibre broadband[6]	69%	n/a	n/a	71%	48%	55%	92%
NGA broadband[7]	78%	n/a	n/a	80%	64%	58%	95%
Digital satellite TV	98%	98%	0pp	No data	No data	No data	No data
Digital terrestrial TV[8]	99%	99%	0pp	99%	99%	98%	97%
DAB BBC Network[9]	94%	93%	+1pp	95.5%	90.9%	85.9%	85.4%
DAB commercial network (Digital One)[10]	89.5%	85%	+4.5pp	90.5%	75.4%	60%	73.8%

Sources: Ofcom and operators:
1. Proportion of premises that have outdoor 2G mobile coverage from at least one operator, June 2014; 2. Proportion of premises that have outdoor 3G mobile coverage from at least one operator, June 2014; 3. Proportion of premises that have outdoor 4G mobile coverage from at least one operator, June 2014; 4. Proportion of premises connected to an LLU-enabled BT local exchange area, December 2013; 5. Proportion of premises able to receive Virgin Media cable broadband services, June 2014; 6. Proportion of premises able to receive BT Openreach/KCom fibre broadband services, June 2014; 7. Proportion of premises able to receive NGA broadband services, June 2014; 8. Estimated proportion of homes that can receive the PSB channels via DTT (3PSB Mux coverage). Joint TV planning project (Arqiva, BBC, Ofcom); 9. BBC National DAB network coverage in the nations as of April 2012 (http://stakeholders.ofcom.org.uk/broadcasting/radio/coverage/dab-coverage/) UK 2012 and 2013 coverage from BBC Annual Report and Accounts 2012/13 (http://downloads.bbc.co.uk/annualreport/pdf/2012-13/bbc-bbcexecutive-annualreport-review-and-assessment-2012-13.pdf) and refers to financial years 2011-12 and 2012-13
10. Digital One coverage (indoor proportional method – households), Arqiva, June 2013. Note: Cable, fibre and NGA broadband availability figures have been calculated using a different methodology than in previous years.
Updated (June 2015) – data on 4G does not include Three

1.3.3   Take-up of services and devices

Tablets and smartphones continue to see rapid growth in take-up

Figure 1.3 shows take-up of a range of communications and audio-visual devices over the past decade. Take-up of smartphones has continued to increase rapidly over the past year, with six in ten adults now claiming to own one (61%) – equivalent to 65% of mobile users. However, take-up varies significantly by age; almost nine in ten respondents (88%) aged 16-24 reported having a smartphone, compared to 14% of those aged 65-74 and 4% of those aged 75+.

Household take-up of tablet computers (such as the iPad or Google Nexus) has almost doubled over the past year, rising from 24% in Q1 2013 to 44% in Q1 2014. A majority of this growth was over the Christmas period, with take-up rising nine percentage points between Q4 2013 and Q1 2014. Fourteen per cent of households in Q1 2014 reported having two or more tablet computers.

Six in ten households now own a digital video recorder (DVR), while one in four (24%) have an e-reader. For the first time this year we have started tracking ownership of YouView set-

top boxes; 6% of adults claimed to have one in their household. Smart TVs have shown a modest increase, with 11% of homes now claiming to have a TV with an integrated internet connection.

Conversely, take-up of slightly older technologies, such as games consoles and standalone MP3 players, has declined over the past year, with 50% and 34% of households respectively having these devices.

Figure 1.3   Household take-up of digital communications/ AV devices: 2003-2014

Proportion of individuals (%)
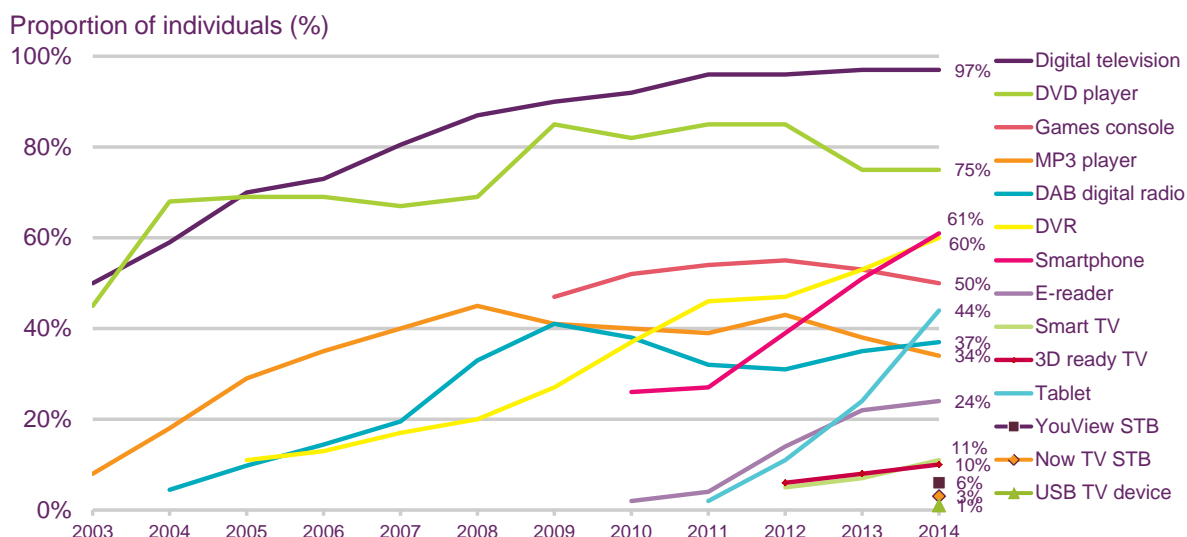
Source: Ofcom Technology Tracker
Base: All adults aged 16+ (2014 n=3740). Data from Q1 of each year
Note: The question wording for DVD player and DVR was changed in Q1 2009 so data are not directly comparable with previous years

Nearly six in ten consumers now report accessing the internet on their mobile

While the proportion of households with access to the internet remains stable at 82% (the rise from 80% in Q1 2013 is not statistically significant), the ways in which people are connecting continues to evolve. Nearly six in ten respondents (57%) said they personally used their mobile phone to access the internet (up from 49% in Q1 2013), driven by growth in the smartphone market. Almost all UK adults who have mobile phone internet access also have access via fixed broadband. Only 4% of UK adults reported that their household's only means of internet access was a smartphone.

Meanwhile, take-up of mobile broadband via a dongle (or built-in connectivity in a laptop, netbook or tablet) has risen slightly over the past year, with 8% of households reporting to use this service, compared to 5% a year ago. However, this is still significantly fewer users than in recent years; in 2011, 17% of households reported using a dongle.

Total broadband take-up remained stable, and at Q1 2014 stood at 77% of UK households. This figure includes households with fixed and/or mobile broadband connections, but excludes access via a mobile handset.

The proportion of households with fixed telephony and mobile telephony also remained stable, at 84% and 95% respectively, with 16% being 'mobile-only' homes. Personal use of a mobile phone stood at 93% in Q1 2013.

Figure 1.4   Take-up of communications services
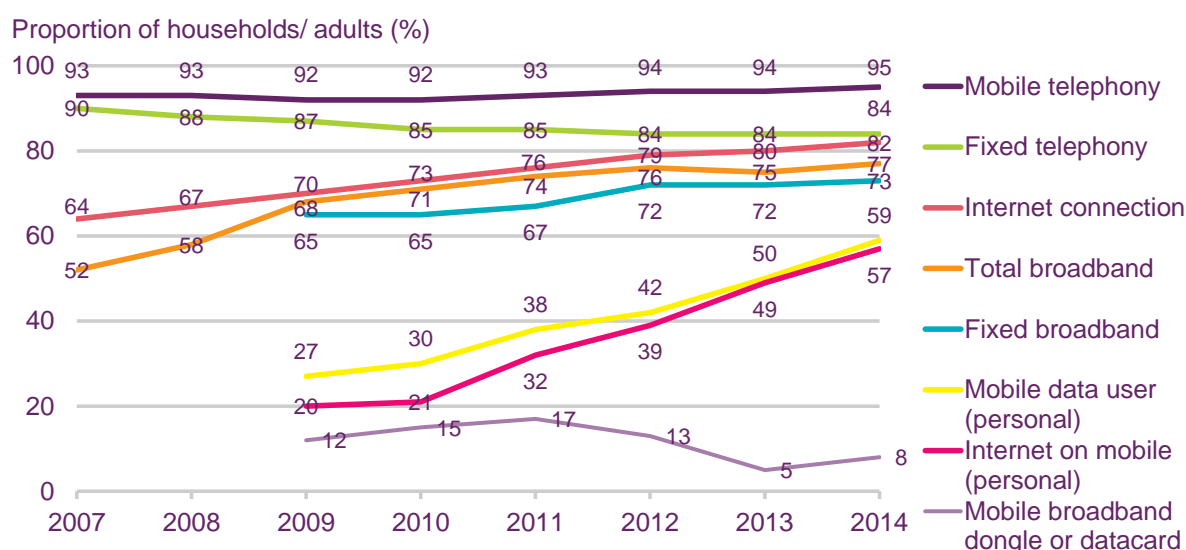
Proportion of households/ adults (%)

	2007	2008	2009	2010	2011	2012	2013	2014
Mobile telephony	93	93	92	92	93	94	94	95
Fixed telephony	90	88	87	85	85	84	84	84
Internet connection	64	67	70	73	76	79	80	82
Total broadband	52	58	68	71	74	76	75	77
Fixed broadband			65	65	67	72	72	73
Mobile data user (personal)			27	30	38	42	50	59
Internet on mobile (personal)			20	21	32	39	49	57
Mobile broadband dongle or datacard			12	15	17	13	5	8

QE1: Does your household have a PC or laptop computer? / QE2: Do you or does anyone in your household have access to the internet/ World Wide Web at home (via any device, e.g. PC, mobile phone etc)? / QE6: Which of these methods does your household use to connect to the internet at home? NB mobile data user is defined as consumers using either mobile broadband or internet on their mobile phone. This measure, and use of internet on mobile are personal take-up measures, whereas the other data relate to household take-up.
Source: Ofcom research, data as at Q1 of each year
Base: All adults aged 16+ (2014 n=3740).

Over a quarter of all broadband connections are now superfast

By the end of Q1 2014 there were 6.1 million UK superfast broadband connections[5], an increase of 2.2 million (58%) compared to a year previously (Figure 1.5). The proportion of all UK broadband connections that were classed as being superfast increased accordingly over the same period, from 17.5% to 26.7%, although this 9.2 percentage point increase was lower than the 11.1 percentage point increase in the year to Q1 2013, as Virgin Media had completed its 'double-speeds' upgrade programme (which doubled the speeds provided by most of its cable broadband connections) by the end of 2013.

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[5] Defined as connections with a headline speed of 30Mbit/s or above

Figure 1.5   Take-up of superfast broadband services
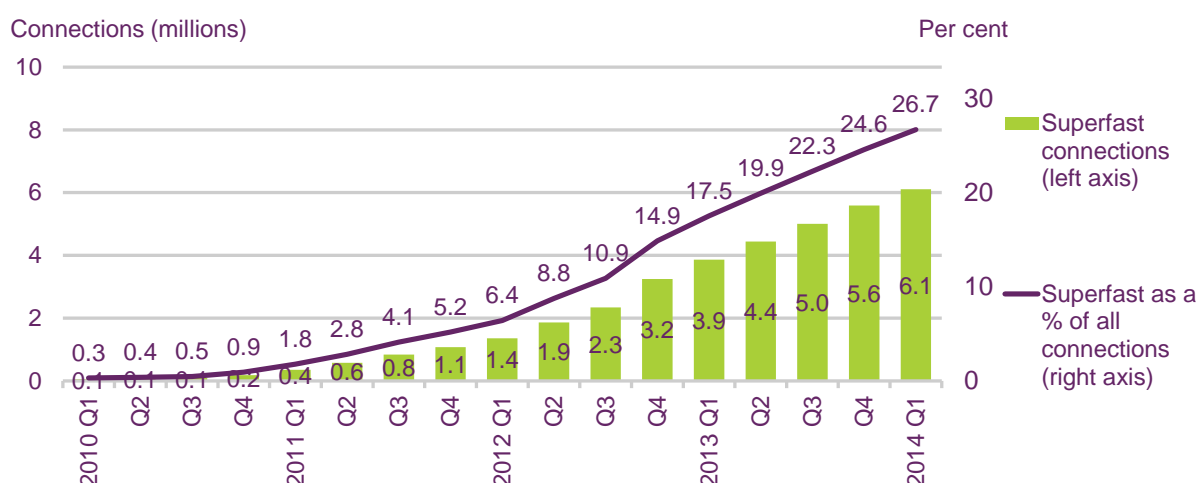
Connections (millions)

Per cent

Source: Ofcom / operator data
Note: Includes estimates where Ofcom does not receive data from operators; the total connections figure used to calculate the percentages above does not include an adjustment for corporate connections, which is used elsewhere in this report.
4G now available with all four national MNOs

Tablets are increasingly cited as the most important device to connect to the internet

When respondents were asked which is their most important device for connecting to the internet (at home or elsewhere), the laptop was the most popular response, cited by four in ten internet users, followed by smartphones, cited by 23% of respondents.

The responses given to this question have changed markedly since Q1 2013. While the laptop was still the most popular response then (cited by 46% of respondents), it was followed by the desktop PC, mentioned by 28%. Both of these slightly older technologies have now lost ground to newer devices, most notably tablets. In Q1 2014, 15% of respondents said their tablet would be their most important device to connect to the internet, up from 8% in 2013. Smartphones have also had a growing impact on consumers' preferences; in Q1 2013 15% said this was the most important device, rising to almost a quarter in 2014 (23%).

Among smartphone users, 33% cited this as their most important device for connecting to the internet, although laptops remained the most popular response (36%). Among tablet owners, this device was the most important for connecting to the internet (cited by 35%), while the preference for laptops among this group dropped significantly to 29%. Among those who had all the devices (laptop, desktop, tablet and smartphone) in their household, tablets and laptops were the most popular responses (at 30% and 29% respectively).

Figure 1.6   Most important device for connecting to the internet
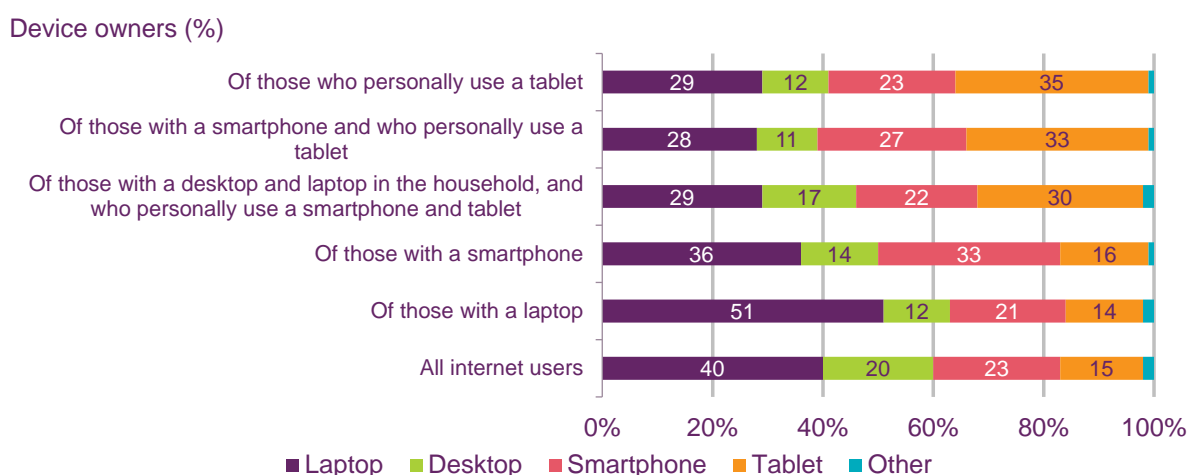
Device owners (%)

Source: Ofcom research, Q1 2014
Base: All adults aged 16+ who use the internet at home or elsewhere (n = 2976 UK). Question: Which is the most important device you use to connect to the internet, at home or elsewhere? "Other" responses include: "netbook", "games console", "other device", "none" and "don't know".

One in five adults say using their smartphone would be the media activity they would miss the most

When respondents to Ofcom's Media Literacy Tracker were asked which medium they would miss the most if it were taken away, television continues to be the most popular response, with 42% of UK adults choosing this option in 2013. Despite competition from newer technologies, this has remained stable over the past year.

However, there have been some notable changes over time. A fifth (22%) of UK adults now say they would miss their smartphone the most – while not directly comparable, this is more than double the proportion citing use of a mobile phone in 2005. Similarly, those citing going online via a computer (PC/ laptop/ netbook or tablet) has also doubled, from 8% in 2005 to 15% of UK adults in 2013.

Less than one in ten adults cited listening to the radio (7%), and only 2% said reading magazines or newspapers, down from 4% in 2012.

Figure 1.7   Most-missed media activity
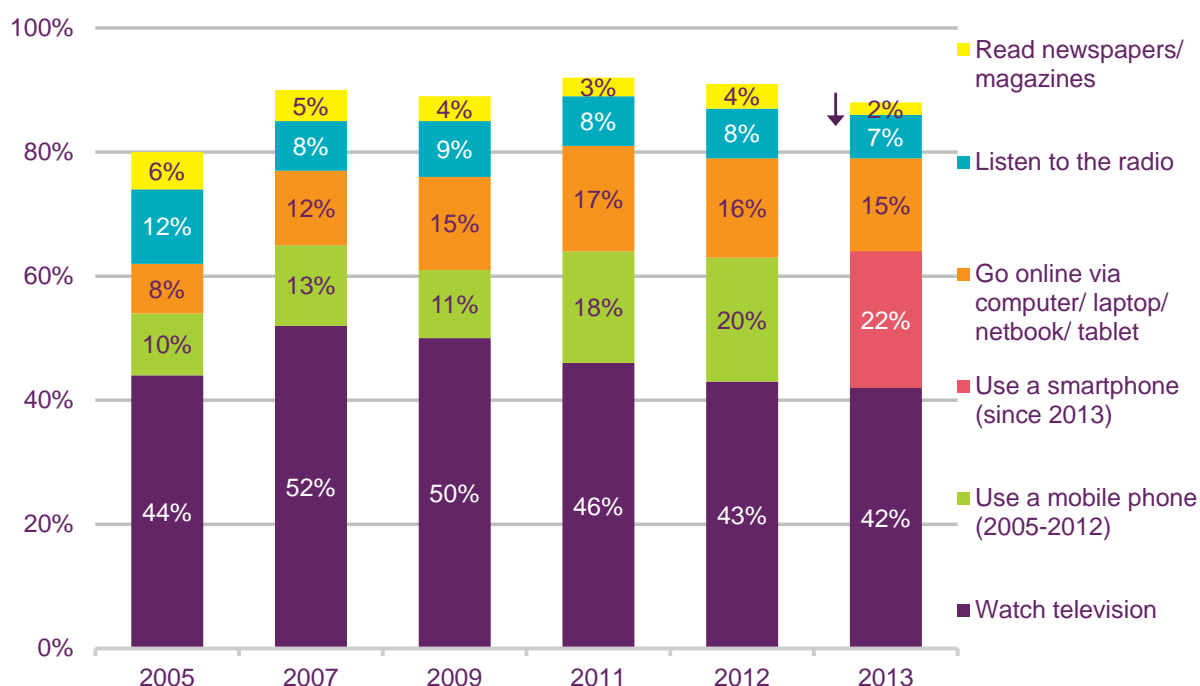
A2 – Which one of these would you miss doing the most? (Prompted responses, single coded) – NB Showing the five most popular responses in 2013 at an overall level. Base: All adults aged 16+ (3244 in 2005, 2905 in 2007, 1824 in 2009, 1823 in 2011, 1805 in 2012, 1642 in 2013).
Significance testing shows any change between 2012 and 2013, where it is possible to make a comparison
Source: Ofcom research, fieldwork carried out by Saville Rossiter-Base in October to November 2013

A fifth of consumers claimed to have sent no items of mail in the past month

Ofcom's Residential Postal Tracker shows that adults in the UK claim to receive an average of 8.7 items of post – including letters, cards and parcels – in an average *week* (Figure 1.8). This compares to an average of approximately 6.7 letters, cards or parcels sent in an average *month* – this is slightly fewer than the 7.7 items claimed to have been sent per month in the previous year.

The difference between the volume of mail sent and received is due to the fact that the majority of UK mail is sent by businesses to households. One in five consumers (20%) reported having sent no items of mail in the past month.

Figure 1.8   Approximate number of items sent and received by post
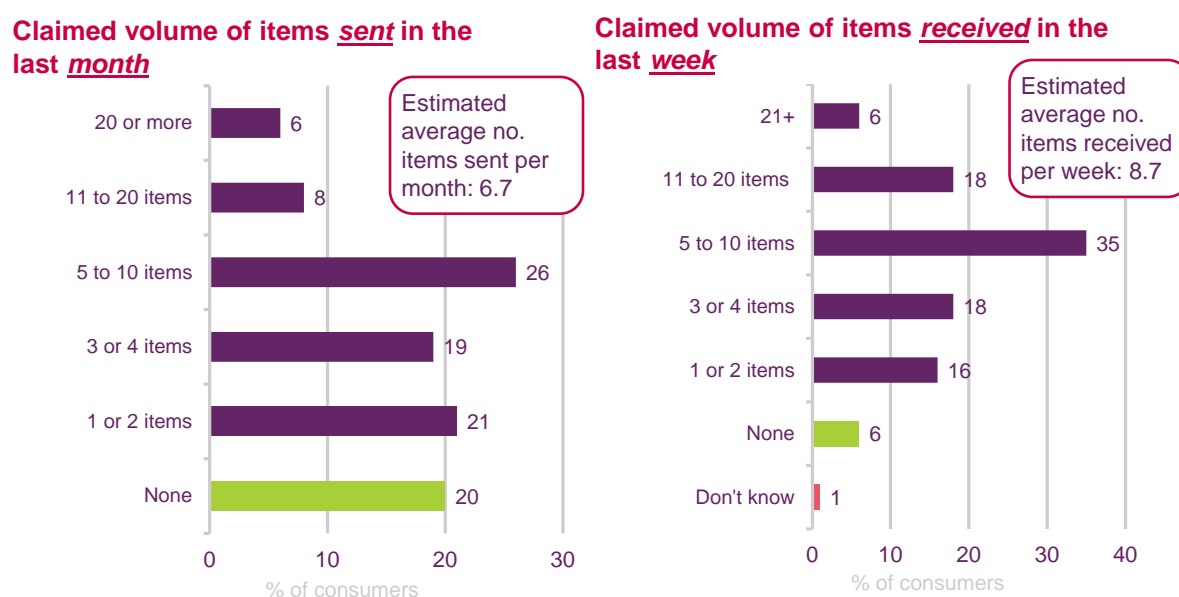
Claimed volume of items _sent_ in the last _month_

20 or more	6
11 to 20 items	8
5 to 10 items	26
3 or 4 items	19
1 or 2 items	21
None	20

Estimated average no. items sent per month: 6.7

Claimed volume of items _received_ in the last _week_

21+	6
11 to 20 items	18
5 to 10 items	35
3 or 4 items	18
1 or 2 items	16
None	6
Don't know	1

Estimated average no. items received per week: 8.7

% of consumers

Source: Ofcom Residential Postal Tracker, Q2 2013-Q1 2014
Base: All respondents (n = 4823 adults 16+)
QC1. Approximately how many items of post – including letters, cards and parcels – have you personally sent in the last month?/ QD1. Approximately how many items of post – including letters, cards and parcels – have you personally received in the last week?

1.3.4 Time spent on communications services

Figure 1.9 shows how much time people spend consuming different types of media in a typical day.

Time spent watching television has fallen slightly, to an average 232 minutes (3 hours 52 minutes) per day per person in 2013 for all people aged 4+ in homes with a TV; this represents a nine minute decrease on 2012 figures. However, time spent watching TV has increased slightly over the five-year period from 2008 to 2013. Television represents the greatest amount of consumption of the communications services measured, although, as the television and audio-visual chapter shows, this varies significantly by age. Time spent listening to the radio accounted for 166 minutes per day among adults aged 15 and over in 2013, representing a decrease of six minutes compared to the same period in 2007.

The amount of time spent using a PC/laptop to access the internet at home and at work has risen by nine minutes since 2008, to 68 minutes per internet user per day. However, this is unlikely to account for the total amount of time spent online, as consumers are increasingly using devices other than a PC or laptop to access the internet.

While the amount of time spent using a mobile phone to make or receive voice calls or send messages rose from 17 minutes per day to 28 minutes per day between 2008 and 2013, the average time spent using a fixed phone to make or receive calls fell by 31%, to less than ten minutes per day over the same period.

Figure 1.9   Average time per day spent using communications services
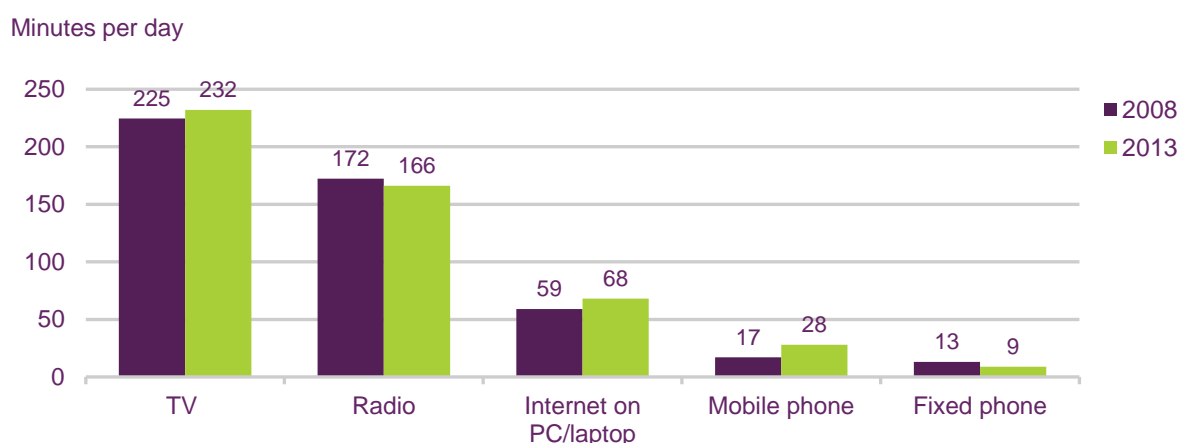
Minutes per day

Source: Ofcom / BARB / RAJAR / comScore MMX, home and work panel/ Operator data/ Strategy Analytics
Base: TV: Individuals aged 4+ in TV households; Radio: All adults aged 15+; Internet: Average minutes per internet user
Note: Daily figures for mobile voice and data, and fixed voice, were calculated from monthly data on the assumption that there are 30.4 days in the average month; internet consumption figures relate to monthly averages of Jan-Dec for each year for PC/laptop webpage use only at home and work amongst internet users; this excludes time spent listening to streamed audio or watching streamed video; mobile telephony figures include time spent messaging and on voice calls (excluding mobile internet use). Data are Ofcom estimates based on message volume data and Ofcom Digital Day research conducted in 2010

1.3.5 Purchasing communications services in a bundle

Almost three in ten households have a dual-play package of landline and broadband services

Just over six in ten consumers (63%) bought at least two of their communications services together in a bundle in Q1 2014, a slight increase on the previous year's figure (60%). A dual-play package of landline and broadband was the most popular, taken by 28% of households, followed by a triple-play package of landline, broadband and TV, taken by 23% of households.

Take-up of bundles varied by socio-economic group, with 78% of those in AB households having at least one bundle (up from 70% in Q1 2013), compared to 48% of those in DE households.

Figure 1.10   Take-up of bundled services

Proportion of households
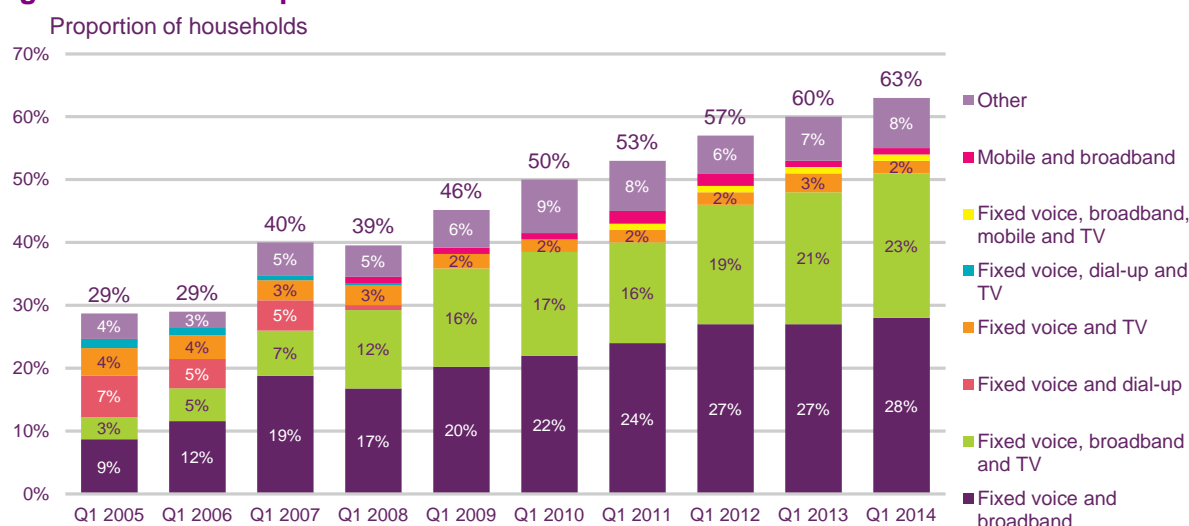
Source: Ofcom Technology Tracker
Base: All adults aged 16+ (2014 n=3740)
QG1. Do you receive more than one of these services as part of an overall deal or package from the same supplier?

1.3.6   Satisfaction with communications services

Satisfaction levels remain high for telecoms services

For most communications services, consumer satisfaction remained the same year on year. In Q1 2014, 93% of mobile phone owners were satisfied with their mobile service – the highest results across the services measured. Nine in ten (89%) were satisfied with their fixed-line telephone service, and a similar proportion (88%) with their fixed broadband. However, a greater proportion of fixed broadband consumers now describe themselves as 'fairly satisfied' (49%) rather than 'very satisfied' (39%).

Satisfaction levels for mobile broadband have remained stable over the past year, with nearly nine in ten consumers saying they are 'very' or 'fairly' satisfied (88%).

Figure 1.11   Overall satisfaction with communications services

Proportion of users of service (per cent)
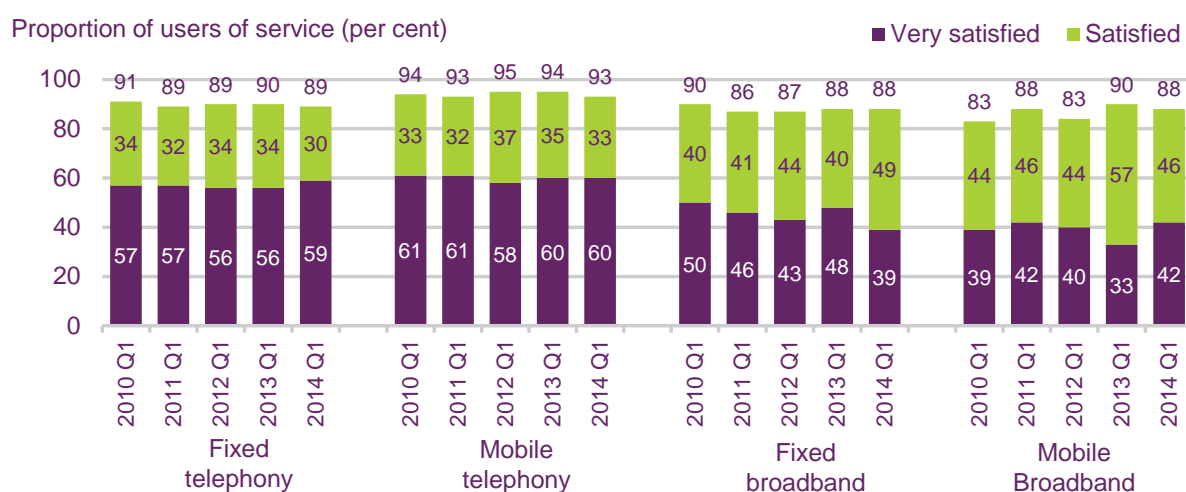
Source: Ofcom Technology Tracker
Base: UK adults 16+ who have each service in their household
Note: Shows the proportion of users with each service, includes only those who expressed an opinion.

1.3.7 Household spend on communications services

Household spend on communication services fell in real terms from £126.73 in 2008 to £117.08 in 2013, representing a monthly saving of £9.65, or £115.80 per year.

Average monthly household spend on telecoms services fell by £2.41 a month to £81.17 in real terms (i.e. adjusted for inflation) in 2013. Despite an increase in the number of residential fixed lines in 2013, average household spend on fixed voice services fell during the year as a result of declining average call volumes per line. Falling prices and declining use of SMS messaging services resulted in a decline in average household spend on mobile voice and data during the year, while average fixed internet spend continued to increase as a result of growth in fixed broadband take-up and consumers switching to superfast broadband services.

Household spend on television remained relatively stable, rising by £0.02 since 2012, to £30.61.

Figure 1.12   Average household spend on communications services

£ per month (2013 prices)

	2008	2009	2010	2011	2012	2013
% of total spend	5.3%	5.4%	5.4%	5.4%	5.5%	5.5%
Total	126.73	122.19	121.48	120.40	119.20	117.08
Television	29.68	29.75	30.68	31.01	30.59	30.61
Fixed internet	11.77	11.59	11.28	11.79	12.49	13.19
Mobile services	52.32	49.95	49.32	48.70	48.23	45.65
Fixed voice	27.59	25.67	25.49	23.80	22.85	22.32

Legend: Post, Radio, Television, Fixed internet, Mobile services, Fixed voice, % of total spend
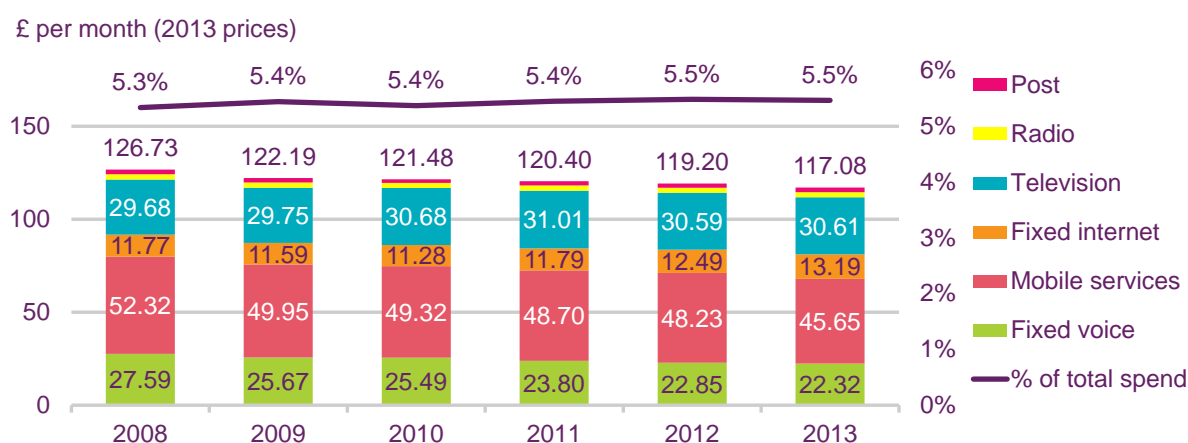
Source: Ofcom / operators/ ONS
Notes: Adjusted for CPI; includes VAT.

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1.4 Measuring confidence in digital communications services

1.4.1 Introduction

Technology is playing an increasingly important role in people's lives. As this trend continues, the importance of people's understanding of, and confidence in using, technology grows.

In 2013, Ofcom's UK Consumer Segmentation research grouped UK adults into distinct segments based on their use of, and attitudes towards, communications services and technology. Using this project as a base, Ofcom wanted to measure an individual's' technological aptitude in order to understand their confidence, competence and knowledge. This led to the development of an index-linked scoring system, with the average adult being rated as 100. We have called this the **Digital Confidence Score**.

This report outlines the methodological approach taken to create the Digital Confidence Score, and highlights the key findings from the data collected during the process.

1.4.2 Methodological approach

As a starting point, the UK *Consumer Segmentation* (2013) questionnaire was reviewed to identify the key technology-based questions. These were used to create a short questionnaire covering awareness and knowledge of newer products and services, and attitude statements about technology.

In order to cover all age groups, a two-survey approach was required:

- Adults' survey: In March 2014, 1,982 face-to-face interviews were conducted among GB adults aged 15+ using Ipsos MORI's face-to-face omnibus. All data were weighted to be representative of the GB offline population.

- Children's survey: 800 online interviews were conducted, representative of children aged 6-15 across Great Britain.

The data were then analysed using factor analysis to develop an algorithm to calculate an individual's score, with an average adult score being set at 100.

Ipsos MORI has created a streamlined version of the questionnaire, which is published online. The general public can use this to assess themselves and find out an approximation of their own Digital Confidence Score.

1.4.3 Key points

- **Consumers' relationship with communications technology varies by age, with the highest levels of technological knowledge and confidence found among 14-15 year olds.** As age increases, consumers' Digital Confidence Score decreases, with 61% of over-55s registering a below-average score.

- **Males, and those in the ABC1 social group, have greater confidence with technology.** A third of males have an above-average score, compared to a fifth (22%) of females. And a third of ABC1s have an above-average score, compared with just over one in five C2DEs.

- **A third of adults claim to know a lot about 4G services, and half say they are knowledgeable about superfast broadband services.** And while over half of all adults claimed to know a lot about smartphone and tablet apps, 47% said they had never heard of Snapchat (an example we used of a newer popular communications app).

- **Knowledge and use of newer devices among adults was low.** Nearly half of all adults (46%) said that they had never heard of 'smart' glasses, and four in ten had not heard of 'smartwatches'. A quarter of adults claimed to have heard of these new devices but didn't know much about them.

- **Most adults claim that, at least sometimes, new technology confuses them.** Six in ten GB adults claim to like finding out about new technology (62%) and more than half (54%) say they wouldn't know what to do without technology. But six in ten admit that new technology confuses them, and the same proportion say they wait until someone they know gets new technology before they consider it themselves.

- **Children aged 6-15 display a greater enthusiasm and reliance on technology than the adult sample.** Three-quarters of children say they would not know what to do without technology, while this figure drops to 54% among adults. Half as many children as adults (32%) said that new technology confused them.

- **Children are advocates of technology; seven in ten claimed to tell their friends and family about new technology, compared to 47% of adults.** Almost nine in ten (88%) claimed to do 'lots of different things' on the devices that they use.

- **Knowledge and awareness of some new services was much higher among older children than adults.** Over three-quarters of children (77%) aged 12-15 claimed to know a lot about smartphone or tablet apps compared to 55% of adults, while a third were using apps such as Snapchat (compared to 12% of adults).

1.4.4 Consumer communications technology confidence and knowledge

The highest digital confidence scores are found among those aged 14-15 and 16-19

The average Digital Confidence Score varies greatly by age group, as shown by Figure 1.13. It peaks among the 14-15 age group, with an average score of 113, and the 16-19 age group with an average score of 112, but then declines with age, with marked changes at 45+, 55+ and 65+.

Figure 1.13   Digital confidence score, by age group

Average Digital Confidence Score
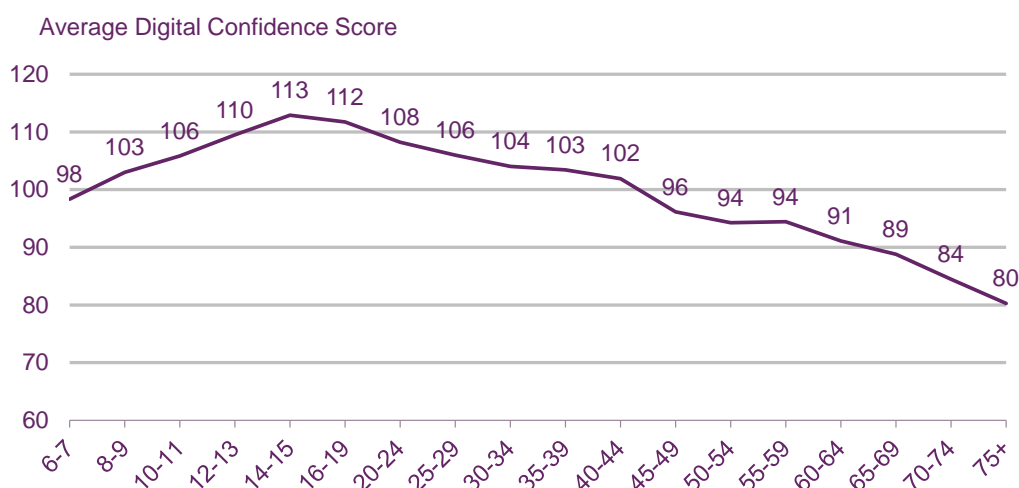
Source: Ofcom research Base: All GB (2,753)

Levels of understanding and confidence are highest among males, younger age groups and ABC1 social grades.

As shown in Figure 1.14, 35% of males display an above-average Digital Confidence Score. This compares to just over one in five females (22%) who score above average.

Over half (55%) of those aged 12-15 have an above-average score, while six in ten over-55s have a below-average score.

A third of those in the ABC1 socio-economic group have an above-average score; significantly higher than the two in five among C2DEs[6].

Figure 1.14   Digital Confidence Score, by demographics

% Digital Confidence Score score – Below average (<90), Average (90-110), Above average (110-131)
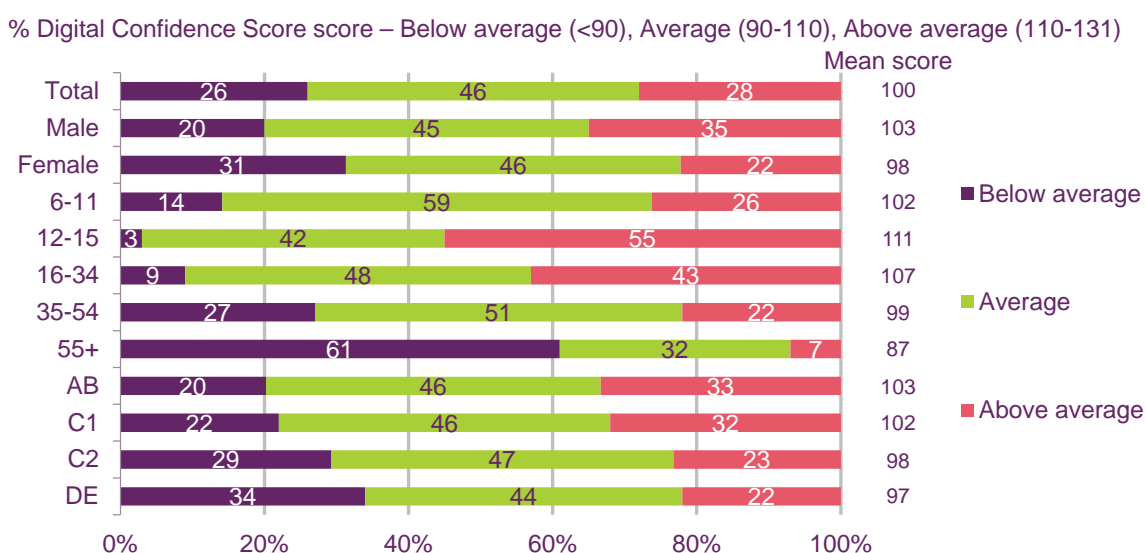
Source: Ofcom research

Source: Ofcom research Base: All GB (2,753)

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[6] Definitions of these social groups are available in the glossary at the end of the report

Males have greater confidence across all age groups

Males record a higher average Digital Confidence Score than females across all age groups (see Figure 1.15). As with the overall picture, both genders peak in the 14-15 age group, with scores for males and females of 114 and 112 respectively. The gap between males and females widens significantly between ages 30 and 54.

Figure 1.15   Digital Confidence Score, by age group
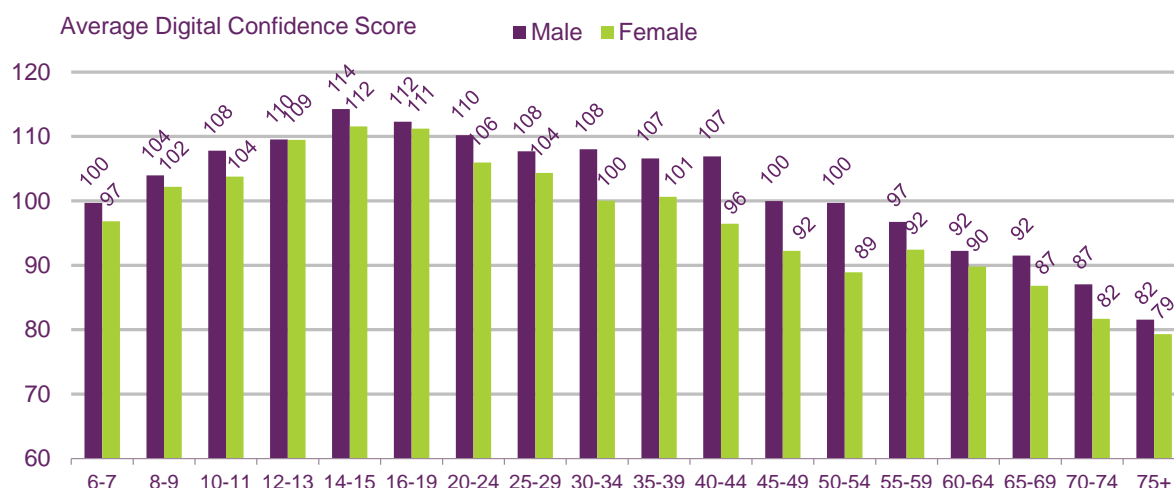
Source: Ofcom research Base: All GB (2,753)

Adults: relationship with technology

1.4.5   New product and service knowledge

Under-55s have better knowledge of the latest products and services

Almost half of GB adults (47%) are aware of, and use, smartphone and tablet apps (see Figure 1.16). This figure rises significantly to 75% among those aged between 15 and 34 (See Figure 1.17).

Figure 1.16 shows that half of GB adults claim to know a lot about superfast broadband, with 34% also claiming to use it. Levels of knowledge and use of 4G are lower, with 15% claiming that they know a lot about it *and* use it and 16% claiming to know a lot about it but not yet use it. One in five claim never to have heard of 4G, driven mainly by those over the age of 55 for whom the figure rises to two in five.

The survey asked about knowledge and use of newer communications apps, using SnapChat as an example. Snapchat allows users to send photos to recipients in their address list that will last for only a set period of time. The survey suggests that this is still a niche activity; one in five claimed to use, or know a lot about it, and 12% claimed to use it.

Figure 1.16   Knowledge and use of new services among adults
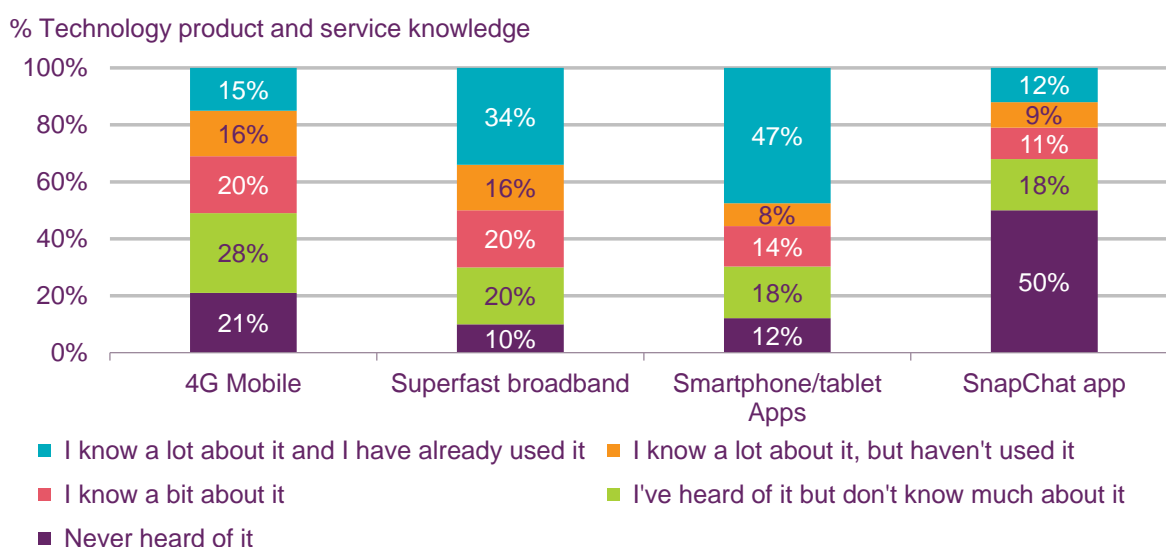
% Technology product and service knowledge

	4G Mobile	Superfast broadband	Smartphone/tablet Apps	SnapChat app
I know a lot about it and I have already used it	15%	34%	47%	12%
I know a lot about it, but haven't used it	16%	16%	8%	9%
I know a bit about it	20%	20%	14%	11%
I've heard of it but don't know much about it	28%	20%	18%	18%
Never heard of it	21%	10%	12%	50%

- ■ I know a lot about it and I have already used it
- ■ I know a lot about it, but haven't used it
- ■ I know a bit about it
- ■ I've heard of it but don't know much about it
- ■ Never heard of it

Source: Ofcom research Base: All GB adults aged 15+ (1,982)
QD3A: Which statement best applies to each of the following gadgets or services?

Figure 1.17   Knowledge and use of new services among adults, by age
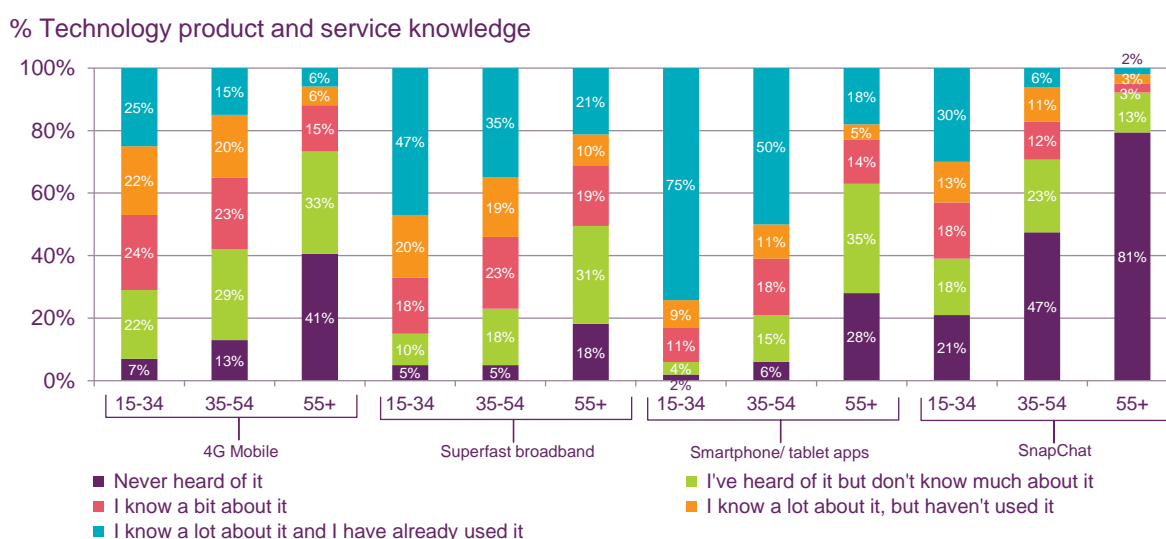
% Technology product and service knowledge

- ■ Never heard of it
- ■ I've heard of it but don't know much about it
- ■ I know a bit about it
- ■ I know a lot about it, but haven't used it
- ■ I know a lot about it and I have already used it

Source: Ofcom research Base: All GB adults aged 15+ (1,982)
QD3A: Which statement best applies to each of the following gadgets or services?

Only a minority know a lot about smart glasses and smartwatches

Almost half of the respondents aged 15+ said they had never heard of smart glasses (46%) while around four in ten had never heard of smartwatches (40%) and driverless cars (44%). Of the products asked about, respondents had the highest level of awareness of 3D printers (29% had never heard of these). Very few people had actually used any of these products – the highest level of claimed use was 2% for 3D printers.

Figure 1.18 Adults' knowledge of smart glasses, smartwatches, 3D printers and driverless cars

% Technology product and service knowledge

	Smart glasses	Smart watches	3D printers	Driverless car
I know a lot about it, but haven't used it	12%	12%	15%	9%
I know a bit about it	17%	18%	22%	16%
I've heard of it but don't know much about it	25%	28%	32%	30%
Never heard of it	46%	40%	29%	44%

Legend:
- ■ I know a lot about it and I have already used it
- ■ I know a lot about it, but haven't used it
- ■ I know a bit about it
- ■ I've heard of it but don't know much about it
- ■ Never heard of it
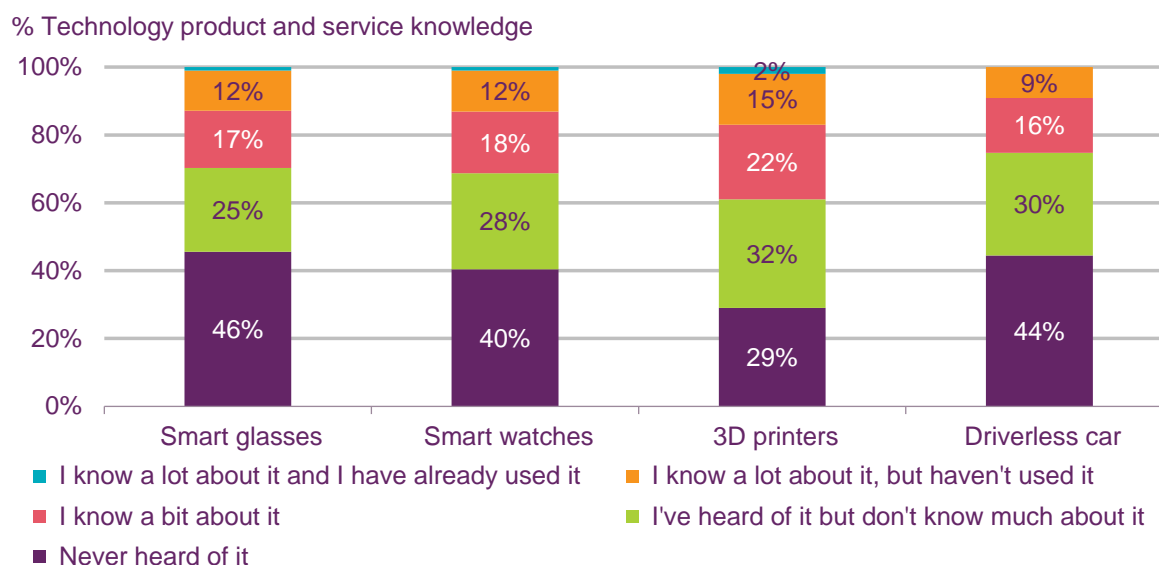
Source: Ofcom research   Base: All GB adults aged 15+ (1,982)
QD3B: Which statement best applies to each of the following new gadgets?

1.4.6 Attitude towards technology and services

Six in ten adults claim that technology confuses them

Figure 1.19 illustrates responses to a range of attitude statements, used to help gauge adults' confidence with technology. A quarter of GB adults claim that they 'always' use social networking to keep in touch with friends and family (26%). This is higher than the number who say they 'always' prefer to make contact via SMS rather than phone calls (23%). More than six in ten claimed that they 'always' or 'sometimes' know how to use lots of devices, and a similar number claim to do a lot of different things on the devices they use (58%).

Six in ten GB adults claim that they 'always' or 'sometimes' like finding out about new technology (62%) and more than half (54%) say they wouldn't know what to do without technology. But six in ten admit that new technology 'always' or 'sometimes' confuses them, and the same proportion say they wait until someone they know gets new technology before they consider it themselves. Half of all GB adults claim that they 'always' or 'sometimes' watch TV shows online, with over a third (39%) uploading photos and videos online.

Figure 1.19   Attitudes towards communications technology among adults

Legend: ■ Always ■ Sometimes ■ Hardly ever ■ Never

Statement	Always	Sometimes	Hardly ever	Never
I use social networking just to keep in touch with friends and family	26%	26%	10%	38%
I prefer to contact friends by SMS than by phone call	23%	39%	14%	24%
I do lots of different things on the gadgets that I use	23%	35%	21%	20%
I know how to use lots of gadgets	23%	38%	22%	18%
I like to find out about new technology	23%	39%	19%	19%
I use social networking to do lots of different things	21%	25%	15%	39%
I wait until someone I know gets new technology before I consider it	20%	40%	18%	23%
I would not know what to do without technology	19%	35%	21%	25%
I like working out how to use different gadgets	19%	35%	21%	25%
New technology confuses me	18%	42%	20%	20%
I upload photos and videos online	15%	24%	17%	44%
I watch TV shows online (e.g. BBC iPlayer, 4OD)	13%	37%	15%	35%
I tell my friends or family about new technology	13%	34%	19%	34%
My friends/ family ask what I think about new gadgets/ apps	10%	35%	21%	34%
I am one of the first to try out new technology	7%	27%	28%	37%

Source: Ofcom research Base: All GB adults aged 15+ (1,982)
QD4: Please tell us how much each of these applies to you?

Children: relationship with communications technology

1.4.7   New product and service knowledge

Knowledge of products and services is significantly higher among older children

More than half of children aged 6-15 (54%) claim to know a lot about, and use, smartphone and tablet apps, with only 3% never having heard of them. The figure rises to 77% among the 12-15 age group.

Use of 4G among 6-15 year olds is just 5%, with a quarter (26%) knowing 'a bit' about it.

Superfast broadband knowledge and use is higher than for 4G; 31% of children claim to know a lot about it. This is significantly higher among boys than girls (35% vs. 26%) and in the 12-15 age group vs. the 6-11s (42% vs. 19%).

Knowledge and use of apps such as Snapchat is 18% among children aged 6-15; higher than the 12% among GB adults. In the 6-15 age group, knowledge of such apps is significantly higher among girls than boys, with 34% and 25% respectively claiming to know a lot about it.

Figure 1.20   Knowledge and use of new services among children

% Technology product and service knowledge

	4G Mobile	Superfast broadband	Smartphone/tablet Apps	SnapChat app
I know a lot about it and I have already used it	5	19	54	18
I know a lot about it, but haven't used it	12	12	12	11
I know a bit about it	26	28	23	15
I've heard of it but don't know much about it	31	27	8	16
Never heard of it	26	15	3	40

■ I know a lot about it and I have already used it   ■ I know a lot about it, but haven't used it
■ I know a bit about it   ■ I've heard of it but don't know much about it
■ Never heard of it

Source: Ofcom research Base: GB children aged 6-15 (800)
QD3A: Which statement best applies to each of the following gadgets or services?

Figure 1.21   Knowledge and use of new services among children, by age

% Technology product and service knowledge
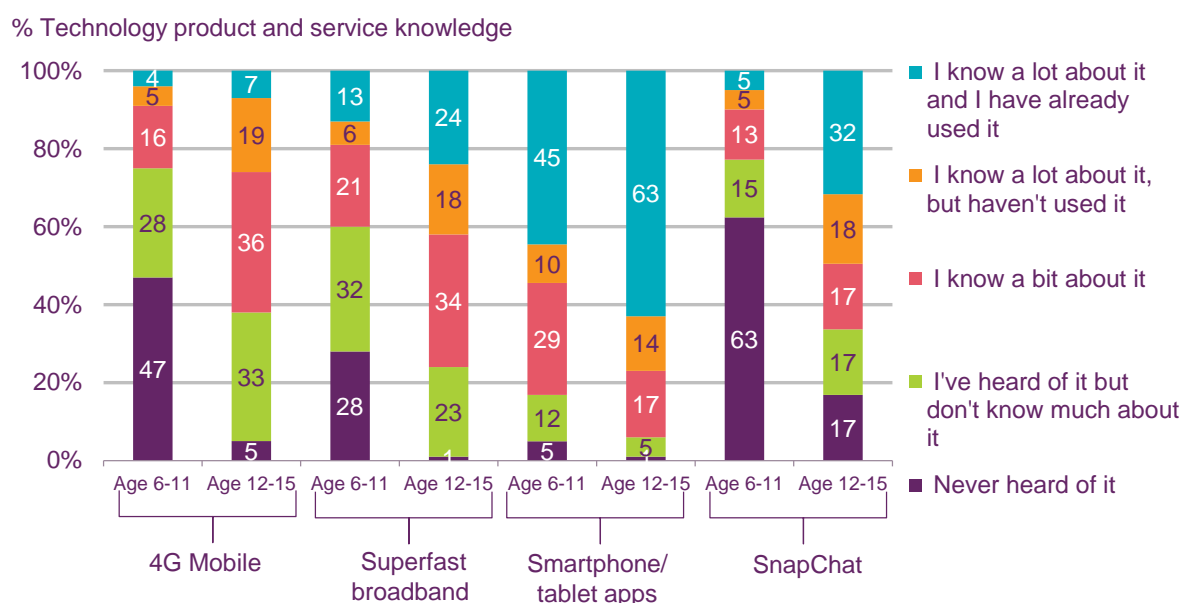
Source: Ofcom research   Base: GB children aged 6-11 (400), aged 12-15 (400)
QD3A: Which statement best applies to each of the following gadgets or services?

There is minimal knowledge and use of smartwatches and smart glasses

Figure 1.22 shows that among children aged 6-15, more than 4 in 10 (44%) have never heard of smart glasses, and this rises to just under 3 in 5 (59%) for driverless cars. Claimed knowledge of selected new products, although low in absolute terms, is significantly higher among males than females and among the 12-15 age group rather than the 6-11 group (see Figure 1.23).

In the 6-11 age group there is very little awareness of these new devices; the majority have never heard of driverless cars (73%), smart glasses (64%), smartwatches (57%), or 3D

printers (54%). In comparison, around eight in ten children aged 12-15 claim to have heard of smart glasses (77%), smart watches (81%) and 3D printers (81%).

Figure 1.22 **Children's knowledge of smart glasses, smartwatches, 3D printers and driverless cars**

% Technology product and service knowledge
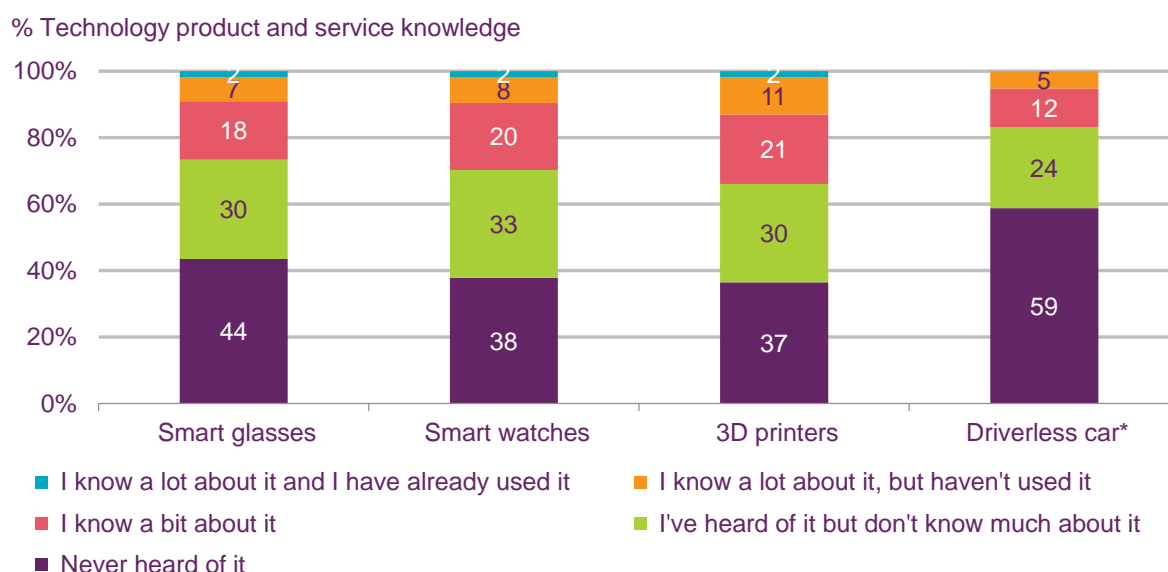
Source: Ofcom research Base: GB children aged 6-15 (800)
QD3B: Which statement best applies to each of the following NEW gadgets?
*For driverless car 'I know a lot about it and I have already used' only an "N/A" response was allowed

Figure 1.23 **Children's knowledge of smart glasses, smartwatches, 3D printers and driverless cars, by age**

% Technology product and service knowledge
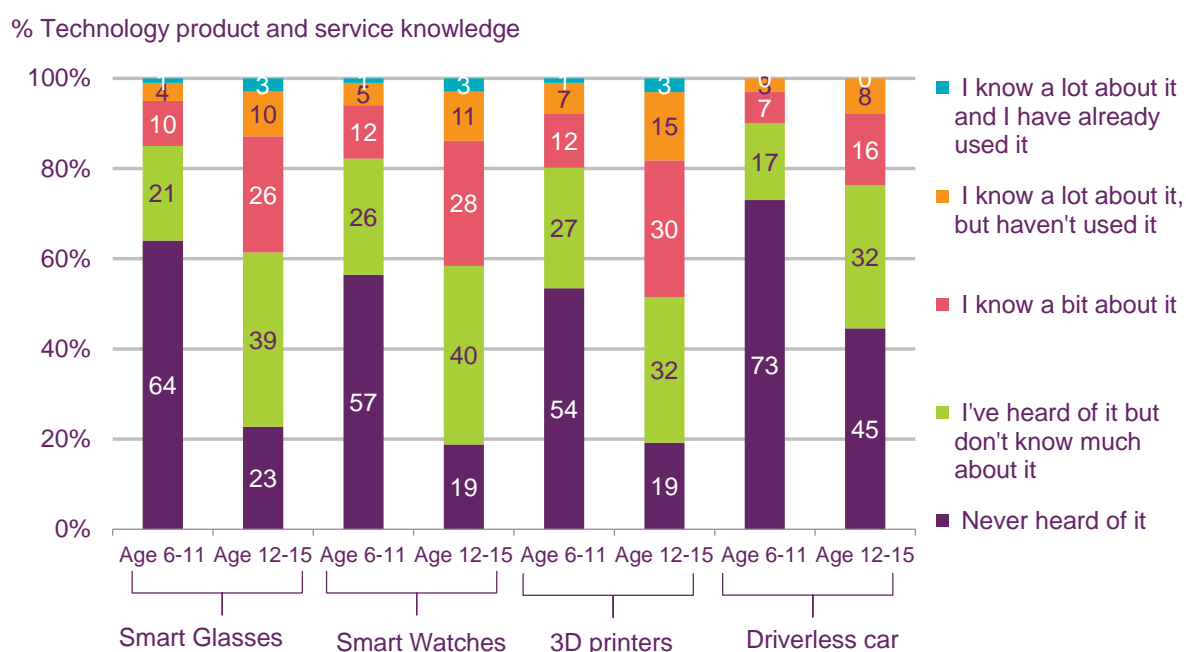
Source: Ofcom research Base: GB children aged 6-11 (400), aged 12-15 (400)
QD3B: Which statement best applies to each of the following NEW gadgets?

1.4.8 Attitude towards technology and services

Enthusiasm about technological advances was greater among children than adults

Forty-two per cent of children claim that they 'always' know how to use lots of devices, or like working out how to use them, and claim to do lots of different things on the devices that they use.

In general, children aged 12-15 display greater interest, use and confidence in technology than the 6-11 age group. Ninety-four per cent of children aged 12-15 claim to 'always' or 'sometimes' know how to use lots of devices, compared to 84% of the 6-11 age group. Among adults, the average figure was lower, at 58%.

Children like to find out about new technology (36% 'always' and 47% 'sometimes') and overall, three-quarters (37% always, 38% sometimes) claimed that they wouldn't know what to do without technology. Only 2% said that new technology always confused them.

A quarter (26%) of children aged 6-15 said they always used social networking to keep in touch with friends and family, while three in ten (30%) 'always' preferred to make contact by text message rather than a phone call.

Figure 1.24   Attitudes towards communications technology, among children
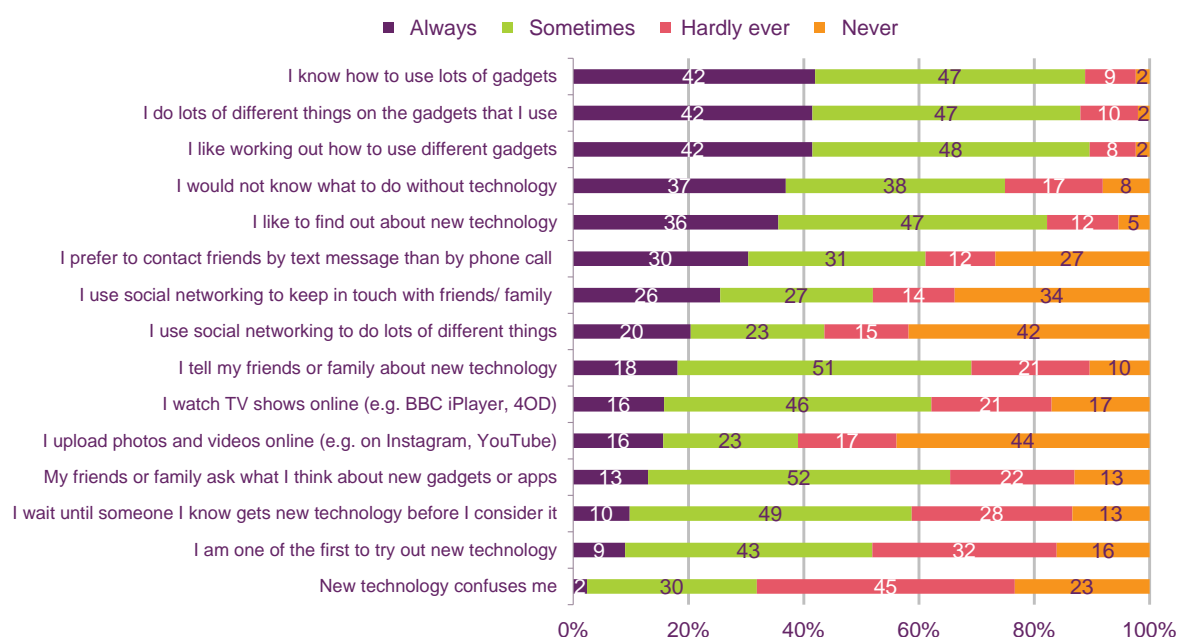
Source: Ofcom research Base: GB children aged 6-15 (800)
QD4: Please tell us how much each of these applies to you?

1.5 Digital Day 2014

1.5.1 Introduction

People have more flexibility and choice than ever before when it comes to what, how and when they access media content and use communications services. This is a result of expansion in the range of devices, services and media content now available, and the speed of their adoption.

While Ofcom makes use of a wide range of industry research that allows us to understand how people consume broadcast media and how they use websites, there is little current insight into how people use media and communications services and devices together, and how these form a central part of a consumer's day.

Therefore, in Q1 2014, Ofcom conducted an in-depth study on UK adults' and children's total media and communications activities to provide an overview of the role of media and communications in people's lives. The study was designed as a follow-up to Ofcom's Digital Day study conducted in 2010, and was undertaken to support Ofcom's regulatory goal to research markets constantly and to remain at the forefront of technological understanding.

The research provides a snapshot of people's media and communications behaviour over a seven-day period, exploring when and how people use services and devices throughout the day, covering both personal and business use, in- and out-of-home use. In this analysis 'media consumption' refers not only to viewing and listening, but to all text and voice communications, and the consumption of print media.

Participants recorded all their media behaviour in a paper diary for seven days, and these data were captured on a daily basis online or by telephone.

1.5.2 Structure

Section 1.5.5 sets out the methodology used in this study and the specific meanings of terms used. This is followed in Section 1.5.6 by an examination of consumer take-up of media and communication services and devices from Ofcom's Technology Tracker.

The findings of the Digital Day study are then set out according to the following structure:

- Section 1.5.7 provides an outline of consumer behaviour across the day and outlines people's use of media.

- Sections 1.5.8 to 1.5.12 go into more detail on the different activities undertaken, by providing an overall activity analysis for the five key activity groups studied: watching, listening, communicating (including an analysis of social networking activity), playing and reading/ browsing/ using.

- Section 1.5.13 analyses media activity through a different lens, by focusing on the devices people use.

- Section 1.5.14 studies the role of multi-tasking in media consumption.

- Section 1.5.15 concludes the chapter by looking at the role of media and communication for children.

1.5.3 Key findings

- **The average adult in the UK spends over half of their waking hours engaged in media or communications activities.** On average, UK adults sleep for 8 hours 21 minutes in a 24-hour period, while they spend 8 hours 41 minutes engaged in media or communication activity.

- **UK adults squeeze over 11 hours' worth of communications and media activity into less than nine hours.** The total volume of media and communications activities undertaken by an individual each day equate to 11 hours 7 minutes. But as some media activities are conducted simultaneously, this is squeezed into 8 hours 41 minutes per day.

- **Our media and communications consumption is growing.** Comparisons with results from our 2010 study indicate an increase in total media consumption: from 8 hours 48 minutes of total media activity in 2010 to more than 11 hours in 2014. This is likely to be due to increased take-up and use of smartphones, and generally more time spent on communication activities, especially among the 16-24 age group. Overall, 16-24s spend a substantially greater amount of time communicating at 261 mins per day versus 146 mins for UK adults as whole.

- **Media multi-tasking is undertaken by almost every person.** Almost every adult (99%) recorded conducting two or more media activities at the same time at some point during the week. This simultaneous activity amounted to an average time of 2 hours 3 minutes a day. Watching live TV and making voice calls was the most popular multi-tasking combination, with 42% of adults doing this throughout the week.

- **On average, adults spend almost three hours each day watching live television.** Watching live television is the individual activity that has most time spent on it. Across all adults, it accounts for 2 hours 58 minutes per day. On average, 82% of adults watched live TV each day, while 94% watched it during the week. Live TV viewing peaked at 9pm when 80% of adults were watching it.

- **However, young people spend as much time on text communications as watching TV or films on a TV set.** Among all adults, 37% of total time spent on media and communications activities is attributed to watching TV or films on a television set. However, less than a quarter (24%) of the media and communications activity of an average 16-24 year-old is spent doing this, compared to half (49%) for those aged 65 and older. The pattern switches for text communications; for 16-24 year olds, 23% of their media time is spent engaged in this form of activity (such as texting or communicating via social networks) compared to 7% for those aged 65+.

- **Live TV accounts for half of the time younger people spend on 'watching' activities compared to 69% among all adults.** Live TV is followed by just under a fifth (16%) of 'watching' time spent on recorded television among UK adults as a whole. In comparison, among 16-24s, only half (50%) of their time spent on 'watching' activities is accounted for by live TV. A fifth (21%) of their viewing time is spent consuming online content; 13% consuming downloaded/ streamed content and 8% watching short online video clips – a significantly greater proportion than for any other age group.

- **Listening to live radio is only the third most popular audio activity for 16-24s, after streaming music and listening to a personal digital music collection.** Taking into account all audio-based activities, listening to live radio makes up 71%. However, for 16-24 year olds, listening to live radio comprises less than a quarter

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(24%) of their time spent on listening activities, with personal digital music and streamed music together accounting for 60% of their listening time.

- **16-24 year olds who use social media spend almost one and a half hours on it per day.** Over eight in ten adults in this age group (82%) used social networking sites during the week, and use of social networking sites accounts for a quarter of all time spent communicating for this age group. Young people (16-24) who use social media spend 1 hour 24 minutes on it per day, compared to 51 minutes per day spent on average by adult social media users.

- **Smartphones are ranked third in terms of time spent on devices across a typical day, after TV and desktops/ laptops.** However, their central role in consumers' lives is particularly evident among those aged 16-24; a quarter of all media time spent by this age group is spent on a mobile phone and 77% of the time they spend on social media is on a mobile phone. The device that shows the largest difference in terms of daily use by age among adults is the smartphone with 16-24 year olds spending over three and a half hours on this device each day (216 mins) versus 82 mins for UK adults.

- **Whereas among 6-15 year olds tablets and smartphones are more popular than desktop/laptops.** Tablets are the most used device among 6-11s after TV sets. Sixty per cent of children aged 6-11 years claim to use tablets each week compared to 38% of all adults. For 12-15s, smartphones are the most used device each week (67%) after TV sets.

1.5.4 Fast facts

Below is a selection of key data for different age groups and other selected demographic groups.

Figure 1.25   Key data among all adults and a selection of audience groups

	All 16+	16-24s	25-34s	35-44s	45-54	55-64	65+
Overall day							
Time Awake (mins per day)	939	884	929	942	953	961	956
Total time spent with media and comms (mins per day)	667	847	706	654	680	615	556
Amount of media and comms activity (mins per day)	521	548	523	504	549	517	495
Simultaneous and solus activity							
Proportion of media and comms time that is solus	79%	65%	75%	77%	81%	83%	89%
Proportion of media and comms time that is simultaneous	21%	35%	25%	23%	19%	17%	11%
Proportion of all media time spent on each grouped activity							
Watching TV or films on a TV set (% of all activity)	37%	24%	31%	34%	39%	45%	49%
Watching TV or films on another device (% of all activity)	2%	5%	3%	2%	1%	1%	1%
Watching other video (short clips) (% of all activity)	1%	3%	1%	0%	1%	0%	0%
Radio on radio set (% of all activity)	10%	2%	8%	12%	13%	13%	15%
Radio on another device (% of all activity)	2%	1%	3%	2%	3%	2%	1%
Other audio (% of all activity)	5%	9%	5%	5%	3%	3%	2%
Print media (% of all activity)	2%	1%	1%	1%	2%	3%	6%
Voice communications (% of all activity)	5%	5%	6%	6%	5%	4%	4%
Text communications (% of all activity)	16%	23%	20%	18%	14%	10%	7%
Games (% of all activity)	5%	9%	7%	4%	3%	3%	2%
Other internet media (% of all activity)	11%	11%	12%	10%	10%	10%	10%
Other non-internet media (% of all activity)	5%	7%	5%	5%	6%	5%	3%

	All 16+	Men	Women	Working	Not Working
Overall day					
Time Awake (minutes per day)	939	945	934	939	939
Total time spent with media and comms (minutes per day)	667	687	648	672	658
Amount of media and comms activity (minutes per day)	521	535	507	515	525
Simultaneous and solus activity					
Proportion of media and comms time that is solus	79%	79%	78%	77%	81%
Proportion of media and comms time that is simultaneous	21%	21%	22%	23%	19%
Proportion of all media time spent on each grouped activity					
Watching TV or films on a TV set (% of all activity)	37%	34%	39%	33%	42%
Watching TV or films on another device (% of all activity)	2%	2%	2%	2%	2%
Watching other video (short clips) (% of all activity)	1%	1%	0%	1%	1%
Radio on radio set (% of all activity)	10%	11%	10%	11%	10%
Radio on another device (% of all activity)	2%	2%	2%	2%	2%
Other audio (% of all activity)	5%	5%	4%	4%	5%
Print media (% of all activity)	2%	2%	2%	1%	3%
Voice communications (% of all activity)	5%	5%	5%	6%	3%
Text communications (% of all activity)	16%	15%	16%	18%	12%
Games (% of all activity)	5%	6%	3%	4%	5%
Other internet media (% of all activity)	11%	10%	11%	10%	11%
Other non-internet media (% of all activity)	5%	5%	4%	6%	3%

Source: Digital Day 7-day diary
Base: All activity records for adults aged 16+ (108782), 16-24 (6910), 25-34 (16035), 35-44 (25304), 45-54 (26662), 55-64 (19918), 65+ (13953), Men (45218), women (63564), Working (69062), Not working (39720)
Green shading indicates results higher than the UK average and red shading indicates results lower than the UK average.

1.5.5 Methodology

Ofcom conducted a research study into consumers' media and communications activities. A nationally representative sample of 1,644 adults aged 16+ participated in the study across the UK in March-April 2014. A children's sample of 186 primary school children (aged 6-11) and 173 secondary school children (aged 11-15) also took part, completing a three-day media diary.

This study was designed to cover similar ground to Ofcom's 2010 Digital Day study, but with improved methodology, in part thanks to developments in data capture and analysis.

Adult participants recorded all their media behaviour in a paper diary for seven days, and these data were captured on a daily basis online or by telephone. People recorded when they undertook any of the activities listed in Figure 1.26 and what device they were using.

The dataset analysed in this report includes only those participants who completed all seven days. The analysis also focuses on the adult quantitative study; detailed results from the children's study and a small qualitative element will be incorporated in the full research results to be published in autumn 2014.

The study collected information on time spent, concurrent media use, device use, the importance of activities and the reasons they were undertaken. A questionnaire on the last survey day captured further contextual information on respondents' media activities and habits.

Comparisons with industry data

Television industry data from BARB show weekly reach levels and volumes of activity comparable with this study[7]. However, this study recorded lower reach and volumes than industry data for radio (comparing Digital Day results to the RAJAR database). A range of factors may have contributed to this difference. These include:

- The broad nature of the Digital Day survey; it covers a wide range of media, rather than focusing on one specific medium.

- Activities that receive lower consumer attention, or are undertaken passively, such as radio, may be less likely to be recalled.

These factors may explain differences between the two data sources.

Activities and services covered

The survey measured people's use of 28 different media and communications activities using a range of devices, on a 15-minute basis, across seven days. Figure 1.26 defines the aggregate media categories used throughout the report. In addition to the main activity types (e.g. watching, listening, communicating), these have been divided into grouped activities (e.g. 'watching' activities comprise TV or films on a TV set, TV or films on another device and other video including short clips). The categories are designed to reflect the broad purposes of media and communications activities across a range of devices.

For more in-depth analysis of television, radio and internet consumption using industry data, please see the relevant section of this publication (TV and audio-visual, Radio and audio, Internet and web-based content, Telecoms and networks).

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[7] TV viewing figures presented in this section are all from the Digital Day diary study. Figures for TV viewing from the BARB database are discussed in Chapter 2: Television and audio-visual

Figure 1.26   Media consumption activities

Activity types	Grouped activities	Activities
Watching	TV or films on a TV set	Live TV, Recorded TV, On-demand / catch-up TV or films (free), Downloaded or streamed TV or films (paid-for) , TV or films on DVD, Blu-ray, VHS video
	TV or films on another device	Live TV, Recorded TV, On-demand / catch-up TV or films (free), Downloaded or streamed TV or films (paid-for) , TV or films on DVD, Blu-ray, VHS video
	Other video (short clips)	Short online video clips
Listening	Radio on radio set	Radio (at the time of broadcast), On-demand/'Listen again' radio programmes or podcasts
	Radio on another device	Radio (at the time of broadcast), On-demand/'Listen again' radio programmes or podcasts
	Other audio	Personal digital music or audio collection , Streamed online music, Personal music collection on CD, Vinyl record or cassette tapes, Music videos (background listening)
Communicating	Voice communications	By phone call, By video calls
	Text communications	Through a Social Networking site (excluding checking updates), Instant Messaging, email (reading or writing), Text message, Photo or video messages (viewing or sending) or Snapchat
Playing	Games	Games (on an electronic device)
Read/ browsed/ used	Print media	A newspaper/article (printed or online/digital including apps), A magazine /article (printed or online/digital including apps), A book (printed or eBook)
	Other Internet media	A newspaper/article (printed or online/digital including apps), A magazine /article (printed or online/digital including apps), Other online news (not through an newspaper site), Sports news /updates (not through a newspaper site), Online shopping or ticketing site/ app, Other websites or apps - including online banking, checking updates on social networks (e.g. Facebook, Twitter) etc.
	Other non-internet media	A book (printed or eBook), Other activities such as creating office documents/spreadsheets, creating or editing videos/music/audio etc. or other apps or software/programs

Terminology

The analysis examines a range of media behaviours. These include people undertaking more than one media activity at the same time ('simultaneous' media consumption) and doing them separately ('solus' media consumption). The terminology is defined in Figure 1.27 below.

Figure 1.27   Terminology used in this section

Grouped activities	Activities
Simultaneous media consumption	Media consumed while doing another media activity at the same time, e.g. texting and watching television.
Solus media consumption	Media consumed while doing no other media activity.
Weekly reach	The proportion of individuals consuming each media within the week e.g. % of all adults that watched live TV across the week
Volume	Average minutes consumed per day.
Importance	The average score of claimed importance overall for each activity (on a scale of 1 to 10)

1.5.6 Consumer take-up of media and communications services and devices

Smartphone and tablet growth has contributed to the rise in take-up of connected devices

People face a great deal of choice when deciding how, when and where to access media and communications services. This is driven by the (in some cases rapid) adoption of internet-connected devices. Ofcom's Technology Tracker (Quarter 1, 2014[8]) identified some of the more popular technologies and services embraced by many people in the UK (see Figure 1.28). In particular:

- digital television: this is almost ubiquitous – it is in 97% of households;

- computers: 79% of households have at least one desktop PC/ laptop/ tablet;

- smartphones, which are now personally used by 61% of adults;

- tablets, which are now used in 44% of households (14% of homes have two or more); and

- broadband services are now present in almost eight in ten homes (77%).

Figure 1.28   Household take-up of communications and media devices
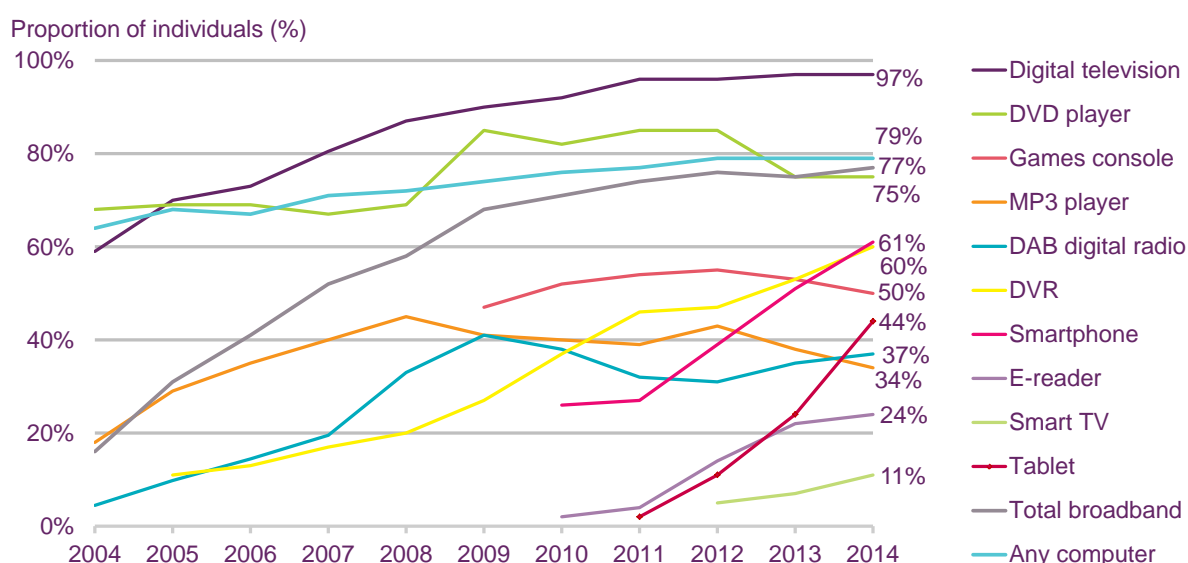
Source: Ofcom Technology Tracker. Data from Q1 of each year
Note: The question wording for DVD player and DVR was changed in Q1 2009 so data are not directly comparable with previous years. Base: All adults aged 16+ (2014 n=3740).

However, take-up of communications and media devices varies significantly by age

These technologies outlined above have not been uniformly adopted across all age groups. Younger people have a greater tendency to exhibit 'early adopter' characteristics, which means that they are more likely to have access to a wide range of new communication technologies. All the 16-24s (100%) reported personally using a mobile phone, and 88% reported having a smartphone – significantly above the UK average of 65%. Ownership of

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[8] Ofcom's Q1 2014 Technology Tracker data are used in this report, as they represent the period just prior to the fieldwork for the *Digital Day* research.

MP3 players was also greatest among this group, at 44%. However, the 35-44 age group also exhibits very high take-up of some of the more expensive devices; they have the highest take-up of tablets (55%), smart TVs (17%), DAB digital radios (38%) and computers (89%). This demonstrates that age is not the only driver for take-up; disposable income also plays a part.

Take-up of most of the services and devices covered in Figure 1.29 drops significantly for the 65+ age group; 19% report using a smartphone and half have a computer or broadband in their household (52% and 49% respectively). The exception to this pattern is TV, for which penetration remains stable at approximately 97% across all age groups.

Figure 1.29   Adoption of new technologies, by age
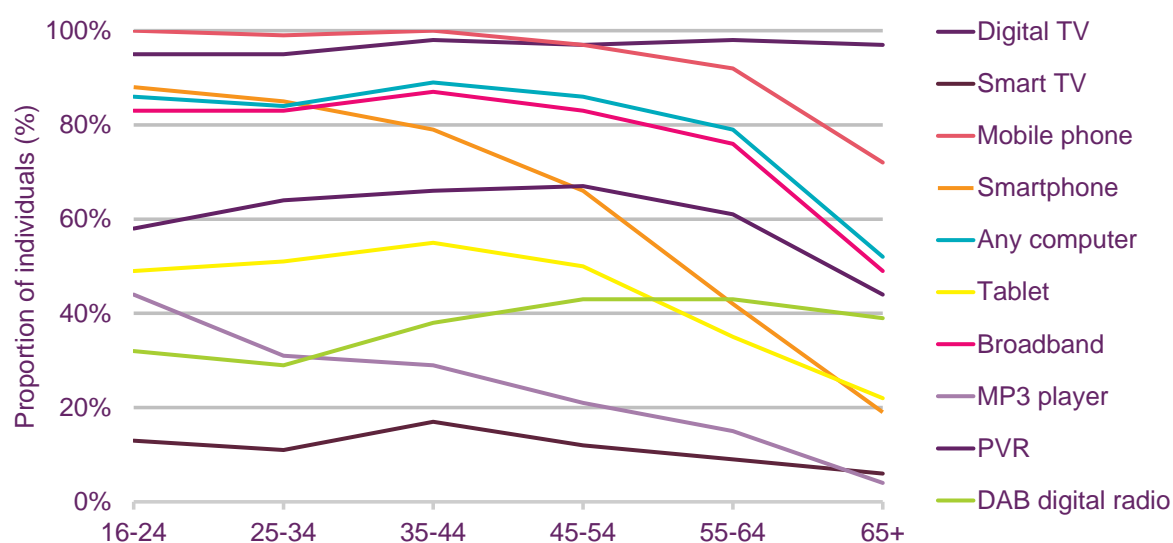
Source: Ofcom Technology Tracker, Q1 2014, 536 16-24s; 567 25-34s; 624 35-44s; 541 45-54s; 644 55-64s; 828 65+

1.5.7   Media and communications activities across the day

The average adult in the UK spends over half of their waking hours engaged in media or communications activities

On average, UK adults sleep for 8 hours 21 minutes in a 24-hour period. For the remainder of the time, they spend 8 hours 41 minutes engaged in some sort of media or communication activity, and 6 hours 58 minutes engaging in activities that do not involve media or communications. Figure 1.30 shows that there is a notable peak in media and communications activities in the evening, when they account for a 79% share of any activity at 9pm.

Figure 1.30   Proportion of media and communications activities across the day
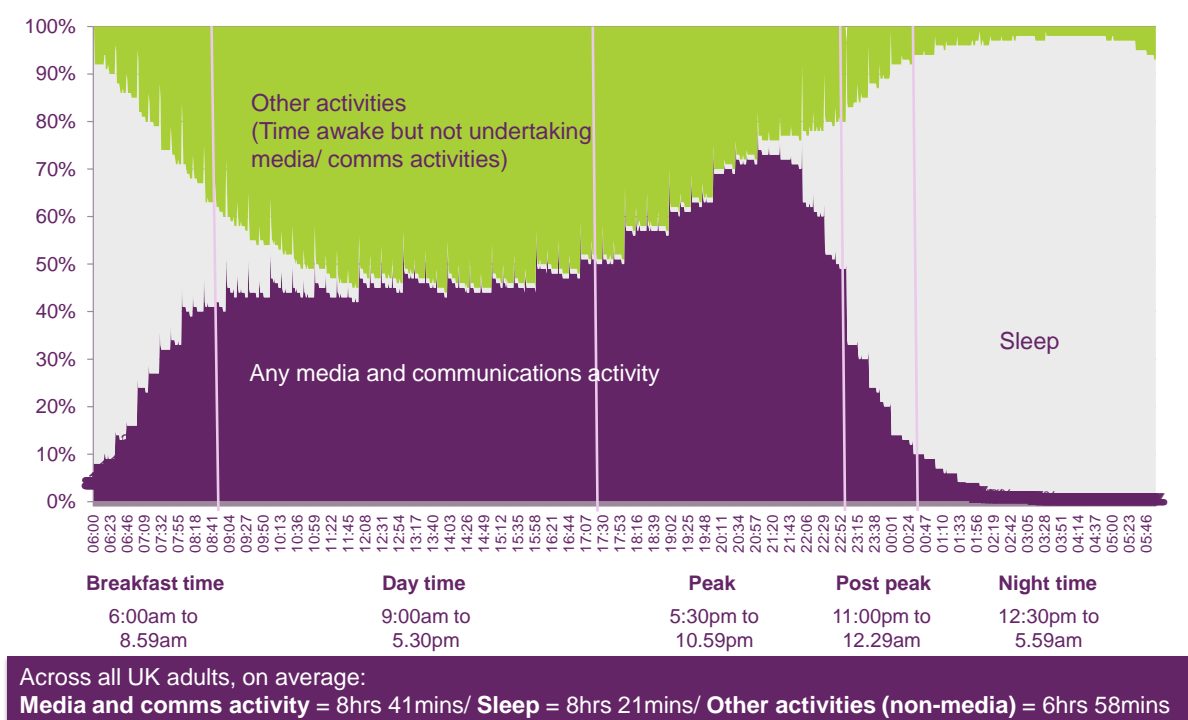
Source: Digital Day 7-day diary
Base: All minutes (14021) for each day, all adults 16+ (1644)

UK adults squeeze over 11 hours' worth of media activity into less than nine hours

Taking into account activities that are performed simultaneously, such as texting and watching television, the media and communications activities undertaken by an individual each day actually equate to 11 hours 7 minutes. But as some of these activities are conducted simultaneously, they are squeezed into 8 hours 41 minutes per day.

Our media and communications consumption is growing

Comparisons with results from our 2010 study indicate an increase in total media consumption: from 8 hours 48 minutes of total media activity in 2010 to over 11 hours in 2014. This increase in total media time is most apparent for the 16-24 age group, for whom media consumption rose from 9 hours 32 minutes in 2010 to over 14 hours in 2014.

Young people engage in over 14 hours' worth of media and communications activity in just over nine hours each day

Figure 1.32 compares solus and simultaneous media and communications use across the different age groups. Younger people, aged 16-24, are more likely to do more than one activity at the same time, as they squeeze 14 hours 7 minutes of media activity each day into 9 hours 8 minutes. Older people (aged 65+) spend less time on media and communications each day, and undertake less media multi-tasking, compressing 9 hours 16 minutes of media activity each day into 8 hours 15 minutes.

Figure 1.32   Average time spent using media and communications per day, by age group
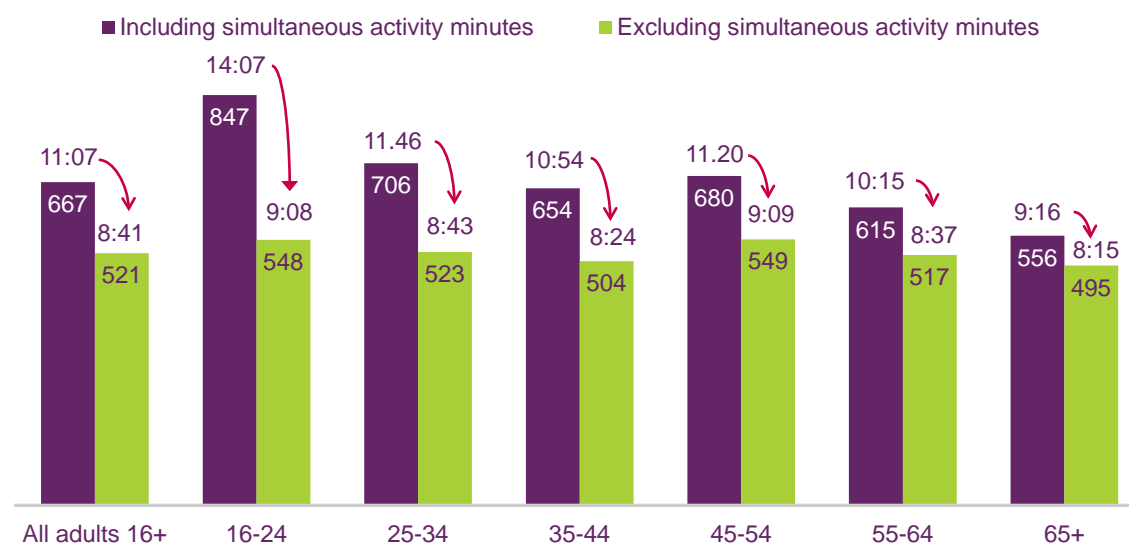
Source: Digital Day 7-day diary
Base: All activity records for adults aged 16+ (108782), 16-24 (6910), 25-34 (16035), 35-44 (25304), 45-54 (26662), 55-64 (19918), 65+ (13953)

16-24 year olds spend almost four and a half hours on communication activities each day

Figure 1.33 shows how the total time spent on media and communications activities is made up of the overall activity types. Almost two-fifths (38%) of the 11 hours 7 minutes adults engage in these types of activity each day involves watching audio-visual content. Just over a fifth of the time (22%) is spent communicating (such as text messaging, emailing or phone calls), amounting to 146 minutes (2 hours 26 minutes) per person per day. However, adults aged 16-24 spend 4 hours 21 minutes communicating per day. This is taken up mostly by text-based communications (rather than voice), and accounts for almost a third of their overall time spent on media and communications each day.

Among all adults, 'reading/ browsing/ using' activities (such as reading books, newspapers, checking updates on social networks or browsing the internet) account for just under a fifth (18%) of time spent on media and communications each day, closely followed by listening activities (such as listening to the radio or personal music collections), at 17%. Finally, across all adults, playing games (on an electronic device) accounts for just 5% of daily media and communications time, at 30 minutes per person per day, but this rises to 1 hour 11 minutes among those aged 16-24.

Figure 1.33   Average daily total media and communications time spent, including simultaneous activity

Bar chart legend: ■ All adults   ■ 16-24

Category	All adults	16-24
Total media and comms	667	847
Watching	257	254
Communicating	146	261
Reading/Browsing/Using	121	161
Listening	111	99
Playing	30	71

Watching audio-visual content, and in particular live/scheduled TV on a TV set, dominates total media and communications consumption time

Figure 1.34 shows the proportion of media activities participated in across the day. Television viewed on a TV set dominates in the evenings, taking up 60% of all media / communications activities between 9.30 and 9.44pm. Radio has a clear role as a medium to wake up to; radio listening on any device comprises 58% of all activities between 5.45 and 5.59am.

Figure 1.34   Proportion of media and communications activities across the day, all adults
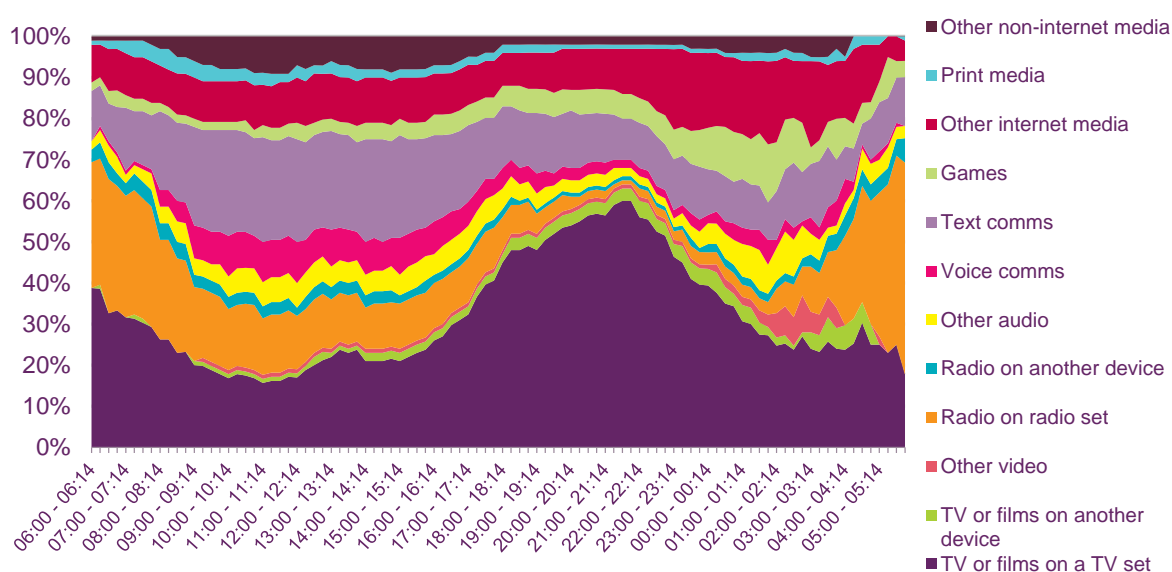
Legend:
- Other non-internet media
- Print media
- Other internet media
- Games
- Text comms
- Voice comms
- Other audio
- Radio on another device
- Radio on radio set
- Other video
- TV or films on another device
- TV or films on a TV set

However, text communications dwarf other media and communications activities across the daytime for young people

Figure 1.35 shows the proportion of media activities that young adults aged 16-24 participate in across the day. Compared to all adults, this group spends a much smaller proportion of their media time watching television on a TV set. Instead, text communications (text messaging, communicating via social networks and instant messaging) take up a much greater proportion of their media activities throughout the day. This peaks at 40% at 7am and then takes up around a third of all media and communications time between 9am and 3.14pm.

Figure 1.35   Proportion of media and communications activities across the day, 16-24 year olds
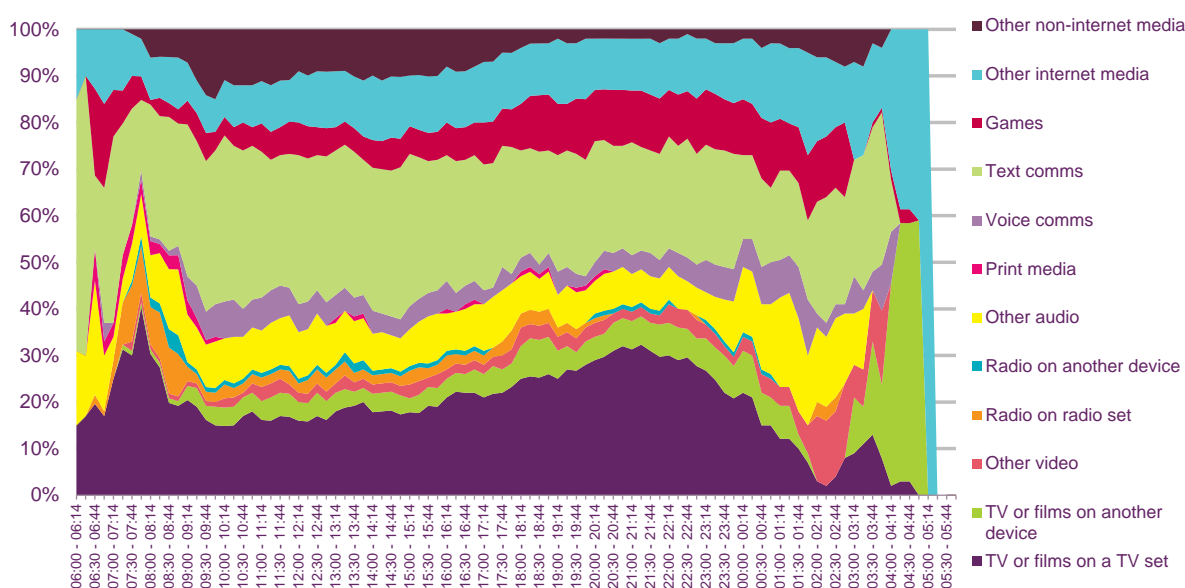
Source: Digital Day 7-day diary
Base: All activity records for adults aged 16-24 (6910) - data aggregated to 15 min slots. Note: The base of media activities changes every 15-min slot, so is much lower during sleeping hours

Listening to the radio is the key media and communications activity while travelling

Figure 1.36 shows how the spread of media activities varies by general location. Almost three-quarters (73%) of all media and communications activities are done at home. However, this differs by age; 68% of all media and communications activities undertaken by 16-24 year olds are done at home, compared to 89% by over-65s.

The chart also shows the extent to which audio activities, including listening to the radio, are carried out while travelling. For example, 47% of the time spent listening to the radio on a radio set is done while travelling. It is likely that much of this listening is in the car, as 72% of adults in this study reported that they travel to their place of work or study in a car or van.
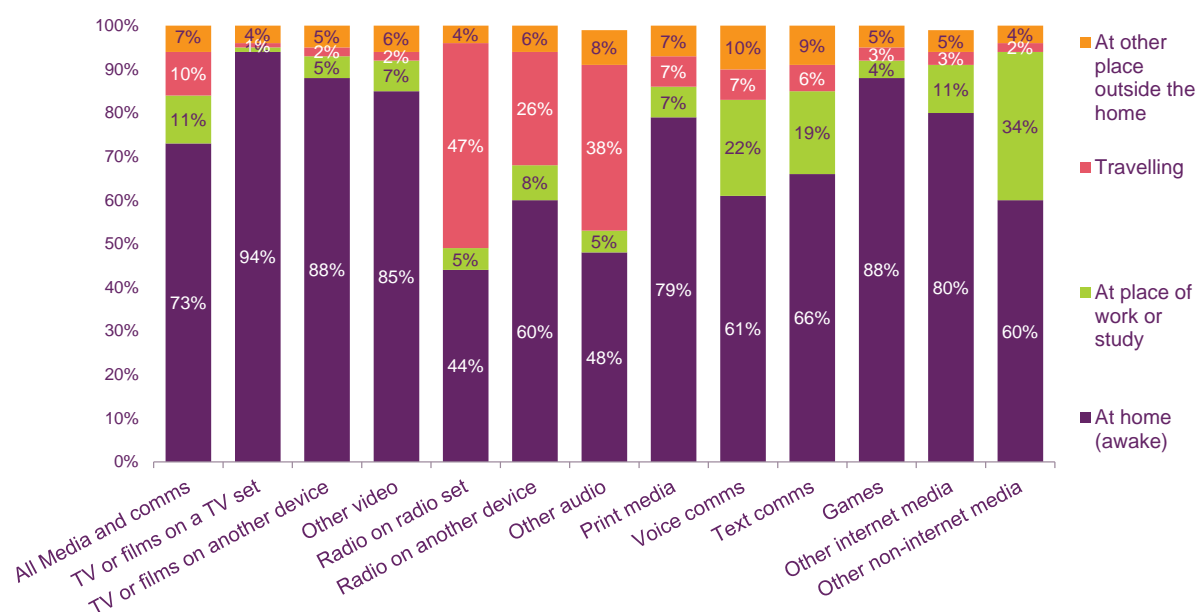
Source: Digital Day 7-day diary
Base: All activity records for adults aged 16+ (108782)

After watching live television, having a phone conversation is the activity with the highest weekly reach

The majority of adults (94%) watch live television (at the time of broadcast) each week. This was the most popular media and communications activity, and was also the activity which participants spent the most time on each day (see Figure 1.38 and Figure 1.39).

The next most popular media or communications activity, in terms of reach, is phone calls; 83% of adults record this activity during the course of the week (within this, 64% made a call via a landline, 45% using a smartphone and 18% via a standard mobile). Despite this high reach, Figure 1.38 shows that the amount of time spent on phone calls per person per day is significantly lower than for TV, at 29 minutes.

Listening to the radio is the third most participated-in weekly activity, with over three-quarters of adults (77%) indicating they do this. Communications activities comprise the reminder of the top five most popular activities: 77% use email and 71% use text messaging during the week.

Figure 1.37   Weekly reach of each media and communication activity

Live TV — 94%
Phone calls — 83%
Live radio — 77%
Email — 77%
Text messages — 71%
Other websites or apps — 64%
Recorded TV — 60%
Newspapers (printed or digital inc. apps) — 55%
Books (printed or eBook) — 47%
Comms through a Social Networking site — 46%
Games (electronic device) — 42%
Online shopping or ticketing site/ app — 40%
On-demand / catch-up TV or films (free) — 38%
Personal digital music — 33%
TV or films (physical format) — 32%
Personal music collection (physical format) — 30%
Instant Messaging — 28%
Magazines (printed or digital inc. apps) — 28%
Other online news (not newspaper site) — 28%
Short online video clips — 20%
Downloaded or streamed TV or films (paid-for) — 18%
Sports news /updates (not newspaper site) — 15%
Photo or video messages — 14%
Streamed online music — 13%
On-demand/'Listen again' radio or podcasts — 11%
Music videos (background listening) — 11%
Video calls — 11%
Other activities* — 44%

WATCHED — 99%
COMMUNICATED — 98%
READ/BROWSED/USED — 96%
LISTENED — 90%
PLAYED — 42%

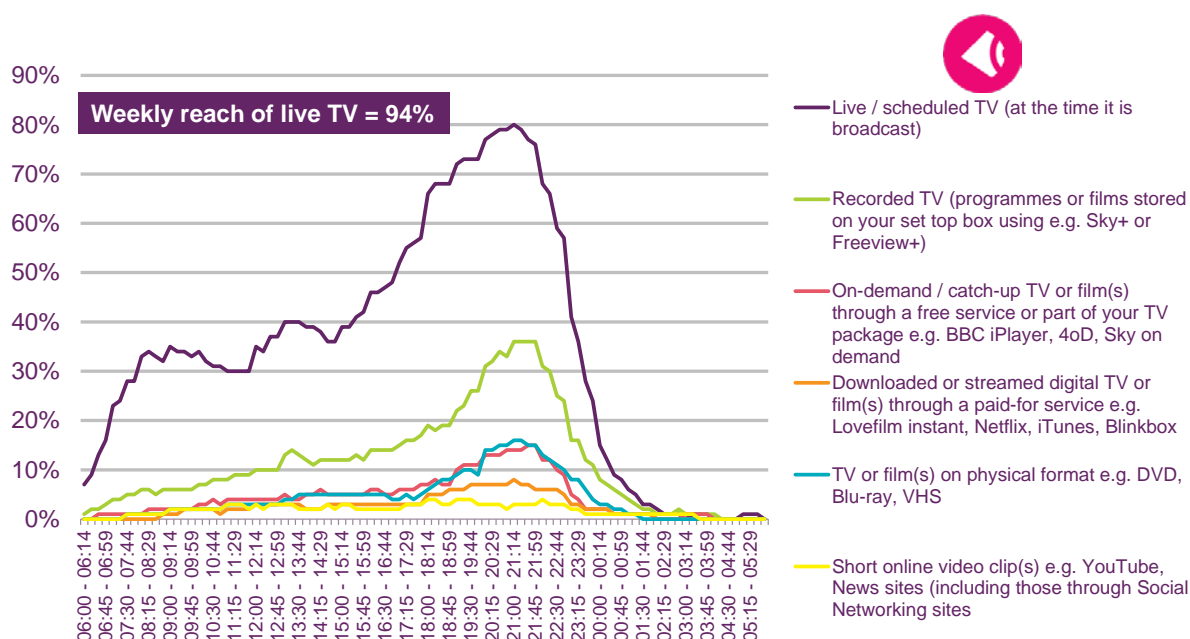*Source: Digital Day 7-day diary*
Base: All adults aged 16+ (1644)
*Other activities defined as 'other activities such as creating office documents/ spreadsheets, creating or editing videos/ music/ audio, etc. or other apps or software/ programs'.

On average, adults spend almost three hours each day watching live television, more than double the time spent listening to the radio

Watching live television is the individual activity that accounts for the most time spent, across all adults, with 2 hours 58 minutes spent doing this each day, on average (Figure 1.38). This is more than double that of the next activity, listening to live radio, which the average adult spends 1 hour 19 minutes doing each day. Among all radio listeners, however, this increases to 1 hour 42 minutes (Figure 1.39), while among those who watched any TV throughout the week, average consumption of live TV was 3 hours 9 minutes per day.

On average, adults spend half an hour each day playing games on electronic devices including games consoles, smartphones and tablets (this could be as several separate games 'sessions'). However, among those who engage in this type of activity, this increases to 1 hour 12 minutes.

Figure 1.38   Average time spent on each activity per day

Activity	Time
Live TV	02:58
Live Radio	01:19
Email	00:47
Recorded TV	00:40
Other websites or apps	00:36
Other activities*	00:31
Games (electronic device)	00:30
Phone calls	00:29
Comms through a Social Networking site	00:25
Text messaging	00:25
Books (printed or eBook)	00:20
Newspapers (Printed/digital or apps)	00:15
TV or films (Physical format)	00:13
Instant Messaging	00:12
Personal digital music or audio collection	00:12
On-demand / catch-up TV or films (free)	00:12
Downloaded or streamed TV or films (paid-for)	00:07
Personal music collection (Physical format)	00:07
Streamed online music	00:06
Online shopping or ticketing site/ apps	00:05
Short online video clips	00:05
Other online news (not newspaper site)	00:04
Magazines (Printed/digital or apps)	00:03
Sports news /updates (not newspaper site)	00:03
Music videos (background listening)	00:02
Video calls	00:02
On-demand/'Listen again' radio or podcasts	00:02
Photo or video messaging	00:02

Category	Total
WATCHED	4:17
COMMUNICATED	2.26
READ/BROWSED/USED	2:01
LISTENED	1:51
PLAYED	0.30

Source: Digital Day 7-day diary
Base: All adults aged 16+ (1644)
*Other activities defined as 'other activities such as creating office documents/ spreadsheets, creating or editing videos/ music/ audio, etc. or other apps or software/ programs'.

Figure 1.39   Average time spent on each activity per day, among users of activities

Activity	Time
Live TV	03:09
Live Radio	01:42
Games (electronic device)	01:12
Other activities	01:12
Recorded TV	01:07
Email	01:02
Other websites or apps	00:57
Comms through a Social Networking site	00:56
Streamed online music	00:51
Instant Messaging	00:44
Books (Printed or eBook)	00:44
Downloaded or streamed TV or films (paid-for)	00:43
TV or films (Physical format)	00:42
Personal digital music or audio collection	00:38
Text messaging	00:35
Phone calls	00:35
On-demand / catch-up TV or films (free)	00:32
Newspapers (Printed/ digital or apps)	00:28
Music videos (background listening)	00:27
Video calls	00:25
Personal music collection (Physical format)	00:25
Short online video clips	00:24
On-demand/'Listen again' radio or podcasts	00:22
Sports news /updates (not newspaper site)	00:20
Photo or video messaging	00:15
Other online news (not newspaper site)	00:15
Online shopping or ticketing site/ apps	00:12
Magazines (Printed/ digital or apps)	00:12

WATCHED	4:19
COMMUNICATED	2:28
READ/BROWSED/USED	2:06
LISTENED	2:03
PLAYED	1:12

Source: Digital Day 7-day diary
Base: All adults aged 16+ (1644)
*Other activities defined as 'other activities such as creating office documents/ spreadsheets, creating or editing videos/ music/ audio, etc. or other apps or software/ programs'.

Young people spend as much time on text communications as watching TV or films on a TV set

Figure 1.40 shows that the proportion of time spent watching TV or listening to radio increases with age, but time spent on text communications decreases. Among all adults, 37% of total time spent on media and communications activities is attributed to watching programmes on a television set. However, this differs by age: less than a quarter (24%) of the media and communications activity of an average 16-24 year old is spent doing this compared to half (49%) for those aged 65 and older.

The pattern is similar for listening to the radio on a radio set; 10% of time spent doing this among all adults compared to 2% for 16-24 year olds and 15% for those in the 65+ group.

The pattern changes for text communications in particular; for all adults, 16% of time is spent engaged in this form of activity, compared to 23% for 16-24 year olds and 7% for those aged over 65. This pattern is also apparent, although to a lesser extent, for games; 9% of media time for 16-24 year olds is accounted for by this activity, compared to 2% for those aged 65+.

Figure 1.40   Proportion of media and communications time, by age
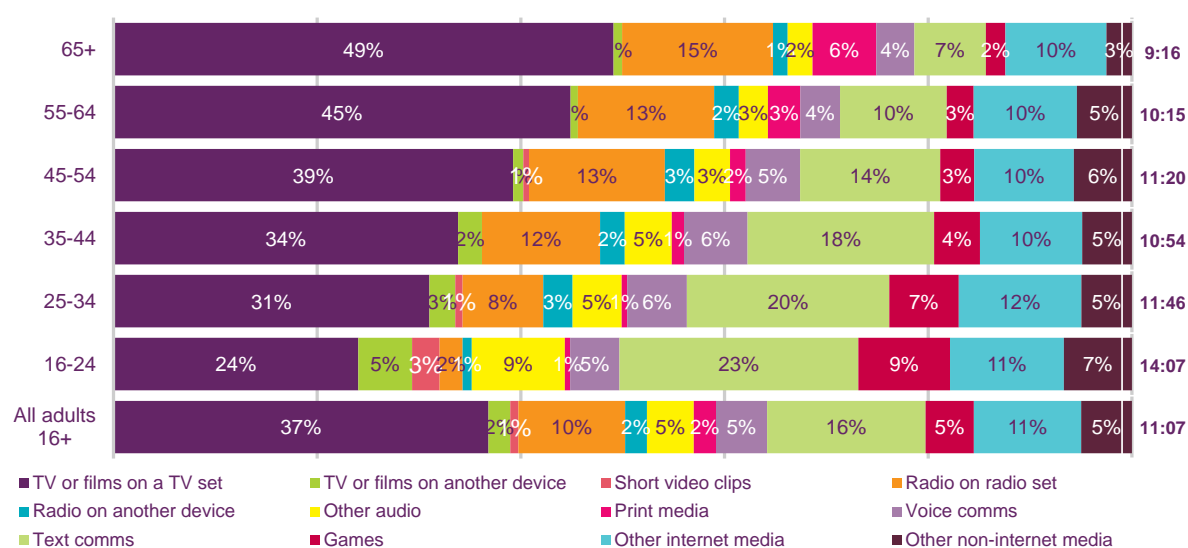
Source: Digital Day 7-day diary
Base: All adults 16+ (1644), All activity records (1644) (108782), 16-24 (6910), 25-34 (16035), 35-44 (25304), 45-54 (26662), 55-64 (19918), 65+ (13953)

Despite the popularity of TV, communicating is generally seen as more important, especially phone calls

When asked to consider the importance of each of the activities, communications activities were most likely to be rated highly, especially phone calls. This is despite voice communications accounting for only 5% of all media and communications time among all adults.

'Live' activities (watching live TV or listening to live radio) were perceived to be more important than their catch-up alternatives. Books and newspapers were also perceived to be important, having a 5.9 and 5.7 importance score respectively.

Figure 1.41   Mean importance of each activity (1= not important, 10= very important)

COMMUNICATING	6.5
READING/BROWSING/USING	6.0
LISTENING	5.4
WATCHING	5.3
PLAYING	3.2

Phone calls 7.9
Email 7.0
Text messaging 6.8
Live TV 6.3
Books (printed Or EBook) 5.9
Live Radio 5.8
Newspapers (printed Or digital Inc. Apps) 5.7
Other Websites Or Apps 5.6
Online Shopping Or Ticketing Site/ App 5.3
Recorded TV 5.1
Other Activities 5.0
Magazines (printed Or digital Inc. Apps) 4.7
Personal Music Collection (Physical format) 4.6
Other Online News (not Newspaper Site) 4.3
Comms through A Social Networking Site 4.2
Personal Digital Music Or Audio Collection 4.2
TV Or Films On DVD, Blu-ray, VHS Video 4.2
On-demand / Catch-up TV Or Films (free) 4.1
Games 3.6
Short Online Video Clips 3.2
Video calls 2.8
Instant Messaging 2.8
Sports News /updates (not Newspaper Site) 2.4
Music Videos (Background listening) 2.3
Photo Or Video Messaging 2.2
Downloaded Or Streamed TV/Films (paid-for) 1.9
On-demand/ 'Listen Again' Radio/Podcasts 1.5
Streamed Online Music 1.5

Source: Digital Day 7-day diary
Base: All adults aged 16+ (1644)
QA2. Using a scale from 1 to 10, where 1 means "not at all important" and 10 means "very important",
how important are each of these activities to you?
Note: Question only asked among those who do each activity – mean scores rebased on everyone,
with those who don't do the activity allocated a zero

A fifth of adults say watching live TV is the activity they would miss the most

When asked to consider the range of activities they engage with each week, adults are most likely to say that they would miss live television; a fifth (21%) choose this. When recorded TV is included, this increases to 29% of all adults.

Reading books and phone calls were the second and third most-missed activities (with 14% and 12% respectively choosing these).

Figure 1.42 Activity would miss the most

WATCHING	33%
COMMUNICATING	28%
READING/BROWSING/USING	21%
LISTENING	14%
PLAYING	4%
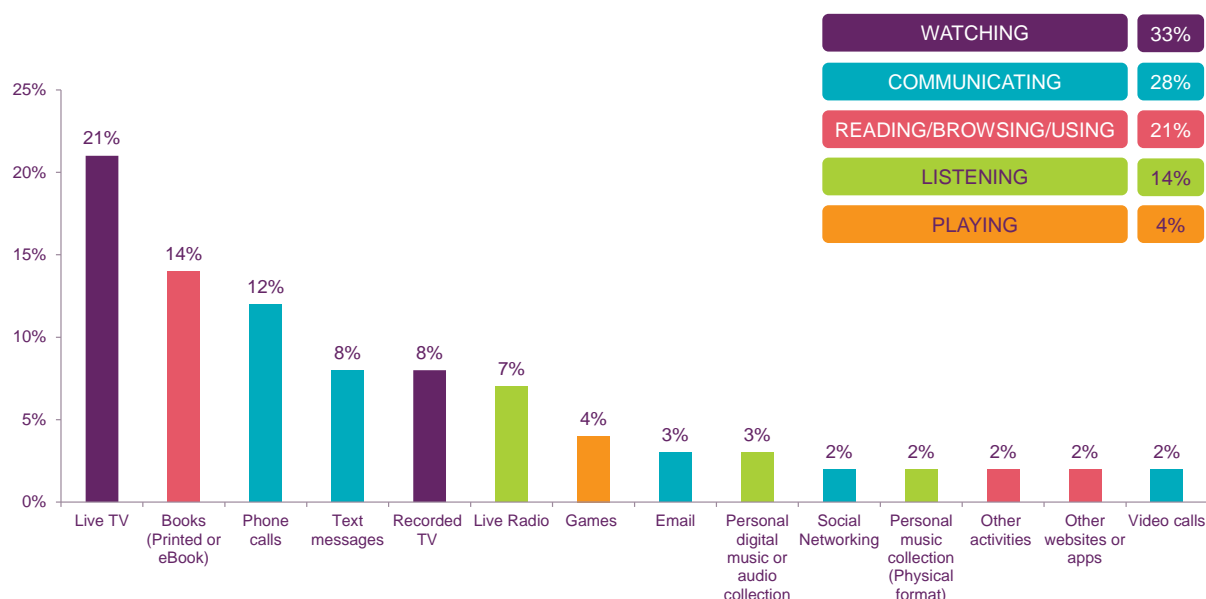
Source: Digital Day 7-day diary
Base: All adults aged 16+ (1644)
QA3. If you were no longer able to do these activities, which one of them would you miss doing the most?
Note: only activities with 2% or above shown

Over a fifth of young people say the activity they would miss doing the most is text messaging

The proportion of adults who would most miss live TV varies greatly by age, with only 3% of 16-24 year olds choosing this answer, compared to 31% of those aged 65+. Figure 1.43 compares the top ten activities missed most: by adults aged 16-24, and by those aged 65+.

The activity that would be missed the most by young people is text messaging, with 22% citing this. They are more likely to miss recorded TV (e.g. on their Sky+ or Freeview+ DVR) than live TV (ranked 11th with 3%), with 10% of 16-24s saying they would miss this.

Almost a third (31%) of older people say they would miss watching live television the most, with only 2% saying they would most miss recorded TV. Reading books is the next most-cited response among this age group (20%), almost three times the proportion for16-24 year-olds (7%).

Figure 1.43   Top ten most-missed activities, adults 16-24 vs. 65+

Rank	Activity	Adults 16-24
1	Text messages	22%
2	Games	11%
3	Recorded TV	10%
4	Books (Printed or eBook)	7%
5	Phone calls	7%
6	Social Networking	6%
7	Personal digital music / audio	5%
8	Other activities	4%
9	Video calls	4%
10	Streamed online music	4%

Rank	Activity	Adults 65+
1	Live TV	31%
2	Books (Printed or eBook)	20%
3	Phone calls	12%
4	Live Radio	10%
5	Email	6%
6	Newspapers (Printed or digital)	3%
7	Text messages	2%
8	Recorded TV	2%
9	Social Networking	2%
10	Personal music (Physical)	2%

Source: Digital Day 7-day diary
Base: 16-24 (101), 65+ (259)
QA3. If you were no longer able to do these activities, which one of them would you miss doing the most?
N.B. Other activities defined as 'other activities such as creating office documents/ spreadsheets, creating or editing videos/ music/ audio, etc. or other apps or software/ programs'.

1.5.8 Overall activity analysis: watching

Four-fifths of adults watch live television at 9pm

Across an average week, the peak for the majority of watching activities is in the evening. Live television has the highest reach, with 80% of adults indicating they are doing this at 9pm at some point in the week. Recorded TV has its highest reach between 9pm and 10pm across the week, when over a third of adults (36%) watch programmes this way.

Figure 1.44   Weekly reach of watching activities, by time

Source: Digital Day 7-day diary
Base: All adults 16+ (1644) - data aggregated to 15-min slots

Live TV accounts for half the time younger people spend watching audio-visual content

Taking all watching activities into account, over two-thirds (69%) of the time adults engage in these activities is attributed to live television, followed by just under a fifth (16%) to recorded television.

However, among younger people, aged 16-24, half (50%) of their time spent on watching activities is accounted for by live TV. Among this age group, a fifth (21%) of their viewing time is spent consuming online content (short online video clips 8%, on-demand content 7%, downloaded / streamed content 6%). A further 13% of their time watching content is via DVDs, Blu-ray or VHS.

Figure 1.45   Proportion of watching activities, by age group
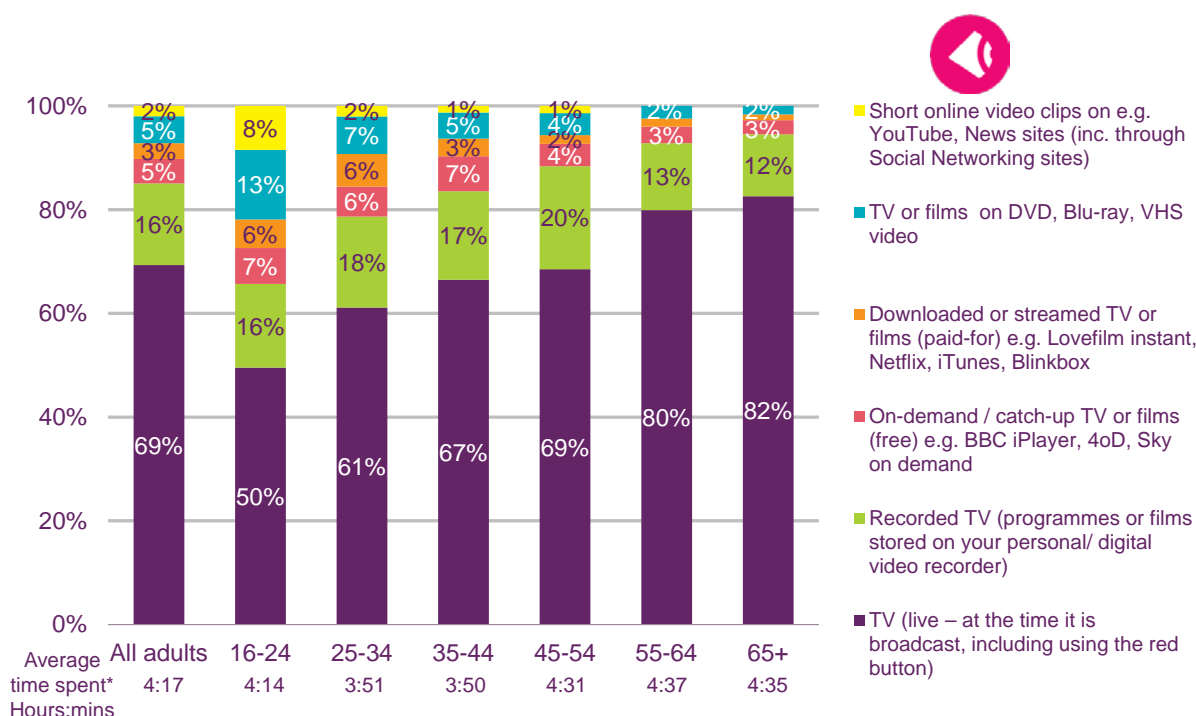
Source: Digital Day 7-day diary
Base: All watching activity records for adults 16+ (25272), 16-24 (1583), 25-34 (3390), 35-44 (5362), 45-54 (6012), 55-64 (4905), 65+ (4020)
*Average time spent is the total average daily time spent watching media, including simultaneous activity

Nearly two-thirds of online long-form audio-visual content consumed is free

Considering the consumption of long-form online content (i.e. programmes/ films rather than short video clips) via on-demand services which are free *at the point of broadcast* (e.g. BBC iPlayer, Sky On Demand) or via paid-for downloaded/streamed services (e.g. Netflix or iTunes), two-thirds (65%) is accounted for by the free on-demand services[9]. However, among those aged 35 and over, the proportion that is free increases to around three-quarters. Adults aged 25-34 view paid-for and free AV content in equal proportions.

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[9] These two types of activity were presented and defined in the diary as follows:
Watching on-demand / catch-up TV or films (free) e.g. BBC iPlayer, 4oD, Sky On Demand
Watching downloaded or streamed TV or films (paid-for) e.g. Lovefilm Instant (now Amazon Prime Instant Video), Netflix, iTunes, Blinkbox

Figure 1.46   Proportion of paid versus free on-demand AV content, by age group

■ Downloaded or streamed TV or films (paid-for) e.g. Lovefilm instant, Netflix, iTunes, Blinkbox

■ On-demand / catch-up TV or films (free) e.g. BBC iPlayer, 4oD, Sky on demand
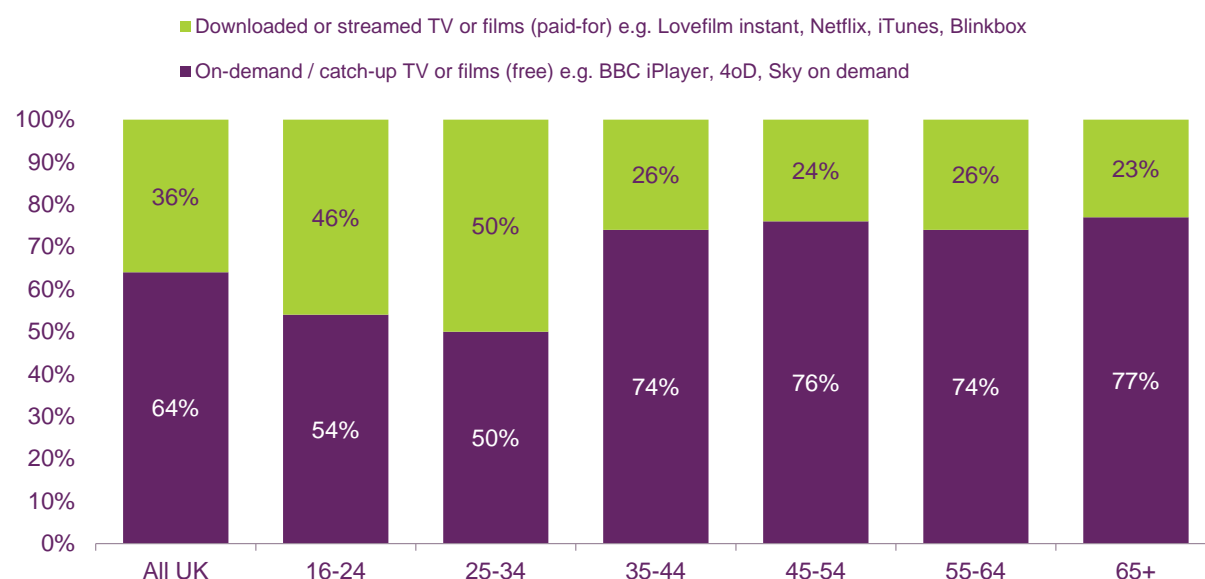
Source: Digital Day 7-day diary
Base: All on-demand activity records for adults 16+ (1976), 16-24 (221), 25-34 (405), 35-44 (501), 45-54 (450), 55-64 (240), 65+ (159)

1.5.9   Overall activity analysis: listening

Listening to live radio peaks in the morning and remains strong across the daytime period

Across a seven-day period, over three-quarters of adults (77%) listen to live radio. Reach peaks at 36% at a number of quarter-hour periods in the morning (8am-8.14; 8.30-8.44; 9am-9.14). Listening to personal digital music, such as through an MP3 player or smartphone, is the next most popular listening activity across the day, with between 5% and 10% of adults doing this between 8am and 9pm.

Figure 1.47   Weekly reach of listening activities, by time

Weekly reach of live radio = 77%

Legend:
- Radio (at the time of broadcast)
- On-demand/'Listen again' radio or podcasts
- Personal digital music collection (e.g. on an ipod, smartphone, other mp3 player, etc)
- Streamed online music (e.g. Spotify, Last.fm)
- Physical music formats (e.g. CD, Vinyl)
- Music videos (i.e. music video channels or sites that you mainly used for background listening such as through YouTube or on MTV)
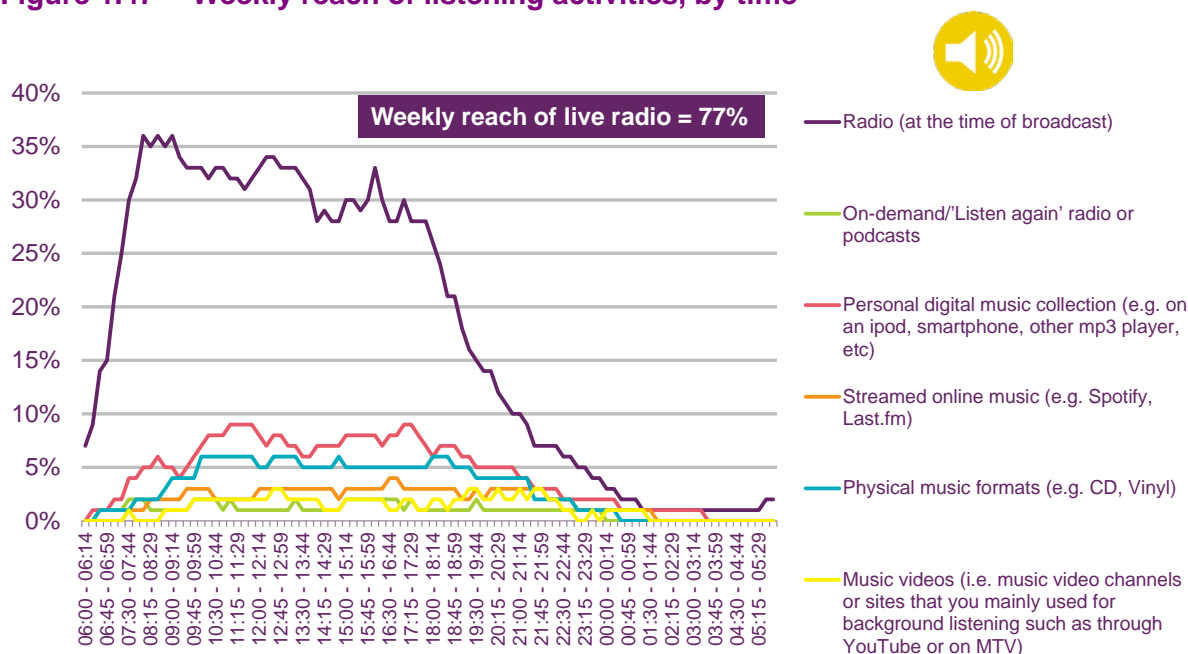
Source: Digital Day 7-day diary
Base: All adults 16+ (1644) - data aggregated to 15-min slots

Listening to live radio is only the third most popular audio activity for 16-24s

Taking into account all time spent on listening (audio-based) activities, listening to live radio makes up 71% (known as 'share of ear'). However, there are significant differences by age. For 16-24 year olds, listening to live radio comprises less than a quarter of their time spent on listening activities, with personal digital music and streamed music accounting for 60% of listening time. This could be explained by the role of radio while travelling (see Figure 1.36). The follow-up survey to the Digital Day diary study showed that 44% of 16-24 year olds walk to work, and as such a smaller proportion of this age group compared to all adults (47% vs. 72%) travel to work or their place of study by car or van (which often have built-in radios).

Furthermore, 11% of listening among this age group is to music videos e.g. via YouTube, primarily used for listening rather than watching.

Figure 1.48 Proportion of listening activities, by age group

Legend:
- Music videos (i.e. music video channels or sites that you mainly used for background listening…)
- Personal music collection on CD, Vinyl record or cassette tapes
- Streamed online music (e.g. Spotify, Last.fm)
- Personal digital music or audio collection (e.g. on an ipod, smartphone, computer etc.)
- On-demand/'Listen again' radio programmes or podcasts
- Radio (at the time of broadcast)

	All adults	16-24	25-34	35-44	45-54	55-64	65+
Music videos	3%	11%	5%	2%	1%	1%	6%
Personal music collection CD/Vinyl	7%	5%	8%	8%	7%	7%	1%
Streamed online music	6%	30%	4%	4%	2%	2%	6%
Personal digital music	11%	30%	14%	11%	8%	5%	1%
On-demand/Listen again	2%	1%	5%	2%	2%	2%	
Radio	71%	24%	65%	74%	80%	83%	86%

Average time spent* Hours:mins: All adults 1:51, 16-24 1:39, 25-34 1:44, 35-44 1:56, 45-54 2:11, 55-64 1:52, 65+ 1:42

Source: Digital Day 7-day diary
Base: All listening activity records for adults 16+ (17290), 16-24 (999), 25-34 (2342), 35-44 (4113), 45-54 (4334), 55-64 (3284), 65+ (2218)
*Average time spent is the total average daily time spent listening to media, including simultaneous activity

1.5.10 Overall activity analysis: communications

Communicating through social networking peaks in the evening

Email, texts and voice call activities show similar patterns in terms of reach across time of day, all being largely 'daytime' activities. Emailing peaks at a reach of 30% between 10am and 10.14am; text messaging peaks at 19% at 12pm-12.14pm, 2pm-2.14pm and again at 3pm-3.14pm. Phone calls peak at 12pm-12.14pm, with 27% of the population talking on the phone at this time on an average day.

Social networking follows a different reach pattern to the other communications activities; it peaks in the evening at 7pm-7.14pm and 9pm-9.14pm, with 15% of the population communicating in this way at those times. These patterns possibly reflect the fact that emailing and phone calls are popular media activities done as part of the working day, whereas social networking peaks when most people are at home in the evening.

Figure 1.49   Weekly reach of communication activities, by time
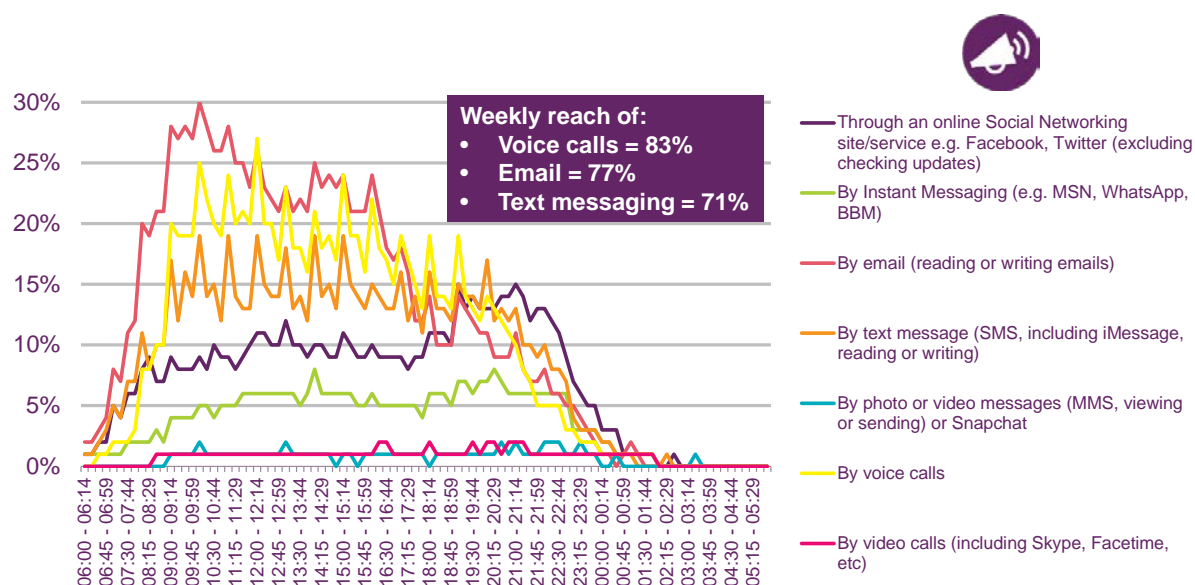
Source: Digital Day 7-day diary
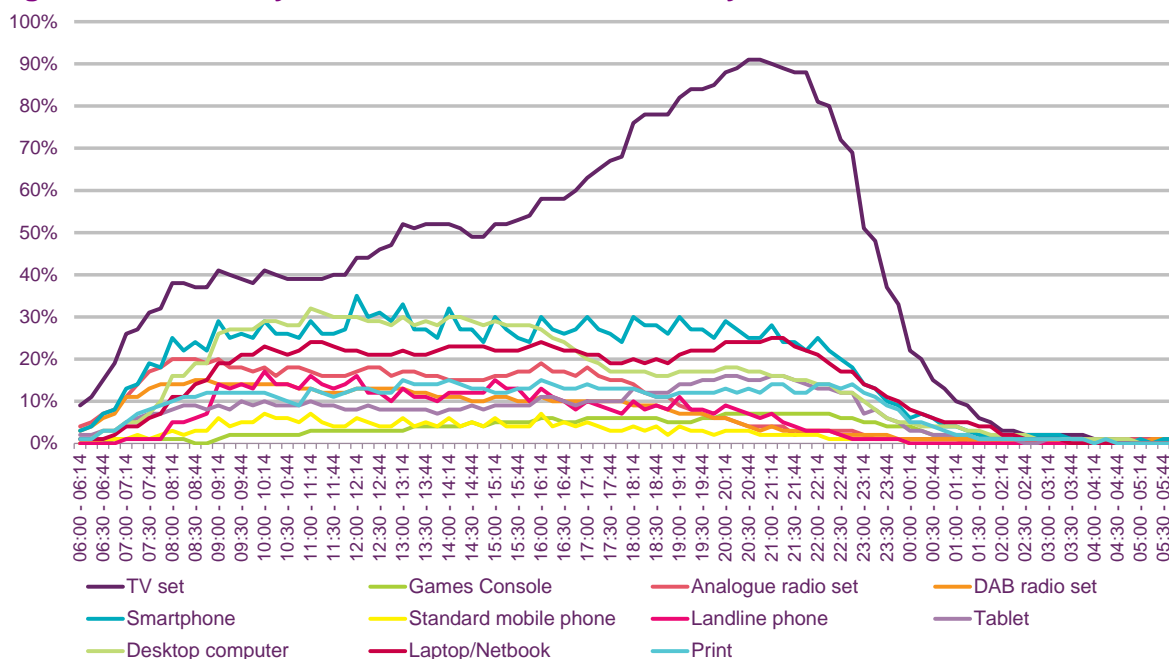Base: All adults 16+ (1644) - data aggregated to 15-min slots

A third of time spent communicating is via email, but this varies significantly by age

Adults spend on average 2 hours 26 minutes engaged in the whole range of communication categories included in the diary. Of these, a third of the time (33%) is attributed to email, with the majority of this attributed to those in desk-based jobs (see Figure 1.51 below). However, this increases to almost half (47%) of all those aged 65 and above, although their overall time spent on communicating activities is the lowest (1 hour). This age group spend more of their communications time emailing than on phone calls (32%).

People aged 16-24 spend a greater proportion of communication time, compared to the general population, using social networking sites[10] (25% vs. 18% for all adults) and also spend a greater proportion of time photo or video messaging (5% vs. 2% for all adults). This age group also spend a far greater amount of time communicating overall – almost four and a half hours a day, which is over an hour more than any other age group.

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[10] Social networking activity was considered part of the 'communication' category when participants specifically said they were using these sites for communicating. Other social networking activity (e.g. generally browsing sites) was counted under different overall activity types, as set out in the purple box on page 70.

Figure 1.50   Proportion of communication activities, by age group
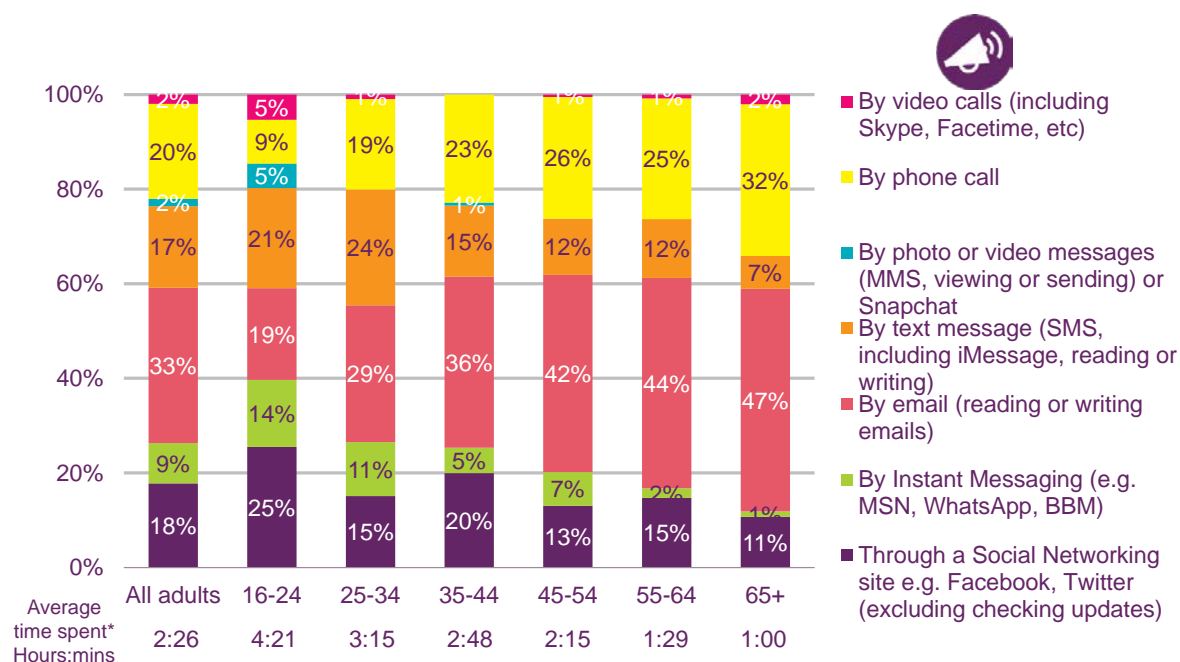
Source: Digital Day 7-day diary
Base: All communication activity records for adults 16+ (37827), 16-24 (2626), 25-34 (5958), 35-44 (9330), 45-54 (9450), 55-64 (6459), 65+ (4004)
*Average time spent is the total average daily time spent communicating using any device, including simultaneous activity

Among those who work, those in desk-based jobs are more likely to spend time on emails and phone calls

Figure 1.50 shows that a third of time spent on communications activities is attributed to email. Considering this in more detail, over three-quarters (77%) of total time spent reading or sending emails is by those in employment. Figure 1.51 illustrates the profile of time spent on each communication activity by the broad nature of work: desk-based or non-desk-based. A greater proportion of time is spent on emails and phone calls by those in desk based work, with 80% for emails and 68% of phone calls. The diary study showed that on average those in desk-based jobs send / read 350 emails each week compared to 118 for those in non-desk based jobs, and engage in 56 phone calls, compared to 30 for those in non-desk-based jobs.

In contrast, among those who work, a greater proportion of time spent on social networks, instant messaging and text messaging is attributed to those in non-desk-based work (63%, 59% and 54% respectively).

Figure 1.51   Use of communication activities, by broad type of work
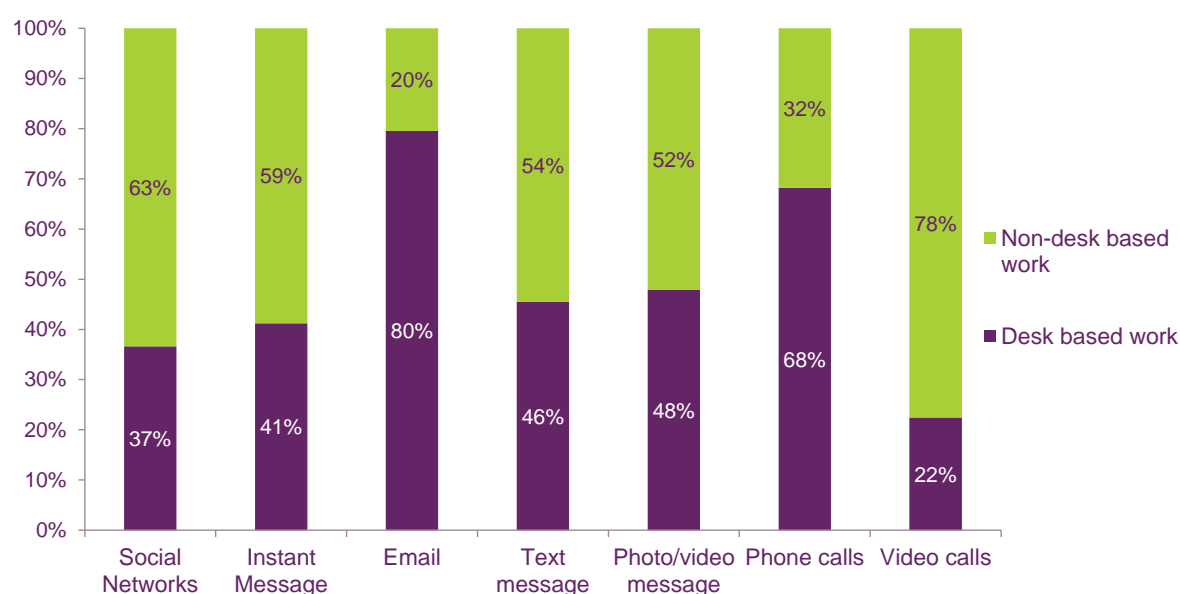
Source: Digital Day 7-day diary
Base: All working adults 16+ (991)

16-24 year olds who use social media spend almost one and a half hours on it per day

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Social networking definition

For this study, activities were recorded as 'social networking' when participants said they had:

Communicated through a social networking site e.g. Facebook, Twitter (excluding checking updates)

or when they said they had undertaken the following activities:

Watched short online video clips on e.g. YouTube, news sites

Listened to streamed online music or music videos

Played games

Read/ browsed/ used other online news, sports news /updates, other websites or apps including checking updates on social networks

And then, having recorded this activity, in a follow-up question participants said they had undertaken this activity through a social networking site/service.

In this way, total time spent on social networking is spread across the communicating, watching, listening, playing and reading/ browsing/ using activity types.

Taking into account all social media activities recorded during the week (including checking and posting updates, and using video sites for social media purposes), almost six in ten adults (58%) engage in some social media activity each week. However, overall this comprises less than 10% of all media and communications activity.

Activity peaks among 16-24 year olds; 82% of this age group indicated that they had taken part in some type of social media activity in the seven-day period. Use of social networking sites accounts for a quarter of all the time spent on communications among this age group. Among social media users in this age group, the average amount of time spent on this

activity is almost one and a half hours per day; this compares to 52 minutes across social media users of all ages. Conversely, activity is lowest among those aged over 65, with less than three in ten (28%) engaging with social media each week.

Figure 1.52   Social media: use by age group

Average time per day spent on social media among users

Legend: ■ Weekly reach   ■ Proportion of all comms activity   ■ Proportion of all media and comms activity
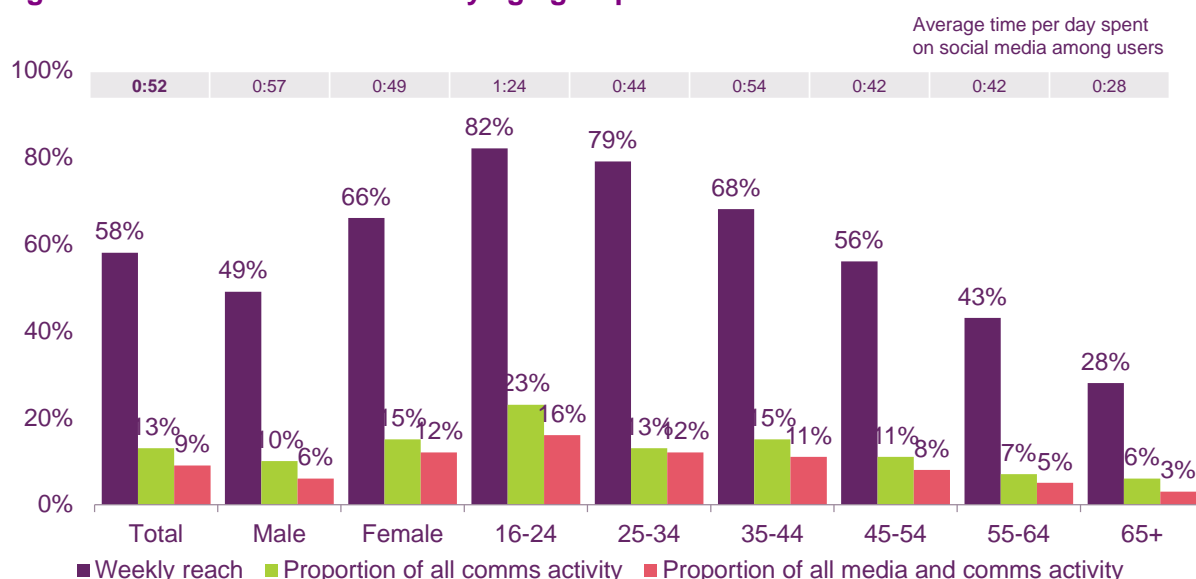
Source: Digital Day 7-day diary
Base: All adults 16+, (1644), comms records (37827), media and comms records (108782)

Adults aged 65+ who use social media are more likely than other age groups to use it for games

Across all adults, social media activity is more likely to be used for communicating than for any other purpose; 48% of social media activity is used in this way. The pattern is different among 25-34 year olds, who are more likely to use it for checking updates or general browsing (51% of their social media activities).

Older people (65+) who engage in social media activities are more likely than any other age group to do this to play games (19% vs. 10% of all adults). They also spend the greatest proportion of their social media time communicating (56%).

Figure 1.53   Proportion of total social media use for activities, by age

Weekly reach

Age	Communicating	Checking updates/general browsing	Games	Sports news/updates	Other online news	Other activities	Weekly reach
65+	56%	21%	19%	1%		3%	**28%**
55-64	44%	35%	16%	1% 1%		4%	**43%**
45-54	49%	31%	14%	2% 1%		3%	**56%**
35-44	52%	34%	10%	1%		2%	**68%**
25-34	36%	51%	7%	1% 1%		3%	**79%**
16-24	55%	33%	7%	1% 2%		1%	**82%**
All adults 16+	48%	37%	10%	1% 1%		2%	**58%**

■ Communicating   ■ Checking updates/general browsing   ■ Games   ■ Sports news/updates   ■ Other online news   ■ Other activities

Source: Digital Day 7-day diary
Base: Base: All social media records (9850), 16-24s (1011), 25-34 (2194), 35-44 (2737), 45-54 (2314), 55-64 (1149), 65+ (445); media and comms records (108782)

Over three-quarters of the time spent on social media by 16-24 year olds is on a mobile phone

Figure 1.54 shows the proportion of total media time spent on different devices. For all adults, over half (54%) of the time spent on social media is on a mobile phone, followed by 19% on a laptop or netbook. For 16-24 year olds, over three-quarters of social media time is through a mobile phone, with 17% on a laptop or netbook and 7% on a tablet or desktop computer.

Those aged over 65 who use social media are more likely to use a laptop or netbook (42% of social media time) than any other device, while over a quarter of their time spent on social media is on a tablet.

Figure 1.54   Proportion of total social media use on devices, by age

Age	Mobile phone	Laptop/Netbook	Tablet	Desktop computer	Weekly reach
65+	6%	42%	26%	21%	**28%**
55-64	12%	29%	29%	30%	**43%**
45-54	42%	25%	18%	15%	**56%**
35-44	52%	16%	20%	11%	**68%**
25-34	66%	12%	15%	8%	**79%**
16-24	77%	17%	4%	3%	**82%**
All adults 16+	54%	19%	15%	11%	**58%**

■ Mobile phone   ■ Laptop/Netbook   ■ Tablet   ■ Desktop computer
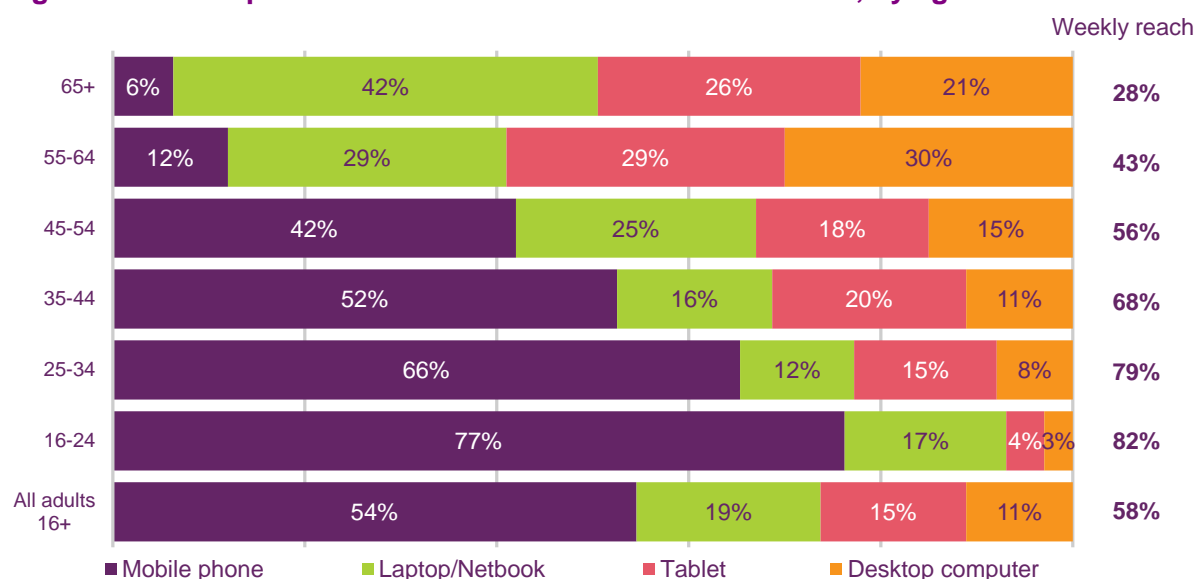
Source: Digital Day 7-day diary
Base: All social media records (9850), 16-24s (1011), 25-34 (2194), 35-44 (2737), 45-54 (2314), 55-64 (1149), 65+ (445)

1.5.11 Overall activity analysis: reading/browsing/using

Reading newspapers peaks in the morning while reading books peaks in the evening

This category comprises a range of different activities that fulfil a range of different purposes. Activities such as creating documents are mainly used during the daytime, but have another peak in the evening.

Reading a newspaper, either printed or a digital version, seems to be mainly a morning activity, with another peak in the early evening, perhaps reflecting the reading of the evening editions. Reading a book, again either printed or digital, climbs steadily across the day but reaches its peak between 10.15pm and 10.59, with 17% of adults doing this activity during that period.

Figure 1.55   Weekly reach of reading/browsing/using activities, by time
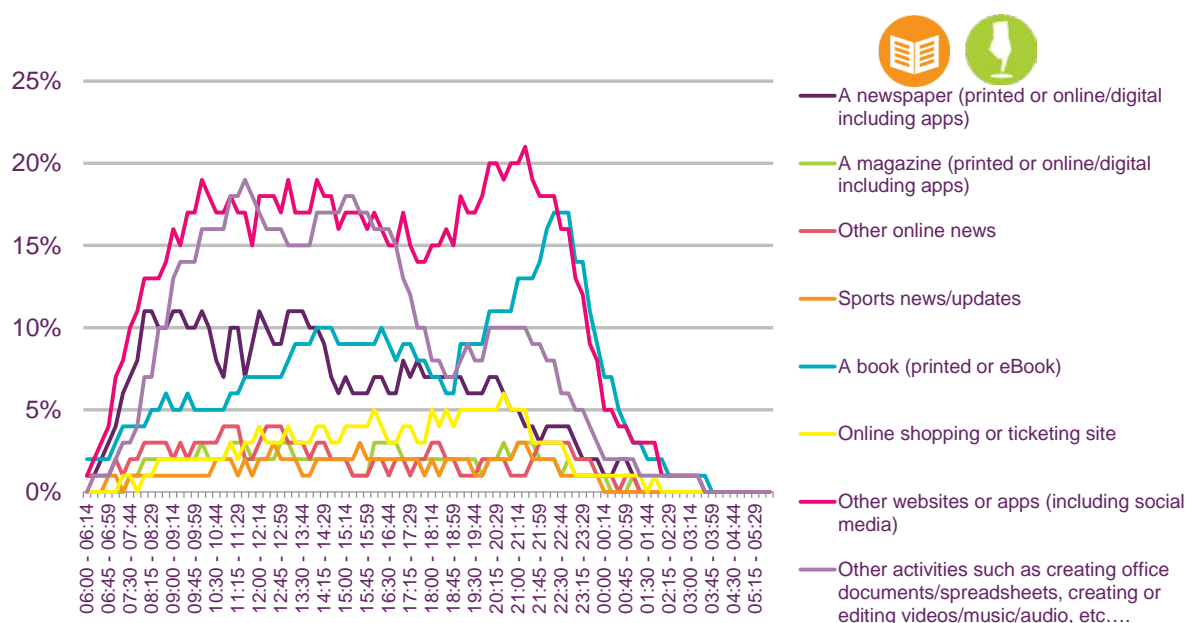
Source: Digital Day 7-day diary
Base: All adults 16+ (1644) - data aggregated to 15-min slots

1.5.12 Overall activity analysis: playing games

Almost one in five participants played games in the peak-time evening period

Figure 1.56 shows the weekly reach of playing games, via any electronic device including games consoles, mobile phones and laptops (Figure 1.60 shows that desktops and laptops are the device most time is spent playing games on). Gaming activity rises steadily throughout the day, but is most popular in the evening period, peaking at 18% reach between 9.15pm and 9.29pm.

Over the week as a whole, 42% of participants played games on an electronic device at some point, with reach being similar across gender (41% among females, 43% among males), but decreasing with age (63% of 16-24s played games during the week compared to 26% of those aged 65+).

Figure 1.56   Weekly reach of playing games on an electronic device, by time
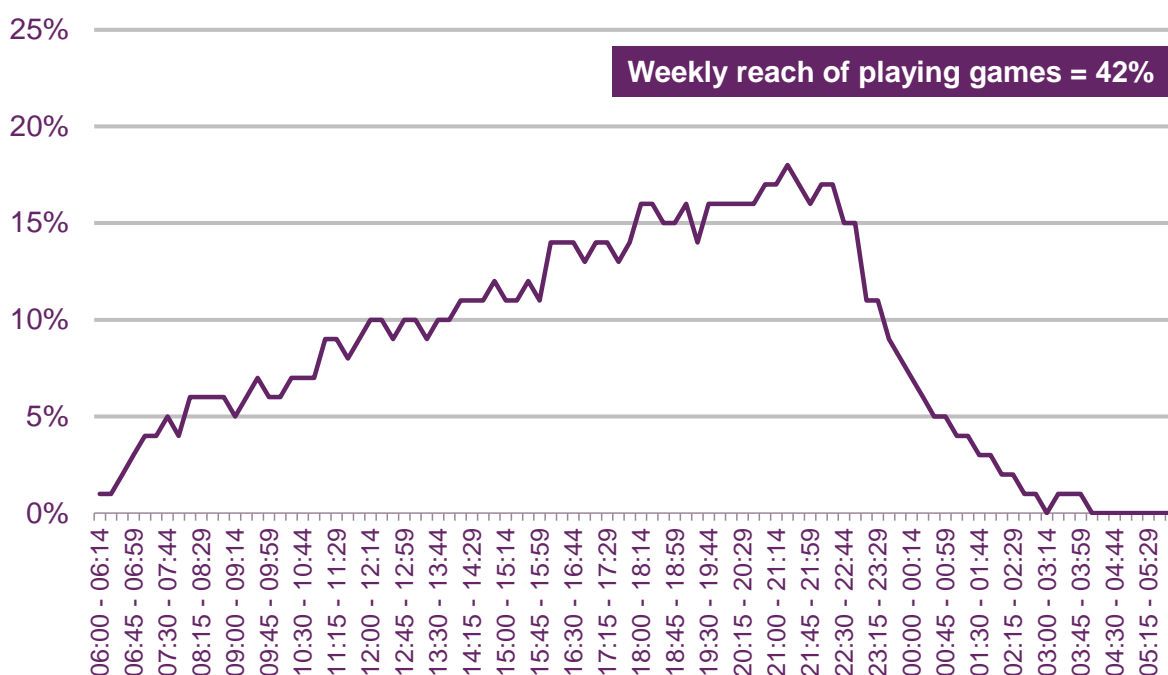
Source: Digital Day 7-day diary
Base: All adults 16+ (1644) - data aggregated to 15-min slots

1.5.13 Use of media devices

On an average day over nine in ten respondents used their TV set between 8pm-8.30pm

Figure 1.57 shows the use of different devices for media and communications throughout the day. For most of the day, the television set is the most-used device, peaking between 8.30pm and 8.59pm, when over 90% use it. However, smartphones maintain a steady reach of approximately 25% to 30% throughout the day from 8am to 10pm, and from 4pm to 10pm they are the second most-used device, after TV sets.

Desktop PCs are popular during the daytime period, used by approximately 30% of adults during 9am and 4pm (probably linked to the working day), whereas laptop/ netbooks maintain a steady reach of between 20% and 25% of adults until 10pm.

Figure 1.57   Weekly reach of devices across the day

Source: Digital Day 7-day diary
Base: All adults 16+ (1644) - data aggregated to 15-min slots

16-24 year olds spend over three and a half hours on their smartphone each day

Figure 1.58 shows that of the average 11 hours 7 minutes (667 minutes) spent on media and communications activities by adults each day, over a third (37%) is done using a TV set (4 hours 4 minutes). This is because more time is spent by adults watching live TV than any other activity (see Figure 1.38).

However, people aged 16-24 spend less than a quarter of their total media time watching a TV set (3 hours 14 minutes out of 14 hours 7 minutes). Their most-used device each day is a desktop or laptop, accounting for over a third (35%) of their total media and communications time. For all adults, just under a quarter (24%) of their total media and communications activity is done using a desktop/ laptop computer.

The device that shows the largest difference, in terms of daily use, between all adults and those aged 16-24 is the smartphone: younger adults spend 63% longer than all adults on smartphones each day (3 hours 36 minutes vs. 1 hour 22 minutes).

Among all adults, on average nineteen minutes are spent using a landline each day. As Figure 1.38 shows, 29 minutes per day are spent on phone calls, which suggests that landlines are used for a greater proportion of call time than mobile phones.

Figure 1.58 Average daily total device time for media and communications, including simultaneous activity

Average mins per day

Adults 16+ · 16-24

Total daily media / comms time: 667mins · 847mins

Device	Adults 16+	16-24
TV set	244	194
Desktop/laptop	159	299
Smartphone	82	216
Analogue radio set	37	12
DAB/internet radio	31	5
Print	29	12
Tablet	26	30
Landline	19	13
Stereo system	13	5
Games console	10	28
Other electronic device	9	20
Standard mobile	6	6
e-reader	3	2
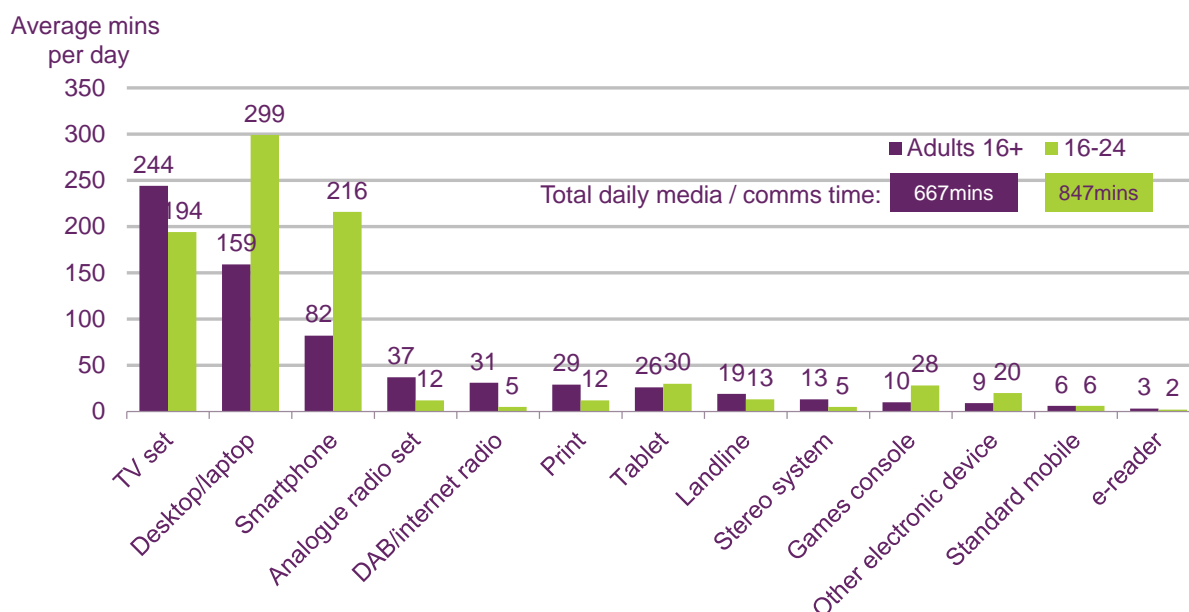
Source: Digital Day 7-day diary
Base: All activity records (108782) for adults 16+ (1644); All activity records (6910) for adults 16-24 (101)
Note: For this analysis the calculations are made by generating mean times spent among all adults for each of the individual devices (including zeros). These mean times are then summed together to create total media and comms time, and time per device type (hence includes simultaneous activities).

Less than three in ten adults aged 16-24 used a landline phone during the week

Comparing the reach of the individual devices by age shows that young people aged 16-24 are four times more likely than those aged 65+ to use a smartphone (92% vs. 21%). Among all adults, 65% used a smartphone during the diary week. However, the pattern is reversed for the use of landline phones, used by 79% of those aged 65+ each week, compared to 64% of all adults and 28% of those aged 16-24.

Among all adults, 38% used a tablet during the week, with reach peaking among the 35-44 age group at 51%. A quarter (24%) of those aged 65+ used this device during the week.

People aged 65+ are more likely than young people to use printed copies of newspapers, magazines and books (84% vs. 48%), whereas those aged 16-24 are more likely to use a games console each week (44% vs. 18% of all adults and 7% of adults aged 65+).

Figure 1.59   Weekly reach of devices, by age 16-24 and 65+

Legend: Adults aged 16+ | 16-24 | 65+

TV set: 97%, 95%, 97%
(Desktop/laptop/netbook): 85%, 87%, 79%
Radio set (Any type): 71%, 46%, 77%
Smartphone: 65%, 92%, 21%
Landline Phone: 64%, 28%, 79%
Printed copy: 60%, 48%, 84%
Tablet: 38%, 37%, 24%
Stereo/home system: 34%, 25%, 27%
Standard mobile phone: 33%, 22%, 36%
Games Console: 18%, 44%, 7%
e-Reader: 10%, 7%, 13%
Other electronic device: 20%, 32%, 13%
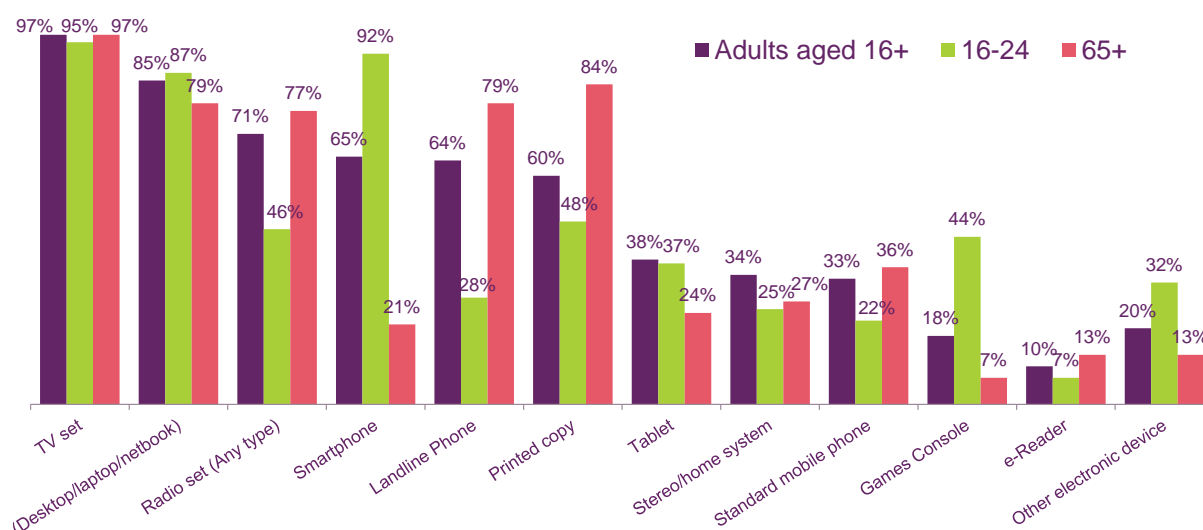
Source: Digital Day 7-day diary
Base: All adults aged 16+ (1644), 16-24 (101), 65+ (259)
Ranked by % reach of all adults

Sixty per cent of time spent on listening activities is through a radio set

Considering overall activity types, 93% of time spent 'watching' is done through a television set. Sixty-one per cent of listening activities are done through a radio set compared to 10% through a desktop or laptop. Communication activities are most likely to be undertaken using a mobile phone (44%) followed by a desktop or laptop (39%). Time spent playing is most likely to be undertaken using a desktop or laptop (47%), while a quarter of time spent playing is on another device, which includes games consoles.

Figure 1.60   Proportion of time spent on activities, by device

Average time spent* hours:mins

Reading/browsing/using: 9%, 9%, 53%, 5%, 24% — 2:01
Playing: 14%, 15%, 47%, 24% — 0:30
Communicating: 44%, 13%, 4%, 39% — 2:26
Listening: 4%, 61%, 6%, 1%, 10%, 18% — 1:51
Watching: 93%, 1%, 4% — 4:17
All Media and comms: 37%, 10%, 13%, 3%, 4%, 24%, 5%, 4% — 11:07

Legend: TV set | Radio set | Mobile phone | Landline | Tablet | Dektop/Laptop | Other device | Print
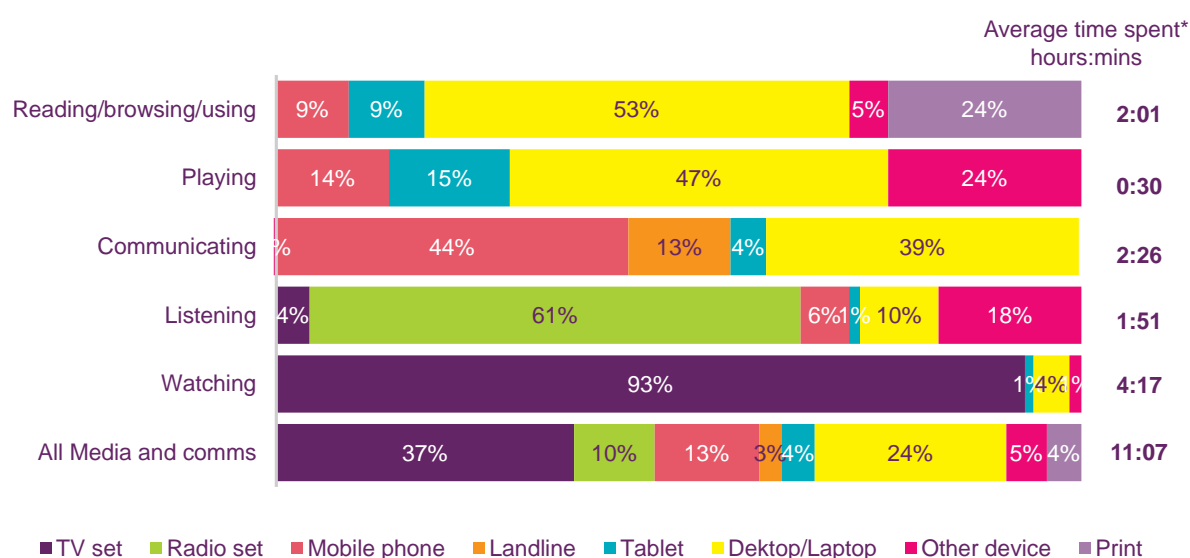
Source: Digital Day 7-day diary
Base: All activity records for adults aged 16+ (108782), watched (25272), listened (17290), communicated (37827), played (4338), read/browsed/used (24055)
Average time spent is the total average daily time spent doing activity types, including simultaneous activity
**Other device includes e-reader, games console, stereo system, and any other device*

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Mobile phones are more likely to be used to view short online video clips than to view any other type of AV content

Figure 1.61 shows how different devices are used for the different types of watching activities. Almost three-quarters (74%) of the time spent on these types of activities on a TV set is for watching live television, while 17% is spent watching recorded TV. A tablet is more likely be used for viewing free on-demand content (e.g. via BBC iPlayer or 4OD) than for any other watching activity. A smartphone is more likely to be used to view short online video clips, such as on YouTube, than any other type of content.

Figure 1.61   Proportion of watching activities, by device
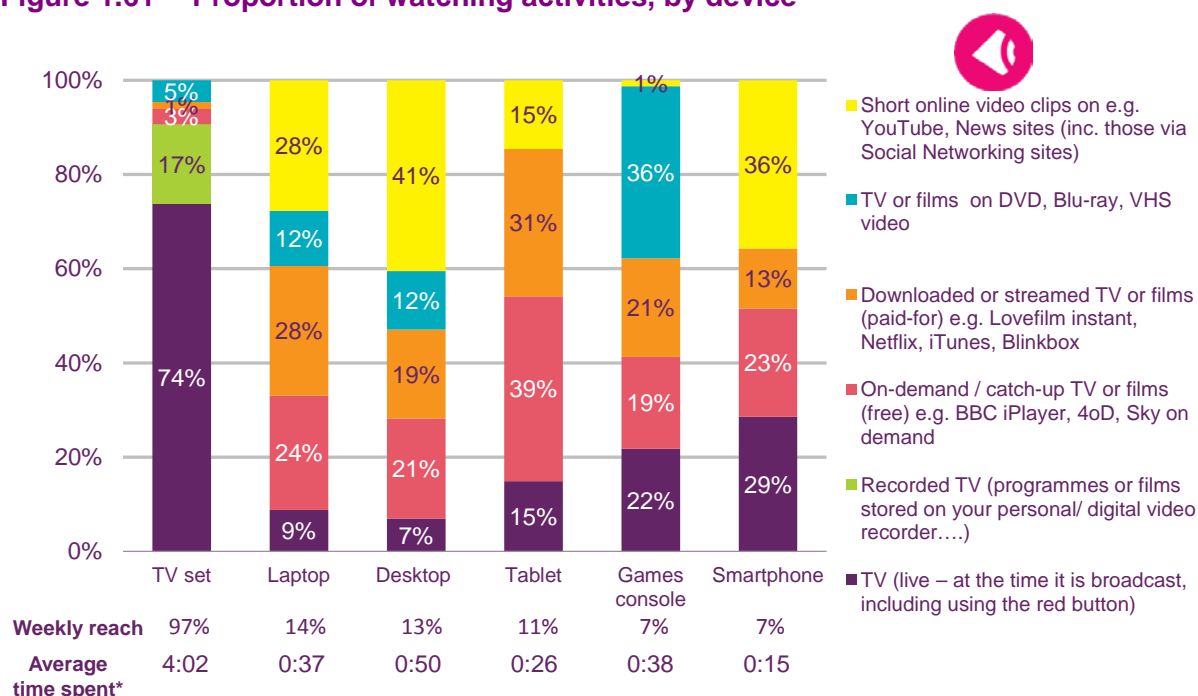
	TV set	Laptop	Desktop	Tablet	Games console	Smartphone
Weekly reach	97%	14%	13%	11%	7%	7%
Average time spent*	4:02	0:37	0:50	0:26	0:38	0:15

Source: Digital Day 7-day diary
Base: All watching activity records for adults 16+ (25272)
*Average time spent is the average time spent on each device per day for watching, among those who did it all over the week
Weekly reach is for watching activities. Only devices with weekly reach for watching above 3% shown

Almost a third of listening activity on a tablet is to live radio

Figure 1.62 shows how different devices are used for the different types of listening activities. Over half (53%) of the time spent listening to a stereo system is for personal music collections in physical format. Listening activities on a smartphone are most likely to be to listen to personal digital music (62%) than for any other audio activity. Audio activities on a tablet are more evenly distributed, with almost a third of the time being spent on listening to the radio, followed by over a fifth for both personal digital music and streamed online music (22% and 23% respectively).

Figure 1.62 Proportion of listening activities, by device

	FM/MW/AM radio	DAB radio	Stereo system	Smartphone	Other device e.g. mp3 player	Desktop	Laptop	Tablet
Weekly reach	52%	37%	34%	18%	16%	11%	10%	7%
	1:08	1:17	0:37	0:33	0:38	0:59	0:40	0:22
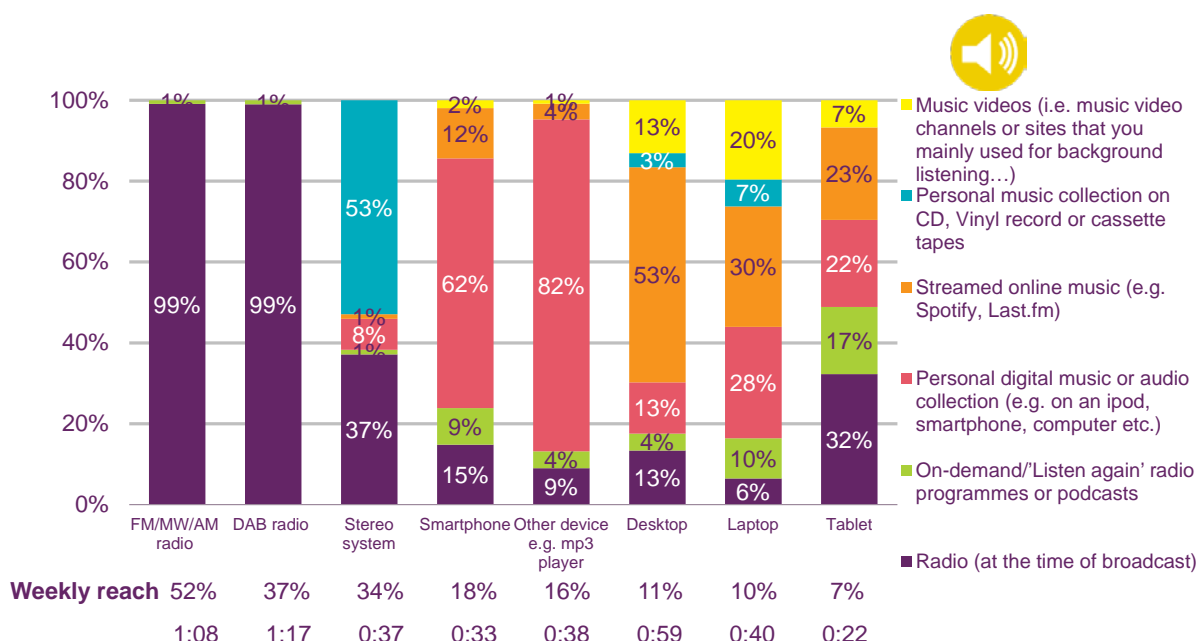
Source: Digital Day 7-day diary
Base: All listening activity records for adults 16+ (17290)
*Average time spent is the average time spent on each device per day for listening, among those who did it all over the week
Weekly reach is for listening activities. Only devices with weekly reach for listening above 3% shown

Just half of smartphone communication activities are accounted for by calls and texts

Figure 1.63 shows how different devices are used for the different types of communication activities. Almost two-fifths (37%) of communication activities on a smartphone are taken up by text messaging, while phone calls account for 15%. The fact that calling and texting activities make up only 52% of smartphone communication activities reflects the wide variety of communications platforms and options available on this device. In comparison, phone calls account for 39% of communication activities on a standard mobile phone, while texting accounts for half (49%).

Desktop computers and laptops are most likely to be used for emailing than for any other activity (76% and 60% respectively), with 6% and 2% of time spent on these devices respectively attributed to video calls.

Figure 1.63   Proportion of communication activities, by device

Legend:
- By video calls (including Skype, Facetime, etc)
- By phone call
- By photo or video messages (MMS, viewing or sending) or Snapchat
- By text message (SMS, including iMessage, reading or writing)
- By email (reading or writing emails)
- By Instant Messaging (e.g. MSN, WhatsApp, BBM)
- Through a Social Networking site e.g. Facebook, Twitter (excluding checking updates)

	Smartphone	Desktop	Laptop	Standard mobile	Tablet
Weekly reach	63%	45%	41%	31%	24%
Average time spent*	1:34	1:06	1:06	0:16	0:27

Source: Digital Day 7-day diary
Base: All communication activity records for adults 16+ (37827)
*Average time spent is the average time spent on each device per day for communicating, among those who did it all over the week
Weekly reach is for communication activities. Only devices with weekly reach for communication above 3% shown

Half of all time spent reading printed copies is spent reading a book

Figure 1.64 shows how different devices are used for the different types of reading/ browsing/ using activities. Of all time recorded reading a printed version of a newspaper, magazine or book, half (50%) is spent reading a book. A desktop computer is more likely to be used for activities such as creating documents than for any other reading/browsing/using activity. When a tablet is used for these activities almost a quarter (23%) of the time is spent reading an e-book.

Figure 1.64 Proportion of reading/browsing/using activities, by device

	Print	Laptop	Desktop	Smartphone	Tablet	e-reader
Weekly reach	60%	48%	43%	34%	29%	10%
Average time spent*	0:47	0:58	0:37	0:56	0:34	0:34

Legend:
- Other activities such as creating office documents/ spreadsheets etc.
- Other websites or apps - inc. online banking, checking updates on social networks, etc
- Online shopping or ticketing site/ app
- A book (printed or eBook)
- Sports news /updates (not through a newspaper site)
- Other online news (not through an newspaper site e.g. BBC News, Sky News)
- A magazine /article (printed or online/digital including apps)
- A newspaper/article (printed or online/digital including apps)

Source: Digital Day 7-day diary
Base: all reading/browsing/using activity records for adults 16+ (24055)
*Average time spent is the average time spent on each device per day for reading/browsing/using (including print), among those who did it all over the week
Weekly reach is for reading/browsing/using activities. Only devices with weekly reach for reading/browsing/using above 3% shown

Around 70% of time spent reading books or newspapers is attributed to print versions

Figure 1.65 shows how much of the weekly time spent reading books or newspapers is attributed to printed copies compared to digital versions. For both types of media, printed versions are the most popular; less than a third of time spent reading is attributed to digital versions (31% for books and 32% for newspapers)[11].

However, young people aged 16-24 are more likely to read digital books/ newspapers; less than half their time spent reading books is attributed to a printed version, and just over a third (34%) of their time spent reading newspapers is attributed to a hard copy.

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[11] Ofcom's *News consumption in the UK* report (published June 2014) concluded that consuming news on websites or apps is now as popular as reading newspapers:
http://media.ofcom.org.uk/2014/06/25/digital-news-as-popular-as-newspapers-for-first-time/
However, the figures cited in the news consumption report are 'reach data' i.e. 40% of adults said they read newspapers to follow the news, while 41% said they access news on websites or apps. The data presented in Figure 1.65 instead looks into the proportions of time spent reading physical and digital newspapers.

Source: Digital Day 7-day diary
Base: All book or newspaper reading records for adults 16+ (8156)

1.5.14 The role of multi-tasking

Listening to the radio is least likely to be done while engaging in any other media or communications activity

Figure 1.66 shows that more than one media or communications activity can be performed at the same time. Communicating, by text or email, is most likely to be done at the same time as another activity (61% simultaneous). However, listening to the radio is the least likely activity to be done concurrently with other media or communications activity (20% simultaneous). This can be partly explained by the fact that 47% of time spent listening to the radio is done while travelling (see Figure 1.36).

Figure 1.66   Proportion of solus and simultaneous minutes, by activity
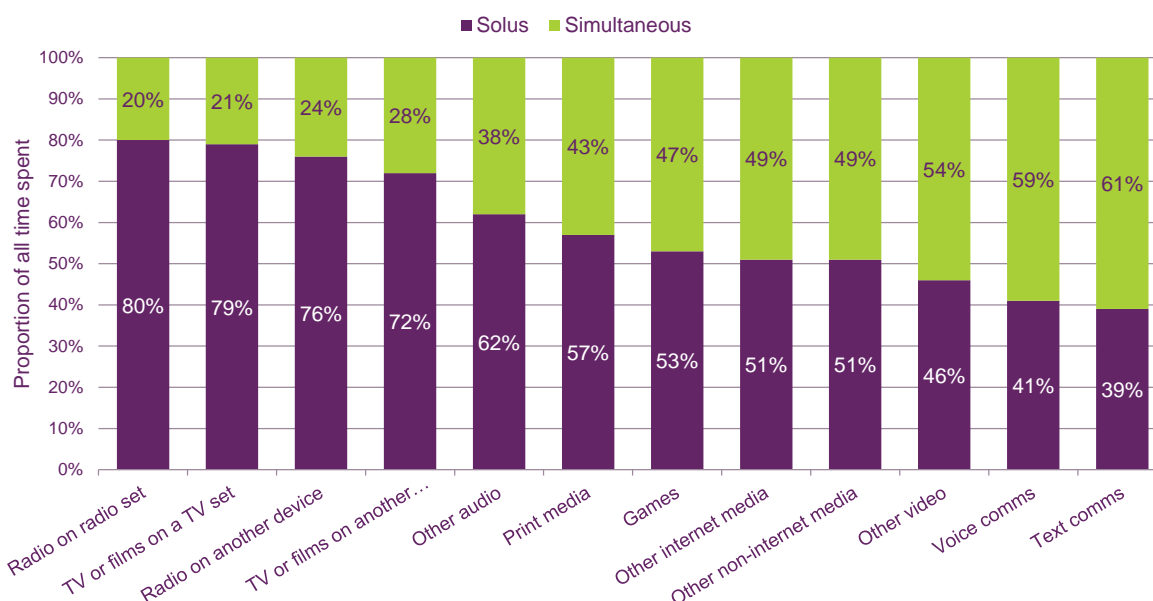
Source: Digital Day 7-day diary
Base: All activity record minutes for adults aged 16+ (5930358)

Over half the time spent using phones, laptops and tablets is multi-tasking

For more than half the time people spend using phones (landline and mobile), tablets and laptops, they are also engaging in other media activities (Figure 1.67). Smartphones and landlines are the devices most likely to be used concurrently while engaging in other media activity; almost six in ten minutes spent on these devices are logged as simultaneous activity. In comparison, over three-quarters of time spent using radio sets (analogue and DAB), games consoles and TV sets is solus activity.

Figure 1.67   Proportion of solus and simultaneous media minutes, by device
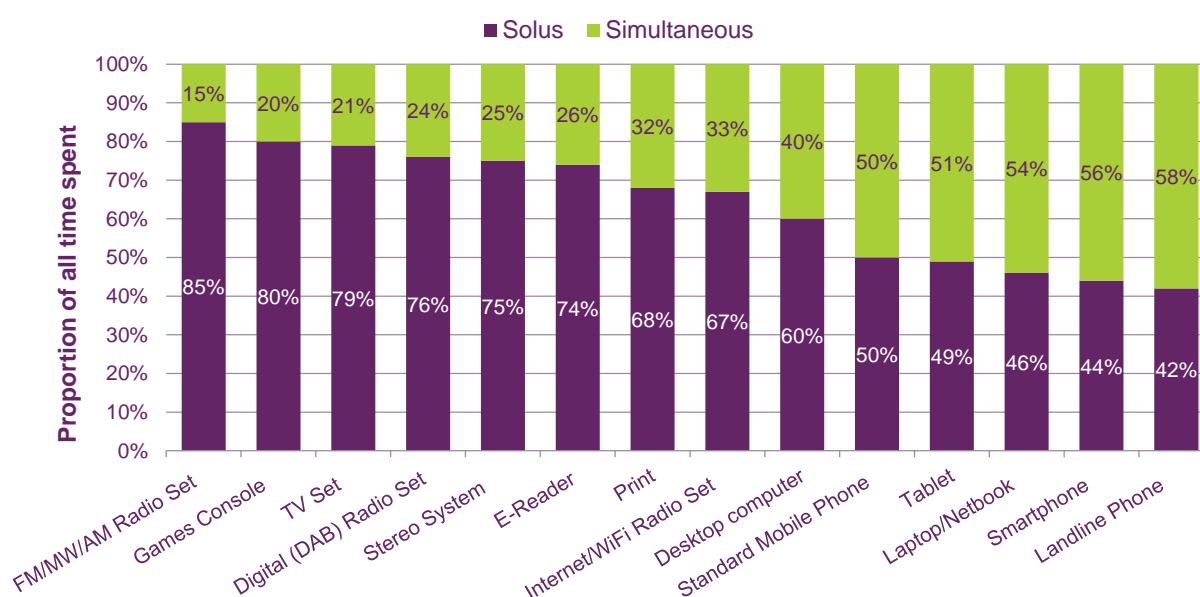
Source: Digital Day 7-day diary
Base: All activity record minutes for adults aged 16+ (5930358)
*Average daily total device time for media and comms, including simultaneous activity

Media multi-tasking is undertaken by almost every person

Almost every adult in the Digital Day study (99%) recorded conducting two or more media activities at the same time at some point during the week. This simultaneous activity amounted to an average time of 2 hours 3 minutes per day.

Looking in more detail into what activities people most often combined, 'watching' and 'communicating' (all types) activities were commonly undertaken at the same time; 84% of respondents recorded doing this over the week. Within these two categories, live TV and voice calls were the most popular multi-tasking combination, with 42% reach throughout the week.

Similarly, reading/ browsing/ using activities were undertaken in conjunction with 'watching' activities by 83% of adults throughout the week, with 37% of respondents recording that they watched live TV while browsing websites/ using apps.

Figure 1.68　Multitasking activity combinations: weekly reach

Average time spent per day
(amongst multi-taskers)

% of all adults 16+

h:mm

Activity	% of all adults 16+	h:mm
Any Activity multitasking	99%	2:03
Watching and communicating	84%	1:01
Watching and reading/browsing/using	83%	0:55
Communicating and reading/browsing/using	77%	0:57
Listening and communicating	68%	0:43
Watching and listening	62%	0:15
Listening and reading/browsing/using	58%	0:53
Watching and playing	33%	0:57
Communicating and playing	28%	0:48
Playing and reading/browsing/using	24%	0:20
Listening and Playing	17%	1:08

Live TV + voice calls = 42%
Live TV + email = 39%
Live TV + texting = 38%
Live TV + social media = 29%

Live TV + other sites/apps = 37%

Source: Digital Day 7-day diary
Base: Weekly reach: All adults aged 16+ (1644), Average time spent: All activity record minutes (5930358)

16-24 year olds spend over a third of their media time multi-tasking

Figure 1.69 shows how on average, a fifth of all media and communication time (21%) is taken up with media multi-tasking, but that the proportion of media time taken up by solus activities increases with age. 16-24 year olds spent 35% of their total media time doing two or more media activities at the same time, but this falls to 11% among those aged 65+.

Figure 1.69　Proportion of solus and simultaneous minutes, by age group
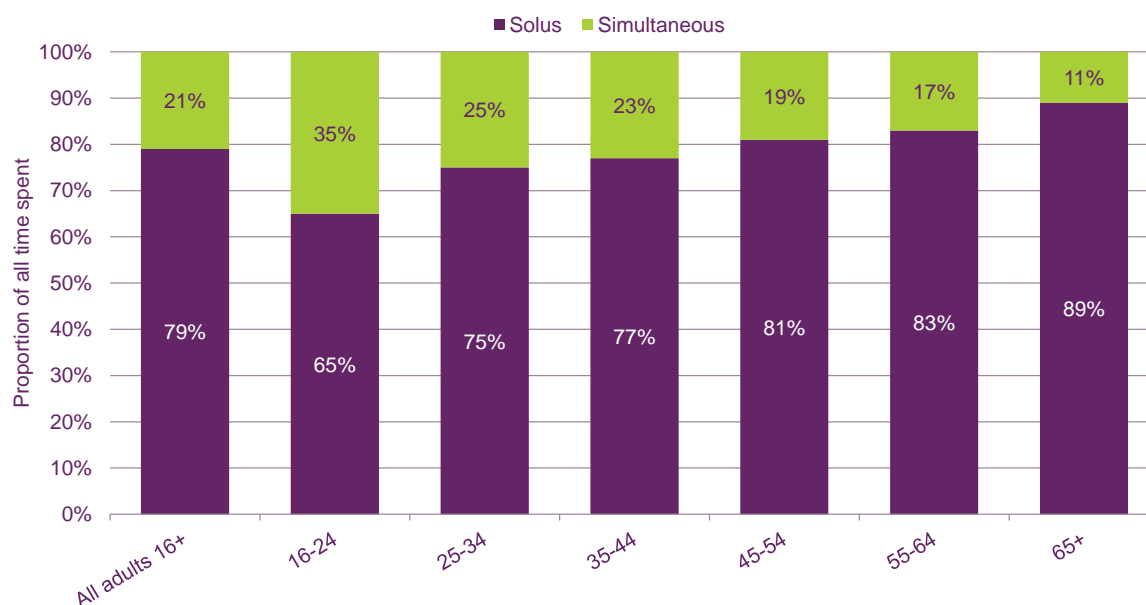
Proportion of all time spent

■ Solus　■ Simultaneous

Age group	Solus	Simultaneous
All adults 16+	79%	21%
16-24	65%	35%
25-34	75%	25%
35-44	77%	23%
45-54	81%	19%
55-64	83%	17%
65+	89%	11%

Source: Digital Day 7-day diary
Base: All activity record minutes for adults aged 16+ (5930358)
Activity share of all simultaneous media and communications minutes

1.5.15 Children: the role of media and communications in their lives

Although the main focus of the study was UK adults aged 16+, we included a sample of 356 children aged 6-15 to allow us to understand more about the role of media and communications in their lives. This section provides a brief overview of the key highlights.

Tablets are the most-used device among younger children, after TV sets

Sixty per cent of children aged 6-11 years claim to use tablets each week, compared to 38% of all adults. This means that in terms of weekly reach of devices, tablets are ranked second among this age group, but eighth for all adults.

Children aged 12-15 are half as likely as all adults (30% vs. 60%) to use print each week. In addition, they are significantly less likely to use either analogue radio (20% vs. 54%) or DAB radio (19% vs. 34%).

When considering mobile phone use, a small minority of children used a standard (non-smart) mobile phone during the week (4% of 6-11s and 15% of 12-15 year olds), compared to nearly seven in ten (67%) older children using smartphones during the week, and a quarter of 6-11s (27%).

Figure 1.70   Weekly reach* of devices, all adults vs. children aged 6-11 and 12-15
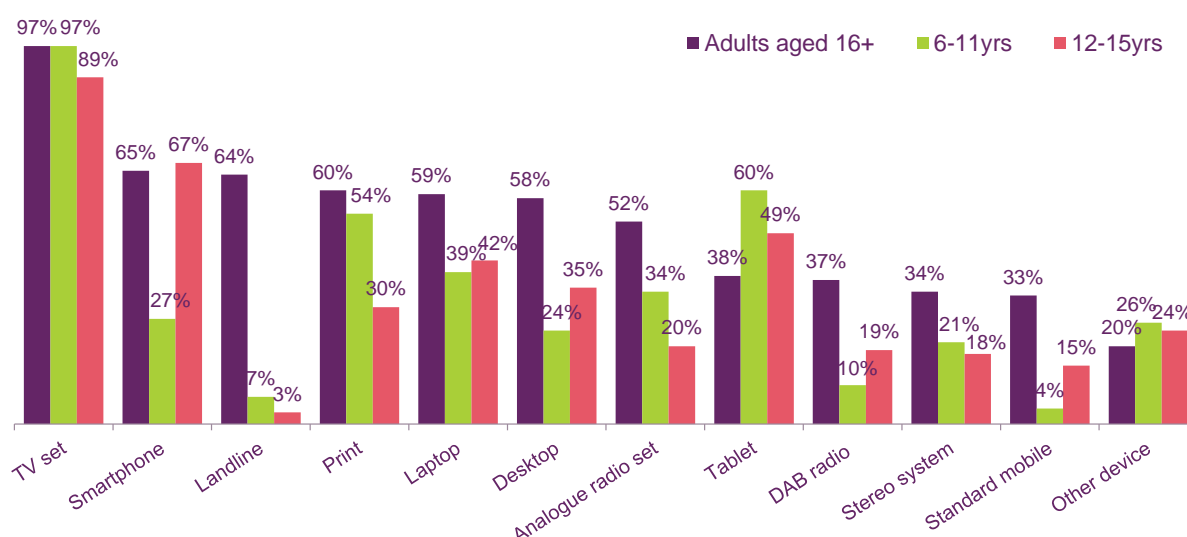
Source: Digital Day 7-day diary/ 3-day diary for children
Base: All adults aged 16+ (1644), 6-11 (186), 12-15 (173)
Ranked by % reach of all adults.
*Note that reach for adults is across a full week, but reach for the children's sample is from a 3-day diary
TV set includes set top box

Almost a fifth of watching activities among 12-15 year olds are attributed to short online video content

Considering all of the time spent on watching activities across a week among 12-15 year olds, just over half (52%) is to live television, compared to 69% for all adults. However, this age group spends a significantly greater proportion of its viewing time than all adults (19% vs. 2%) watching short online video clips.

Although children aged 6-11 spend half the proportion of weekly viewing time on recorded TV compared to all adults (8% vs. 16%), they spend a significantly larger proportion of time watching DVDs or Blu-ray (12% vs. 5%).

Figure 1.71   Proportion of watching activities, all adults vs. children

Legend (right to left in chart):
- Short online video clips on e.g. YouTube, News sites (inc. those through Social Networking sites)
- TV or films on DVD, Blu-ray, VHS video
- Downloaded or streamed TV or films (paid-for) e.g. Lovefilm instant, Netflix, iTunes, Blinkbox
- On-demand / catch-up TV or films (free) e.g. BBC iPlayer, 4oD, Sky on demand
- Recorded TV (programmes or films stored on your personal/ digital video recorder….)
- TV (live – at the time it is broadcast, including using the red button)

	All adults	6-11yrs	12-15yrs
Short online video clips	2%	7%	19%
TV or films on DVD	5%	12%	7%
Downloaded or streamed	3%	5%	6%
On-demand / catch-up	5%	5%	7%
Recorded TV	16%	8%	9%
TV (live)	69%	64%	52%

Source: Digital Day 7-day diary
Base: All watching activity records for adults 16+ (25272), primary school-aged 6-11 (1249), secondary school-aged 11-15 (1094)

As with 16-24s, live radio accounts for a fifth of all listening time for older children

Compared to all adults, a significantly smaller proportion of children's listening time is attributed to live radio, particularly for those aged 12-15 (21% vs. 71% for all adults). Instead, digital music (streamed or stored on a device) takes over half (54%) of the 'share of ear' among this age group. In addition, children in both age groups spend more than 10% of their total listening time playing music videos on television, or online, as background listening.

Figure 1.72   Proportion of listening activities, all adults vs. children
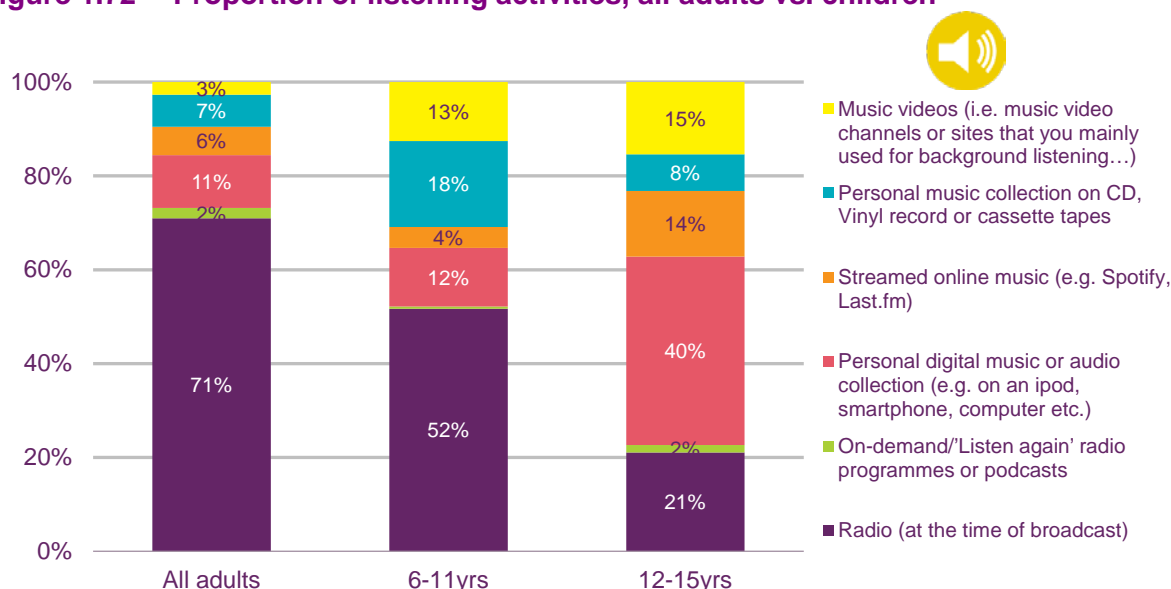
Source: Digital Day 7-day diary
Base: All listening activity records for adults 16+ (17290), primary school aged 6-11 (424), secondary school aged 11-15 (606)

Children's communication time is dominated by messaging

Over half of time spent communicating among children is taken up by text messages, instant messages and photo messages (54% of communication time for 6-11s and 56% for children aged 12-15). This compares to just over a quarter of time spent on communications (28%) attributed to messaging for adults.

Furthermore, children aged 12-15 spend double the proportion of communication time on social networks compared to all adults (36% vs. 18%). Figure 1.73 shows that children spend a very low proportion (6% or less) of communication time on either phone calls or emails.

Figure 1.73   Proportion of communication activities, all adults vs. children
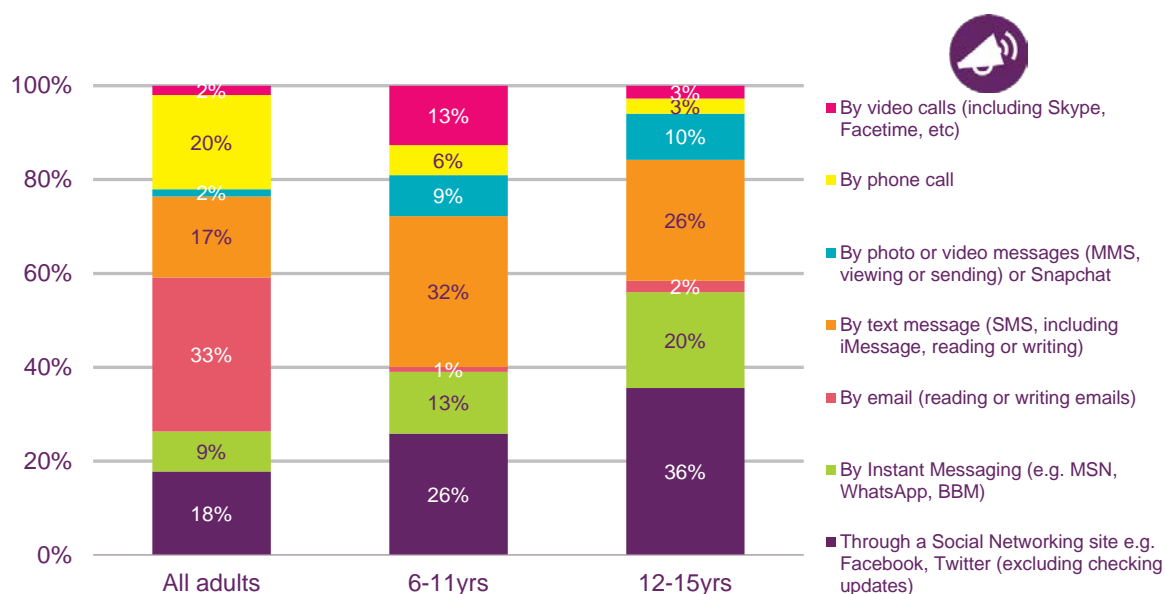
Source: Digital Day 7-day diary
Base: All communication activity records for adults 16+ (37827), primary school aged 6-11 (209), secondary school aged 11-15 (1063)

1.6 Communications technology and work-life balance

1.6.1 Introduction

In this section of the report, Ofcom highlights YouGov's SixthSense[12] research looking at workers' views on how communications technology affects their work-life balance.

This is a topic of interest for Ofcom against the long-term backdrop of increasing use and capability of the internet and mobile communications, and the critical role of communications in both the workplace and in our personal lives today. It helps us to understand more precisely how communications services fit into UK workers' day-to-day lives, and ultimately how these services may be impacting the experiences of people in the UK. Official labour market statistics[13] indicate that 71% of people aged 16-64 in the UK are employed (61% employed and 10% self-employed), so work-life balance is an issue that affects many people in the UK.

Work-life balance and communications are also particularly pertinent given the recent reporting of France's new labour agreement that prohibits certain workers from connecting to work email after they have worked a 13-hour day[14]. This deal, signed between employers' federations and unions in the digital and consulting fields, says that employees will have to switch off work telephones and avoid looking at work email, and that firms cannot pressure staff to check messages. A number of German companies, including Volkswagen, BMW and Puma, as well as the German Employment Ministry, have imposed similar measures on a voluntary basis. In the UK there is protection for many types of worker in the form of the Working Time Regulations, but this doesn't cover out-of-hours email, and excludes certain professions.

The YouGov research looked at technology more broadly (including cameras, printers, MP3 players etc), but we focus here on findings related to communications technology, and communication activities in particular (e.g. emailing, taking calls, using the internet). The research therefore provides a picture of UK workers' own reports of the extent to which they are using communications technology to carry out work-related activities in their non-working lives, how they are using communications technology for personal reasons in their place of work, and importantly, their opinions on this and the impact it has on their work-life balance.

The research was conducted among a sample of 1,050 UK adults aged 16+ on YouGov's online panel who are currently in employment (covering a range of socio-economic groups, work locations and levels of seniority). This sample was derived from a larger nationally-representative sample of 2,677 adults aged 16+. The survey was conducted in March 2014.

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[12] SixthSense is part of YouGov plc. and offers market intelligence reports on a subscription basis. YouGov designs and carries out the research, and subscribers have access to the written reports and data tables. For more information, please see www.yougovsixthsense.com

[13] Nomis is a service provided by the Office for National Statistics, ONS, to give users free access to the most detailed and up-to-date UK labour market statistics from official sources. www.nomisweb.co.uk/

[14] http://www.bbc.co.uk/news/magazine-26958079

Key points

- **On balance, workers tend towards a positive, or neutral, view of the impact of technology on work-life balance;** almost a quarter (24%) of workers think that technology (e.g. mobiles/smartphones, laptops, tablets etc) is improving their work-life balance; just under half (49%) say it is not making much difference either way, and 16% think this kind of technology is making their work-life balance worse.

With reference to working in personal time:

- **Emailing is the most common activity out of hours**, involving nearly half (46%) of all workers from time to time, including over a fifth (22%) on a regular basis. Around four in ten workers also take part in work-related telephone calls (41%) and text messages (37%) occasionally outside their working hours.

- **Workers in higher management level roles are more likely to work outside office hours.** Nearly three-quarters (72%) of senior managers send work related emails, at least occasionally, outside working hours, and 44% say they do this regularly.

- **Of those who work during 'personal time', over one in ten read or send work emails or texts in bed.** The largest proportion of work-related communications take place in the evening at home, with 53% of those who take part in work-related calls and 59% of those who do work-related emailing/texting in their personal time doing so in the evening at home. Additionally, just over one in ten engage in work-related emails or texts on waking in the morning or last thing at night in bed.

- **Around three in ten workers overall take part in some form of work-related activity while on holiday.** Approaching a quarter of workers (23%) regularly or occasionally engage in work emails on holiday, 19% regularly or occasionally engage in work texts and 16% take part in work phone calls (4% regularly).

- **The main advantages of working outside office hours are flexibility and a feeling that workers are not going to miss anything important**. But 80% acknowledge at least one disadvantage or working in their personal time: e.g. "it can be hard to switch off and relax".

Personal communications in work time:

- **Six in ten workers say that while they are at work they regularly or occasionally send and receive texts for personal reasons**. Furthermore, half email, and just under half make or receive telephone calls for non-work-related reasons.

- **Those in higher socio-economic grades and higher management levels are more likely to blur work-life boundaries and take part in most forms of personal communication and online activity during the working day**.

- **Workers who engage in personal communications at work see both the benefits and potential problems these can bring:** 55% value the greater ability to stay in contact with family and friends, and just over half (52%) agree that communications technology can help them have a break from work. However, about half are also aware of the downsides: potential time-wasting (51%), conflicts between employees and bosses (49%) and unnecessary distractions at work (48%).

1.6.2 Overall work-life balance

On balance, workers have a positive, or neutral, view of the impact of technology on work-life balance

Taking both personal technology use at work, and using technology for work at home, into account, the majority of workers have a neutral or positive view of the impact of technology (e.g. mobiles/smartphones, laptops, tablets etc) on their work-life balance. Almost a quarter (24%) of workers think that this kind of technology is improving their work-life balance, and just under half (49%) say it doesn't make much difference either way. Sixteen per cent of workers think technology is making their work-life balance worse, while the remaining one in ten (11%) are unsure.

Figure 1.74   Overall attitude towards technology and work-life balance
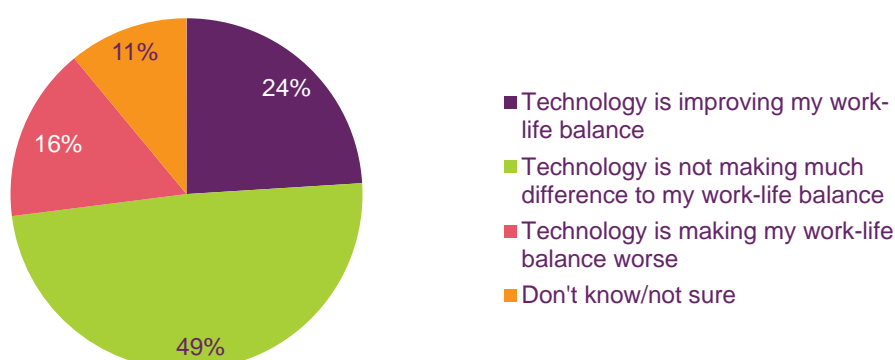
Source: YouGov SixthSense Switching Off: Technology and the Work/Life Balance Survey (27-31 Mar 2014).
Base: 1,050 UK adults aged 16+ in employment
Q: "Thinking of the overall effect technology (mobiles/smartphones, laptops, tablets etc) is having on your 'work-life balance' – both doing personal things at work and doing work in your personal time – which of the following statements best describes your attitude?"

Blurring of work and personal boundaries in both directions occurs; around half send personal emails at work, at least occasionally, and a similar proportion send work emails occasionally out of hours

Figure 1.75 shows the percentages of workers who participate in the three main personal communications activities (texting, emailing and telephone calls) while at work, and carry out the equivalent work-related communications activities outside work (in personal time at home, etc.). Between 40% and 50% of workers take part in in work-related activity at home, or carry out personal activity at work, through telephone calls and emails. More people do texting for personal reasons at work than read or send work-related texts outside work.

These data alone do not necessarily imply that one set of activities outweighs or compensates the other, for all workers, but they show that the impact of communications technology on work/life balance is a two-way street.

Figure 1.75   Personal communications at work and work-related activity at home
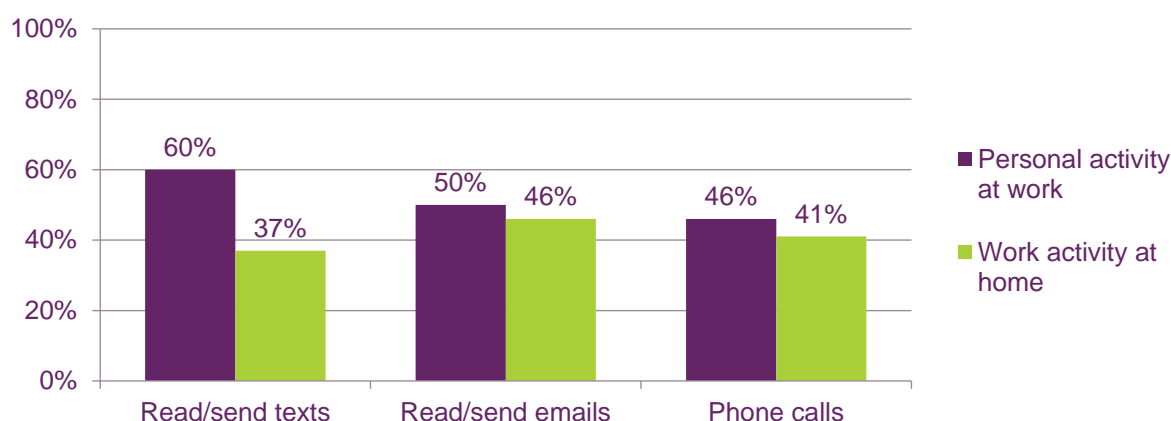
Source: YouGov SixthSense Switching Off: Technology and the Work/Life Balance Survey (27-31 Mar 2014).
Base: 1,050 UK adults aged 16+ in employment
Analysis: the percentages of workers who regularly or occasionally participate in the three main personal communications activities (texting, emailing and telephone calls) while at work with the equivalent work-related communications activities outside work (at home, etc.)

Taking an overview of the research, there appears to be little sense either that communications technology is leading to a deterioration of work-life balance for most people, or that the positives (greater personalisation in the workplace or greater flexibility/control over work) compensate for the negatives (encroachment of work into personal life). Also, for some workers, personal activities using communications technology do occur in work time, and so this may also provide an element of balance for them.

The next two sections outline in more detail the activities that workers are engaging in, related to work-life balance and communications technology use, and their views on this.

1.6.3 Work-related activity in personal time

The majority of workers do some work in their own time

The research found a high level of work-related communication activity outside normal working hours, with around 60% of workers doing some form of work-related communication activity, either regularly or occasionally, outside work.

Figure 1.76 shows that emailing is the most common activity, involving nearly half (46%) of all workers from time to time, including over a fifth (22%) on a regular basis. Around four in ten workers also take part in work-related telephone calls (41%) and text messages (37%) outside their working hours. Four in ten workers are doing work-related activities such as word processing or spreadsheets, either on their personal devices or on work devices in their 'free time'.

Figure 1.76   Regular or occasional work-related activities outside working hours
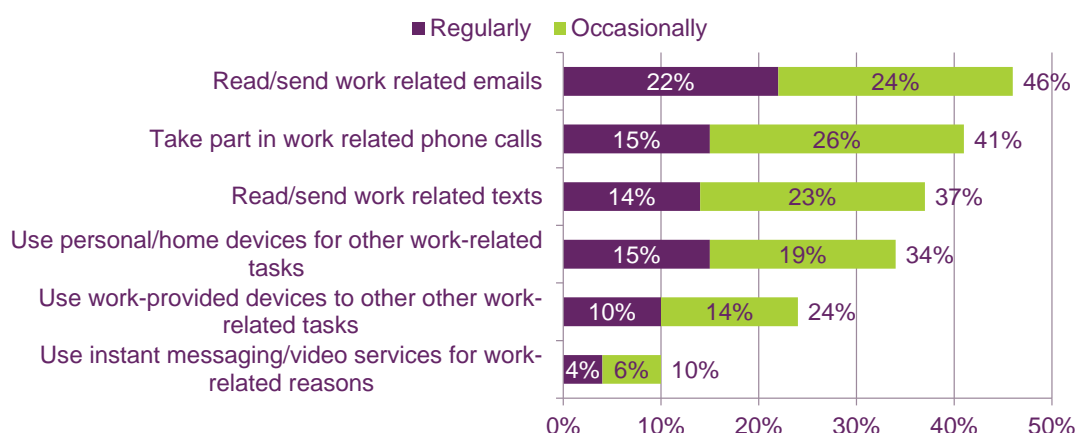
■ Regularly ■ Occasionally

Activity	Regularly	Occasionally	Total
Read/send work related emails	22%	24%	46%
Take part in work related phone calls	15%	26%	41%
Read/send work related texts	14%	23%	37%
Use personal/home devices for other work-related tasks	15%	19%	34%
Use work-provided devices to other other work-related tasks	10%	14%	24%
Use instant messaging/video services for work-related reasons	4%	6%	10%

Source: YouGov SixthSense Switching Off: Technology and the Work/Life Balance Survey (27-31 Mar 2014).
Base: 1,050 UK adults aged 16+ in employment
Q: "How frequently, if at all, do you do any of the following during your personal time outside working hours (e.g. evenings or weekends, but not including holidays)?" (Self-defined as regularly, occasionally, rarely, never or don't know)

More out-of-hours communications for those higher in the management chain

In general, those at higher management levels are more likely to frequently blur their 'work/life boundaries, e.g. 29% of workers in the ABC1 socio-economic group regularly send work emails outside work hours, whereas this applies to 13% of those in C2DE groups. In particular, the senior managers/executives, and those who are self-employed, are particularly likely to carry out work-related activities outside working hours. Nearly three-quarters (72%) of senior managers send work related emails out of work-hours, at least occasionally, and 44% say they do so regularly.

Looking at the data by age group shows that some of the highest levels of using communications technology and services to work in personal time can be seen in the 25-39 year-old age group; e.g. over half regularly or occasionally send work-related emails (54%) and take part in work-related telephone calls (56%).

Figure 1.77 Regular or occasional work-related activities outside working hours, by sub-group

	Work-related emails		Work-related telephone calls		Work-related texts	
	Regular	Regular/ occasional	Regular	Regular/ occasional	Regular	Regular/ occasional
ABC1	29%	57%	18%	46%	17%	41%
C2DE	13%	32%	12%	36%	10%	32%
Senior manager/exec	44%	72%	39%	70%	30%	61%
Middle manager	36%	72%	19%	57%	26%	55%
Junior manager	18%	49%	12%	43%	12%	40%
Non-management	9%	24%	5%	24%	4%	19%
Self-employed	42%	68%	33%	65%	25%	59%
Mainly office-based	20%	47%	14%	41%	14%	37%
16-24	14%	41%	12%	38%	10%	30%
25-39	25%	54%	25%	56%	17%	42%
40-54	19%	43%	13%	38%	13%	36%
55+	25%	45%	19%	45%	15%	38%

Source: YouGov SixthSense Switching Off: Technology and the Work/Life Balance Survey (27-31 Mar 2014).
Base: 1,050 UK adults aged 16+ in employment, all base sizes above 100.
Q: "How frequently, if at all, do you do any of the following during your personal time outside working hours (e.g. evenings or weekends, but not including holidays)?" (Self-defined as regularly, occasionally, rarely, never or don't know)

Of those who work during 'personal time', over one in ten read or send work emails or texts in bed

Respondents were asked when they typically take part in work-related activities in their personal time. The largest proportion of work-related communications take place in the evening at home, extending the working day for many, with 53% of those who take part in work-related calls and 59% of those who do work-related emailing/texting in their personal time doing so in the evening at home.

For some workers, telephone calls, emails, texts and other work activities also encroach on their weekend at home; 38% of those who take part in work-related calls and 41% of those who do work-related emailing/texting in their personal time do so during the weekend at home.

Additionally, just over one in ten engage in work-related emails or texts on waking in the morning or last thing at night in bed.

Figure 1.78 When people do work-related communications outside working hours
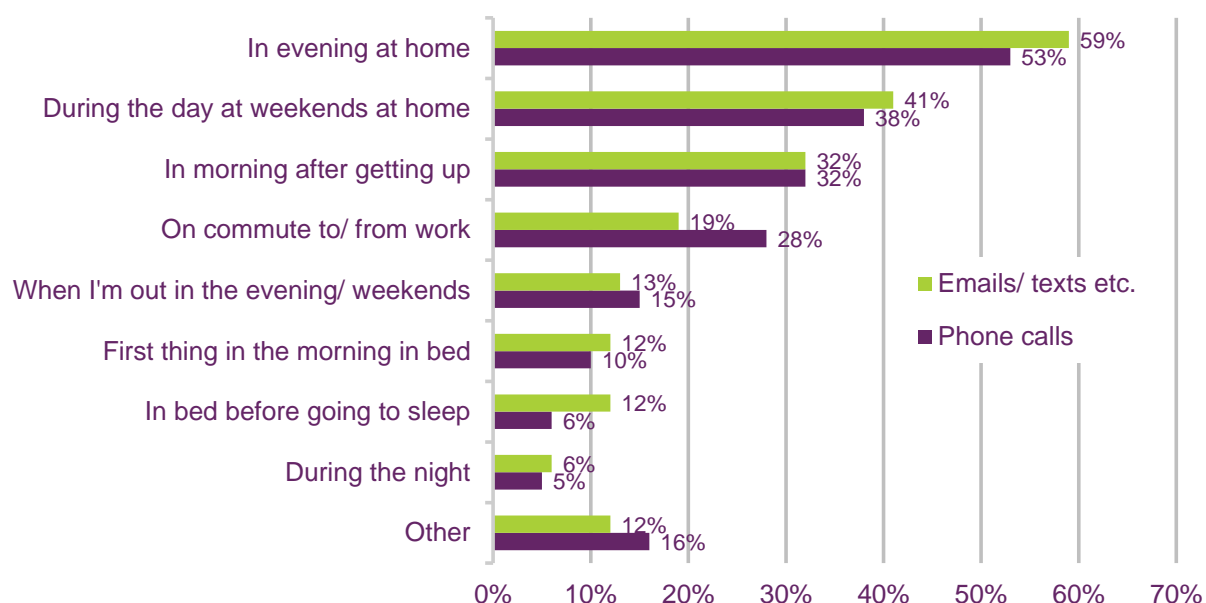
Source: YouGov SixthSense Switching Off: Technology and the Work/Life Balance Survey (27-31 Mar 2014).
Base: 439 UK adults aged 16+ who take part in work-related phone calls outside working hours; 533 UK adults 16+ who take part in work-related emails, texts etc. outside working hours
Q: "Thinking of reading/sending work-related emails, texts or instant messaging, when do you typically do this? Please choose all that apply.."

Almost one in five people who check work emails out of hours do this at least once an hour

Figure 1.79 shows that four in ten (41%) people who check emails out of hours say they look at them more often than every four hours. A third of respondents check their work communications at least every 2-3 hours (during their waking time) when they are not at work. This more active group accounts for around 16% of the workforce overall and, once again, is most likely to be ABC1, under 40 and is likely to include a relatively high proportion of middle managers.

Figure 1.79   Frequency of checking work emails/texts outside working hours
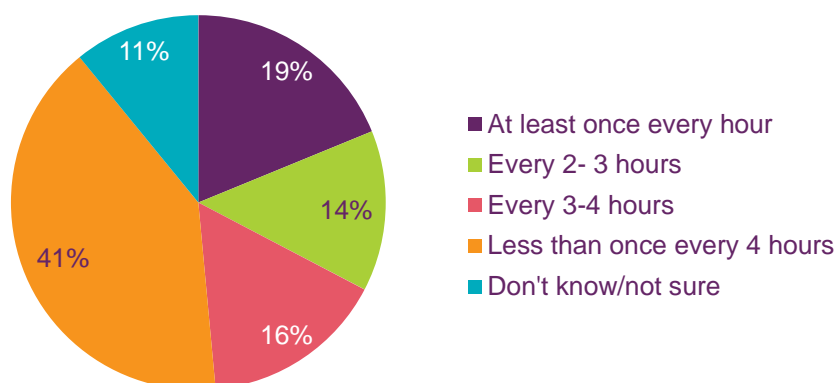
Source: YouGov SixthSense Switching Off: Technology and the Work/Life Balance Survey (27-31 Mar 2014).
Base: 528 UK adults aged 16+ in employment who check emails/text outside working hours
Q: "How often, on average, do you tend to check your work emails/texts during waking hours when you're not at work?"

Around three in ten workers overall take part in some form of work-related activity while on holiday

While the majority (68%) of workers do not take part in any work-related activities on holiday, just over three in ten engage in work related calls, emails, messaging or texts while on holiday from work.

Approaching a quarter of workers (23%) regularly or occasionally engage in work emails on holiday, 19% regularly or occasionally engage in work texts and 16% take part in work phone calls (4% regularly).

Work on holiday becomes more common as management level rises. Among the senior manager/executive group, 44% do work-related emails, 37% do texts and 33% take part in phone calls for work. Furthermore, as with work activities during normal personal time, the most likely people to work on holiday are male, ABC1 and aged 25-39.

Those who check their work emails or texts on holiday were asked how often they tend to do this. Most of the emailing/texting that takes place on holiday is fairly occasional; six in ten people (58%) who take part in this type of activity do so once a day or less often.

Figure 1.80   Regular or occasional participation in work-related activities while on holiday
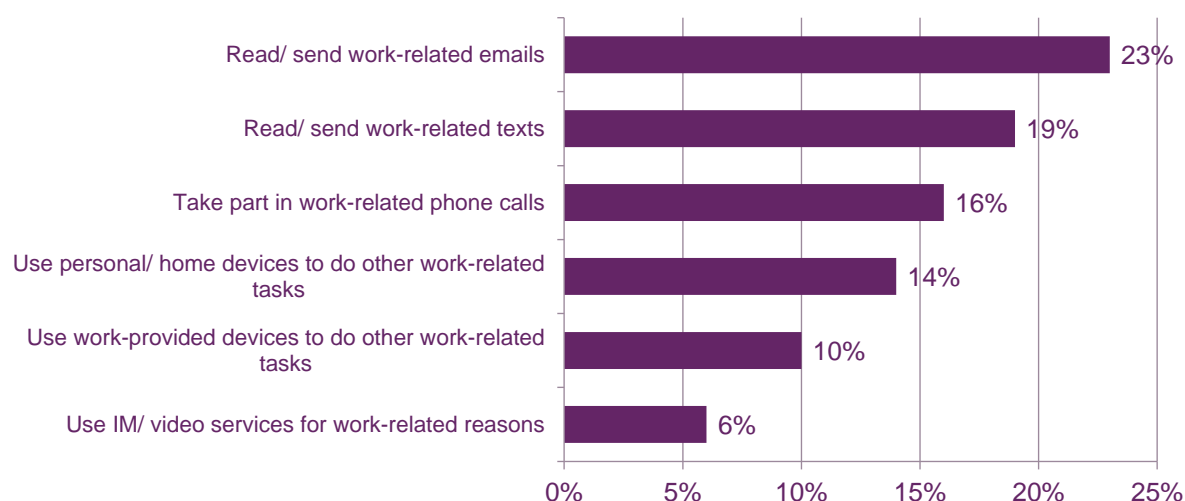
Read/ send work-related emails — 23%
Read/ send work-related texts — 19%
Take part in work-related phone calls — 16%
Use personal/ home devices to do other work-related tasks — 14%
Use work-provided devices to do other work-related tasks — 10%
Use IM/ video services for work-related reasons — 6%

Source: YouGov SixthSense Switching Off: Technology and the Work/Life Balance Survey (27-31 Mar 2014).
Base: 1,050 UK adults aged 16+ in employment
Q: "How frequently, if at all, do you do any of the following while on holiday from work?"

Amongst those who work whilst on holiday, one in ten do so while on the beach or by the pool

For those who do take part in work-related activities while on vacation, most of this activity takes place when they are on holiday at home.

However, three in ten also undertake work-related activities in their holiday accommodation away from home, a quarter while waiting for their transportation and a fifth on the journey to and from the destination. One in ten respondents (3% of all workers overall) work while on the beach or by the pool.

Figure 1.81   When and where people do work-related activities on holiday
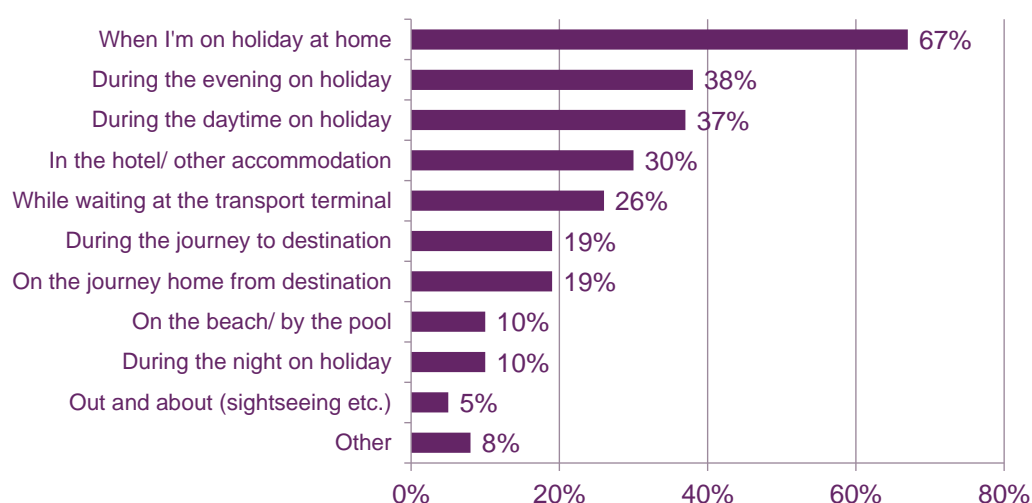
When I'm on holiday at home — 67%
During the evening on holiday — 38%
During the daytime on holiday — 37%
In the hotel/ other accommodation — 30%
While waiting at the transport terminal — 26%
During the journey to destination — 19%
On the journey home from destination — 19%
On the beach/ by the pool — 10%
During the night on holiday — 10%
Out and about (sightseeing etc.) — 5%
Other — 8%

Source: YouGov SixthSense Switching Off: Technology and the Work/Life Balance Survey (27-31 Mar 2014).
Base: 305 UK adults aged 16+ who participate in work activities on holiday
Q: "When do you typically do this/ these activities on holiday? Please choose all that apply."

Workers acknowledge a range of advantages of using communications technology and services for work in personal time, including personal and professional benefits

For those involved in any kind of work-related communications activities outside normal hours, the two leading advantages are seen as flexibility (choosing to work at a time that suits them better) and feeling that they are not going to miss anything important. At least three in ten of those who use technology for work in their personal time also like the fact that they are contactable if needed (35%), can fit activities around their family/personal needs (32%), find it easier to keep on top of workload (32%), and that it makes them more productive.

These advantages can be seen to benefit the company/organisation and individual workers to greater and lesser extents; 87% identified at least one advantage of using technology for work in personal time.

Figure 1.82   Advantages of using communications technology for work activities in personal time

Eight in ten who use communications technology for work outside working hours acknowledge the disadvantages of this

The research also aimed to find to what extent workers feel that communications technology is affecting the boundaries that have traditionally protected their personal time. Figure 1.83, shows workers' views on the disadvantages of using this technology for work activities in personal time; 80% acknowledge at least one disadvantage.

Around six in ten (57%) workers who work in their personal time agree that "it can be hard to switch off and relax" and 44% also think the line between work and private life has been blurred. A smaller percentage (35%) agree with the stronger statement that "there's no escape from work", while a quarter comment that "family life can suffer".

Figure 1.83   Disadvantages of using communications technology for work activities in personal time
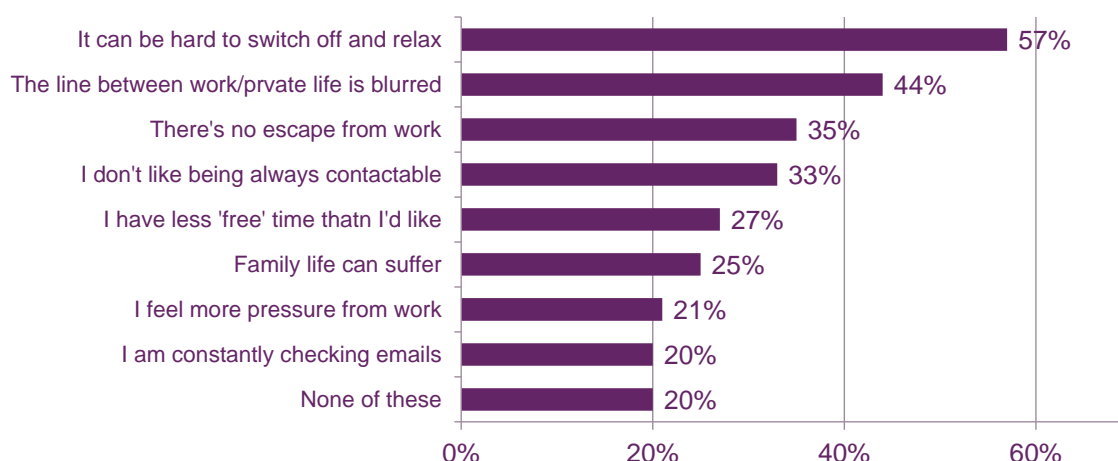
Disadvantage	Percentage
It can be hard to switch off and relax	57%
The line between work/prvate life is blurred	44%
There's no escape from work	35%
I don't like being always contactable	33%
I have less 'free' time thatn I'd like	27%
Family life can suffer	25%
I feel more pressure from work	21%
I am constantly checking emails	20%
None of these	20%

Source: YouGov SixthSense Switching Off: Technology and the Work/Life Balance Survey (27-31 Mar 2014).
Base: 601 UK adults aged 16+ in employment who use technology for work purposes outside working hours
Q: "And which, if any, of the following would you say are the disadvantages of using technology for work-related activities during personal time?"

1.6.4 Personal communications technology use at work

A majority of workers use communications technology for personal use while at work

The research found that six in ten workers say that they text regularly or occasionally , half email and just under half make or receive telephone calls for personal reasons during the working day. Most self-reported use is occasional rather than regular, but around one in four admit to being regular personal texters and one in five say they regularly send personal emails while at work.

Nearly half of all workers browse the web for non-work related purposes (and almost one in five do so regularly).Three in ten workers use social networking sites at work, and three in ten pay their household bills online, or conduct online banking transactions at work.

Figure 1.84   Regular or occasional use of technology for personal reasons at work

■ Regularly   ■ Occasionally

Activity	Regularly	Occasionally	Total
Read/send personal text messages	24%	36%	60%
Read/send personal emails	20%	30%	50%
General web browsing for personal reasons	18%	28%	46%
Take part in personal phone calls	14%	32%	46%
Listen to music	17%	16%	33%
Use social networking sites	12%	18%	30%
Read online news sites/magazines	11%	19%	30%
Online banking/paying bills	11%	18%	29%
Check sport results/news	9%	18%	27%
Do other online shopping (e.g. clothes, books, music)	4%	16%	20%
Watch videos (e.g. YouTube)	4%	12%	16%
Research and/or book holidays	3%	13%	16%

Source: YouGov SixthSense Switching Off: Technology and the Work/Life Balance Survey (27-31 Mar 2014).
Base: 1,050 UK adults aged 16+ in employment
Q: "Now thinking of using technology at work for personal use, how frequently, if at all, do you do any of the following during working hours?" (Self-defined as regularly, occasionally, rarely, never or don't know). Mentions over 15% reported here.

Management seniority also affects likelihood to engage in personal communications activities at work

This research found that those in ABC1 occupations are also more likely than those in C2DE occupations to take part in most forms of personal communication and online activity during the working day. Seniority also affects likelihood to engage in personal activities at work; e.g. senior managers were more likely than those without management responsibility to engage in all forms of personal activities at work (Figure 1.85).

The increased frequency of carrying out personal communications activities at work may reflect the greater opportunities available in office environments (e.g. Figure 1.9 shows that those working mainly in office environments are among the subgroups most likely to regularly browse the internet at work). It also potentially reflects the blurring between work and personal life seen in the amount of work carried out in personal time by more senior workers; carrying out personal activities in work time could be seen to reflect a certain amount of 'give and take' or even necessity, if personal time is taken up by work.

The differences between management levels are not as marked in relation to the likelihood of carrying out personal activities in work time as they are for carrying out work activities in personal time. This is demonstrated by the fact that 72% of senior managers, but only 14% of non-managers at least occasionally send work emails out of hours (a 48pp difference), whereas 62% of senior managers and 42% of non-managers send personal emails in work time (a 20pp difference).

Some of the personal activities carried out at work peak among those under 40, particularly the 25-39 age group; e.g. 73% engage in personal texts and 60% in personal emails while at work. However, although the over-40s may text and email less often than their younger colleagues, they are more likely than young adults (under 25) to make personal telephone calls at work.

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Figure 1.85   Regular/occasional use of communications technology for personal activities at work, by subgroup

	Personal text messages		Personal emails		Personal telephone calls		Web browsing	
	Regular	Regular/ occasional	**Regular**	Regular/ occasional	**Regular**	Regular/ occasional	**Regular**	Regular/ occasional
ABC1	26%	64%	23%	56%	14%	48%	20%	50%
C2DE	22%	56%	17%	43%	14%	43%	15%	41%
Senior manager/exec	31%	71%	31%	62%	26%	64%	22%	52%
Middle manager	28%	67%	20%	59%	16%	50%	16%	45%
Junior manager	27%	63%	19%	48%	10%	46%	19%	51%
Non-management	19%	53%	15%	42%	8%	35%	14%	42%
Self-employed	29%	71%	31%	63%	25%	66%	24%	51%
Mainly office-based	29%	66%	23%	57%	12%	45%	22%	55%
16-24	27%	65%	24%	58%	13%	31%	22%	57%
25-39	32%	73%	24%	60%	13%	50%	15%	52%
40-54	24%	59%	18%	46%	12%	43%	17%	43%
55+	19%	54%	19%	46%	16%	49%	14%	43%

Source: YouGov SixthSense Switching Off: Technology and the Work/Life Balance Survey (27-31 Mar 2014).
Base: 1,050 UK adults aged 16+ in employment, all base sizes above 100.
Q: "Now thinking of using technology at work for personal use, how frequently, if at all, do you do any of the following during working hours?" (Self-defined as regularly, occasionally, rarely, never or don't know)

Mixed feelings about personal communications at work

Workers who took part in personal communications at work see both the benefits and potential problems this can bring.

Just over half of workers (55%) value the greater ability to stay in contact with family and friends offered by text, email and mobile telephone calls, and just over half (52%) agree that technology can help them have a break from work.

But a similar proportion of workers are also aware of the downsides – potential time wasting (51%), conflicts between employees and bosses (49%) and unnecessary distractions during the working day (48%).

Figure 1.86   Attitudes towards using communications technology at work for personal reasons

Source: YouGov SixthSense Switching Off: Technology and the Work/Life Balance Survey (27-31 Mar 2014).
Base: 601 UK adults aged 16+ in employment who use technology for work purposes outside working hours
Q: "Thinking of using technology (e.g. smart phones, computers etc.) at work for personal reasons, to what extent would you agree with the following statements?". Strongly agree and agree reported here.

1.7 The Generation Gap

1.7.1 Introduction

This section compares how communications media are used by older and younger users, to highlight the often significant differences between the two age groups.

We begin with an examination of key metrics for TV and radio consumption, and then move on to communications media, firstly with telephony, to compare landline and mobile use, and then the use of postal services. We then focus on online activities and the extent to which older and younger people access a variety of content and services. Finally, we look across platforms at the preferred means of access for news, and for some core communications activities.

Sources of information in this section include BARB, comScore, Ofcom's Tech Tracker and Media Literacy surveys, Ofcom's Residential Postal Tracker, Digital Day research and the 2014 *News Report*.

1.7.2 Key findings

- **Overall, younger and older people's consumption habits remain starkly differentiated across many communications media.** That said, differences are most evident in the extent and types of *use* made of communications, and less so in terms of actual *take-up* of various platforms, as we see internet access and mobile phone ownership become more prevalent among older age groups.

- **TV viewing has remained resilient over time, although there has been a decline since 2010 for younger age groups.** Between 2010 and 2012 there was very little change, either at the overall level or among older groups. However, younger people's viewing decreased during this period, with viewing among 16-24s decreasing from 169 minutes in 2010 to 157 in 2012. Between 2012 and 2013, there was an overall decrease in viewing. Viewing among all individuals (4+) went down from 241 to 232 minutes, and among 16-24s from 157 to 148 minutes.

- **The average weekly reach of radio remains high among all ages, while the amount of time spent listening has fallen – particularly for the 15-24s and the 25-34s.** Among all adults average time spent listening has dropped from 24.3 hours per week in 2003 to 21.5 hours per week in 2013, whereas 15-24s have experienced the largest decrease: from 21.4 to 15.5 hours per week.

- **The amount of 15-24s' total audio listening time spent with radio is far lower than for the other age groups.** Just 24% of listening time was spent with radio, compared to 30% with streaming audio and 30% with personally-owned digital audio. All other age groups spent at least two-thirds of their time listening to audio content listening to radio, rising to 86% among those aged 65+.

- **There is little difference by age in the take-up and use of mobiles – with only the over-65s out of step with the majority of the UK adult population.** For example, 99% of 16-34s and 98% of 35-54s use a mobile phone; this decreases slightly to 92% for 55-64s. Among those aged 65+ this figure is 72%. However, smartphone ownership differs greatly by age. Almost nine in ten (88%) of 16-24s own a smartphone, compared to 14% among those aged 65 and over.

- **Those aged 16-34 send less post than any other age group.** Older age groups are more likely to send more items of post, and are more likely to consider themselves reliant on post as a way of communicating. Younger age groups are more likely to express a preference for email, and to say that they only use post if there is no alternative.

- **While on average 82% of UK adults have internet access at home, this drops to half (50%) among those aged 65+.** Furthermore, younger people are more likely to undertake a wider range of activities online, including social networking. Over three-quarters (74%) of 16-24s with internet access use social networking sites, compared to 25% of 65-74s and one-fifth of those aged 75+ with internet access.

- **Younger people are three times more likely to get their news online.** Six in ten (60%) of 16-24s say they use the internet for news, compared to 21% of those aged 55+. Conversely, 90% of those aged 55+ say they watch news on TV compared to 56% of 16-24s.

- **Paradoxically, the growth in types of communication could lead to a deepening generation gap.** Twenty-five years ago, there were fewer, but more ubiquitous communications platforms; landlines and letters were the main means of person-to-person communication. Since then, methods of communication have proliferated. While the majority of younger people are engaged with these newer forms, older people use them far less, and so are less visible across a range of communication and connection platforms.

1.7.3 The UK population

The over-75 population is predicted to double by 2037

As context for our examination of the differences between younger and older people in terms of their communications preferences and habits, it is useful to remind ourselves of the current population size of each age group, and how these are expected to grow in the coming decades. While the under-60 age groups are likely to remain largely stable over time, significant growth is projected for those aged 60-74, 75-84, and 85+. Overall, the 75+ age group is set to almost double from 5 million to 9.5 million over this period.

Figure 1.87   UK population projections to 2037

Population Projection (Millions of people)
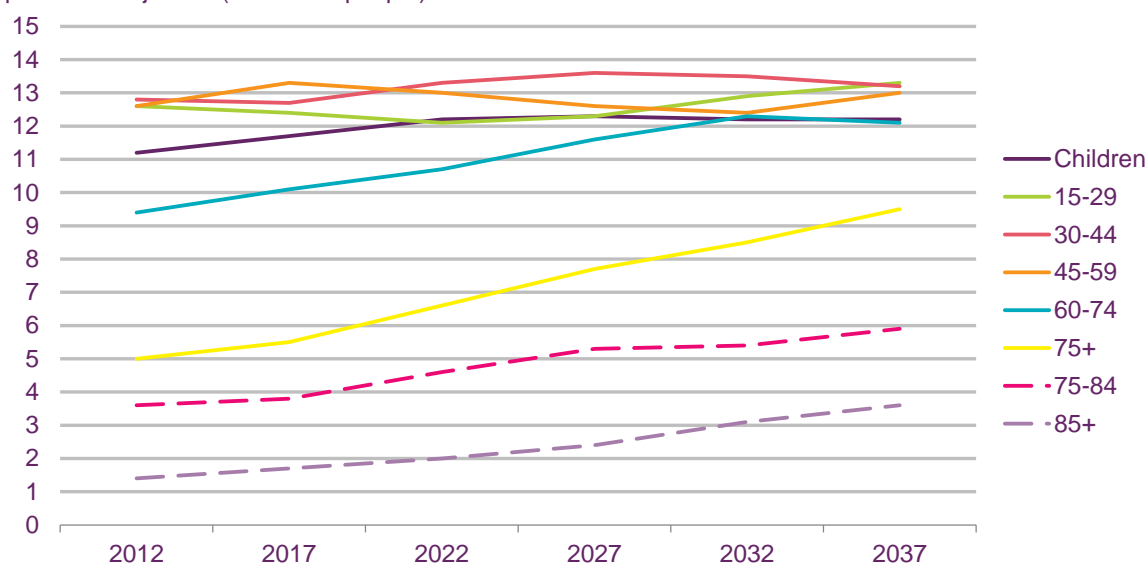
Source: ONS National Population Projections 2012, published 6 November 2013

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1.7.4 TV viewing

TV viewing has remained resilient over time, although there has been a decline since 2010 for younger age groups.

Across the UK population, people watch an average of 232 minutes of television each day. This rises to 341 minutes for those aged 65+, compared to 148 minutes for those aged 16-24.

Between 2010 and 2012 there was very little change, either at the overall level or among older groups. However, younger people's viewing decreased during this period, with viewing among 16-24s decreasing from 169 minutes in 2010 to 157 in 2012.

Between 2012 and 2013, there was an overall decrease in viewing. Viewing among all individuals (4+) went down from 241 to 232 minutes, and among 16-24s from 157 to 148 minutes. This decrease across the age groups may be attributed to a warmer and drier summer in 2013 compared to the previous three years, as well as the absence of significant events-based programming in 2013.

Figure 1.88   Average minutes per day of TV viewing, by age: 2006-2013
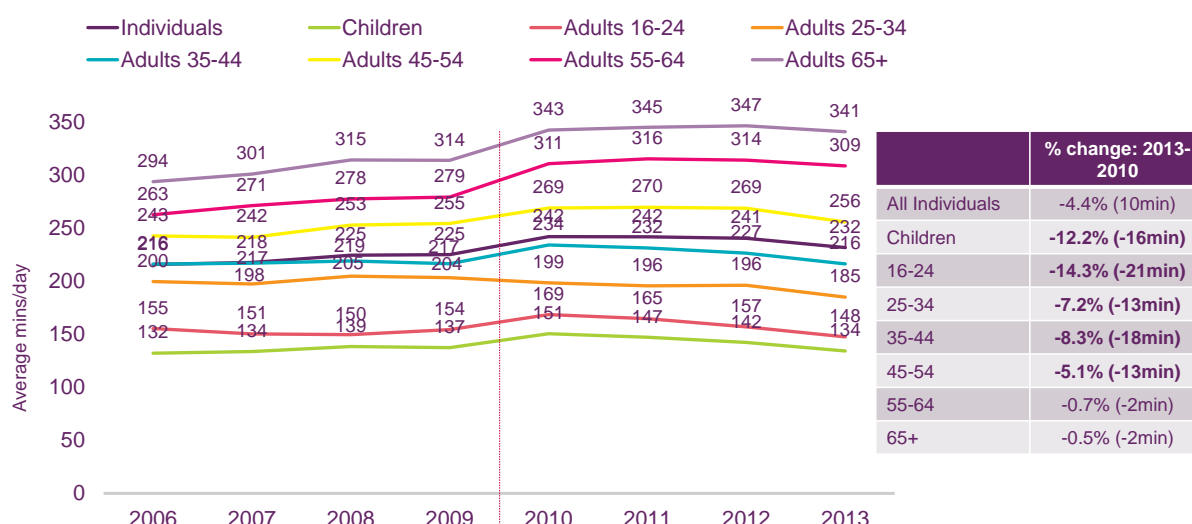
Source: BARB, Network
Note: new BARB panel introduced 1 January 2010. As a result, pre- and post-panel change data must be treated with caution (see dotted line)

Younger age groups have a wider repertoire of channel viewing

Although they watch fewer hours of TV, people aged 16-24 watch a wider range of TV channels than those aged 35+. Across all individuals, the average number of TV channels representing 75% of viewing increased from 18 channels in 2007 to 26 channels in 2013. Younger age groups view many more channels than do older people: three-quarters of viewing by 16-24s goes to 32 channels, compared to ten channels for those aged 65+. However, in terms of the relative increase over time, people aged 65+ have more than doubled their channel repertoire (from four to ten channels) since 2007.

Figure 1.89   Number of channels representing 75% of viewing, by age group: 2007 and 2013
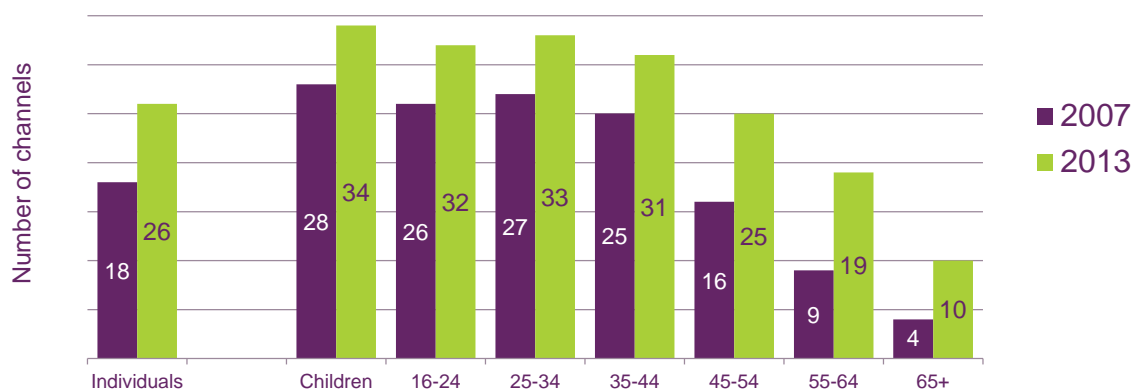
Source: BARB
Note: based on the number of channels representing 75% of each demographic's viewing (channels ranked by channel share).

Younger age groups are more likely to view on-demand content

Overall, people in the UK spend an average of 4 hours 17 minutes on audiovisual activities each day. Older people spend more time than younger people watching audiovisual content, although the 25-44 age group spends the least time on this activity. Those aged 16-24 spend half of their viewing time watching live TV, compared to 82% of those aged 65+. Watching via on-demand, downloads, packaged media and short online video clips is much more prevalent for 16-24s than for older people. However, viewing recorded TV is fairly similar across all age groups.

Figure 1.90   Total time spent watching audiovisual content, by age group
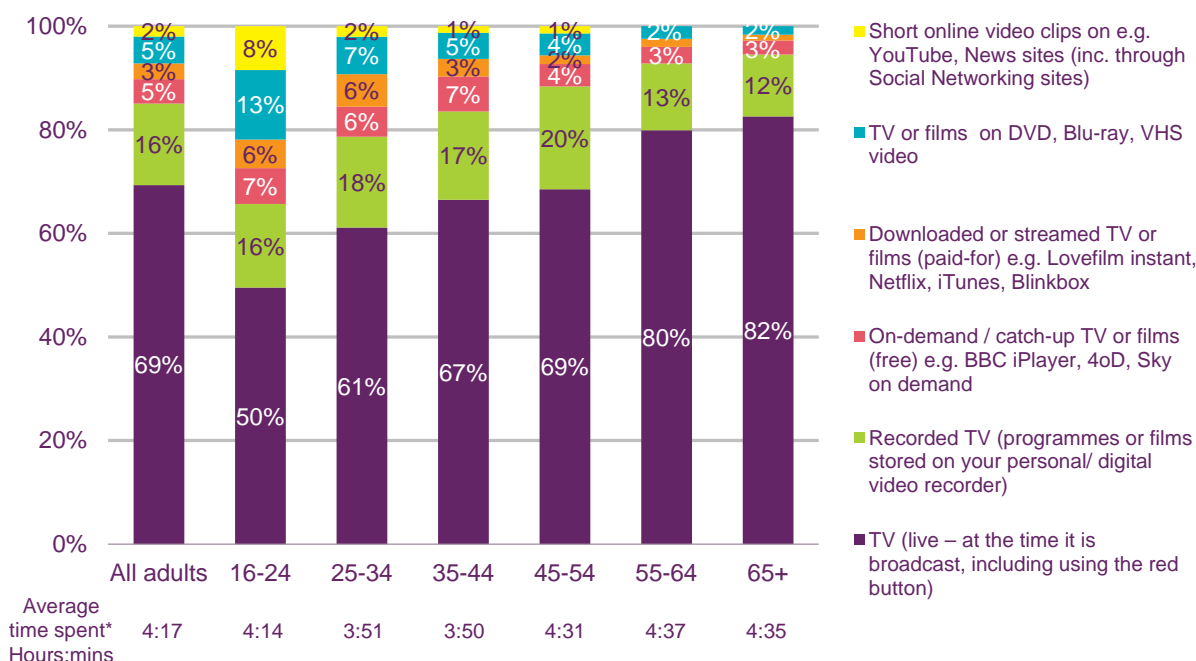
Source: Digital Day 7-day diary
Base: All watching activity records for adults 16+ (25272), 16-24 (1583), 25-34 (3390), 35-44 (5362), 45-54 (6012), 55-64 (4905), 65+ (4020)
*Average time spent is the total average daily time spent watching media, including simultaneous activity

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1.7.5 Listening to audio

The proportion of time spent listening to live radio is considerably lower for 16-24s than for other age groups

Figure 1.91 shows the differences by age in terms of listening to any type of audio, from our Digital Day 2014 survey. People aged 65+ are the most likely to devote most of their listening time to live radio, with just 14% spent on other types of audio content.

In contrast, 16-24s are more likely to listen to their own, or streamed, digital music than to radio – they spend 76% of their listening time on non-radio content.

But both age groups spend broadly similar amounts of time listening to audio content: 1 hour 39 minutes per day for 16-24s, compared to 1 hour 42 minutes for over-65s.

Figure 1.91   Percentage of total time spent listening to any audio, by age
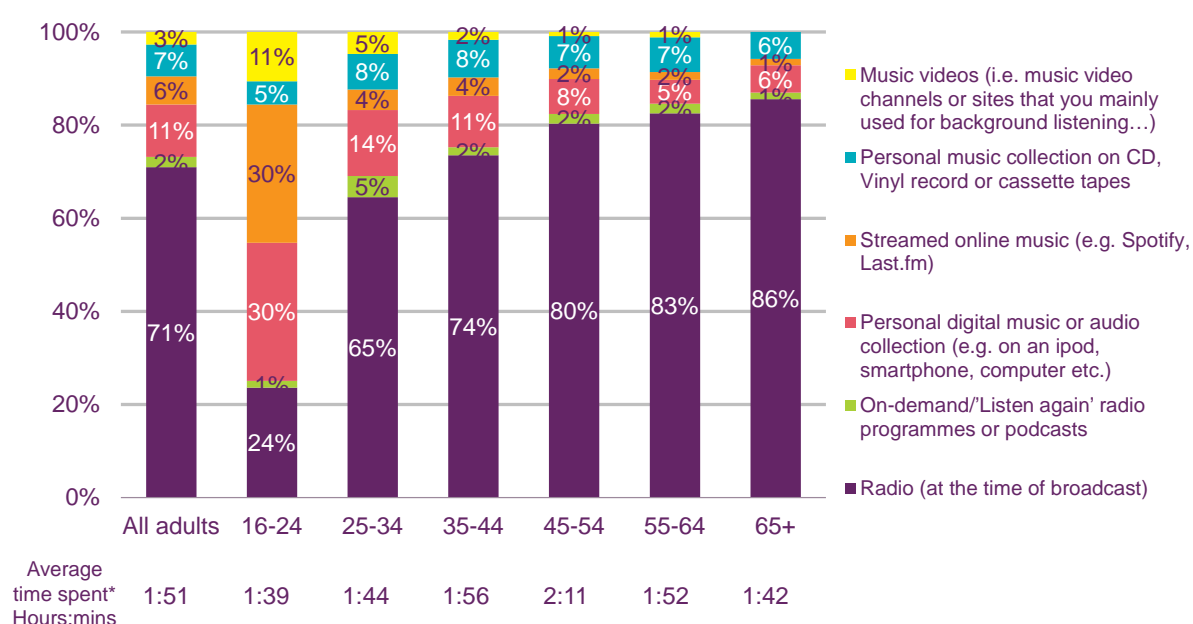
Source: Digital Day 7-day diary
Base: All listening activity records for adults 16+ (17290), 16-24 (999), 25-34 (2342), 35-44 (4113), 45-54 (4334), 55-64 (3284), 65+ (2218)
*Average time spent is the total average daily time spent listening to media, including simultaneous activity

Average listening per week has decreased over time, particularly for 15-24s

Figure 1.92 shows average listening per week across the age groups. While overall weekly listening has decreased: from 24.3 hours in 2003 to 21.5 in 2013, the decrease has been more substantial for 15-24s, from 21.4 hours in 2003 to 15.5 hours in 2013.

Figure 1.92   Average hours listening per week: 2003-2013

Average hours per listener

Bar chart comparing 2003 and 2013 values:

Age group	2003	2013
All Adults	24.3	21.5
15-24	21.4	15.5
25-34	21.7	18.0
35-44	23.7	20.5
45-54	25.5	23.3
55-64	26.8	24.5
65+	26.6	25.8

■ 2003 ■ 2013
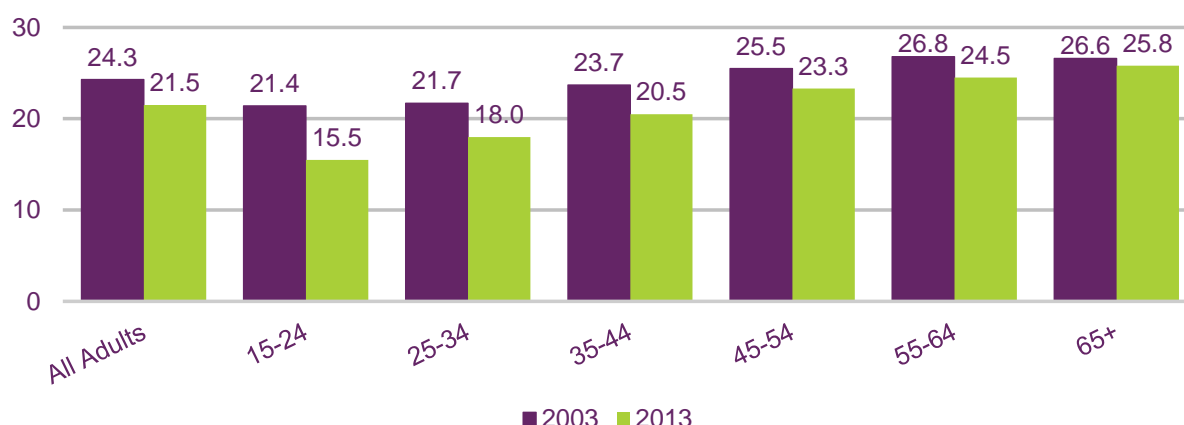
Source: RAJAR, all adults 15+

1.7.6   Telephony

A quarter of 16-24s live in mobile-only households

There are considerable differences by age in terms of take-up of fixed and mobile phones. While only 4% of UK households overall have a fixed line only, this rises to three in ten (31%) of those aged 75+, and one in ten (10%) of those aged 65-74. Conversely, 26% of 16-24s and 28% of 25-34s live in mobile-only households, compared to 1% of those aged 75+.

Figure 1.93   Household penetration of fixed and mobile telephony, by age

Proportion of respondents (per cent)

Stacked bar chart (None, Mobile only, Fixed and mobile, Fixed only):

	All	16-24	25-34	35-54	55-64	65-74	75+ 2014
None					1		1
Mobile only	16	26	28	14	9	5	3
Fixed and mobile	80	73	72	86	87	85	65
Fixed only	4			1	3	10	31
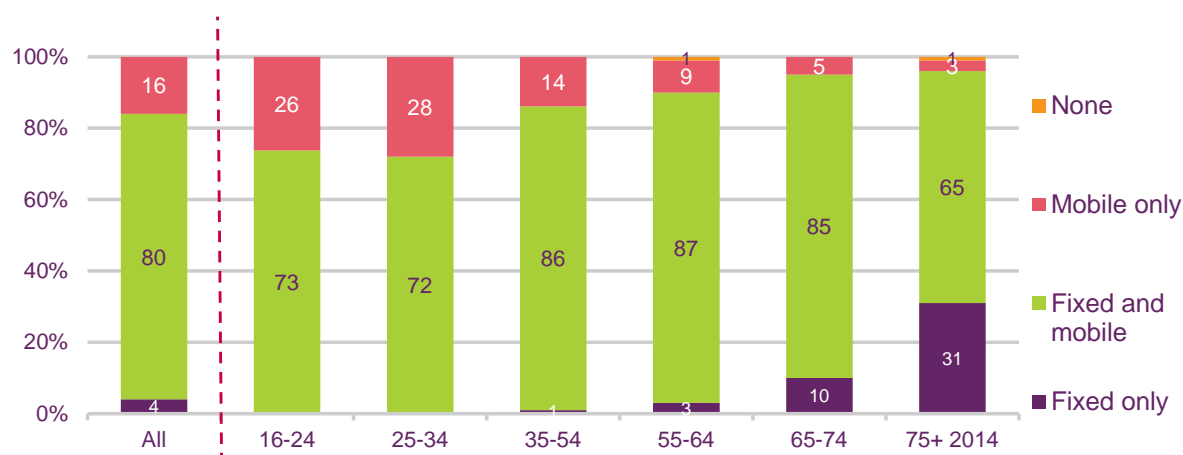
Source: Ofcom Technology Tracker, Q1 2014
QC1: Is there a landline phone in your home that can be used to make and receive calls?

Mobile phones are ubiquitous as the main method for calls by younger people, whereas landlines are used by older age groups

When asked which is their main method of making or receiving calls, the picture is a lot more stark. Almost all (94%) of people aged 16-24 say that their main method for calls is a mobile phone, compared to 6% of people aged 75+. Conversely, nine in ten of those aged 75+ say

their home landline is their main means of making phone calls, compared to 5% of those aged 16-24.

Figure 1.94   Main method of making/receiving telephone calls, by age
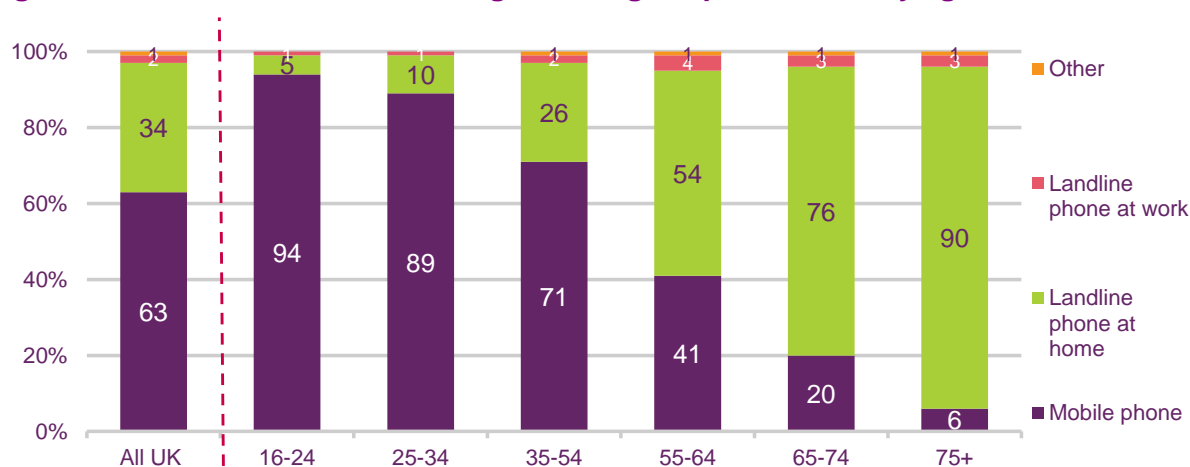
QC4: Which of these do you consider to be your main method of making and receiving telephone calls?
Source: Ofcom Technology Tracker, Q1 2014

1.7.7   Use of postal services

Older people are more likely than younger people to send post

Overall, people in the UK aged 16+ send an average of 6.7 items by post each month. This rises to 8.4 items for those aged 55+, and compares to 4.3 items for those aged 16-34. Three in ten (29%) people aged 16-34 say they send no items in a month, compared to 16% of those aged 55+.

Figure 1.95   Items of post sent per month, by age group
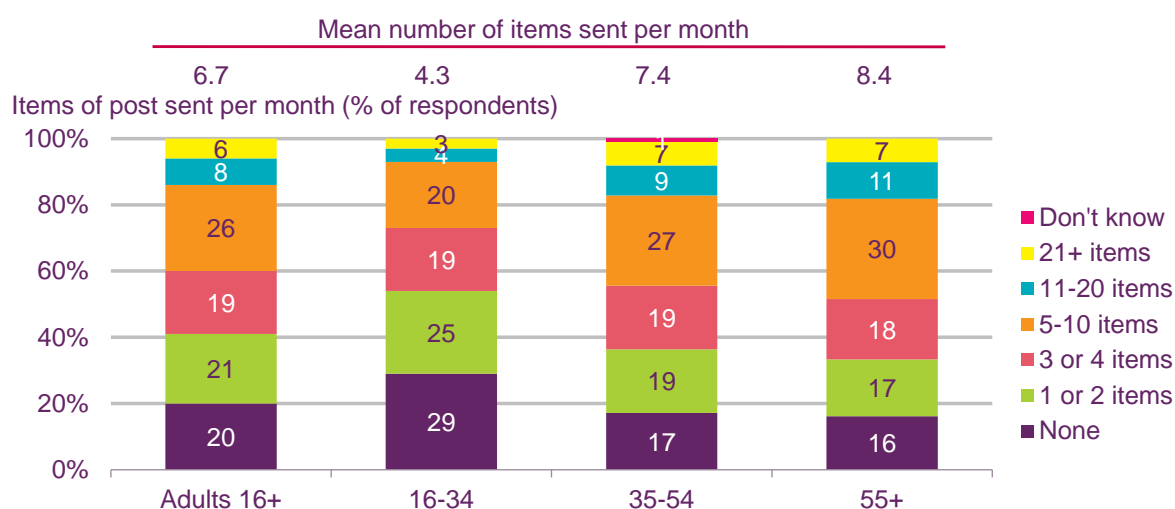
Source: Ofcom Residential Postal Tracker, Q2 2013-Q1 2014

Older people are also more reliant on post than younger age groups

As well as sending the most items, those aged 55+ are most likely to claim reliance on post as a way of communicating, with one-third (32%) saying they are 'very reliant'. One-fifth (19%) of the younger age group claim to be 'very reliant'.

Figure 1.96 Reliance on post as a way of communicating

Proportion of respondents (%)
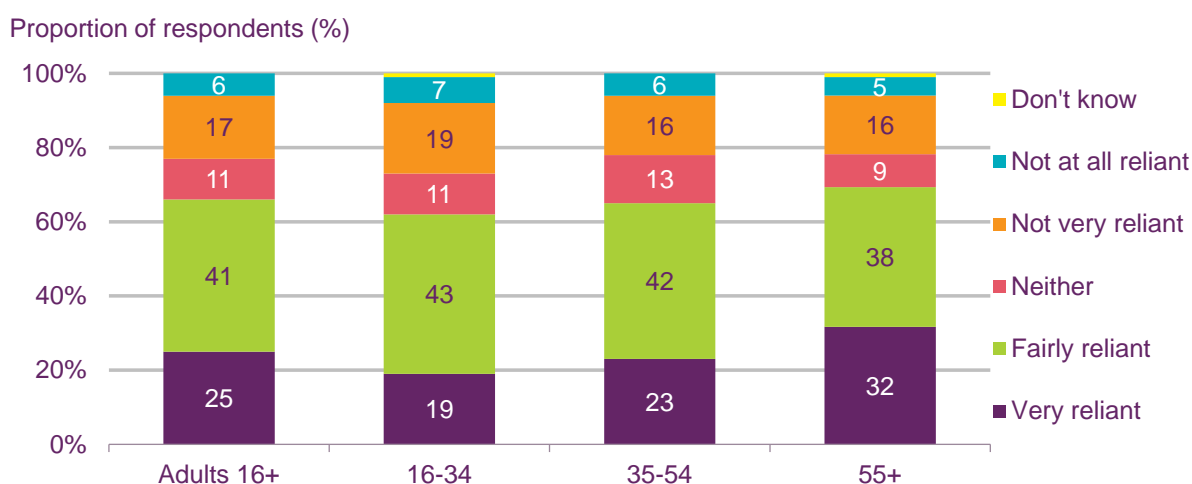
Source: Ofcom Residential Postal Tracker, Q2 2013-Q1 2014

1.7.8 Take-up of smartphones and tablets

Smartphone and tablet take-up is sharply differentiated by age

Although mobile phone take-up among people aged 65+ now stands at 72%, the proportion of older people using a smartphone is considerably lower, as Figure 1.97 shows. While smartphone take-up is now 88% among 16-24s, it is 14% for those aged 65+. The growth in tablet take-up is less stark, although still considerable. Over one in five (22%) of those aged 65+ have a tablet, compared to half (49%) of those aged 16-24.

Figure 1.97 Smartphone and tablet take-up
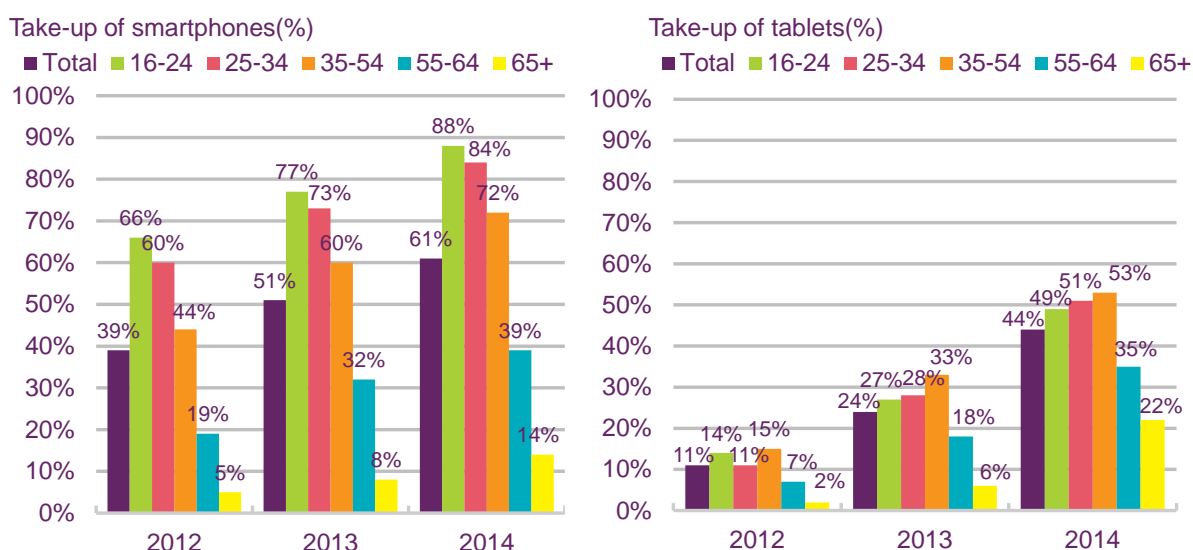
Source: Ofcom technology tracker, Q1 2014

Types of mobile phone use vary according to age

Take-up of smartphones has an impact, of course, of the types of communication and connectivity that are carried out by mobile phone users of different age groups (Figure 1.98). Among mobile phone users, four in five 16-24s (81%) use their mobile for emailing,

compared to one in ten aged 65+ (9%). And 44% of 16-24s with a mobile use it for video calls over the internet, compared to 3% of those aged 65+.

Figure 1.98   Types of mobile phone use, by age-group

Mobile phone users (%)	All mobile phone users	16-24s	65+
Send/receive photo messages by phone	67	92	20
Send/receive email by phone	55	81	9
Instant messaging by phone	38	72	5

Source: Ofcom Media Literacy Tracker, 2013

1.7.9 Online activities

Older people are more likely to be narrow users of the internet

Home internet access is now relatively ubiquitous across most age groups. Overall, 82% of the UK population have home internet access, and around nine in ten people aged 16-55 have it. Four in five (78%) of those aged 55-64 have access, although for those aged 65+ the figure is lower, at 50%[15].

However, the uses made of the internet are much more stratified by age. Figure 1.99 shows the breadth of use made of the internet by different age groups. Narrow users are defined as those who ever carry out between one and six types of 18 categories of internet use. Medium users carry out seven to ten types, and broad users are defined as ever carrying out 11 to 18 types of use.

Older people are far more likely to be narrow users – 44% of online users aged 65+ are narrow users, compared to 9% of 16-35s.

It is also the case that older users are less likely to use a range of websites. While one in three internet users (34%) say that they only use websites they've used before, this rises to 56% of those aged 65+, compared to 25% of 16-24s[16].

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[15] Source: Ofcom Technology Tracker 2014 Q1
[16] Source: Ofcom Media Literacy Tracker

Figure 1.99   Breadth of internet use, by age

Legend: ■ Narrow (1-6)   ■ Medium (7-10)   ■ Broad (11-18)

Category	2013	16-24	25-34	35-44	45-54	55-64	65+
Broad (11-18)	57	77	70	65	51	32	20
Medium (7-10)	26	15	21	22	34	39	33
Narrow (1-6)	17	9	9	13	15	28	44
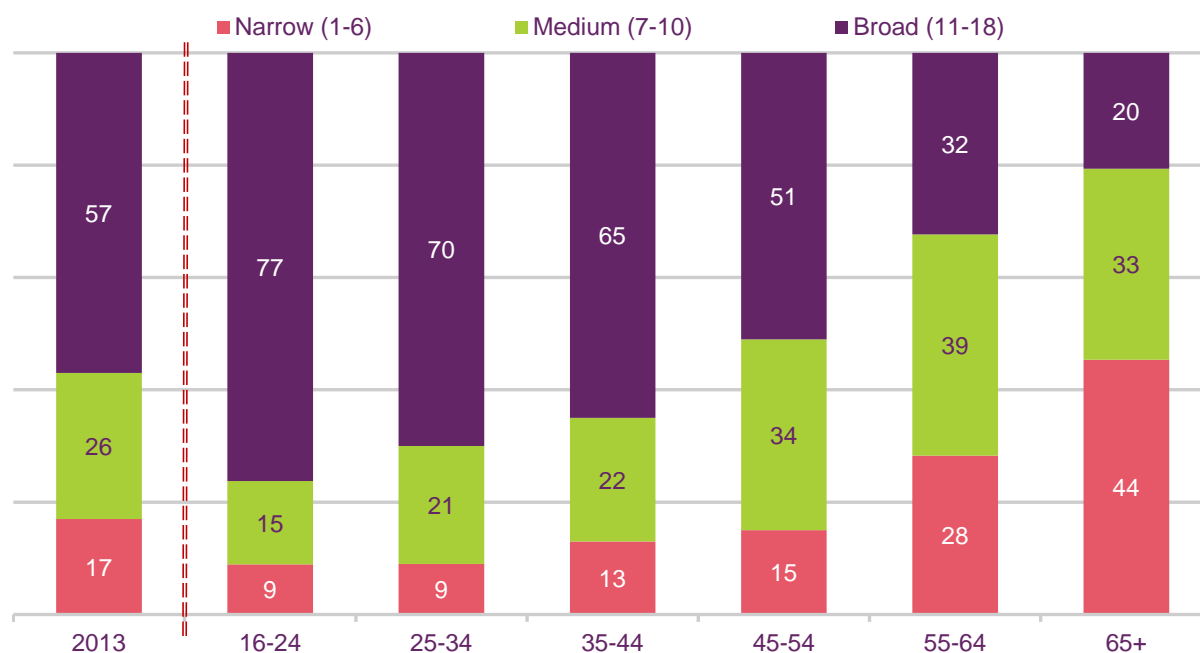
Source: Ofcom Media Literacy Tracker 2013

Social networking

One important communications element of online activity is social networking. As Figure 1.100 shows, over half (54%) of UK adults who use the internet at home or elsewhere say they go on social networking sites. This rises to three-quarters of those aged 16-24, and decreases to 20% of those aged 75+, although this figure is a substantial increase on previous years.

Again, the ways of using social networking sites are quite distinct; 10% of adults overall say they have fewer than 20 friends, compared to 40% of those aged 75+ and only 2% of 16-24s[17].

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[17] Ofcom Media Literacy Tracker 2013

Figure 1.100 Proportion of adults who access social networking sites on the internet at home
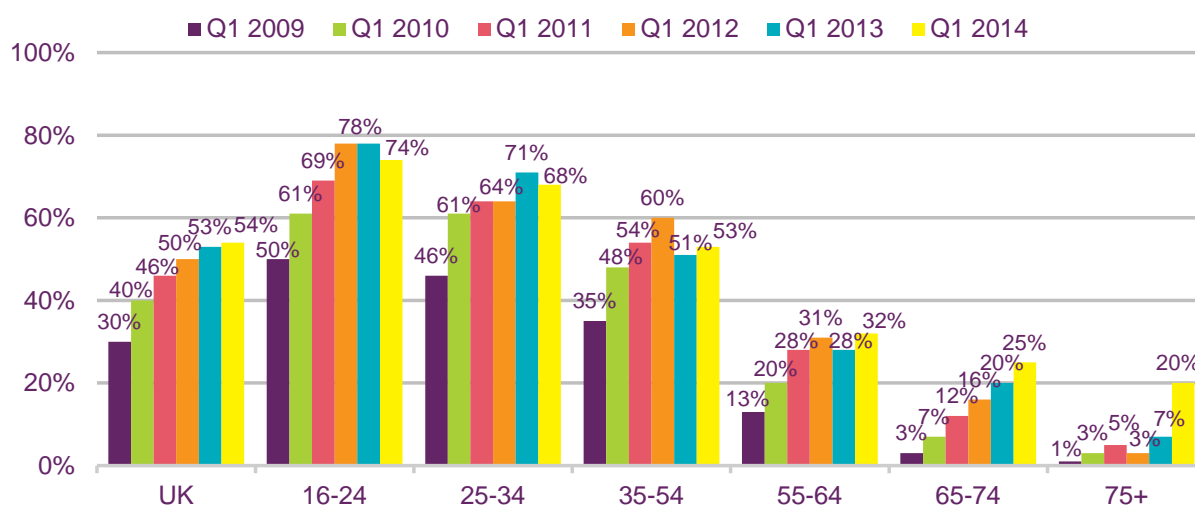
Source: Ofcom technology tracker, Q1 2014, Q1 2013, Q1 2012, Q1 2011, Q1 2010 & Q1 2009
QE21A: Which, if any, of these do you use the internet for?
Base: Those who use the internet at home or elsewhere

1.7.10 Cross-platform comparisons: news consumption

Older people are almost twice as likely to watch news on TV, while younger people are three times as likely to use the internet

There are a number of differences, in terms of news consumption, by age group across different platforms, although the vast majority of both older and younger people access news (97% of those aged 55+ and 90% of those aged 16-24). News is watched on TV by 90% of those aged 55+, compared to 56% of those aged 16-24. Radio is used by 21% of 16-24s compared to 41% of over-55s. Newspapers are less sharply differentiated, with 36% of 16-24s saying they use them for news, compared to 54% of over-55s, but using the internet for news varies widely by age group, with 60% of those aged 16-24 doing this, compared to 21% of over-55s.

Figure 1.101 News consumption, by platform: 2014

% of adults in UK

	All UK	16-24	55+
Television	75%	56%	90%
Any internet or apps*	41%	60%	21%
Newspapers	40%	36%	54%
Radio	36%	21%	41%
Internet or apps on laptop/netbook	25%	29%	12%
Internet or apps on tablet	13%	15%	7%
Internet or apps on a mobile	21%	40%	4%
Word of mouth	11%	15%	8%
Magazines	5%	5%	4%
Interactive TV, Ceefax, TV apps	4%	2%	3%
None of these / Don't follow news	5%	10%	3%
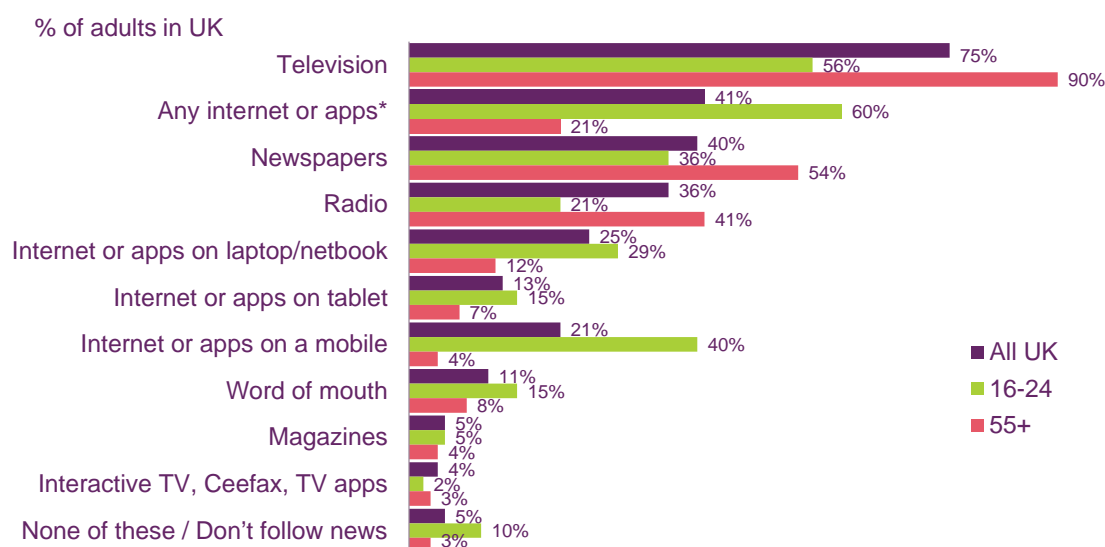
Source: Ofcom News Report 2014
Base: All adults 16+ (2731).
*Any internet or apps; aggregate of all internet devices.

1.7.11 Cross-platform comparisons:– communications activities

The reach of voice calls and email is similar for younger and older people

Finally, looking at a range of communications activities by age, our Digital Day findings show that text messaging, social media communication, instant messaging and photo/video messaging are all activities that are significantly more common for younger people than for those aged 65+. However, older people are more likely to make/receive phone calls than those aged 16-24, and each age-group's use of email is similar.

Figure 1.102 Weekly reach of communications, by age group

	All adults	16-24	65+
Phone Calls	83%	73%	84%
Email	77%	69%	71%
Text Messaging	71%	85%	44%
Comms through a Social Networking site	46%	75%	20%
Instant Messaging	28%	53%	8%
Photo or video messaging (MMS, viewing or sending) or snapchat etc	14%	31%	6%
Video calls	11%	18%	13%
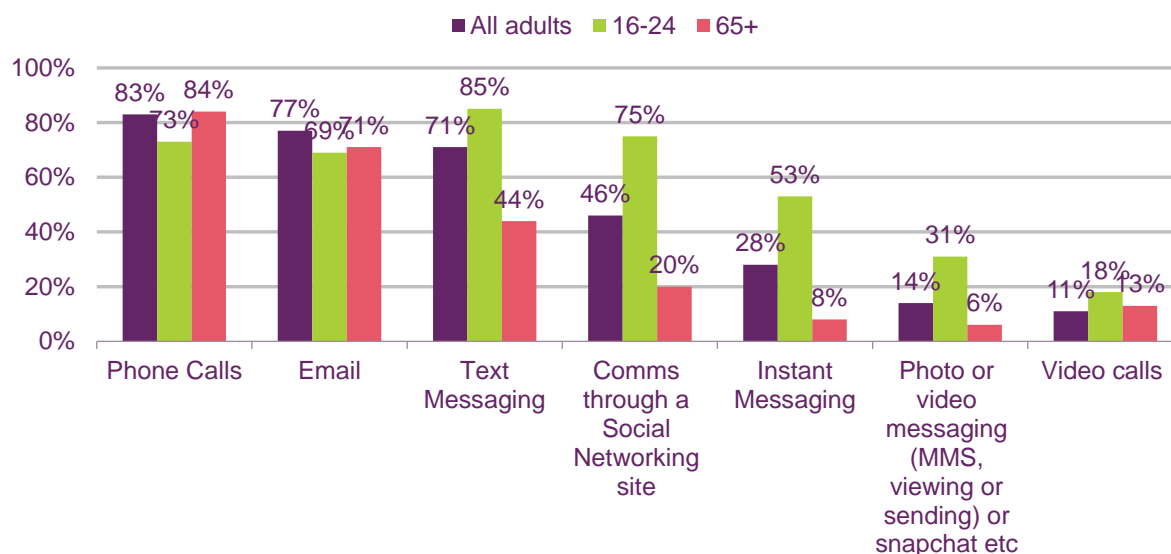
Source: Digital Day 7-day diary
Base: All adults aged 16+ (1644)

114

1.8 UK cities' communications markets

1.8.1 Introduction

This section focuses on the availability and take-up of fixed broadband services in major UK cities.

The section reports on a 'deep dive' study of fixed broadband availability and take-up across a number of the UK's cities, using data from Analysys Mason, the Ofcom *Infrastructure Report 2013* and the CACI databases.

The world's urban population is expected to double over the next 30 years. Already 80% of the United Kingdom population live in urban areas and 60% of jobs are in UK cities.[18] At the same time, access to a reliable broadband service is increasingly important for citizens and consumers as more and more services move online.

In this section we provide:

- An update of next-generation access (NGA)[19] broadband availability, and the prevalence of slow broadband lines, in the 11 cities we assessed for the 2013 *Communications Market Report*.

- A summary of the key findings examining the relationship between socio-economic factors, the availability of NGA broadband and the prevalence of slow broadband lines.

- New analysis of broadband take-up, looking at how age group, socio-economic group, and education level affect take-up of NGA broadband within a city.

1.8.2 Summary of key findings

- **Of the cities in our study, one in 25 premises had a line speed of less than 2Mbit/s.** However, this was less than the UK average of 8% of premises and is a 1.4 percentage point decline since 2012.

- **Availability of NGA services, from either BT Openreach[20] or Virgin Media, was found to be close to or higher than 90% in nine of the 11 cities.** Across the 11 cities as a whole, availability increased by two percentage points between 2012 and 2013.

- **In eight of the 11 cities, less than 1% of premises that received a speed less than 2Mbit/s were in areas where NGA was unavailable.** This demonstrates that most households with connections of less than 2Mbit/s were able to upgrade to an NGA service but chose not to do so. This is likely to be because they did not want

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[18] http://www.centreforcities.org/assets/files/2011%20Research/11-04-19%20Key%20city%20stats.pdf
[19] NGA is a term used to describe a collection of fixed technologies which can improve attainable broadband speeds. These technologies include cable, fibre-to-the-cabinet (FTTC) and fibre-to-the-premises (FTTP). Superfast broadband is a sub-set of NGA lines where the downstream speed of the connection is 30Mbit/s or more.
[20] Or other providers using access to BT Openreach's NGA network BT Openreach has regulatory obligations to give other providers wholesale access to its NGA network. Those other providers can then make retail services available to consumers.

such a service, could not afford to upgrade, or were not aware of the benefits of doing so.

- **In five of the six cities we looked at in our socio-economic analysis, the most income-deprived quartile of each city had lower NGA availability and a greater prevalence of slow lines.** The exception was Cardiff, where NGA availability was higher, and the prevalence of sub-2Mbit/s connections was lower in the most income deprived-quartile than the average for Cardiff.

1.8.3 Methodology

The 11 UK city case studies updated from last year's report are listed below. They were chosen to represent a range of urban populations across the UK, different business profiles, and to include all the UK nations.

- **England:** London, Birmingham, Manchester, Cambridge, Exeter

- **Scotland:** Glasgow, Inverness

- **Wales:** Cardiff, Bangor

- **Northern Ireland:** Belfast, Derry-Londonderry.

For this study the city area was defined as the boundary of the relevant local authority. This provided a consistent approach for all but two of the 11 cities assessed: Inverness and Bangor. In these cases, we used a bespoke approach: for Inverness we selected appropriate *data zones*, which are widely used by local authorities across Scotland, and for Bangor, we selected relevant *Lower Super Output Areas*, which are widely used by local authorities across Wales.

The proportion of city premises with access to NGA provided by BT Openreach and/or Virgin Media was estimated by combining a postcode-level dataset for current and future BT Openreach NGA network availability with a postcode-level dataset for premises serviceable by Virgin Media's cable network, as provided by Virgin Media. This data only shows premises that have access to NGA services; it does not reflect how many households have actually taken up such a service.

The proportion of broadband connections with speeds less than 2Mbit/s was calculated using data from Ofcom's *Infrastructure Reports* published in 2012 and 2013. These data show the proportion of premises receiving broadband over their telephone line at speeds of less than 2Mbit/s.

1.8.4 NGA availability and prevalence of slow lines in UK cities

Of the cities studied, one in 25 premises had a line speed less than 2Mbit/s

The availability of first-generation broadband infrastructure provided by BT Openreach was universal across all the cities assessed. However, an average of 4.1% of premises could not connect to a broadband service that exceeded 2Mbit/s, while the average for the UK, including rural areas, was 8% of premises.

Cities with the highest proportion of these slow lines were Derry~Londonderry, Cardiff and Inverness, However, the proportion of sub-2Mbit/s connections has fallen across all the cities assessed since 2012, which is likely to be due to increased take-up of NGA broadband services.

Figure 1.103 Proportion of connections with speeds less than 2Mbit/s

Connections (%)
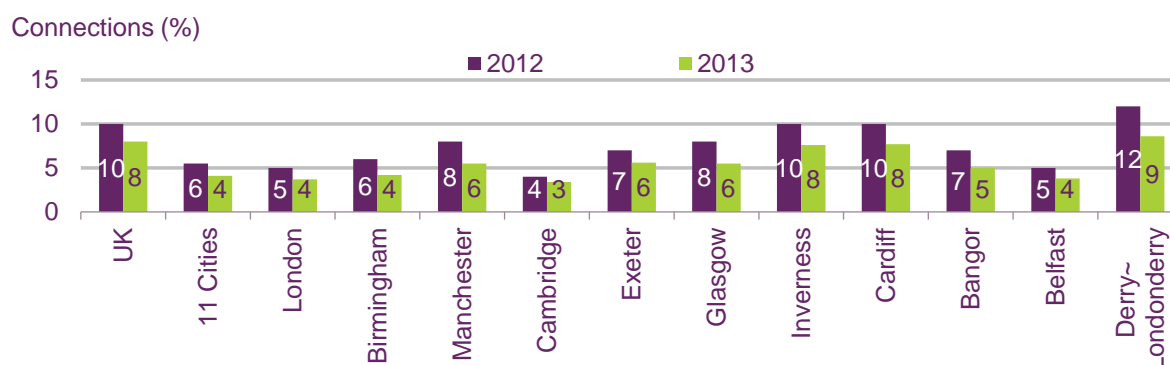
Source: Analysys Mason, Ofcom Infrastructure Report 2012 and 2013

Availability of NGA services from BT Openreach and/or Virgin Media was found to be close to, or greater than 90% in nine of the 11 cities

Seven of the 11 cities studied had NGA availability of 90% or more, while London and Manchester were close, with 88% and 86% availability respectively. The remaining two cities, Glasgow and Inverness, had NGA availability of 67% and 2% of premises respectively.

However, planned increases in availability in Glasgow are expected to take the city above the 80% mark in the near future. Inverness will also benefit from the Highlands and Islands Enterprise (HIE) £146m investment in broadband. This investment, combined with Openreach's commercial FTTC roll-out is expected to raise NGA availability in Inverness to around two-thirds of households (66%) by 2015. Derry~Londonderry's exceptionally high figure reflects the effect of the public-sector intervention that has driven availability to 99%, the highest of any of the cities we studied (Figure 1.104). Similarly, the ten percentage point increase in NGA availability in Bangor is likely to have been driven by the Superfast Cymru scheme, a project that will extend fibre-based broadband to 96% of homes and businesses in Wales by the end of 2015.

Figure 1.104 Estimated current availability of NGA infrastructure from BT Openreach and/or Virgin Media

Premises (%)
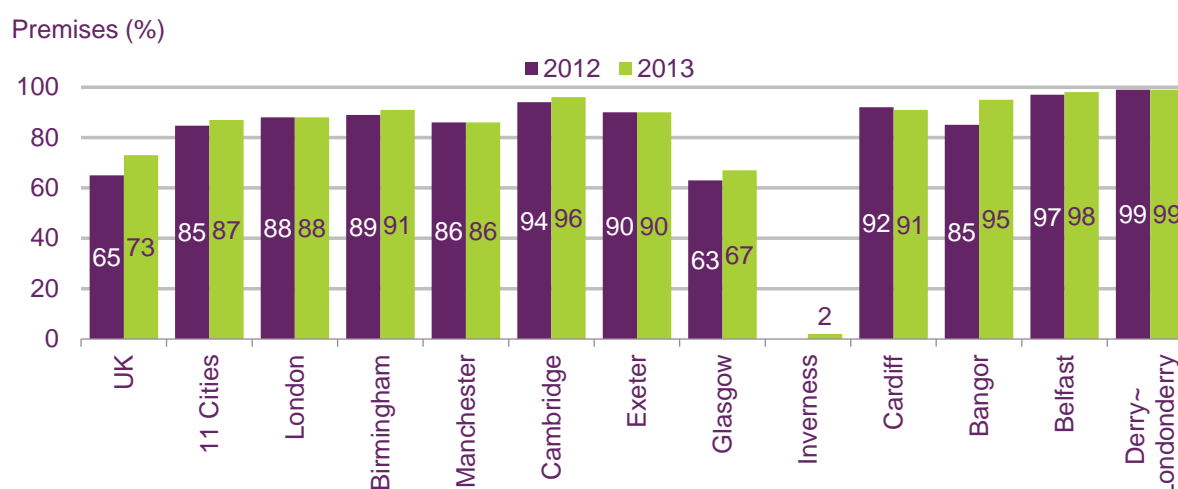
Source: Analysys Mason, Ofcom Infrastructure Report 2012, 2013
Note: The reduction in availability of NGA services in Cardiff is a result of a change in the methodology Virgin Media use to calculate NGA network coverage. It is not a reduction in the absolute availability of NGA services among premises served by Virgin Media and/or BT Openreach in the Cardiff area.

In eight of the 11 cities, less than 1% of connections were slow lines in areas where NGA was unavailable

Our analysis indicates that in areas where NGA broadband is unavailable the proportion of connections with sub-2Mbit/s speeds was less than 1% in most cities. The most notable exceptions to this were Glasgow and Inverness, where NGA availability is limited and therefore likely to exclude fewer slow connections in the analysis below.

This analysis demonstrates that although most connections slower than 2Mbit/s were in areas where the consumer was able to upgrade to an NGA service, consumers were choosing not to do so. This is likely to be either because they did not want such a service, could not afford to upgrade or were not aware of the benefits of upgrading.

Figure 1.105 Proportion of connections in postcodes where NGA is not available with speeds of less than 2Mbit/s

Connections (%)

City	Value
UK	3
London	0.5
Birmingham	0.4
Manchester	0.8
Cambridge	0.4
Exeter	0.6
Glasgow	2.2
Inverness	7.5
Cardiff	1.1
Bangor	0.1
Belfast	0.1
Derry~Londonderry	0.1
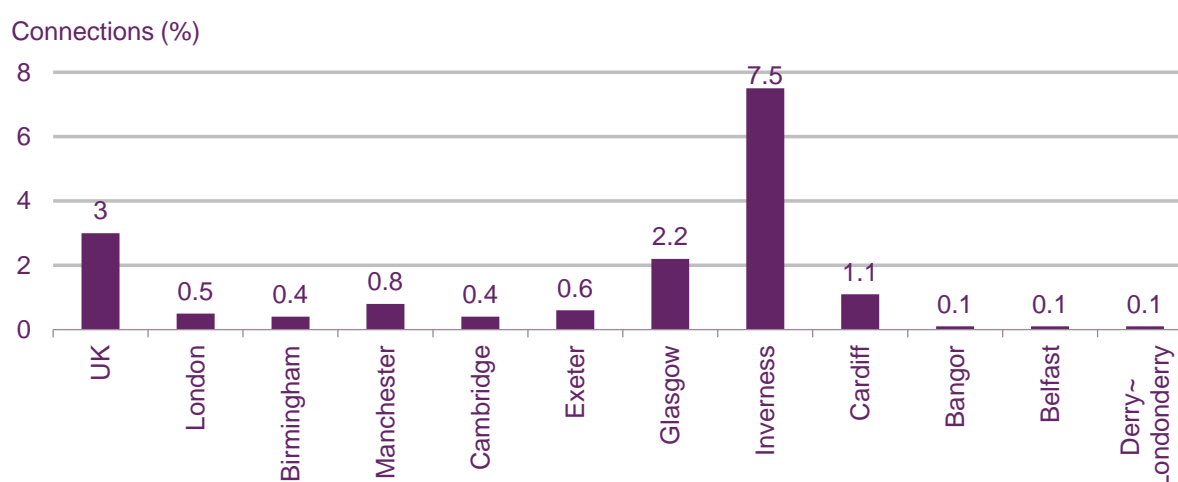
Source: Analysys Mason, Ofcom Infrastructure Report 2013

1.8.5 Socio-economic factors and the availability of NGA and the prevalence of slow broadband lines

Methodology

Following publication of our findings in the 2013 CMR we decided to do further work to try and identify the drivers of availability in key cities across the UK. The core of this additional analysis was based around testing the hypothesis that a relationship might exist between socio-economic deprivation and both the proportion of broadband connections with a speed of less than 2Mbit/s and the availability of NGA. For this analysis we focused on six of the initial 11 cities: London, Birmingham, Manchester, Glasgow, Cardiff and Belfast. These cities were chosen because of the high number of data points available from cities of their size, and it also ensured that we represented each of the UK nations.

For each city we divided the premises into equal quartiles based on the level of income deprivation. We calculated the NGA availability and the proportion of slow broadband lines in the most income-deprived quartile of each city (the 25% of premises in the city with the lowest levels of income) and compared this to the average figures of the city.

In most of the cities, there was a higher proportion of connections with speeds of less than 2Mbit/s in the most income-deprived quartile than the city average

In all cities except Cardiff and London the most income-deprived quartile had a higher share of broadband connections with speeds of less than 2Mbit/s than the average for the city. For example, the average number of slow broadband connections in Manchester was 5.5% but in the most income-deprived quartile this rose to 7.1% of connections. In London, there was little difference between the most income-deprived quartile and the average number of slow broadband connections of the city.

In Cardiff, the opposite was the case; the proportion of connections with speeds of less than 2Mbit/s was lower than the city average. One explanation for this could be that the northern and western areas of Cardiff, which have very low levels of deprivation, are more rural and suburban while still falling within the city boundaries. In these areas the distance between premises and the local exchange are likely to be longer, which increases the likelihood of slower speeds.

Figure 1.106 Proportion of <2Mbit/s connections, by city average and most income-deprived quartile

Share of broadband connections (%)
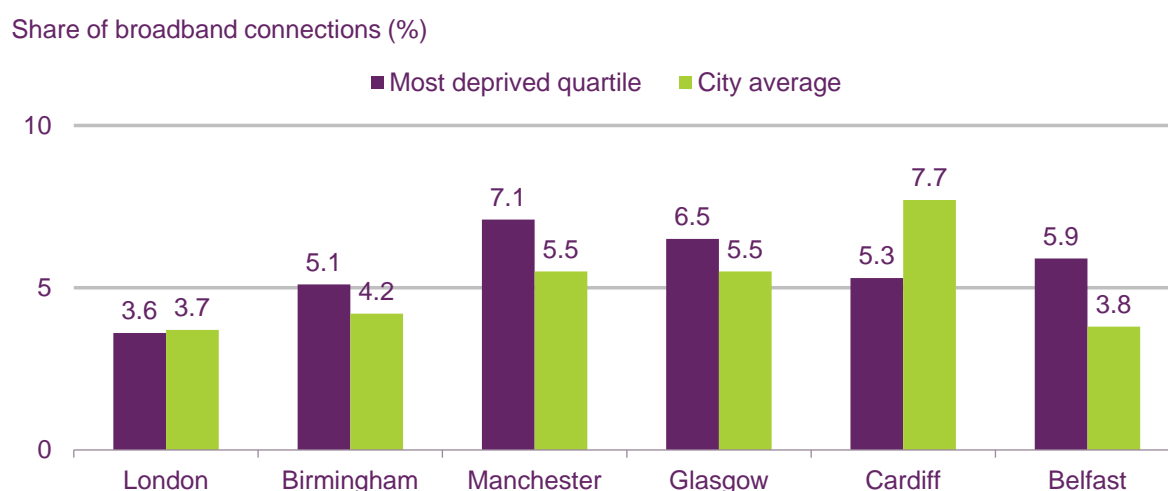
Source: Analysys Mason, IMD, Ofcom June 2013

In the majority of cities, NGA broadband was less available in the most income-deprived quartile than the city average

In four of the six cities NGA broadband was less available among premises in the most deprived quartile. The differences were greatest in Glasgow (8.8 percentage points) and Manchester (5.7 percentage points), but much smaller in London (1.5 percentage points) and Belfast (2.2 percentage points). In Birmingham the most income-deprived quartile had approximately the same level of availability as the city average.

However, in Cardiff the most income-deprived quartile had a greater level of availability than the city average (4.1 percentage points). As explained above, the northern and western areas of Cardiff are more rural and suburban and it is likely to be more expensive for operators to roll out NGA infrastructure to these areas.

Figure 1.107 NGA availability, by city average and most income-deprived quartile

Premises (%)

Legend: ■ Most deprived quartile ■ City average

City	Most deprived quartile	City average
London	86.9	88.4
Birmingham	90.8	91.3
Manchester	80.6	86.3
Glasgow	57.8	66.6
Cardiff	95.0	90.9
Belfast	95.9	98.1
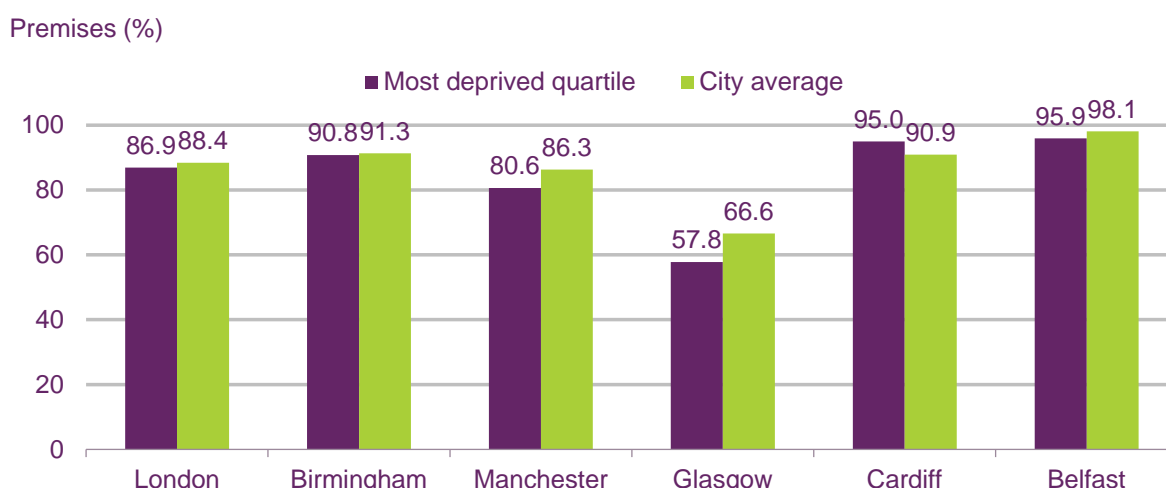
Source: Analysys Mason, IMD, Ofcom June 2013

1.8.6 Analysis of broadband take-up in UK cities

The following analysis uses data from the CACI database and ACORN Knowledge File to assess how NGA broadband take-up varies within the six UK cities analysed above. We have assessed take-up in areas of the city for three different characteristics: age group, socio-economic group and education level. The take-up in an area has been assessed only where a particular characteristic is classed as 'high'. We define 'high' as an area that falls into the top third for a particular characteristic for that city as a whole.

Our analysis compares NGA take-up in the 'high' areas of particular characteristics against the average NGA take-up for each city. We then calculate the difference between take-up in the high areas and the average take-up for each characteristic. The results are indicative of the factors which may be influencing NGA take-up in a particular city.

Glasgow has the lowest take-up of NGA broadband among the six cities assessed, while Manchester has the highest.

Thirty-seven per cent of broadband connections in Glasgow used an NGA technology, the lowest proportion among the cities analysed (Figure 1.108). Manchester had the highest proportion of connections (54%), as well as the highest proportion of fibre-to-the-cabinet (FTTC) connections (21%). Birmingham had the highest share of DOCSIS connections.

ADSL2+ technology uses BT Openreach's copper line infrastructure and can theoretically deliver speeds of up to 24Mbit/s, but Ofcom's fixed broadband speeds research found that average speeds were 7.4Mbit/s[21]. FTTC and DOCSIS are two technologies providing NGA broadband access. Fibre-to-the-cabinet refers to the installation and use of optical fibre cable directly to cabinets near homes or businesses. Existing copper lines then carry high-speed signals the short distance from the cabinet to the home or business. DOCSIS is the technology used by Virgin's cable network to deliver broadband access. The share of technology in Figure 1.108 is likely to be influenced by the availability of cable and FTTC services within each city.

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[21] UK fixed-line broadband performance, November 2013, http://stakeholders.ofcom.org.uk/market-data-research/other/telecoms-research/broadband-speeds/broadband-speeds-nov2013/

Figure 1.108 Broadband connections in the six cities, by type

	FTTC	DOCSIS	ADSL2+
Belfast	18	32	50
Birmingham	4	45	51
Cardiff	17	34	49
Glasgow	11	26	62
Manchester	21	33	46
Inner London	17	27	56
Outer London	20	27	54

Source: Ofcom Infrastructure Report 2013
Base: ADSL2+, FTTC and DOCSIS connections. Fibre-to-the-premises (FTTP) and ADSL1 connections are excluded from the analysis.

In half of the cities assessed, take-up of NGA broadband services was highest in areas with a high proportion of older age groups

In Belfast, Manchester and Inner and Outer London, take-up of NGA services was less than average in areas with a high proportion of 18-24 and 25-34 age groups. However, in Glasgow the opposite was the case, with NGA take-up lowest in areas with a higher proportion of the 65-74 and 75+ age groups. In Birmingham and Cardiff, there does not appear to be a correlation between age group and NGA take-up.

Figure 1.109 NGA connections in the six cities, by age group

Difference from city average (percentage points)
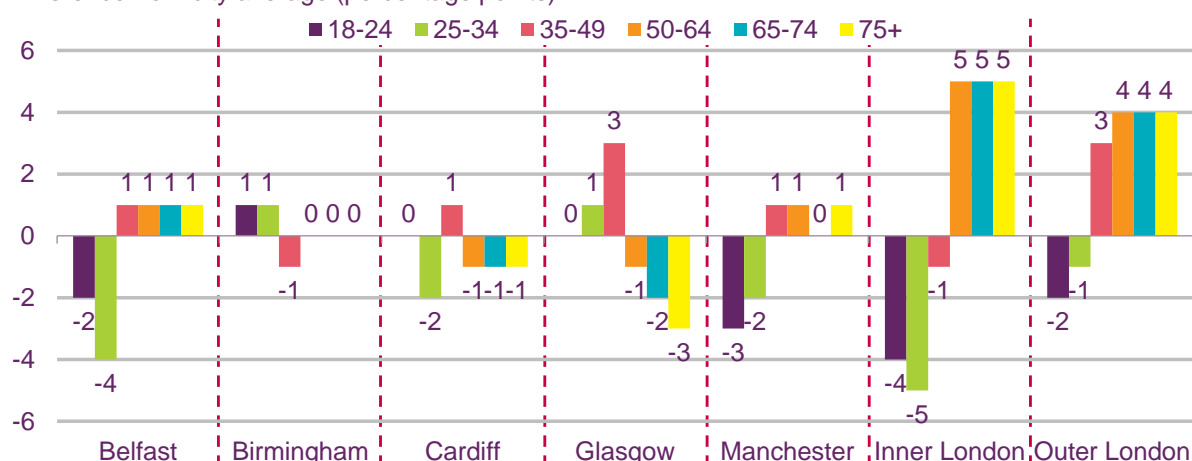
Source: CACI, ACORN Knowledge File, Ofcom Infrastructure Report 2013

There is no consistent relationship between NGA take-up and socio-economic group across cities

There is no consistent relationship in cities between socio-economic group and NGA take-up. However, within certain cities there appears to be a trend. NGA take-up is higher than average in areas of high C2DE socio-economic group households in Cardiff and Inner London, while NGA connections are more likely than average in high ABC1 groups in areas of Outer London and Glasgow. In Belfast, Birmingham and Manchester there appears to be no relationship between socio-economic group and take-up of NGA broadband.

Figure 1.110 NGA connections in the six cities, by socio-economic group
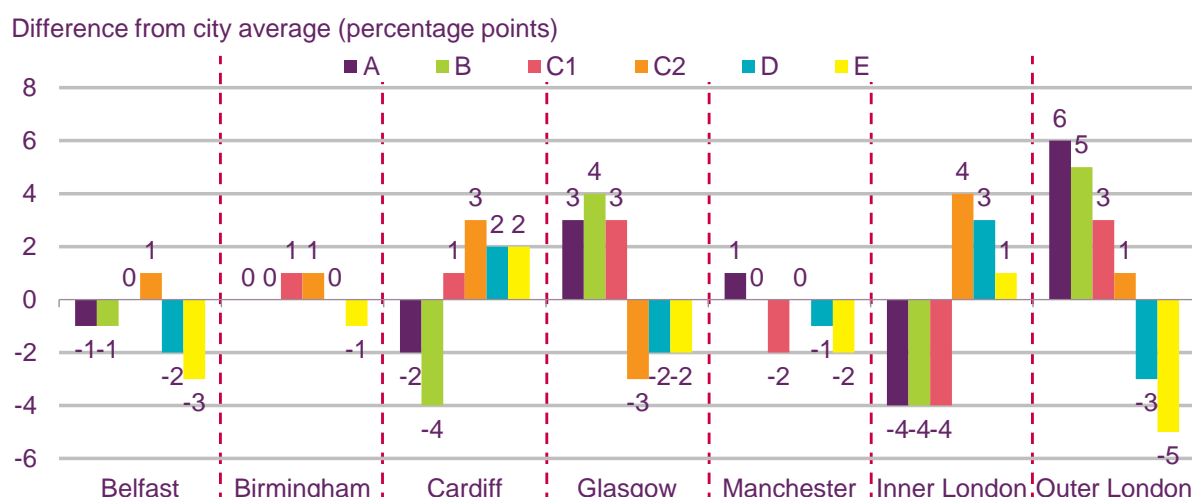
Difference from city average (percentage points)

Legend: ■ A ■ B ■ C1 ■ C2 ■ D ■ E

Cities: Belfast, Birmingham, Cardiff, Glasgow, Manchester, Inner London, Outer London

Source: CACI, ACORN Knowledge File, Ofcom Infrastructure Report 2013

There is no consistent relationship between NGA take-up and education level across cities

There is no consistent relationship in cities between education level and NGA take-up. However, within some cities there is evidence of trends specific to that city. In Inner London, NGA take-up is much lower than average in areas with a high proportion of people educated to degree level. This could reflect reluctance among students and/or recent graduates in London to take on long-term contracts for NGA connections if they are in shared rented housing. In Cardiff there is a similar split, but between areas with high proportions of people who have a diploma or degree, and areas with high proportions of people with no formal education, O-levels or apprenticeships.

Figure 1.111 NGA connections in the six cities, by education level

Difference from city average (percentage points)

Legend: ■ No formal education ■ O-levels ■ Apprenticeship ■ A-levels ■ Higher (diploma) ■ Degree educated

Cities: Belfast, Birmingham, Cardiff, Glasgow, Manchester, Inner London, Outer London
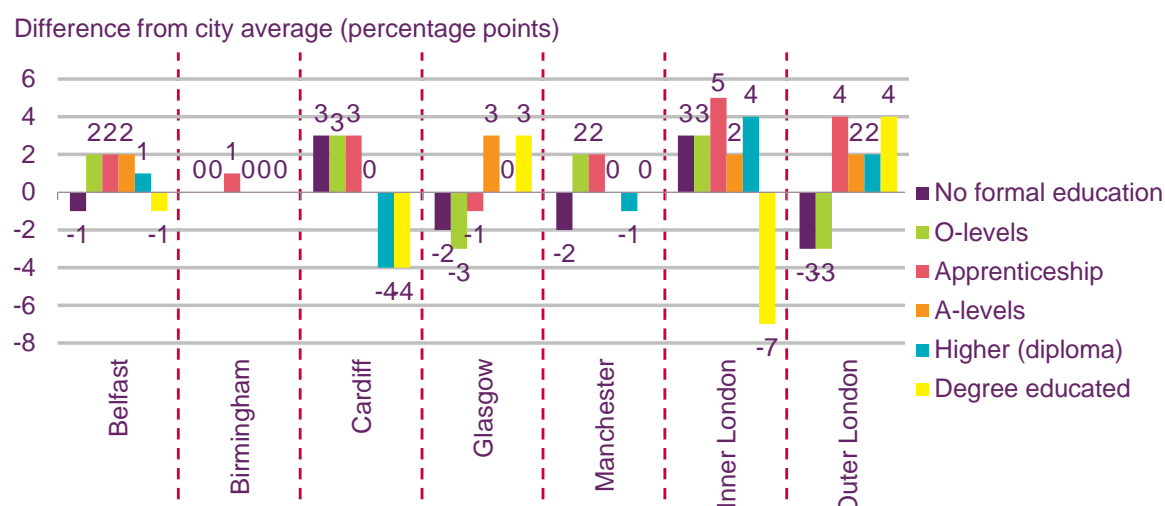
Source: CACI, ACORN Knowledge File, Ofcom Infrastructure Report 2013

1.8.7 Conclusions

Broadband availability is continually evolving and our analysis has shown an increase in NGA availability and a decrease in the number of sub-2Mbit/s connections between 2012 and 2013, a trend which we expect to continue over the next few years.

We found that cities have a smaller proportion of broadband connections with speeds of less than 2Mbit/s than the UK as a whole. However, the distribution of <2Mbit/s connections does not appear to be even in most cities. Instead, areas of greater income deprivation tend to have a higher proportion of <2Mbit/s lines than the rest of the city.

Furthermore, while most sub-2Mbit/s connections were in areas where an NGA service was available, the majority of consumers have currently chosen not to upgrade. This could be for a variety of reasons: that they are satisfied with the service they are currently receiving, that they cannot afford to upgrade to an NGA service, or that they are not aware of the benefits of upgrading to an NGA service.

We found that cities have greater availability of NGA broadband services than the UK as a whole. However, NGA availability is not evenly distributed across most cities. Areas of greatest income deprivation in a city were least likely to have NGA services available although this difference may disappear as operators continue to roll out NGA services.

While in some cities there appeared to be a relationship between income deprivation and slow lines and/or NGA availability, in others, most notably Cardiff, geographical challenges appeared to have more of an impact on availability.

NGA broadband take-up appeared to be higher in areas of some cities among older age-groups, while in others there were no strong trends. Some cities exhibit patterns in NGA take-up by education level and socio-economic group. However, these patterns were not consistent across all cities.

The Communications Market 2014

2 Television and audio-visual

Contents

2.1 Key market developments in TV and audio-visual

2.1.1 Industry metrics and summary

Figure 2.1   Industry metrics

UK television industry	2008	2009	2010	2011	2012	2013
Total TV industry revenue (£bn)	11.2	11	11.8	12.3	12.4	12.9
Proportion of revenue generated by public funds	23%	23%	22%	21%	21%	20%
Proportion of revenue generated by advertising	31%	28%	30%	29%	28%	29%
Proportion of revenue generated by subscriptions	39%	42%	43%	44%	44%	46%
TV as a proportion of total advertising spend	27%	28%	29%	29%	30%	26%
Spend on originated output by 5 main networks (£bn)	2.6	2.4	2.5	2.5	2.6	2.5
Digital TV take-up (% all households)	84%	88%	92%	94%	96%	95%
Proportion of DTV homes paying for TV	53%	54%	52%	51%	51%	53%
Viewing per head, per day (hours) in all homes	3.74	3.75	4.04	4.03	4.01	3.9
Share of the five main channels in all homes	61%	58%	56%	54%	52%	51%
Number of channels broadcasting in the UK	495	490	510	515	529	527

Source: Ofcom/broadcasters/Advertising Association/Warc/BARB. Note: Expressed in nominal terms. Public funds include the DCMS grant to S4C and BBC funding that is allocated to TV. TV as a proportion of total advertising spend excludes direct mail and is based on Advertising Association/Warc Expenditure Report (expenditurereport.warc.com/). The AA/Warc data is net of discounts, and includes agency commission, but excludes production costs. Spend on originations includes spend on nations and regions programming (not Welsh or Gaelic language programmes but some Irish language).

This section examines key developments and trends seen in the UK television market during the past year. These include:

- **The UK television industry generated £12.9bn in revenue during 2013, an increase of £426m (3.4%).** The increase was driven by growth in subscription revenues and net advertising revenues. There was a small decline in publicly-funded television programming in 2013, following an eventful year in 2012, including the London Olympic and Paralympic Games.

- **Pay-TV subscription revenue continues to drive growth in total sector revenues.** Subscription revenues increased by 6.7% in 2013 to reach almost £5.9bn. Subscriptions now account for 46% of all television industry revenues in the UK.

- **Broadcast-based TV advertising income returned to growth in 2013,** increasing by 4% (or £146m) to reach almost £3.7bn, its highest level in the past five years**.** The largest proportional growth was in the commercial PSBs' portfolio channels, where revenues increased by 14% to reach a combined total of £669m.

- **Online TV revenue increased by 41% in 2013 to reach £364m.** The subscription model saw the steepest growth; revenue rose by 76% to £112m, possibly indicating that online streaming services are gaining traction in the UK market.

- **Spend on content by all UK TV channels rose by 3.7% to reach £5.8bn.** In a year of English Premier League broadcast rights renewal, spend on sports programming grew by 19% to reach £1,808m or 59.1% of all programme spend on commercial non-PSB channels. Spend on BBC digital channels and the other PSBs' portfolio channels also increased, rising by 6% and 4% respectively. Spend on first-run originated programming for the main five PSB channels declined by 5%; from £2,588m in 2012 to £2,451m in 2013, partly due to there being no major sporting events that year.

- **Twelve per cent of TV households had a smart TV in Q1 2014, an increase of five percentage points on the previous year.** Among smart TV owners, use of the internet functionality is increasing: 82% used the internet connection on their TV in 2014 compared to 77% in 2013 and 65% in 2012.

- **TV viewing has remained resilient, although there was a decline in 2013 across all age groups.** According to BARB, average viewing dropped from 241 minutes in 2012 to 232 in 2013 among all individuals, with all age groups experiencing declines. This may be due in part to changing media habits, but it might also have been influenced by the hotter summer in 2013 and a lack of 'event' viewing – in previous years viewing was boosted by major sports events such as the 2010 Football World Cup or the Olympic Games in 2012. However, among 16 to 24 year olds viewing has declined for three consecutive years: from 169 minutes in 2010 to 148 in 2013.

- **According to our Digital Day research, UK adults spent on average 4 hours and 17 minutes per day viewing audio visual content through a variety of medi**a. Sixty nine per cent of this viewing was to live TV and recorded television accounted for a further 16%. Viewing online content represented 10% (consisting of 5% on on-demand catch-up services such as BBC iplayer or 4oD, 3% on other downloaded or streamed services such as Amazon Prime Video or Netflix, and 2% on short video clips). A further 5% was spent on physical media such as DVDs or Blu-ray.

2.1.2 TV industry revenue up 3.4% in 2013, driven by increase in subscription revenue

Total TV industry revenues rose by 3.4% (or £426m) in nominal terms to £12.9bn in 2013. Pay-TV subscription revenue, which continues to be the main driver behind the industry's growth, returned to strong growth after a relatively flat year in 2012 (0.9% in that year) with a 6.7% year-on-year increase.

Net advertising revenue increased by 4.1% in 2013 to £3.7bn, recovering from its 2012 decline, when it contracted by 2% to £3.5bn.

'Other' revenue experienced a decline of 1.9% year on year, due to declines in both pay-per-view and interactive revenues; this may be due to consumers switching away from these services and towards on-demand TV.

Ofcom estimates that the BBC spent £2.6bn on its television services in 2013, a decrease of almost 3% since 2012.

Figure 2.2   Total TV Industry revenue, by source: 2013

Revenue (£m)

| | | +6,7% | -2.7% | -1.9% | +13.9% | +0.2% | +6.5% | +3.4% |
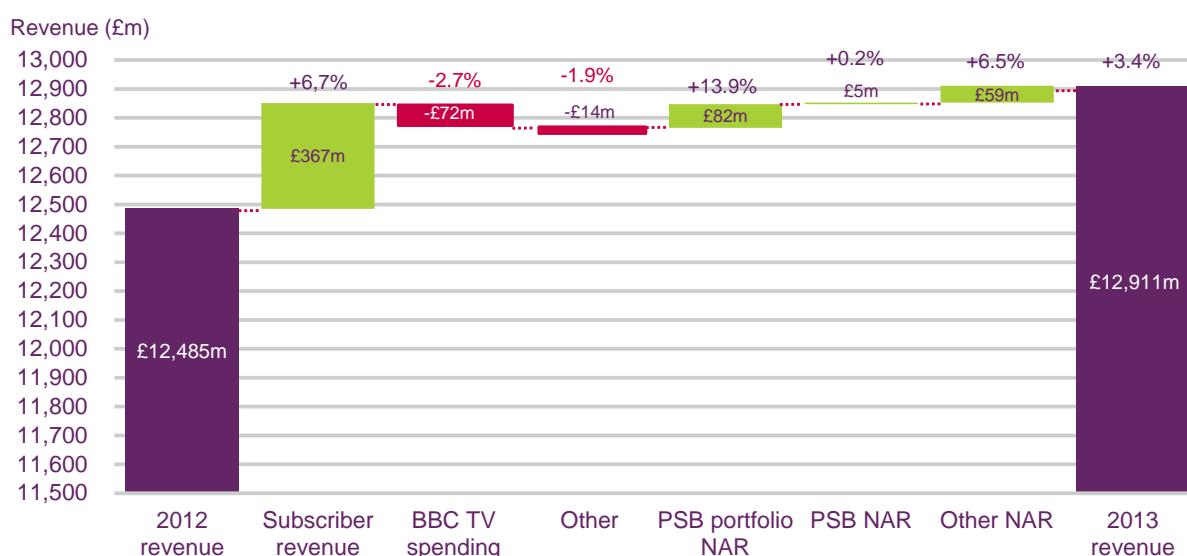
Source: Ofcom/broadcasters. Note: Figures expressed in nominal terms. PSB NAR comprises Channel 3 licensees (including ITV Breakfast, ITV plc, Channel Television, STV and UTV), Channel 4, Channel 5 and S4C. PSB portfolio NAR includes commercial channels owned by the PSBs (ITV2, ITV3, ITV4, E4, More 4, Film 4, 5* and 5USA. 'Other NAR' comprises the rest of the multichannel market. Platform operator revenues do not include installation costs, equipment sales or subsidies. BBC TV spending represents the amount of BBC revenue that is allocated to TV, which is estimated by Ofcom based on Note B3 in the BBC's annual report and accounts 2013/14.

Advertising revenue recovered in 2013 from its 2% decline in 2012, rising 4.1% overall. In 2013, Channel 5 experienced the largest increase in net advertising revenues of the commercial PSBs (up 16% to £303m), whilst ITV increased by 0.9% to £1,221m. Channel 4 recorded a decline in advertising revenues of 9% year on year to £485m.

The PSB portfolio channels and the multichannel sector also experienced significant gains in net advertising revenue in 2013, increasing by 13.9% and 6.5% respectively.

Figure 2.3   Advertising revenue, by share: 2012-2013
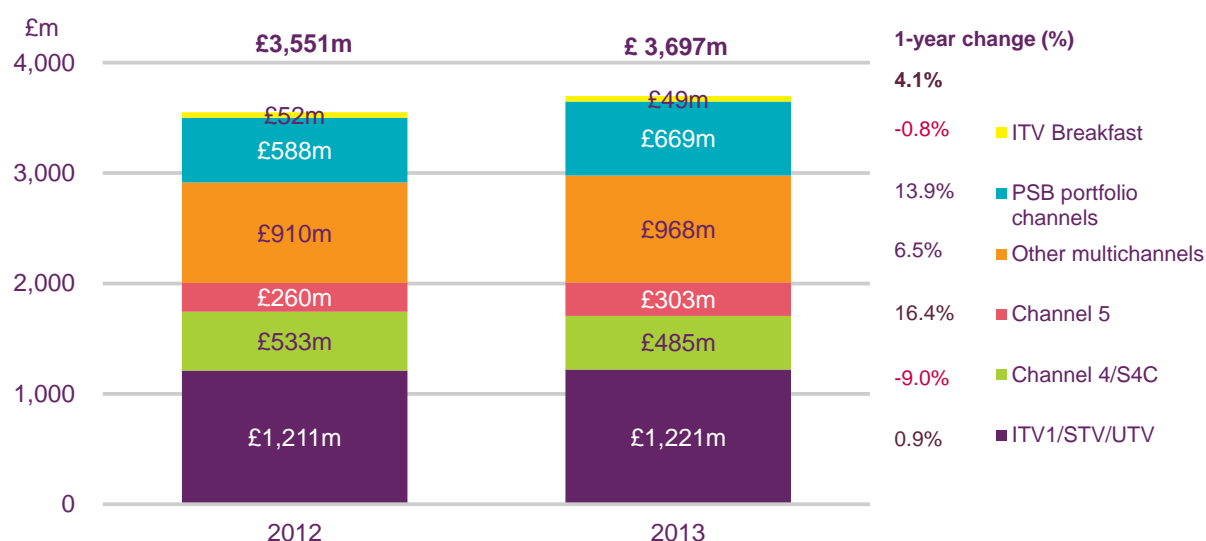
Source: Ofcom/broadcasters. Note: Totals may not equal the sum of the components due to rounding. ITV1/Channel 3 includes ITV plc, STV and UTV.

Online TV revenue continues to increase steeply

Ofcom's calculation of TV revenue includes the traditional revenue sources of subscription fees, advertising revenue and public funding (Figure 2.2). However, online TV revenue in the UK has increased rapidly in the past five years, from £50m in 2008 to £364m in 2013, according to data from IHS. Although still small relative to the overall TV market in terms of revenue, income from online TV grew 41% year on year.

The free-to-view (FTV) business model remains the principal contributor to overall online TV revenues, accounting for 51% of the total, and contributing £184m in 2013. The principal driver of this revenue stream is advertising, and catch-up services such as ITV Player, 4oD and Demand 5 are all funded wholly or in part by this business model.

The subscription model for online audio-visual content access saw continued growth in 2013, as its revenue grew 76% to reach £62m, an indication that services such as Netflix and Amazon Prime Instant Video (formerly LoveFilm) may be gaining traction in the UK market.

Pay-per-view revenues increased in 2013 driven in part by the launch of Sky's NowTV service, which is classified as pay-per-view in Figure 2.4, as it shares more characteristics with that model than with the subscription model, as users buy 'passes' as opposed to having a fixed contract.

The download-to-own business model (DTO) experienced further growth in 2013, up by 40% year on year to £62m.

Figure 2.4   Online TV revenues
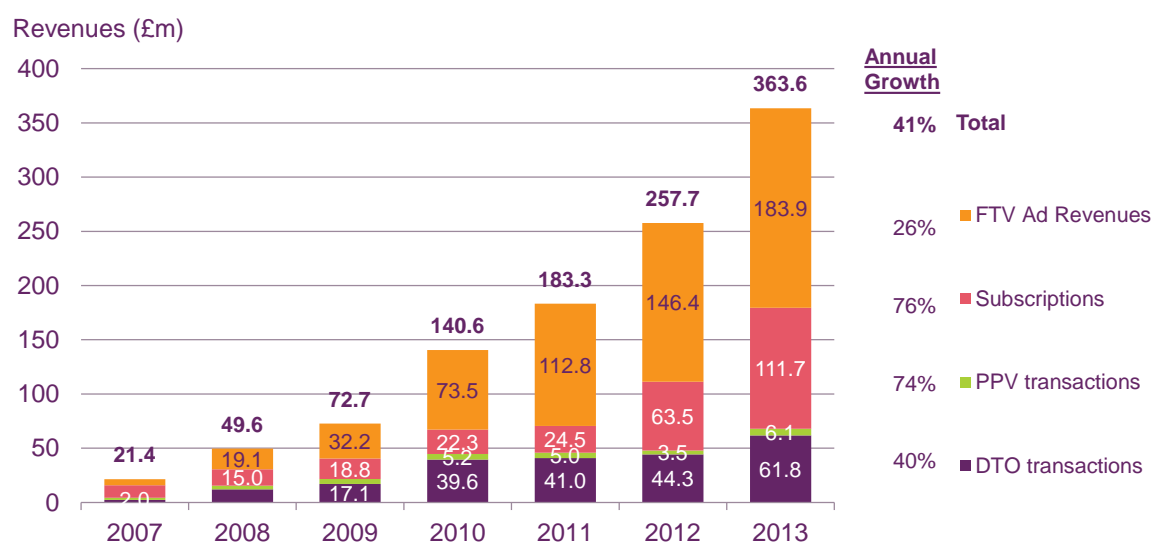
Source: IHS. Note: FTV (free to view) refers to services delivering online video free to the consumer. Number of FTV streams includes both ad-supported services and services funded through other means (such as BBC iPlayer). FTV revenues include advertising revenues only. PPV (pay per view) refers to a method of renting digital content whereby customers commonly choose content on 'a la carte' basis and pay to watch it for a limited period. The category includes all content consumed on an on-demand basis, including traditional PPV (such as live sports) and VoD. DTO (download to own) refers to a method of obtaining content that gives the customer ownership over the files they have downloaded, allowing them to use the content as many times as they like.

2.1.3 Smart TVs are opening more avenues to online content

Smart TV:

'Smart TV' refers to a stand-alone television set with inbuilt internet functionality. Users connect to the internet via a broadband router or modem. Smart TVs are produced by consumer electronics manufacturers including Samsung, Sony, Panasonic and LG. The definition does not include television sets connected to the internet via a third-party device such as a set-top box, a games console or a laptop/PC.

Internet-enabled set-top box:

Internet-enabled set-top boxes are third-party devices which enable the receipt of digital television broadcasts via an existing aerial, satellite dish or cable to a television, in addition to connecting the television set to the internet via a router. Internet-enabled set-top boxes include Virgin Tivo, Sky+, YouView, Now TV, Apple TV, and FreeSat receivers.

TV connected via other device:

In this section we refer to television sets which are 'connected via other device'. These are television sets which use a third-party device other than a set-top box to connect to the internet, such as a games console, tablet, laptop/PC or Blu-ray/DVD player.

Over-the-top content:

Over-the-top content refers to video, audio, and other media content delivered over the internet rather than via a service provider's network. The consumer accesses this content via an internet connection independently of his or her contract with a network operator.

Twelve per cent of TV households had a smart TV in Q1 2014

Ofcom's Q1 2014 Technology Tracker indicates that take-up of smart TVs among UK homes with a TV stands at 12%, an increase of five percentage points (pp) since 2013.

Decipher has analysed set-top box numbers, and estimates that 9.9 million households in the UK (38% of total UK households) had an active internet-enabled set-top box in March 2014. This represents an increase of 11pp since 2013, when an estimated 7 million households owned an internet enabled set-top box.

In order to understand consumers' use of smart TVs, and how this compares to use of set-top boxes and other internet-connected TVs, Ofcom commissioned an online survey in April 2014. The findings are shown below, and where relevant, comparisons are made with a similar online survey undertaken in 2012.

Figure 2.5   Take-up of smart TVs among UK TV households

% of UK homes with a TV
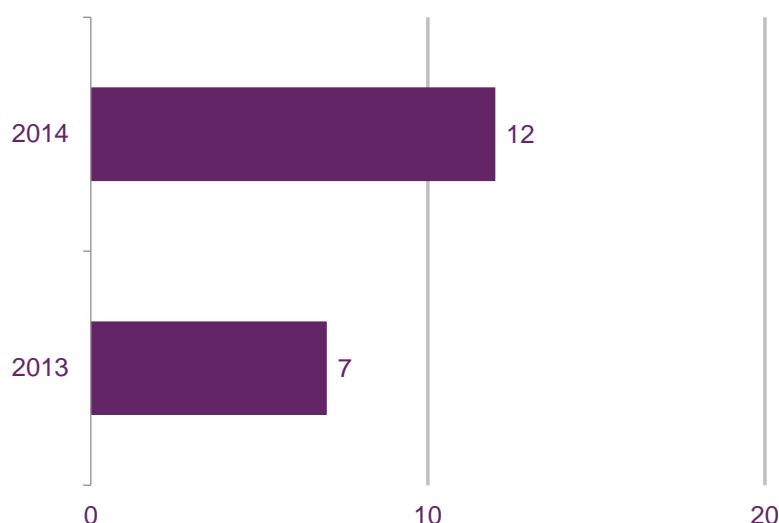
Source: Ofcom technology tracker. Data from Q1 of each year
Base: All adults aged 16+ with a TV in the household: 2014 (3635), 2013 (3661)

Smart TVs have increased their market share to 45% of all TV sales

Smart TV sales, as a proportion of all TV sales, have increased significantly in the past year. Sales units peaked at over 800,000 in Q4 2013 - the Christmas period, before dropping slightly to 663,000 in Q1 2014. The share of smart TV sales in the personal television market is 45%, representing a 60% increase year on year.

Figure 2.6   Smart TV sales and market share
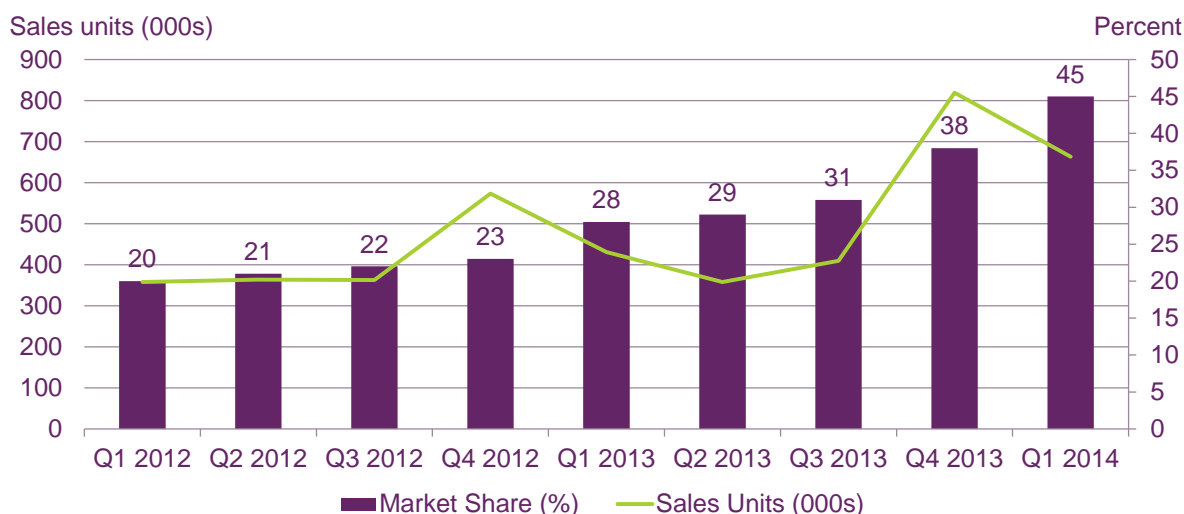
Source: GFK

Consumers are increasingly using the internet connection on their smart TV

In 2014 82% of smart TV owners used the internet connection on their TV. This is an increase of five percentage points since 2013, when 77% had their smart TV connected to the internet, and 17pp since 2012 when only 65% did so. One-third of the 18% who did not

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use the inbuilt internet functionality of their smart TV in 2014 were connected instead through another device such as a games console or a set-top box.

Figure 2.7   Consumers' use of internet connection on smart TVs
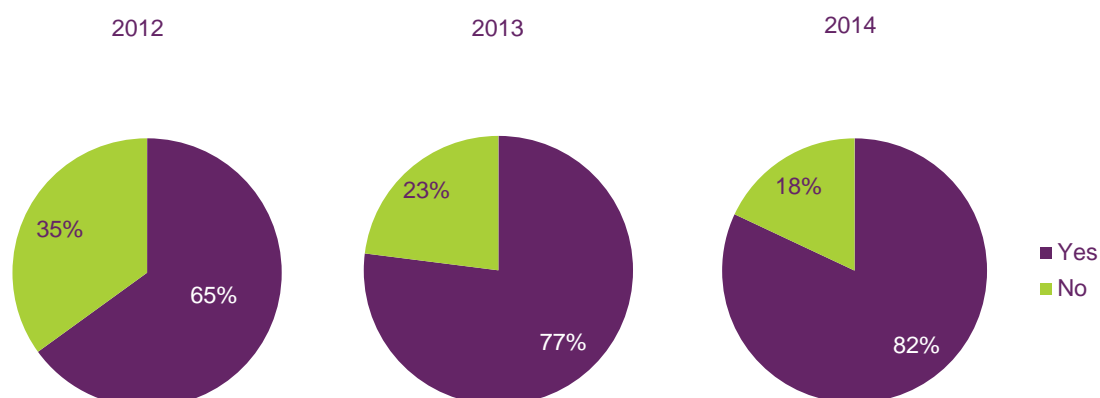
2012   2013   2014

Source: Ofcom research, March 2014
Q.D7 Have you ever used the internet connection on your smart TV set?
Base: All respondents who own a smart TV 2014 (512), 2013 (670), 2012 (252)

Among non-smart TV owners, games consoles remain the most popular method to connect a TV to the internet, but connections through a set-top box have increased

Of those consumers surveyed who did not own a smart TV but did connect their TV to the internet, the most popular method was through a games console (54%). However, the proportion of respondents connecting this way has fallen by 13pp since 2012. The use of a set-top box to connect TVs to the internet increased by 6pp in the two years to March 2014, with 37% of consumers with an internet connected TV which was not a smart TV, now connected in this way.

Figure 2.8   Use of different devices to connect TV to the internet
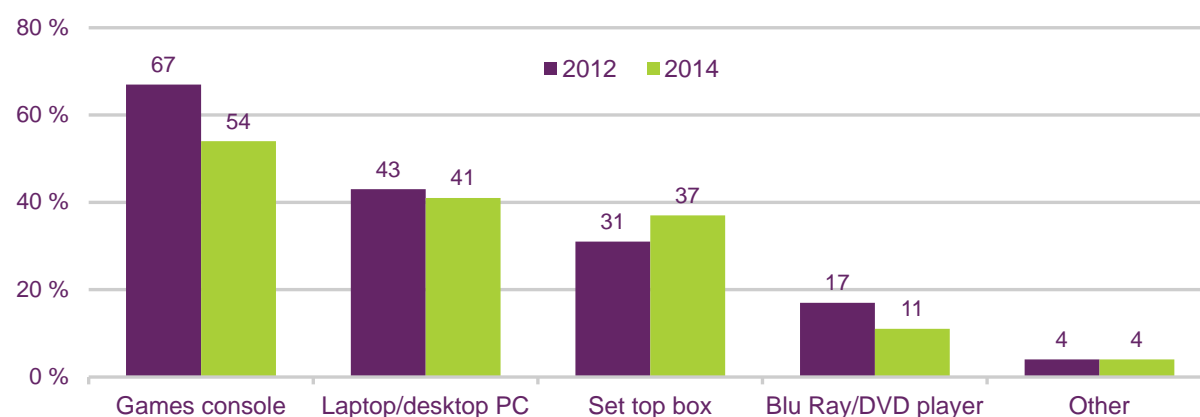
Source: Ofcom research, March 2014
Q.S4. What type of device do you use your TV with, to view content from the internet?
Base: All respondents who don't own a smart TV but do connect their TV to the internet: 2012 (338), 2014 (510).

Smart TV owners carry out a wider range of activities using the internet functionality on their TVs than those with set-top boxes

Figure 2.9 shows the activities most commonly undertaken by adults using the internet connection on their TV set. Eight in ten (81%) of those with their TV connected by a set-top box watch TV programmes or films on a catch-up service (e.g. BBC iPlayer, ITV Player, 4OD, or Demand5), compared to 73% for smart TV owners, and seven in ten (72%) of those connected to the internet via other devices. This is the only activity outlined in Figure 2.9 in which set-top box owners show higher participation than smart TV owners or those with their TV connected through other devices. Those using a set-top box show consistently lower involvement in the wide range of online activities available on their television set.

Common online activities carried out by smart TV owners are: watching short clips (33%), general surfing/browsing (30%), listening to music online (28%), accessing news (24%), and social networking (24%). Although the most popular use of the internet on a smart TV is as a gateway for watching online content, the wider range of internet activities undertaken, compared to set-top box users, suggests that those with a smart TV have a higher level of engagement with the internet functionality on their TV.

With the exception of the 28% who have their TV connected through another device and are playing online games (largely driven by those using a games console to connect their television set), Figure 2.9 shows similar patterns of online activity between smart TV owners and owners of 'other devices'. The main difference is between those accessing news through their TV sets, which is done by 24% of smart TV owners, compared to just 16% of users of 'other devices'.

Games consoles make a up a large proportion of 'other devices' and these are more often used than smart TVs by younger age groups (56% of 16-24 year olds use a games console, whereas 13% of 16-24 year olds have a smart TV in their household[22]). It is therefore possible that accessing news through the internet on a TV set is an activity more likely to be driven by older age groups.

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[22] Ofcom Technology Tracker, Q1 2014.

Figure 2.9 Activities done using smart TV / internet-connected TV

■ Smart TV ■ TV connected via set-top box ■ TV connected via other device
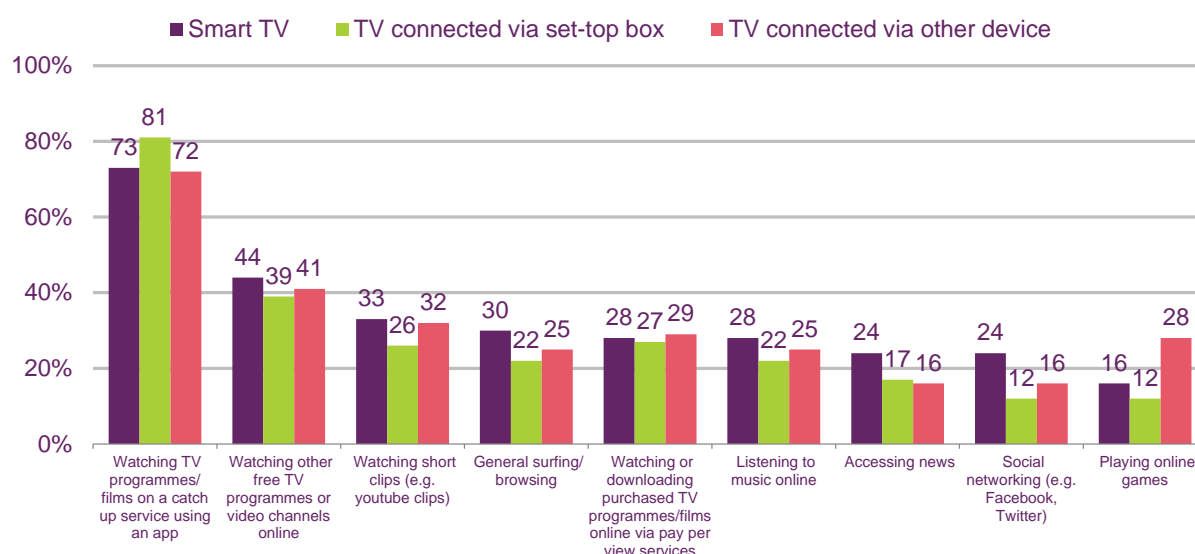
Source: Ofcom research, March 2014
Q.D8 What do you use the internet functionality on your TV for?
Q.E2 When you connect your TV to the internet, what do you tend to do online?
Base: All respondents with an internet connected TV: 2014 (513) smart TV (420)

Respondents were most likely to use the internet services on their TV to view free catch-up TV

Across smart TV owners, set-top box users, and those with their TV connected via another device, who used their device to view online content, the internet service used most in the past month was free catch-up TV. Seventy-four per cent of both smart TV and 'other device' users accessed content on a free online catch-up service, similar to the 76% of set-top box owners who did this.

Netflix access in the past month was most common among smart TV owners (28%), closely followed by owners of TVs connected via other devices (25%). In comparison, 17% of set-top box users had accessed Netflix in the past month. A similar pattern is evident for users of Amazon Prime Instant Video (formerly LoveFilm): 16% of smart TV owners had used the service, compared to 4% of set-top box owners. This suggests that over-the-top (OTT) content is more likely to be accessed by smart TV owners and 'other device' users, rather than set-top box owners. However, this difference in the amount of OTT content accessed is likely to be partly due to the distribution of such services, most are not currently available as applications on many of the most popular set-top boxes.

Figure 2.10 Audio-visual services used in the past month

■ Smart TV ■ TV connected via set-top box ■ TV connected via other device

Service	Smart TV	TV connected via set-top box	TV connected via other device
NET: Any	92%	91%	91%
Free Catch up TV services	74%	76%	74%
Netflix	28%	17%	25%
Amazon Prime Insant Video / Love Film	16%	4%	10%
Blinkbox	5%	3%	4%
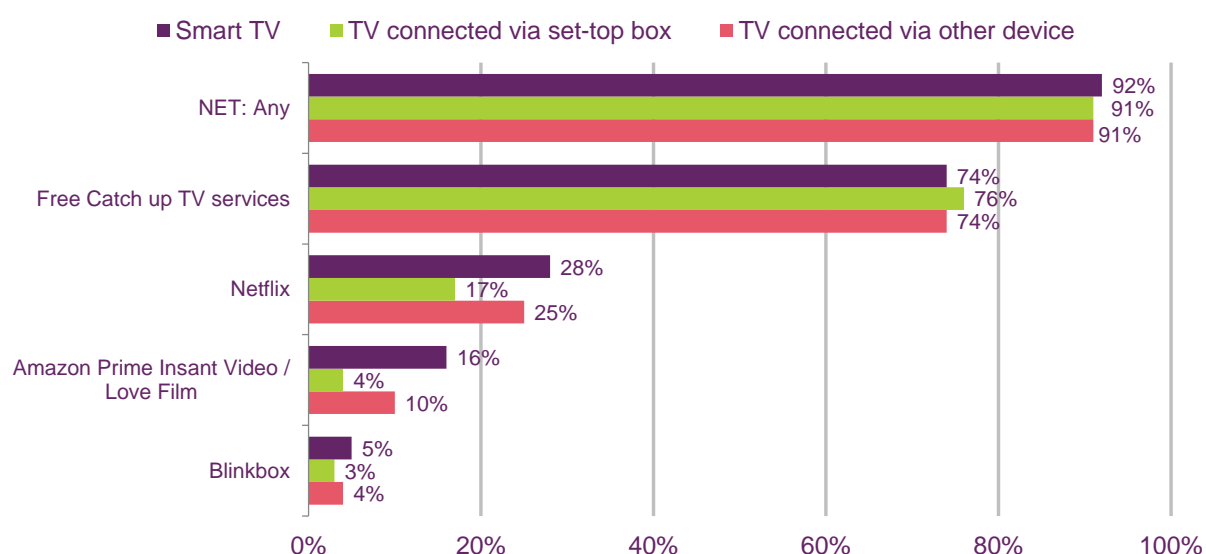
Source: Ofcom research, March 2014
QD10/ Q.E8a Which of the following internet services, if any, have you used in the past month on your TV/ smart TV?
Base: All respondents who watch content from the internet with an internet-connected TV: 2014 (442) / smart TV (344)

There is a high level of satisfaction among smart TV owners

Satisfaction with the overall experience of owning a smart TV was high, at 87%. This is 6pp higher than the 81% of set-top box owners who reported being satisfied with the overall experience of having their TV connected to the internet. However, smart TV owners also displayed the highest levels of dissatisfaction, at 7%, compared to just 4% of those who had other internet-enabled TVs. When asked more specifically about the experience of using the internet functionality on their smart TV, there was a lower satisfaction rate: 73%. This suggests that other aspects of the device, such as screen size, image and sound quality may have contributed to the high overall satisfaction.

Figure 2.11   Levels of satisfaction with smart TV/ internet-connected TV
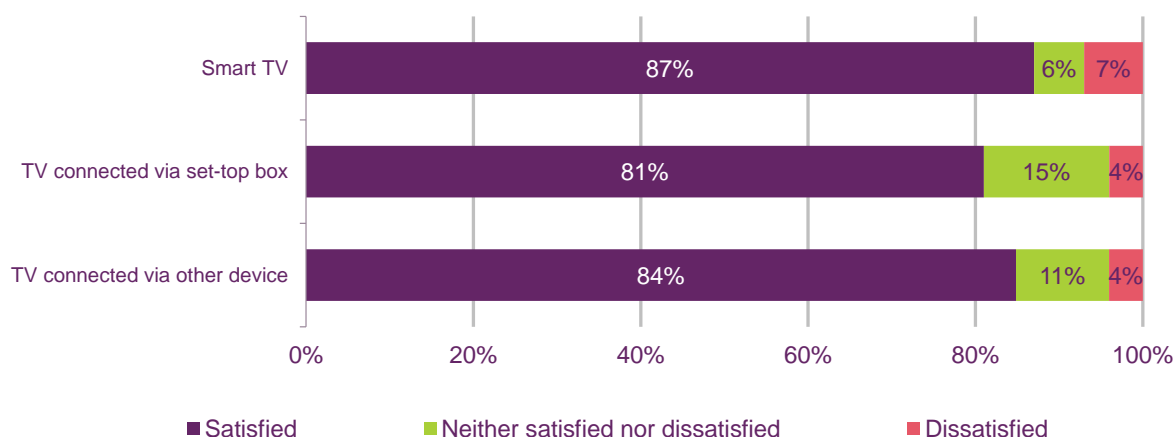
Source: Ofcom research, March 2014
Q.D2/ Q.E3 Taking all things into account, how satisfied or dissatisfied are you with the experience of connecting your TV to the internet? Q.D2. Taking all things into account, how satisfied or dissatisfied are you with your smart TV?
Base: All respondents with an internet-connected TV: 2014 (513), smart TV (512)

Set-top box users are more likely than smart TV owners to experience problems watching online content

Owners of smart TVs were less likely to have experienced problems watching online content than those watching via a set-top box (26% compared to 42%). The experience of owners of TVs connected through another device sits between the two; 37% had experienced problems.

One possible explanation for this could be the internet connection over which the data is travelling. If the internet capacity and broadband speed is better for a smart TV user, they are less likely to experience problems watching online content. As Figure 2.14 shows, smart TV owners were twice as likely to upgrade their broadband connection once they had connected their television to the internet.

Smart TV owners were more likely than set-top box users to state 'unreliability' as a problem when watching online content

Fifty per cent of smart TV owners who had experienced problems while watching online content stated the reliability of their internet connection as a problem. This compares to 29% of set-top box owners who found their device 'not very reliable' when watching online content.

Taking too long to 'buffer' was the most common problem, stated by 76% of smart TV owners who had experienced problems, and by 75% of set-top box owners who had. Content that was 'slow to load' was the second most-cited problem by both sets of respondents. Poor image quality and poor sound quality did not rank particularly highly as a problem on either type of device.

Figure 2.13   Reasons for problems experienced while watching online content on a smart TV and a TV connected via a set-top box

Percentage (%)

	Connected via set-top box	Smart TV
Takes too long to buffer	75	76
Slow to load	53	51
Not very reliable	29	50
Poor image quality	15	17
Poor sounds quality	3	6
Other	11	4
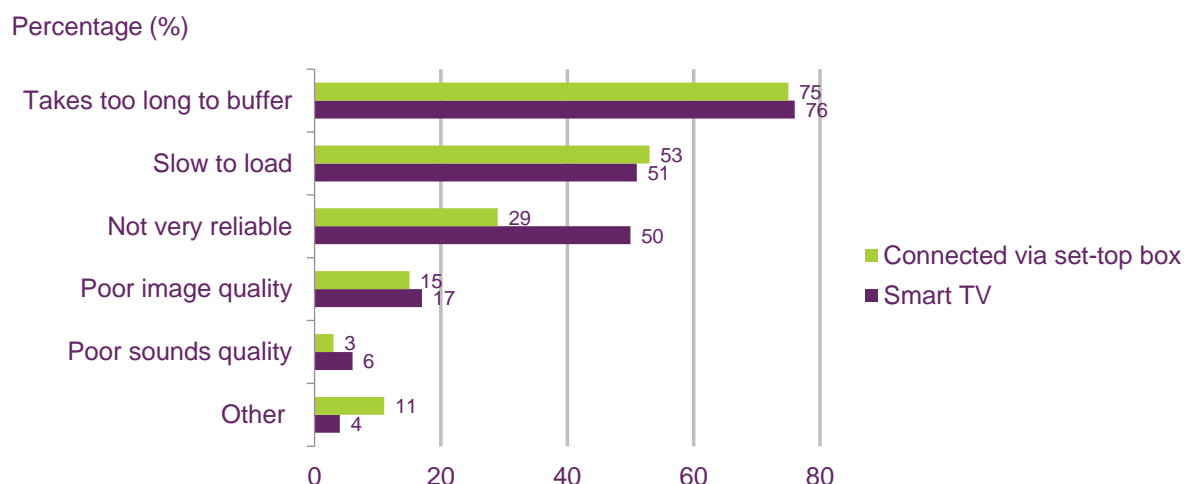
Source: Ofcom research, March 2014
Q.E8b Have you ever had any problems while trying to watch TV programmes or films from the internet using your internet connected TV? Which, if any, of the following problems have you experienced?
Base: All respondents with a set-top box who have experienced problems (72)
Q.D9a Have you ever had any problems while trying to watch TV programmes or films from the internet on your smart TV? Q.D9b Which, if any, of the following problems have you experienced?
Base: All respondents who watch content from the internet on their smart TV (344), who have had problems (90)

A smart TV owner is twice as likely as a set-top box owner to upgrade their broadband package

More than a fifth of smart TV owners (22%) have upgraded their broadband package since owning their TV, twice as many as set-top box owners (11%). This may in part explain why there was a higher number of set-top box owners who reported experiencing problems when using the internet connection on their TV set.

Figure 2.14   Changed broadband package since purchasing smart TV/ internet-connected TV
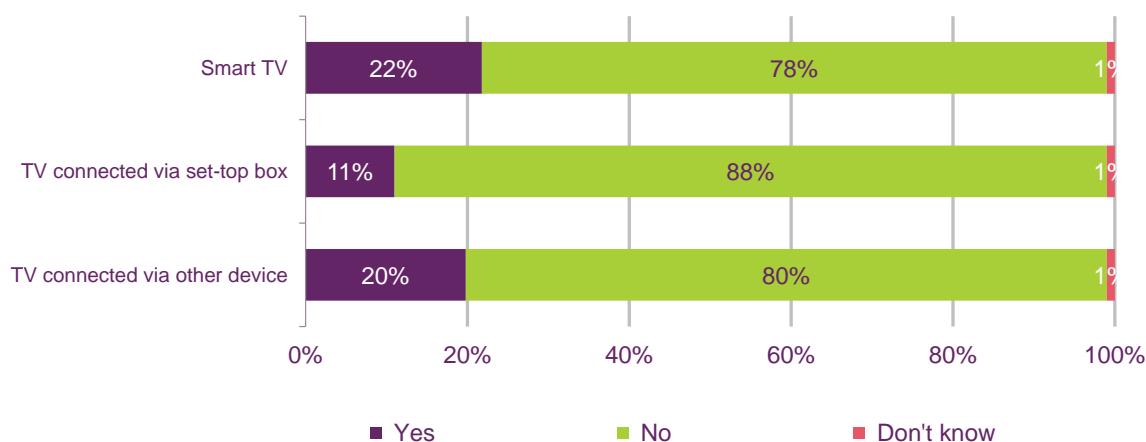
Source: Ofcom research, March 2014
D15a/ Q.E12a Have you changed your broadband package since connecting your TV to the internet?
Base: All respondents with an internet connected TV: 2014 (513), smart TV (512)

Smart TV owners are watching fewer DVDs, but more recorded TV

Smart TV owners have changed some of their viewing habits and digital activities since owning their TV set. Twenty-nine per cent have watched fewer DVDs, while 9% claim to have watched more. This is likely to be explained by the wider access to, and choice of online content, and access to films that can be viewed through the internet on a smart TV. We also found that 19% had used their laptops less, and 18% had used their desktop PC less.

Among smart TV owners 30% reported watching recorded TV more frequently since acquiring a smart TV. This was almost three times higher than those who claimed to have watched less recorded TV than before (11%). Using a smartphone and listening to a separate digital audio player were the activities least affected since taking ownership of a smart TV, with 81% and 85% respectively using these devices about the same amount as before they acquired a smart TV.

Figure 2.15   Change in frequency of activities since owning a smart TV

Legend: ■ More than before   ■ Same amount / NA   ■ Less than before

Activity	More than before	Same amount / NA	Less than before
Watching catch up TV on other devices	31	47	22
Watching recorded TV	30	59	11
Watching live TV	13	70	17
Using your Smartphone	12	81	7
Watching DVDs	9	61	29
Using your laptop	8	73	19
Listening to your (separate) digital audio player	5	85	10
Using your desktop PC	5	78	18
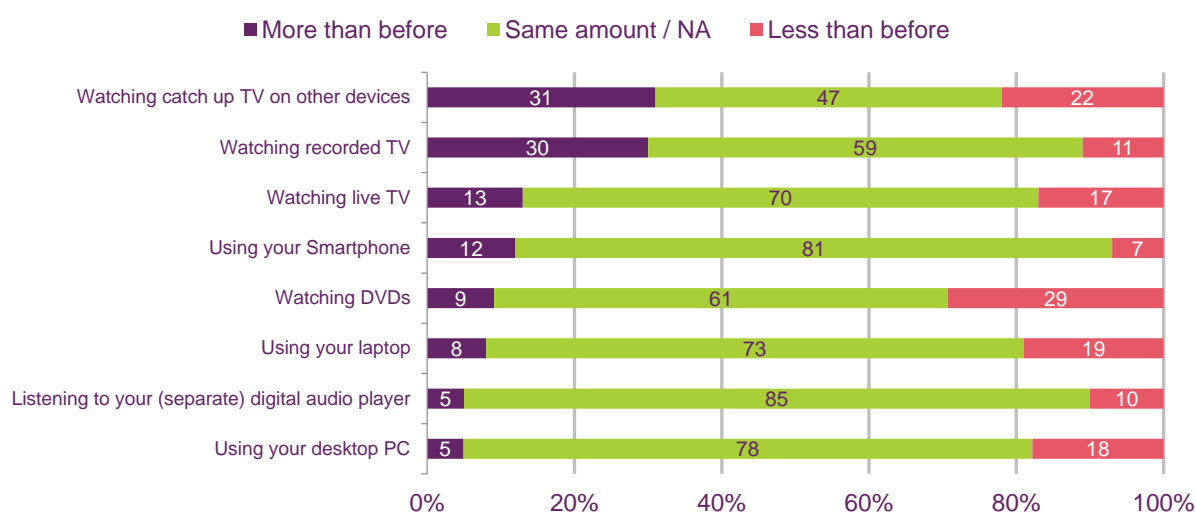
Source: Ofcom research, March 2014
Q.D13 Since owning your smart TV have you done each of the following more or less than before?
Base: All respondents who own a smart TV: 2013 (670), 2014 (512)

2.1.4   Changes in the video-on-demand landscape

In recent years there has been a considerable increase in the take up of video-on-demand (VOD) devices, along with an increase in the variety of VOD services and apps available in the UK, making VOD readily available, both online and via the TV screen. Investment in rights and commissioning has increased and a greater amount of content (both free and paid-for) is now available to stream or download.

Take-up of VOD-capable devices has grown rapidly in the last three years

According to our Technology Tracker, laptops continue to be the most popular VOD-enabled device among the UK population, with 63% of respondents claiming to own one.

Since we began tracking tablet take-up in 2011 we have seen rapid growth, rising to 44% of respondents this year. Ownership of smartphones has increased by 34 percentage points over the same period, reaching 61% in 2014. Rapid growth from an already high base is in part due to the nature of the replacement cycle, as handsets are often replaced by later models at the time of contract renewal.

There has also been a notable increase in take-up of DVRs since 2012, increasing by 13 percentage points to reach 60% by 2014. BT- and TalkTalk-subsidised YouView boxes may be responsible for some of the renewed growth here. Smart TV take-up has grown steadily since 2012; increasing from 5% to 11% in two years.

Only games consoles and desktop computers have seen decreases in take-up over time. Take-up of games consoles began to decline in 2012, decreasing by five percentage points to 50% in 2014. Desktop computer take-up has been in decline since 2009 when the figure stood at 55%; this has since reduced by 20 percentage points, to 35% in 2014.

Figure 2.16　Take-up of VOD-related devices and technologies
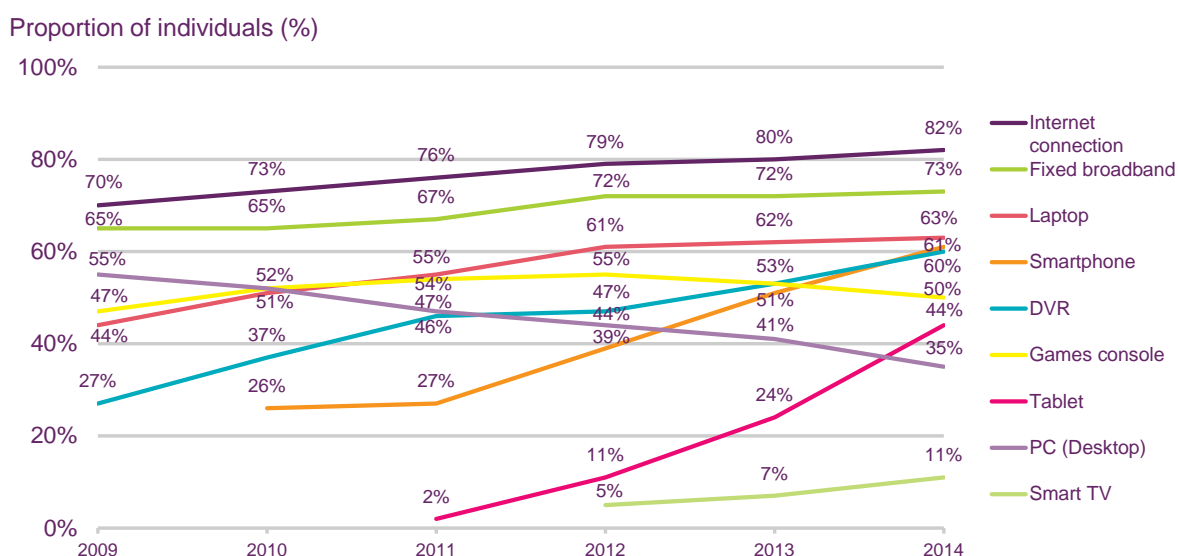
Proportion of individuals (%)

Legend:
- Internet connection
- Fixed broadband
- Laptop
- Smartphone
- DVR
- Games console
- Tablet
- PC (Desktop)
- Smart TV

Source: Ofcom Technology Tracker. Data from Q1 of each year
Base: All adults aged 16+ (2014 n=3740).
Notes: Fixed broadband = ADSL through a phone line or cable service, perhaps using a WiFi router. Includes superfast broadband services. Home internet access = connection to the internet through ordinary phone line; fixed broadband; mobile broadband such as USB stick, dongle or built-in connectivity through a SIM card; internet access through mobile phone or smartphone (WiFi or mobile network); tethering or MiFi mobile broadband wireless router (taps into a 3G or 4G mobile network within range of the signal.

Roll-out of video-on-demand services has accelerated in recent years

Over the past seven years the UK has seen the launch of VOD services from each of the PSBs, from TV platform operators, and from other non-broadcasters such as supermarkets and international content providers. Figure 2.17 highlights some of these key developments and major service launches in recent years. It is interesting to note the increase in activity since 2010.

The business models supporting VOD services have also diversified, offering consumers a range of ways to access content. As the proliferation of services and devices has increased, it has become increasingly challenging to measure what, and how much, people watch. Industry bodies and VOD providers themselves are in the process of adapting to a multi-device, multi-platform, non-linear world.

The selected service developments shown in Figure 2.17 represent only part of the story. There are many other services and devices available, which are used to consume online audio-visual content.

Figure 2.17 Selected video-on-demand service developments

11/06: **4oD**

02/07: **Virgin TV**

03/07: **Sky On Demand**

12/07: **BBC iPlayer**

05/08: **Sky Player** (rebrand of Sky Anytime on PC)

10/07: **Blink Box**

06/08: **Demand 5.** *iTunes adds VOD content for UK*

11/08: *BBC iPlayer starts simulcasting BBC1 & BBC2.*

12/08: **ITV Player**

Late/09: 4oD launches on YouTube

04/11: Tesco acquires Blink Box stake

01/11: Amazon buys majority stake in Lovefilm

Early/11: 4oD compulsory registration

03/11: Netflix commission original content

11/11: **Sky On Demand rebrand**: Sky Store and Catch-up TV added

07/11: **Sky Go** (rebrand of Sky Player and Sky Mobile TV)

12/11: **Lovefilm Instant**

01/12: Netflix UK launch. Roku boxes released in UK.

07/12: **Now TV; You View**

10/12: **Dave** on UKTV Player. *BT/YouView*

11/12: TalkTalk /YouView

12/12: **Virgin TV Anywhere**

01/13: **Sky Go Extra**

07/13: **Wuaki.TV UK launch**

05/13: **Sainsbury's Entertainment.** *BT Vision rebranded (BT Player)*

11/13: *Amazon commissions original content*

09/13: Netflix partners with Virgin TiVo

11/13: Both Channel 4 and the BBC premiere content online before traditional broadcast

Service launched
Key development

Timeline axis: 2007 Q1 | 2007 Q3 | 2008 Q1 | 2008 Q3 | 2009 Q1 | 2009 Q3 | 2010 Q1 | 2010 Q3 | 2011 Q1 | 2011 Q3 | 2012 Q1 | 2012 Q3 | 2013 Q1 | 2013 Q3

Source: Ofcom desk research

Key market developments in video-on-demand

In the second half of 2013 both **BT and TalkTalk** expanded their VOD and catch-up services by offering **YouView** set-top boxes as part of their subscription bundles, which resulted in significant subscription growth for both companies[23]. This box offers access to selected catch-up viewing provided by the four public service broadcasters, via BBC iPlayer, ITV Player, 4OD and Demand 5. The PSBs have recently scaled back their investment in YouView (although they remain shareholders in the service). Recent announcements indicate that the BBC, ITV and Channel 4 have agreed a deal to launch a new free service for internet-connected TV sets, named **Freeview Connect**.

In July 2013 **Sky** released the **Now TV** box. This pay-as-you-go service allows access to Sky content for non-subscribers and includes Sports, Movies and Entertainment passes. It also provides catch-up from all the PSBs with the exception of ITV, although future plans to launch ITV Player on the Now TV box were announced by ITV earlier in 2014.

In September 2013 **Virgin Media** became the first pay-TV provider to strike a deal with a subscription video-on-demand provider when it added a **Netflix** app to its TiVo box capabilities.

Netflix has been aiming to drive subscriptions by gaining exclusive streaming rights to popular TV series such as *Breaking Bad* as well as investing in original content. On the back of the success it had commissioning a remake of *House of Cards,* a second series was released in February 2014. In both cases Netflix has made the entire series available on the day of launch, allowing subscribers to watch multiple episodes back to back. Netflix has announced plans to increase its original content spend in 2014 and has recently announced plans to invest in a new UK-produced original series about the life of Queen Elizabeth II: *The Crown.*

In February 2014 **Amazon** folded *LoveFilm Instant* into its UK retail website, and re-named the service *Amazon Prime Instant Video.* At the same time it announced plans to commission a third series of *Ripper Street;* the previous two series had been commissioned by the BBC and this was both the first example of an online VOD provider commissioning

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[23] http://www.talktalkgroup.com/investors/results-centre/
http://www.btplc.com/Sharesandperformance/Quarterlyresults/Quarterlyresults.htm

UK-originated content, and the first time UK content has moved from a traditional broadcaster to an online-only service.

In the second half of 2013 both the **BBC** and **Channel 4** premiered content online ahead of scheduled television broadcast. Channel 4 made this move in October when it opted to premiere the first episode of the new series of sitcom *Fresh Meat* on 4oD one week before its TV broadcast. Each further episode was then made available to registered 4oD users a week ahead of broadcast. In November, the BBC premiered drama series *Moving On* on iPlayer, making all five episodes of the series available at once, one week ahead of its first broadcast on BBC One.

There were also new players emerging in the UK VOD market in 2013, as Spanish on-demand provider **Wuaki.tv** was launched in the UK. Wuaki offers a library of content with a subscription package in addition to rental and purchasing options.

Finally, new devices such as **Google's Chromecast** have also been developed and are now available in the UK market. The 7cm dongle enables users to stream content from VOD providers' apps to their television sets.

Half of all UK adults now use video-on-demand services

In the last survey for which data are available, 50% of UK adults claimed to have used a VOD service within the previous 12 months. Take-up has increased 23 percentage points in the three years to H2 2013.

Figure 2.18   Use of VOD services in the past 12 months
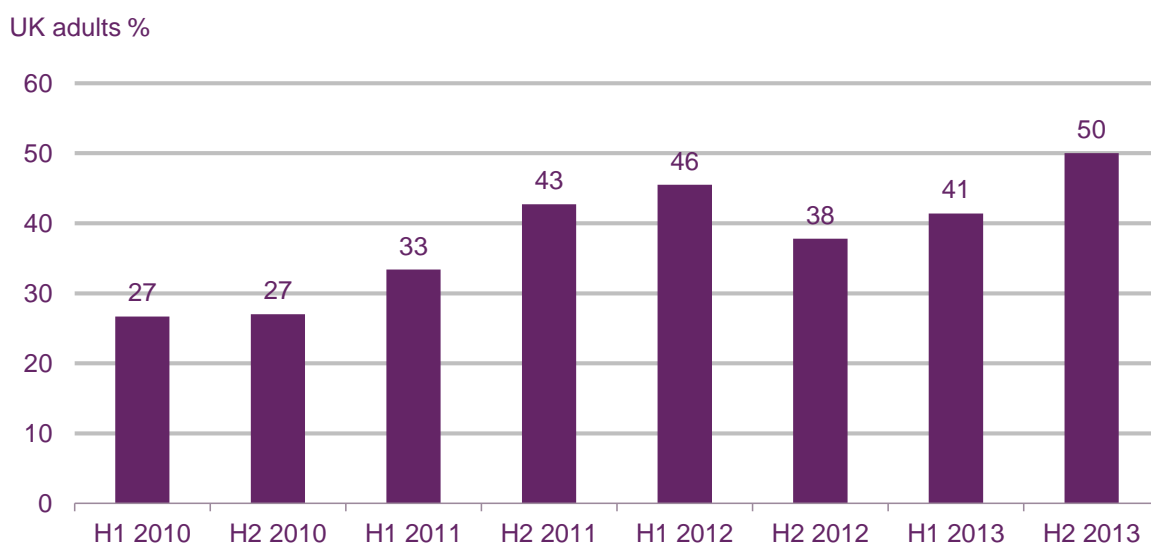
UK adults %

Source: Target Group Index (TGI), Kantar Media UK 2014.
Base: UK adults 15+. H1 2010 n=12226, H2 2010 n=11794, H1 2011 n=12602, H2 2011 n=12915, H1 2012 n=11098, H2 2012 n=12495, H1 2013 n=11853, H2 2013 n=12570

Claimed use of Netflix is growing more quickly than any other VOD service, but still remains lower than the services provided by the BBC, Channel 4 and ITV

Claimed use of nearly all of the selected VOD services shown in Figure 2.19 increased in 2014. Netflix had the largest increase in Q1 2014 among the online respondents in this survey, with a six percentage point increase, making it the most popular VOD service outside those provided by Public Service Broadcasters.

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BBC iPlayer remains the most popular VOD service overall, with 38% of respondents claiming to use it in Q1 2014. This is almost double the claimed use of the next two most popular VOD services, ITV Player (22%) and 4oD (20%).
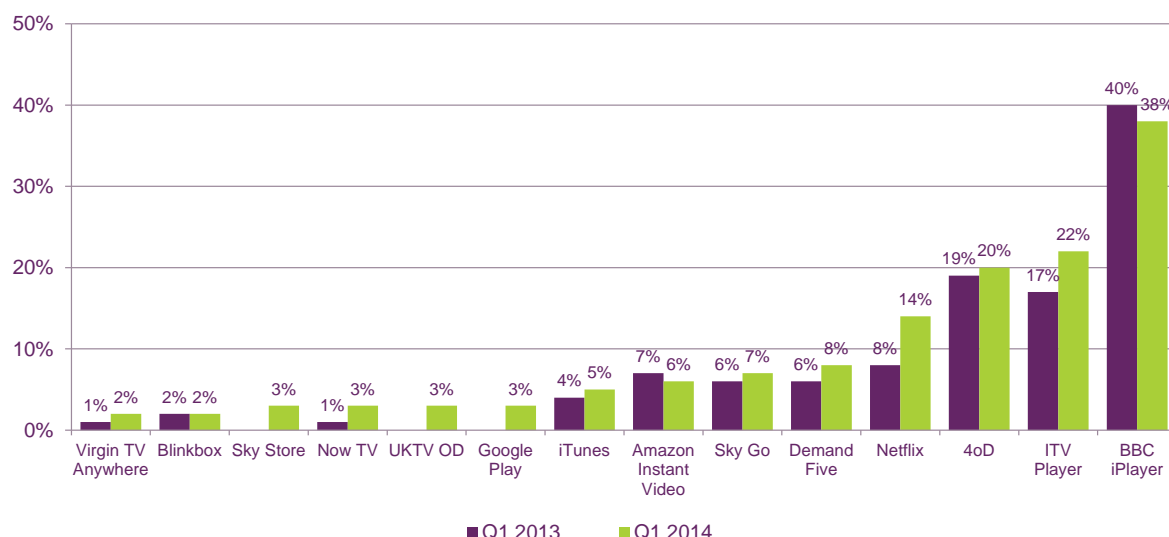
Source: Decipher mediabug - Wave 4 report. Base: UK online population 16+. March 2014 (n=3017). Note: UKTV OD includes Dave, Really and Yesterday on demand. LoveFilm Instant was rebranded to Amazon Instant Video in February 2014.

The amount of time spent watching catch-up, free and paid VOD services accounts for 8% of all viewing time among UK adults

Although the VOD market is expanding, it is still a small part of the UK's viewing. Results from Ofcom's Digital Day diary research showed that adults watched an average of 2 hours 59 minutes of live TV per day, equating to 69% of all their media viewing time. The next most popular viewing activity, recorded TV, accounted for 40 minutes (16%). The research also showed that, on average, people spent about the same amount of time watching TV or films on DVD, Blu-ray or VHS video (physical media) as they did watching free on-demand/catch-up TV (12 minutes, or 5% of all viewing time, each). Paid-for, downloaded or streamed TV or films accounted for 7 minutes (3%). Added together, free and paid on-demand and streamed content accounted for 8% of all viewing time across all devices.

Figure 2.20   Average time spent on selected watched activities per day

Hours:Mins

Activity	Time
Live TV	02:59
Recorded TV	00:40
TV or films on DVD, Blu-ray, VHS video	00:13
On-demand / catch-up TV or films (free)	00:12
Downloaded or streamed TV or films (paid-for)	00:07
Short online video clips	00:05
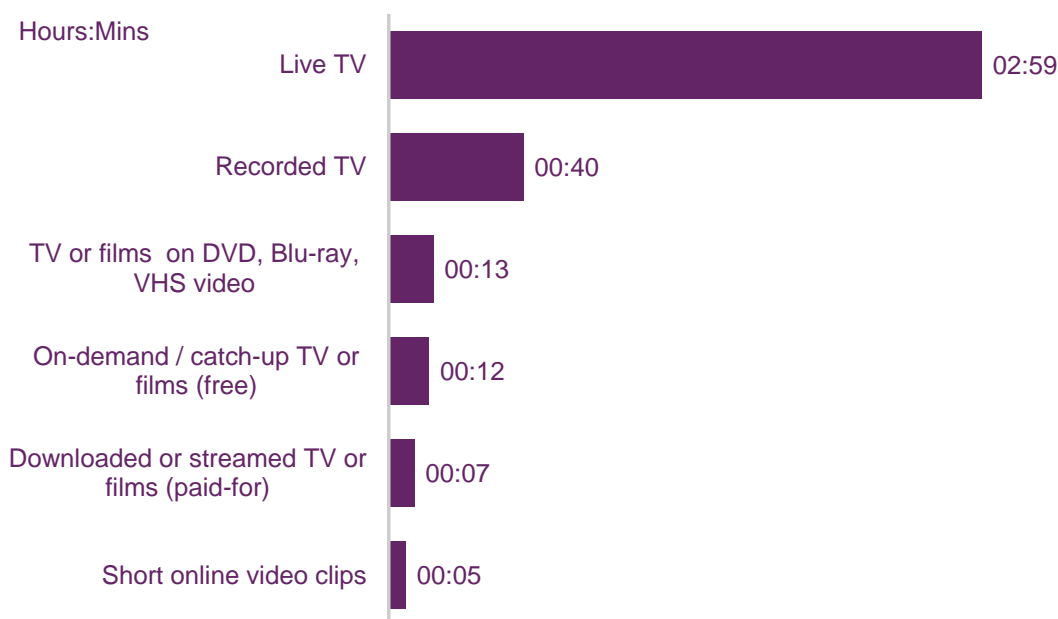
Source: Digital Day 7-day diary, April 2014. Base: All adults aged 16+ (1644)
Note: Average time is calculated as all time recorded doing an activity divided by all participants in the survey

VOD content is watched on TV more than any other screen

Overall, unique programme requests for long-form VOD (programmes rather than short clips) are estimated to have risen by 38%[24] between the second half of 2012 and the second half of 2013. However, within this total the balance of delivery between different devices has changed.

The rise in ownership of smartphones and tablets, (See Figure 4.23) together with the development of apps to allow users to access VOD services, has led to a significant rise in levels of access to TV programmes on these portable devices. Third-party estimates (Figure 2.21) indicate that the combined share of 'long form' VOD viewing accounted for by smartphones and tablets (29%) is now greater than that of PCs / laptops (24%).

However, viewing via the TV screen remains the most popular method of accessing 'long form' VOD, with an estimated 47% share of viewing. As people are now connecting their televisions to the internet via set-top boxes, inbuilt internet functionality or via other devices, demand for TV VOD increases.

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[24] Source: 3Reasons LLP. Viewing defined to include all legal long-form video content accessed and then viewed on a TV (incl. games console), PC/laptop, tablet and smartphone. Key exclusions are viewing of VOD downloads (DTO or DTR (e.g. iTunes)), pornography, piracy content, push-VOD, online video commercials, DVDs and VHS videos (either owned or rented).

Figure 2.21   Estimated share of the UK long-form 'pull' VOD market, by device (programmes/films, not short clips or videos)

% Share

Source: 3Reasons LLP. Estimates are based on the number of initiated long-form content streams delivered lawfully, from a range of sources including press disclosures and published company results. Note: Pull VOD is a form of video on-demand distribution where content is delivered online at a user's request. Total TV includes VOD via set-top box, internet-enabled sets and TVs connected by games consoles.

Smartphones are more likely than tablets to be used for viewing content outside the home

We look now at video content; clips, programmes and films, viewed through a tablet or smartphone (Figure 2.22). Although only a small percentage of users do this, those that do are slightly more likely to use smartphones than tablets when away from home, and more likely to use tablets when inside the home.

Four per cent of all smartphone users claim to view video content on their smartphone when they are out of the home, compared to 3% of all tablet users. One in four tablet users (25%) use their tablet for viewing content in the home, compared to 9% of smartphone users.

Figure 2.22   Claimed consumption of AV content in the past week, by location

Viewing by location %
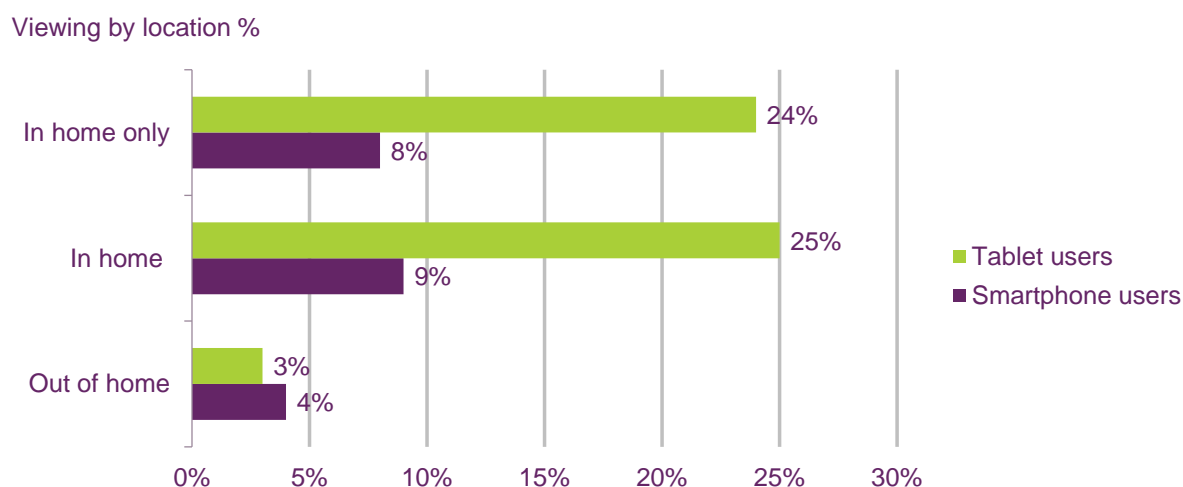
Source: Digital Day 7-day diary
Base: Tablet users (647) smartphone users (1060) aged 16+. Q1 2014

Downloading content to mobile devices to view offline

Recent developments in broadcasters' app technology allow the user to download content to view offline.

In September 2013 the Android version of the **BBC** iPlayer was upgraded to allow the downloading of television programmes for offline viewing. The same feature was launched on the iOS version in late 2012.

Channel 4's 4oD catch-up service also added this functionality for selected programmes via both its iOS and Android apps in July 2013. **Sky** has also been offering this as part of its premium *Sky Go Extra* service since early 2013.

This development gives consumers more options as to when and how they view content. For example, content can now be downloaded to view when people travel abroad without incurring data roaming costs, or where internet connections may be unavailable, insufficient or intermittent, such as while travelling. These developments could contribute to an increase in the amount of AV content consumed via mobile devices and make the task of measuring use more complex.

Films and UK drama are the most popular genres viewed via VOD

According to consumer research from Decipher, the most popular genres accessed via TV VOD[25] and online VOD[26] in the past month are films and UK drama, followed by UK TV comedy and documentaries. A higher percentage of online VOD users than TV VOD users had watched documentaries (42% vs. 37%).

In terms of 'electronic sell-through' (EST[27]), films are the most likely genre to be purchased and a copy permanently kept, with 46% of people who have used EST claiming to have purchased a film.

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[25] VOD content accessed from a TV set-top box includes all catch-up, on-demand and pay-per-view content accessed from a TV set-top box.
[26] Includes all VOD content accessed from any device except a TV set-top box.
[27] *EST (electronic sell-through) is content that is purchased and a copy permanently kept.

Figure 2.23   TV and online VOD, and videos purchased online (EST*): claimed use, by genre

Ever accessed %

■ TV VOD   ■ Online VOD   ■ Electronic Sell Through (EST)
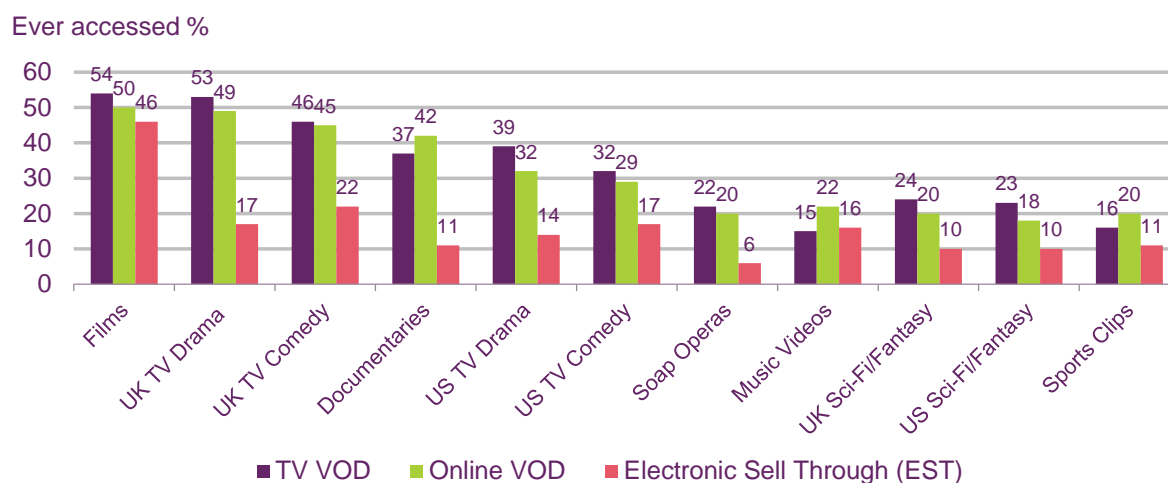
Source: Mediabug Tracker, Decipher, March 2014. UK online population 16+. *EST (electronic sell-through) is content that is purchased and a copy permanently kept: not rented. TV VOD base: Ever used TV VOD (1122), Online VOD base: Ever used any online VOD services (2148) EST base: Ever used any EST services (914)

The main reason for using TV and online VOD services is to catch up on missed programmes or films

Wanting to "catch up on a missed programme or film" is the most-cited reason for both TV VOD[28] (68%) and online VOD[29] (61%) use. The next most common reasons given for using TV VOD are "when there is nothing to watch on scheduled TV" (50%) and "want to watch a programme or film at a time that suits me" (45%).

For online VOD users the second most-mentioned reason is to "watch a programme or film at a time that suits me" (39%). Around a third of online VOD users claim to use available services when there is 'nothing on TV', which is a similar level to those who claim to use online VOD "just to pass the time/relax" (30%), and compares to just 18% claiming that reason for using TV VOD. Less than one in ten users of online VOD said they used the service because they thought it had a good choice of films or TV programmes.

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[28] VOD content accessed via Virgin, Sky or Digital TV via a broadband line (e.g. BT Vision or TalkTalk TV).

[29] VOD content accessed through a website via any connected device.

Figure 2.24   Reason for video-on-demand use: TV vs. online

Claimed reason for VOD use %

■ Online VOD   ■ TV VOD

	Online VOD	TV VOD
Missed the programme/ film when on TV and use/d to catch up	61%	68%
Use it when there is nothing on 'normal' TV to watch	33%	50%
Want to watch programme/ film at time that suits me	39%	45%
Programme/ film was recommended by someone I know	21%	23%
Someone watching something else at the time it was on so used to catch up	19%	24%
Just to pass some time/ relax	30%	18%
Good choice of films/ programmes	9%	13%

Source: Ofcom Media Tracker 2013. Base: UK adults aged 16+. All who use online video on demand (829), all who use TV video on demand (652). All responses unprompted.

2.1.5 The recent decline in TV set viewing

Average daily minutes of viewing via the TV set fell in 2013

The average TV individual in the UK watched 3 hours 52 minutes of broadcast TV a day in 2013[30]; nine minutes less per day than in 2012 (Figure 2.25). This is the most significant fall in the last four years for average daily viewing via the TV set, having held steady at the four-hours-a-day mark since 2010.

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[30] When analysing BARB data we refer to viewing of live broadcast, recorded broadcast and broadcaster provided catch up services only, for all individuals aged 4 and above.

Figure 2.25   Average minutes per person per day watching TV set

Average minutes of viewing per person per day: Total TV, Individuals 4+
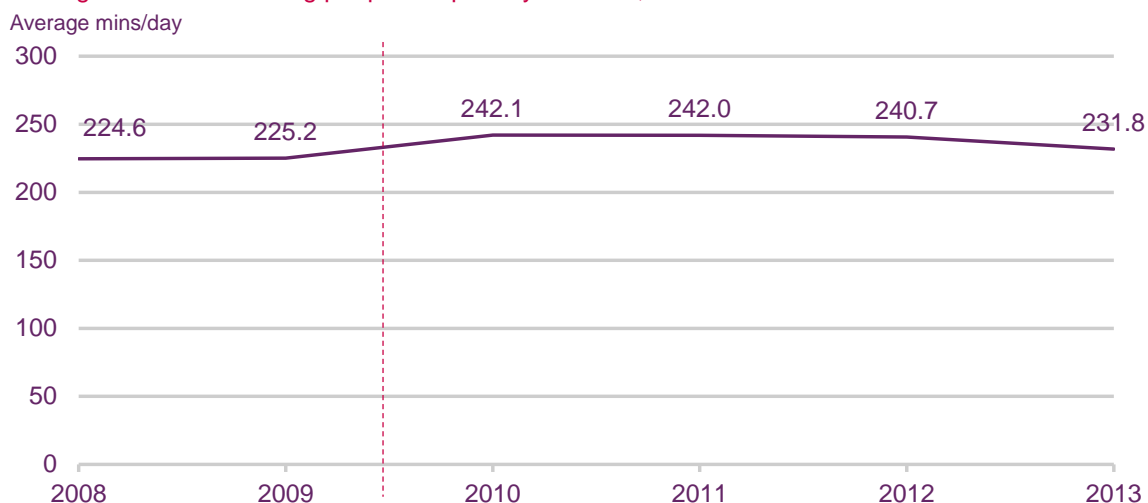
Average mins/day

Source: BARB, Network. Note: New BARB panel introduced 1 Jan 2010. As a result pre- and post-panel change data must be treated with caution (see dotted line).

The volume of people who watch TV in an average week is stable

Although the proportion of individuals who watched TV in an average week dipped by 0.6 percentage points between 2012 and 2013, in absolute terms, the number of viewers tuning in stayed the same (53.9 million individuals in 2012 and 2013). This, combined with the above analysis, suggests that while the number of viewers has been maintained, they are watching less TV overall.

Figure 2.26   Average weekly reach of total TV

Average weekly reach : Total TV, 15 min+, Individuals 4+

Average weekly reach
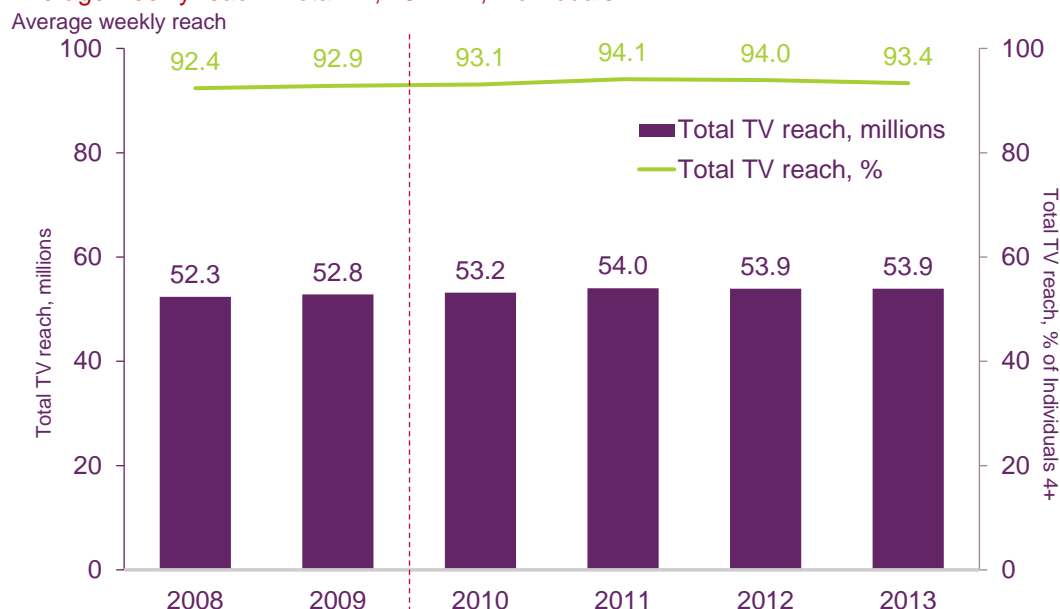
Source: BARB, Network, Individuals 4+. Reach criteria = 15 consecutive minutes of viewing at least once in the average week. Full weeks used. Note: New BARB panel introduced 1st Jan 2010. As a result, pre- and post-panel change data must be treated with caution (see dotted line).

Almost all the decline related to the main living room TV set

With digital switchover completed in 2012, we examined whether some of this decline might be attributed to a loss in viewing via secondary sets. Perhaps consumers were choosing not to upgrade TV sets, in bedrooms or kitchens to receive digital TV. Figure 2.27 shows that almost all the nine-minute decline (8 minutes) in daily viewing was lost through the main TV set.

Figure 2.27   Proportion of daily viewing minutes by TV set location

Proportion of viewing per day, by TV set: Total TV, Individuals 4+
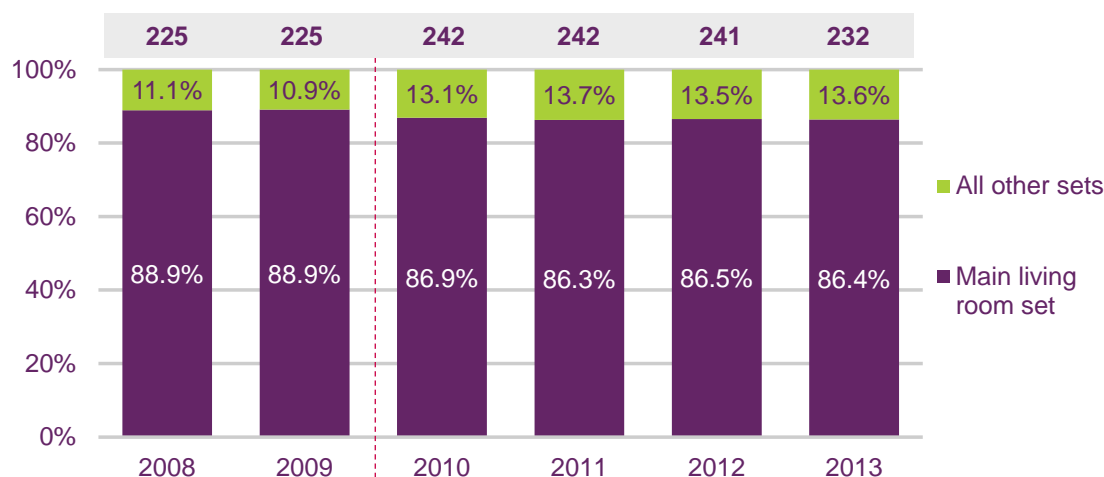
Source: BARB, Network, Individuals 4+. Some variation in figures is due to rounding. Note: New BARB panel introduced 1 Jan 2010. As a result pre- and post-panel change data must be treated with caution (see dotted line).

The fall in viewing was across all dayparts, to varying degrees

The decline in viewing between 2012 and 2013 varied by time of day (Figure 2.28). In volume terms, the 1800-2230 peak-time slot saw the greatest decline, falling by four minutes year on year. A further three minutes of viewing was lost in the 1200-1800 daytime slot; two minutes in the late night slot with the remainder of the loss in the breakfast and mid-morning slots. In percentage terms the greatest year-on-year decrease was in the night-time slot.

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Figure 2.28   Average daily minutes of viewing, by daypart
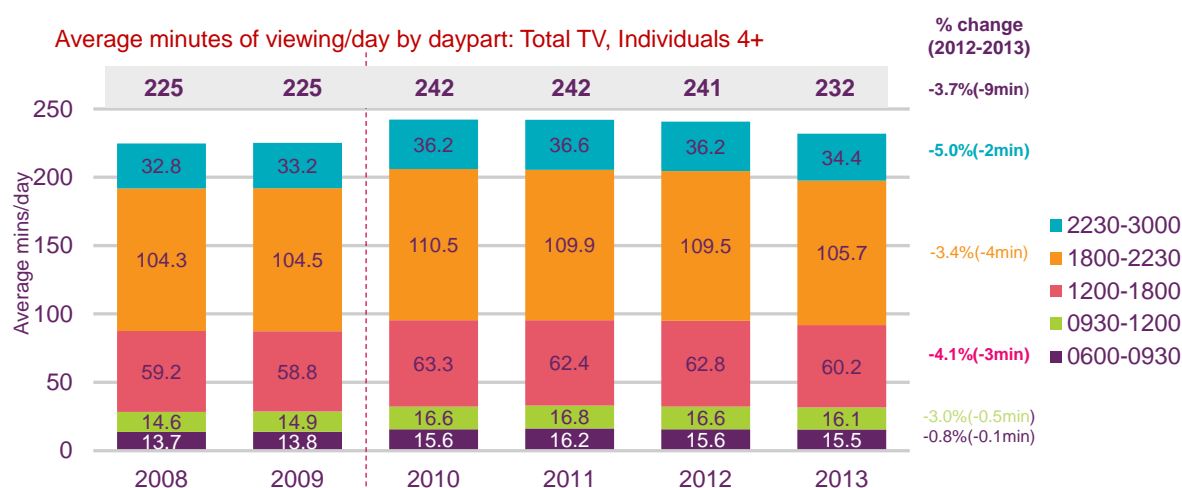
Average minutes of viewing/day by daypart: Total TV, Individuals 4+

% change
(2012-2013)

	2008	2009	2010	2011	2012	2013	
	225	**225**	**242**	**242**	**241**	**232**	**-3.7%(-9min)**
2230-3000	32.8	33.2	36.2	36.6	36.2	34.4	**-5.0%(-2min)**
1800-2230	104.3	104.5	110.5	109.9	109.5	105.7	-3.4%(-4min)
1200-1800	59.2	58.8	63.3	62.4	62.8	60.2	-4.1%(-3min)
0930-1200	14.6	14.9	16.6	16.8	16.6	16.1	-3.0%(-0.5min)
0600-0930	13.7	13.8	15.6	16.2	15.6	15.5	-0.8%(-0.1min)

Source: BARB, Network. Note: New BARB panel introduced 1 Jan 2010. As a result pre- and post-panel change data must be treated with caution (see dotted line).

BBC One and Channel 4 experienced the largest decline in minutes

In terms of viewing minutes by channel, the 2012 Olympics and Paralympics broadcasters, BBC One and Channel 4, accounted for five minutes of the overall nine-minute-per-day decline (Figure 2.29). BBC One experienced the greatest drop in volume (-2.7mins) while Channel 4 had the larger percentage reduction (-14.7%). This may suggest that the Olympic Games bolstered viewing to these channels in 2012, making any falls in viewing larger than might have otherwise occurred.

This effect can be seen in the BBC portfolio channels, which broadcasted coverage of the Olympic Games on BBC Three and on 26 dedicated Olympics channels or other red-button services. The daily minutes on the portfolio of channels channel fell by 1.2 minutes in 2013, while viewing minutes to the Channel 4 portfolio channels, which carried no coverage of the Paralympics, stayed the same. ITV's digital channels maintained their viewing minutes and Channel 5's portfolio of digital channels very marginally increased their viewing.

Figure 2.29   Average daily minutes of viewing, by channel group

Average minutes of viewing/day by channel group: Total TV, Individuals 4+

% change
(2012-13)

	2006	2007	2008	2009	2010	2011	2012	2013	
	216	218	225	225	242	242	241	232	-3.7%
Total Other	53.2	54.5	57.1	59.0	65.3	64.1	65.0	64.3	-1.1%
CH5 digital					12.6	13.8	14.2	14.2	+4.7%
CH4 digital	5.5	7.5	9.9	10.7	14.3	17.2	17.9		-0.5%
ITV digital	6.3	6.4	10.6	11.8	12.7	13.7	13.9	17.9	+0.1%
BBC digital	12.4	7.6	8.9	9.7	11.0	10.7	12.7		-8.7%
CH5	20.7	11.2	11.2	10.9	15.0	14.3	10.1	9.4	-7.1%
CH4		18.4	16.6	15.1			13.4	11.5	-14.7%
ITV	42.4	41.9	41.4	40.1	41.1	38.7	35.9	35.6	-0.9%
BBC2	19.0	18.6	17.6	16.8	16.7	16.0	14.7	13.4	-9.1%
BBC One	49.2	48.0	48.9	47.1	50.3	50.0	51.3	48.7	-5.2%

Source: BARB, network, all individuals 4+. Note: New BARB panel introduced 1 Jan 2010. As a result pre- and post-panel change data must be treated with caution (see dotted line).

Live viewing minutes fell by 11 minutes in 2013, the biggest year-on-year decrease since 2010

The majority (89%) of viewing on a TV set, among all individuals, was to live broadcasts in 2013. The remaining 11% was to time-shifted programmes, whether through TV catch-up services or stored on recording devices such as a DVR, within seven days of transmission. While there was only a one percentage point decrease in live TV as a proportion of all broadcast television viewing, this represented a year-on-year decrease of 11 minutes, the largest year-on-year fall since 2010 (Figure 2.30). The 11 minute fall in live viewing was partially offset by a two minute increase in time-shifted viewing, resulting in the overall nine minute fall in daily viewing in 2013.

Figure 2.30   Proportion of live and time-shifted viewing minutes, all homes

Average minutes of viewing per day by activity: Total TV, Individuals 4+
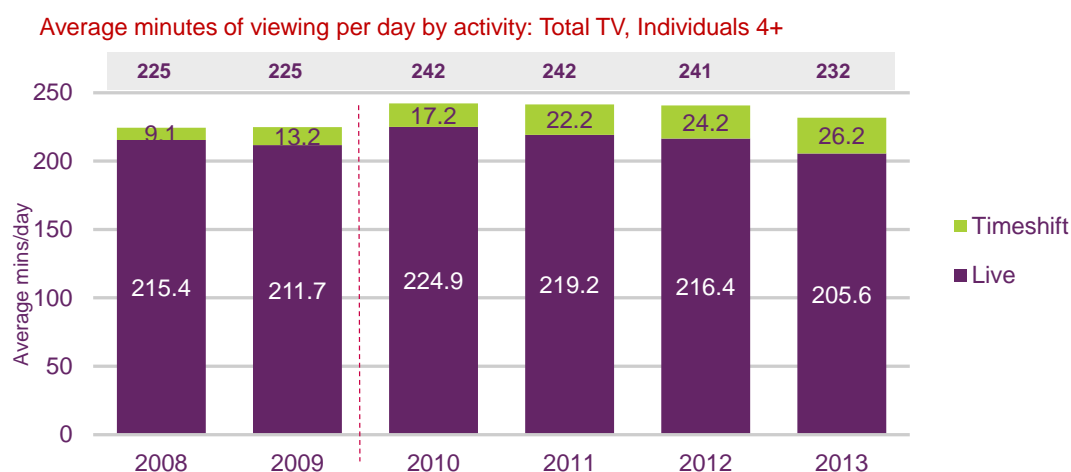
Source: BARB, network all individuals 4+.Some variation in figures due to rounding. Note: New BARB panel introduced 1 Jan 2010. As a result pre- and post-panel change data must be treated with caution (see dotted line).

The weather and sporting events may explain some of the decline in 2013

Analysis of average temperatures shows a warmer summer in 2013 and wetter summers between 2010 and 2012. As there is a natural seasonality in television viewing, these particular trends may have affected leisure activities, including television consumption, leading to increased viewing through the wetter summers.

Signs of an economic recovery in 2013 may also be a factor in the fall in daily viewing minutes. As people return to employment or have more disposable income, they may spend more time outside the home either at work or engaged in more leisure activities.

The scheduling of events that capture the nation's attention may have skewed the seasonal variance in year-on-year viewing minutes. These include the Word Cup in 2010, the royal wedding in 2011, and UEFA Euro 2012, the Queen's Jubilee and the Olympic and Paralympic Games in 2012.

Figure 2.31 depicts the average daily viewing by month in 2012 and 2013. The summer months of June to August 2012 were notable for the broadcasting of significant events. This resulted in a considerable uplift in viewing compared to the same period in 2013 when there were no notable national events. To test the impact of these mass-appeal programmes against the recent year-on-year decline in viewing, the summer months (highlighted in grey) were removed from the 2012 viewing figures and compared to the 2013 viewing figures

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(which excluded the same months). The re-calculated figures displayed in Figure 2.31 show a reduction in the scale of the decline from nine minutes per day per individual to three minutes per day.

Figure 2.31   Average minutes of total TV viewing per day: 2012-2013, with re-calculated annual viewing excluding June to August

Average daily minutes of viewing by month: Total TV, Individuals 4+, 2012 and 2013
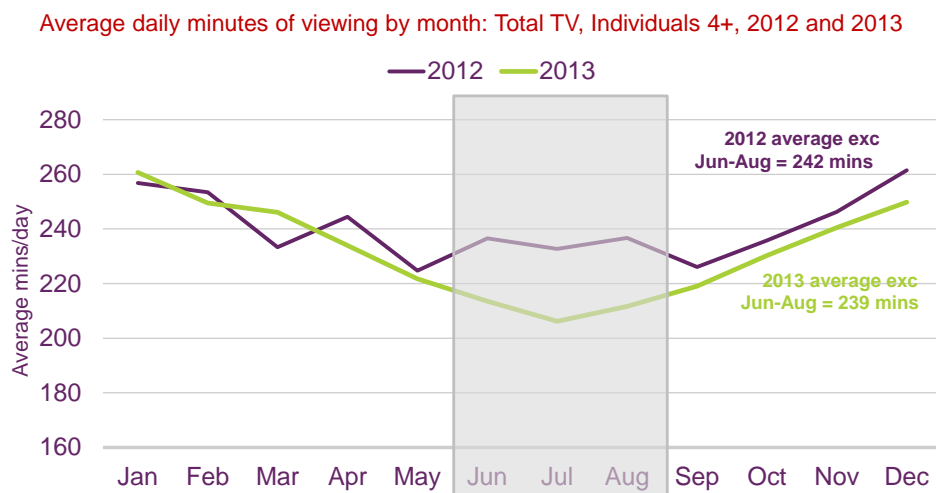
Source: BARB, Network all individuals 4+. Note: Data exclude the months of June to August in the calculation of average daily minutes shown.

The difference in the volumes of audiences for the top ten programmes of 2012 and 2013 further illustrates the impact of major events on viewing (Figure 2.32). 2012 was marked by one-off event programmes that attracted greater-than-average audiences.

Figure 2.32   Top ten programmes, by average audience: 2012 and 2013

Top 10 programmes: 2012 and 2013, Total TV, Individuals 4+

Title	Channel	Date	Start	End	Average Audience, 000s
OLYMPICS 2012: CLOSING CEREMONY	BBC1	12/08/2012	21:00	00:17	24,465
OLYMPICS 2012: OPENING CEREMONY	BBC1	27/07/2012	21:00	00:51	24,245
EURO 2012: ENG V ITA	BBC1	24/06/2012	19:44	22:24	20,342
OLYMPICS 2012: MEN'S 100M FINAL	BBC1	05/08/2012	21:42	22:15	17,333
UEFA EURO 2012 MATCH ENG V UKR	ITV	19/06/2012	19:44	21:38	16,217
THE DIAMOND JUBILEE CONCERT	BBC1	04/06/2012	19:29	22:49	15,321
EURO 2012: SWE V ENG	BBC1	15/06/2012	20:01	21:52	14,252
OLYMPICS 2012	BBC1	05/08/2012	18:52	21:42	13,647
STRICTLY COME DANCING	BBC1	22/12/2012	18:30	19:55	13,368
STRICTLY COME DANCING: THE RESULTS	BBC1	22/12/2012	20:52	22:02	13,354

Title	Channel	Date	Start	End	Average Audience, 000s
NEW YEAR'S EVE FIREWORKS	BBC1	31/12/2013	23:57	00:12	13,525
I'M A CELEBRITY GET ME OUT OF HERE!	ITV	17/11/2013	21:02	22:34	13,048
DOCTOR WHO	BBC1	23/11/2013	19:50	21:06	12,804
STRICTLY COME DANCING: THE RESULTS	BBC1	21/12/2013	20:41	21:50	12,788
STRICTLY COME DANCING	BBC1	21/12/2013	18:30	19:55	12,421
WIMBLEDON 2013: MEN'S FINAL	BBC1	07/07/2013	13:53	17:59	12,278
STILL OPEN ALL HOURS	BBC1	26/12/2013	19:46	20:16	12,233
BRITAIN'S GOT TALENT	ITV	08/06/2013	19:29	22:00	12,230
DOWNTON ABBEY	ITV	10/11/2013	21:03	22:31	11,696
MRS BROWN'S BOYS	BBC1	25/12/2013	21:31	22:05	11,521

Source: BARB, Network, all individuals 4+. Top programmes are based on the best-performing episode of a programme in the year.

Estimates show that the majority of viewing across all devices is to broadcasters' scheduled programmes

As connectivity and connected device take-up has grown in recent years, so has the choice of content providers and services such as live streaming, catch-up TV and other video-on-demand (VOD) services. Seventy-three per cent of UK households have a fixed broadband connection; 79% have some form of computer (laptop, PC, netbook or tablet); 11% have a smart TV while 28% connect their TV set to the internet through some other device[31].

Ownership of portable devices such as tablets is growing rapidly (44% of households) and smartphone take-up (61%) is becoming as popular as laptop ownership (63%) in homes. All these factors allow opportunities for non-traditional watching of broadcast programmes and films, both at home and on the go. This could be a factor in the recent decline in 'traditional' viewing.

In the absence of a single source for measuring viewing across devices and services, 3 Reasons' estimates show that the majority of all viewing across all devices was to live broadcast programming (86%) in 2013. A further 10% was contributed by viewing programmes stored and subsequently played back on DVRs, with the remaining 4% accounted for by other types of VOD programming. These include catch-up services such as BBC iPlayer and other content that does not appear on broadcasters' schedules, such as viewing Netflix and LoveFilm (now Amazon Prime Instant Video)

Live viewing as a proportion of all viewing on all devices fell three percentage points year-on-year (accounting for 89% in 2012), while viewing via DVR devices and viewing long-form

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[31] Source: Ofcom Technology Tracker, Q1 2014

VOD both increased by one percentage point. But despite increased connectivity, greater choice of programming and a wider range of devices on which to view it, the live TV experience is still the way that people prefer to watch programmes and films.

In conclusion, traditional broadcast TV remains robust and live TV remains the main way that people watch programmes. They watched less of it in 2013 compared to 2012, but the data suggest that people are using non-broadcast content to supplement their normal viewing rather than to replace it. They may be simply doing other things with their time.

2.1.6 Viewing on different devices

According to our Digital Day research, 97% of UK adults watch a TV set each week, and on average spend 4 hours 2 minutes per day doing so[32]. Seventy-four per cent of this is still spent watching live broadcast television, and a further 17% recorded broadcast television. The remaining 9% is a mixture of catch-up television, streaming and physical media such as Blu-ray and DVD. On all other viewing devices measured, such as computers, tablets and smartphones, there is a more even spread in the types of content people are watching.

Our research shows that 7% of UK adults use a smartphone to watch audio-visual content, and this group are spending an average of 15 minutes per day viewing on this device. For those who watch audio-visual content on a smartphone, short video clips are the most popular type of content; 36% of viewing time is directed towards short form content. Some of the reasons for less viewing in general, and watching short form content in particular, are obvious: small screens are more suited to short-form content than long-form, and people tend to use a phone when they are travelling, or waiting, and so may only have a short time to view.

Figure 2.33   Proportion of watching activities, by device
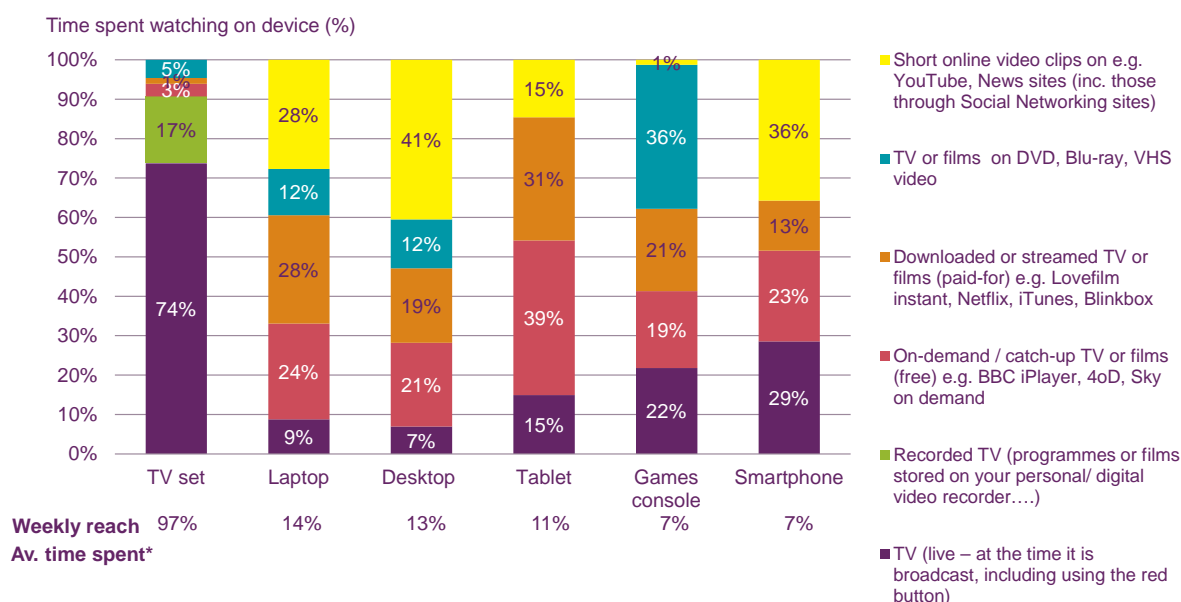
Source: Digital Day 7-day diary. Base: All watching activity records for adults 16+ (25272).
*Average time spent is the average time spent on each device per day for watching, among those who did it all over the week.
Weekly reach is for watching activities. Only devices with weekly reach for watching above 3% shown

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[32] Analysis of Digital Day research includes viewing to live or recorded television, on demand, streaming and downloaded content, physical media such as DVD and Blu-ray and short online video clips viewed on any device. Adults aged 16+.

Viewing takes up more of our time and attention than other media activities

As we have seen, watching live broadcast television remains the most popular viewing activity. Figure 2.34 represents how much time is spent engaging in a single activity ('solus') or in a number of activities at the same time ('simultaneous'), such as watching television while browsing a shopping website. We can see that 78% of viewing is done solus, compared to 53% of browsing and reading (e.g. newspapers) and 43% of communicating. Viewing not only takes up our time, we also give it more attention.

Figure 2.34   Proportion of solus and simultaneous minutes, by activity type
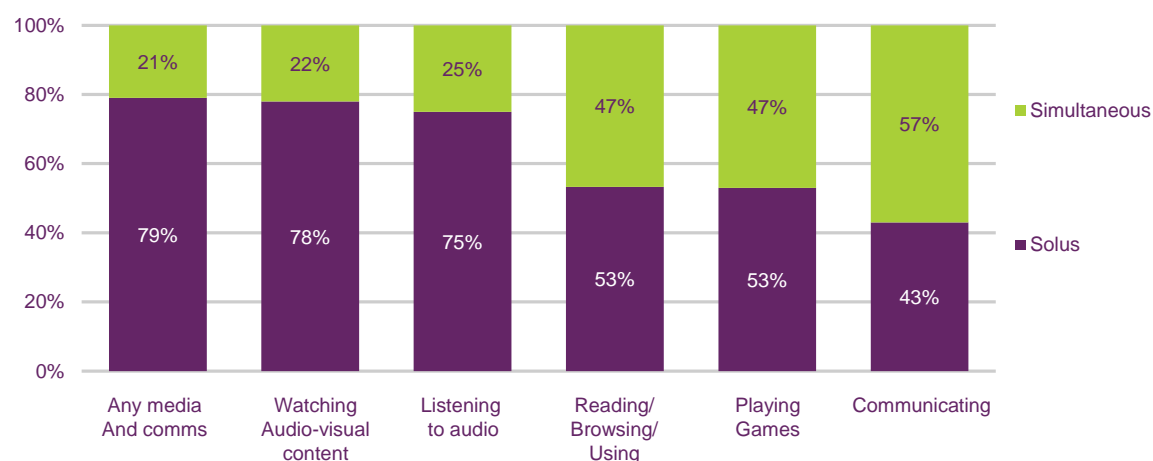
Source: Digital Day 7-day diary
Base: All activity record minutes for adults aged 16+ (5930358)

2.2 The TV and audio-visual industries

2.2.1 Introduction

This section examines some of the characteristics of the UK's audio-visual sector during 2013. It focuses on a range of metrics from the broadcast television industry and from those companies delivering audio-visual content over the internet. Key points in the section include:

- **The UK television industry generated £12.9bn in revenue during 2013, an increase of £426m (3.4%).** The increase was driven by growth in subscription revenues and net advertising revenues. There was a small decline in publicly-funded television programming in 2013 following an eventful year in 2012, including the London Olympics.

- **Pay-TV subscription revenue continues to drive growth in total sector revenues.** Subscription revenue increased in 2013 by 6.7% to reach almost £5.9bn. Subscriptions now account for 46% of all television industry revenues in the UK.

- **Broadcast-based TV advertising income returned to growth in 2013.** TV advertising income increased by 4% (£146m) in 2013 to reach almost £3.7bn, its highest level in the past five years. The largest proportional growth was in the commercial PSBs' portfolio channels where revenues increased by 14% year on year to reach a combined total of £669m.

- **Online TV revenue increased by 41% in 2013 to reach £364m.** The subscription model saw the steepest growth; revenue rose 76% to £112m, a possible indication that online streaming services are gaining traction in the UK market.

- **Spend on content by all UK TV channels in 2013 rose by 3.7% to reach £5.8bn.** The increase was driven primarily by increased spend by sports channels in a year of English Premier League broadcast rights renewal. Spend on BBC digital channels and the other PSBS' portfolio channels also increased, rising by 6% and 4% respectively. The largest relative decline was BBC One, whose spend fell by 12% to £747m.

- **Spend on first-run originated programming for the main five PSB channels declined by 5%, from £2,588m in 2012 to £2,451m in 2013.** Some of this decline may be attributable to there being no major sporting events that year.

- **Total broadcast hours of first-run originated programming on the five main channels were flat year on year.** Volumes of first-run original programming were similar to 2012, although non-peak saw a small drop of 1.4% to 13,180 hours. This was balanced by a small increase in regional programming, up by 2% to 11,232 hours.

- **Commercial multichannel broadcasters[33] in the eight mainstream genres spent over £3bn on programmes in 2013, a 13% increase year on year in nominal terms.** With the new round of Premier League broadcasting rights coming into effect in 2013, spend on sports programming grew by 19% year on year to reach £1,808m. This made up 59.1% of all programme spend across the commercial non-PSB channels, up from 56.2% in 2012.

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[33] Commercial multichannel broadcasters include commercial PSB portfolio channels.

2.2.2 Television industry revenue

The UK TV industry was worth £12.9bn in 2013

The UK television industry generated £12.9bn in revenue during 2013, an increase of £426m (or 3.4%) on 2012 in nominal terms. The market grew as a result of increases in subscription revenues (up 6.7%) and net advertising revenues (up 4.1%).

Pay-TV subscription revenue, which continues to drive a lot of the industry's growth, increased after a relatively flat year in 2012 (0.9% in that year)[34]. In general, subscribers have been encouraged to take up a wider range of services and as a result average revenues per user have increased.

Ofcom estimates that the BBC spent £2.6bn on its television services in 2013, a decrease of almost 3% year on year.

'Other' revenue experienced a decline of 1.9% year on year. We have seen drops in both pay-per-view and interactive revenues this year (Figure 2.40), possibly as a result of consumers switching to online streaming services.

Figure 2.35   Total TV industry revenue, by source: 2008-2013
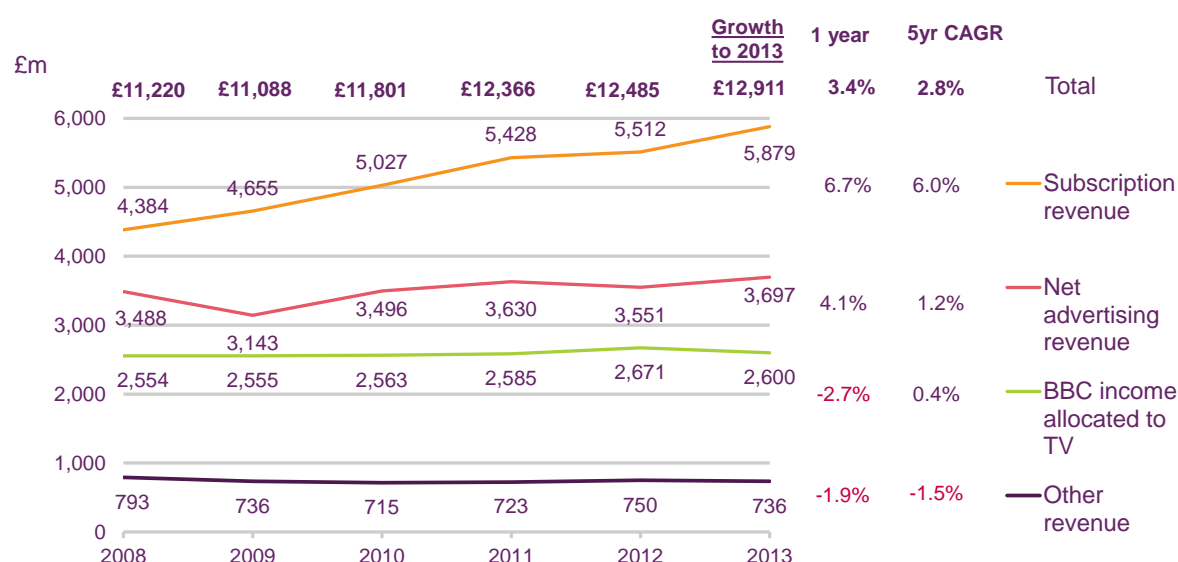
Source: Ofcom/broadcasters. Note: Figures are expressed in nominal terms and replace previous Ofcom revenue data for TV industry owing to restatements and improvements in methodologies. 'Subscription revenue' includes Ofcom's estimates of BSkyB, Virgin Media, BT Vision, TalkTalkTV, Setanta Sports (until its closure), ESPN and Top Up TV television subscriber revenue in the UK (Republic of Ireland revenue is excluded). It also excludes revenue generated by broadband and telephony. 'Other' includes TV shopping, sponsorship, interactive (including premium-rate telephony services), programme sales and S4C's grant from the DCMS and funding from the TV licence. The BBC re-stated its licence fee revenue in 2008. Totals may not equal the sum of the components due to rounding.

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[34] This year BSkyB has included NowTV revenue in subscription revenues, an additional element not included in previous years' reports. The exact amount of subscription attributable to NowTV is not reported separately by BSkyB.

The relative contributions of the four main TV revenue sources remained broadly stable during 2013, changing by less than two percentage points during the year. While the two smaller revenue streams, BBC income allocated to TV, and non-broadcast revenue, saw their relative shares decrease by 1.3 and 0.3 percentage points respectively, the two larger revenue streams performed strongly. Subscription revenue increased its contribution to the total industry revenue to 45.5%, while net advertising revenue saw its relative share increase by a more modest 0.2 percentage points to 28.6%.

Figure 2.36   TV industry revenues, by share
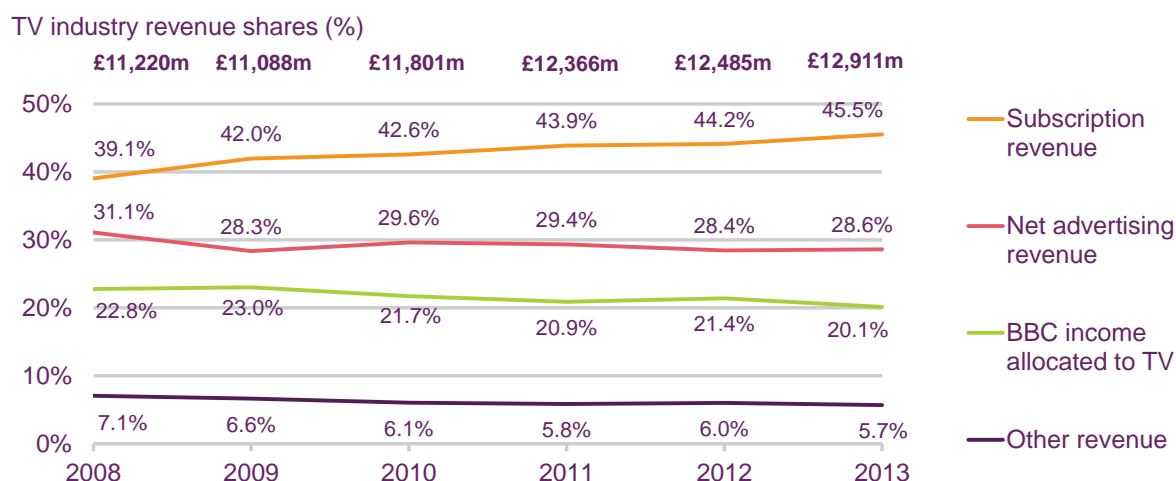
Source: Ofcom/broadcasters. Note: Figures are expressed in nominal terms and replace previous Ofcom revenue data for TV industry, owing to restatements and improvements in methodologies. 'Subscription revenue' includes Ofcom's estimates of BSkyB, Virgin Media, BT Vision, TalkTalkTV, Setanta Sports (until its closure), ESPN and Top Up TV television subscriber revenue in the UK (Republic of Ireland revenue is excluded). It also excludes revenue generated by broadband and telephony. 'Other' includes TV shopping, sponsorship, interactive (including premium-rate telephony services), programme sales and S4C's grant from the DCMS. The BBC re-stated its licence fee revenue in 2008. Totals may not equal the sum of the components due to rounding.

Platform operators saw a 6.7% rise in revenues in 2013

While revenues for the main commercial PSB channels were flat, and publicly-funded PSB channels' revenue declined by 2.8%, platform operators and commercial multichannel broadcasters saw their total revenues grow by 6.7% and 6.2% respectively. This is the fifth consecutive year of growth for platform operators, and the fourth for non-PSB commercial channels.

Publicly-funded channels, including Ofcom's estimate of BBC spend on TV output and S4C's grant from the Department for Culture, Media and Sport, as well as its funding from the television licence fee, accounted for almost £2.7bn of revenue, down slightly on 2012.

Figure 2.37   Total TV industry revenue, by sector: 2008-2013

Source: Ofcom/broadcasters. Note: Figures are nominal. Main commercial PSB channels comprise ITV/ITV Breakfast, STV, UTV, Channel Television, Channel 4, Channel 5 and S4C. Commercial multichannels comprise all multichannels including those owned by ITV1, Channel 4 and Channel 5. Publicly-funded channels comprise BBC One, BBC Two, the BBC's portfolio of digital-only television channels and S4C. S4C is listed under publicly-funded and commercial analogue channels because it has a mixed advertising and public funding model. The BBC re-stated its licence fee revenue in 2008. Totals may not equal the sum of the components due to rounding.

Television advertising revenues returned to growth in 2013

TV advertising income increased by 4% (£146m) in 2013 to reach almost £3.7bn, its highest level in the last five years.

The largest proportional growth was in the commercial PSBs' portfolio channels, where revenues were up 14% year on year to reach £669m. These channels' advertising revenues have grown at an average rate of 8% per annum over the last five years and have offset the 1% annual decrease in commercial PSB main channel advertising revenues. In 2008 the combined total for PSBs, including main and portfolio channels, was £2.65bn, and in 2013 it was £2.73bn. This change can be attributed in part to greater programme investment on the portfolio channels, attracting increased advertiser revenues as audiences increase. The main PSB channels saw modest growth in 2013, a rise of £5m compared with 2012. Despite only modest growth, the three main commercial PSB channels continue to account for the majority of TV advertising income, with a combined share of 56% of total TV advertising revenues in 2013.

Advertising revenues for other commercial broadcasters were up 6% to £968m. This is the fourth year in a row that both these sectors have reported growth in net advertising revenue.

Figure 2.38 TV net advertising revenues, by source: 2008-2013

Net advertising revenue (£m)

	Growth		
	1 year	5yr CAGR	
	4%	1%	Combined
	6%	3%	Commercial multichannels
	14%	8%	Commercial PSB portfolio channels
	0%	-1%	Main commercial PSB channels
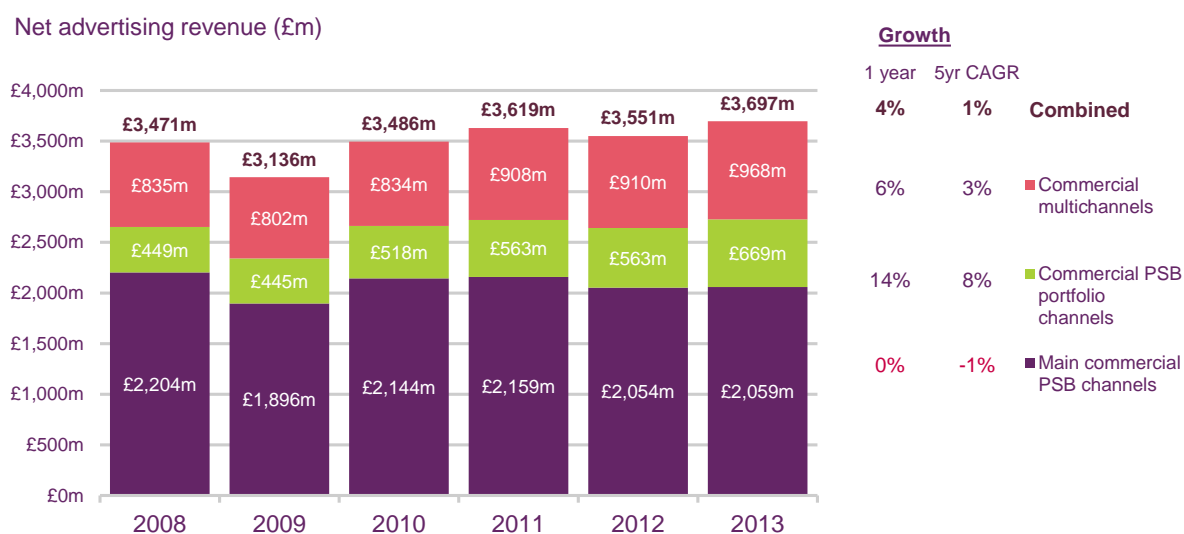
Source: Ofcom/broadcasters. Note: Figures expressed are in nominal terms and replace previous data published by Ofcom. Main commercial PSB channels comprise ITV1, STV, UTV, Channel Television, ITV Breakfast, Channel 4, Channel 5 and S4C; Commercial PSB portfolio channels include, where relevant, ITV2, 3, 4, CiTV, E4, More 4, Film 4, Five USA and 5* (and their '+1' channels). For previous years, closed channels have also been included. Sponsorship revenue not included. Totals may not equal the sum of the components due to rounding.

Channel 5 and PSB portfolio channels saw the largest proportional growth in TV advertising market share

Changes in the share of TV advertising reflect the move towards a more multi-channel environment.

The two largest commercial PSB channels, ITV and Channel 4, both lost market share; down 1.1pp and 1.9pp respectively. However, ITV remains the largest advertising revenue earner, capturing 33% of all TV advertising revenues in 2013. In contrast to these declines, Channel 5 increased its share by 0.9pp to 8.2%. When taken together (including ITV Breakfast), the main PSB channels lost 2.2pp in share of all net advertising revenue.

While the commercial PSB broadcasters' main channels' results were mixed, there was an increase in market share across their portfolio channels. Taken as a whole, the PSB portfolio channels' market share increased by 1.6pp to 18.1%.

The remaining commercial channels together increased market share by 0.6pp to 26.2% in 2013.

Figure 2.39   TV net advertising revenue market shares: 2012-2013

Proportion of NAR by broadcaster (%)

	Total = £3,551m	Total = £3,697m

	2012	2013
Other multichannels (top)	0.06%	0.05%
Other multichannels	25.6%	26.2%
PSB portfolios	16.5%	18.1%
Channel 5	7.3%	8.2%
Channel 4	14.95%	13.08%
ITV Breakfast	1.4%	1.3%
ITV1/STV/UTV	34.1%	33.0%

Legend: ■ S4C ■ Other multichannels ■ PSB portfolios ■ Channel 5 ■ Channel 4 ■ ITV Breakfast ■ ITV1/STV/UTV
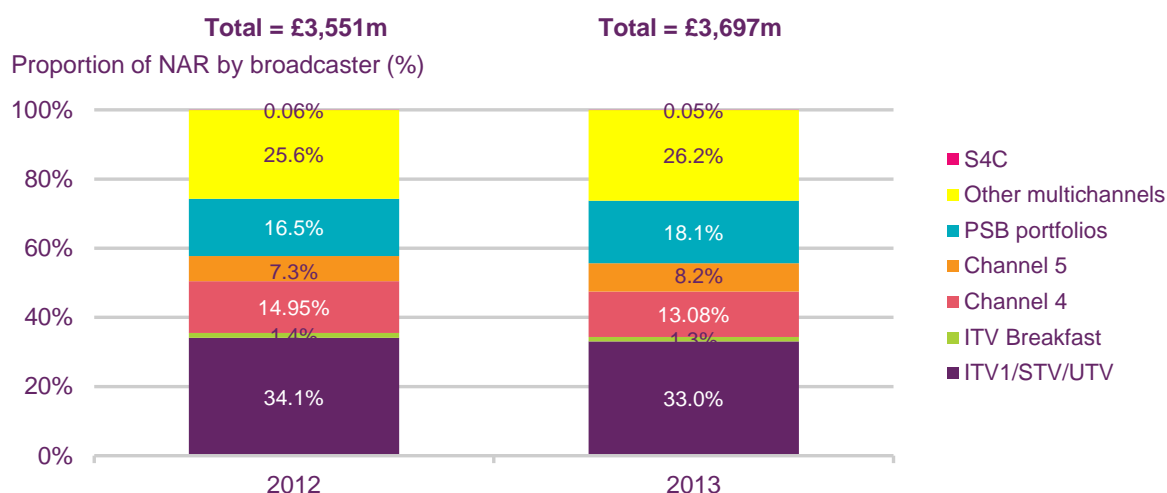
Source: Ofcom/broadcasters. Note: Expressed in nominal terms. ITV1/Channel 3 includes ITV1, STV, UTV and Channel Television.

2.2.3   Other TV revenue

Broadcaster revenue raised from other sources fell by 2% in 2013

Television revenue from sources other than subscription income, advertising revenue and the BBC's allocation of the licence fee dropped by 2% year on year.

The greatest proportional decline was in pay-per-view television: revenues dropped by 33% to £31m in 2013. This may be explained in part by the small but growing take-up of 'over the top' audio-visual streaming services such as Netflix and Amazon Prime Instant Video (formerly LoveFilm) which allow users to access large archives of films and television series in return for a monthly subscription fee, rather than the more immediate charging system of pay-per-view.

There were some areas of growth. The largest proportional growth was in programme sales, with producers increasing sales revenue by 17% to £44m. Sponsorship deals were also up 5% on 2012, to £192m.

An agreement between S4C, the Department for Culture, Media and Sport (DCMS) and the BBC resulted in the financing of S4C being restructured in 2013, and the channel now receives the majority of its funding from the television licence fee[35]. Prior to this agreement the majority of funding came from DCMS grants.

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[35] http://www.s4c.co.uk/production/downloads/e_operatingagreement.pdf

Figure 2.40   Breakdown of other/ non-broadcast revenue: 2013 versus 2012

Total non-broadcast revenue = £736m (-2%)
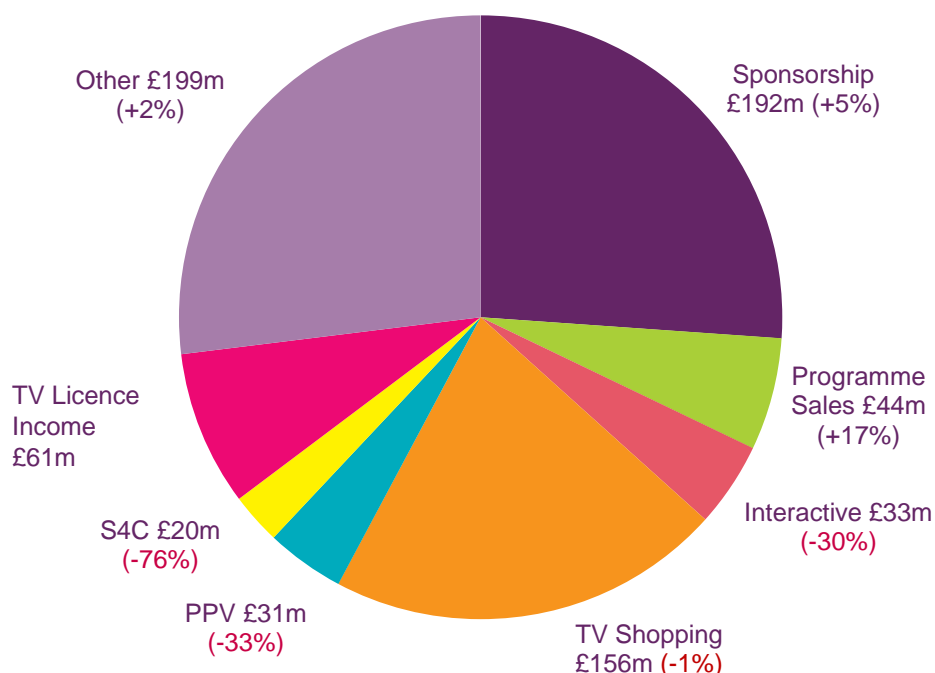
Source: Ofcom/broadcasters. Note: Percentage figures in brackets represent year-on-year change for total non-broadcast revenue versus 2012. TV shopping represents aggregate operating margin of products sold via television. A funding agreement reached in April 2013 meant that the majority of S4C funding now comes out of the BBC's licence fee income. Totals may not equal the sum of the components due to rounding. Owing to the nature of these revenue components, annual changes may be a function of a higher number of broadcaster returns being received by the time of writing, rather than material changes in the contributions that these revenue components are making to total industry income.

2.2.4 Revenue among multichannel genres

Revenue among key multichannel genres continued to grow in 2013

Sport continues to be the largest revenue-generating genre across multichannel platforms, accounting for 43% of revenues. In 2013, revenues reported by sports channels grew by 13%, partly as a result of increased activity in the genre by BSkyB and the launch of the BT Sport group of channels.

All of the larger mainstream genres experienced revenue growth in 2013, with the three largest of those analysed here (sport, entertainment and films) now accounting for 86.5% of all revenues. Total revenues reached £5.36bn, a rise of 6% on the previous year.

The largest relative reductions in revenue by genre were in leisure, down 20% to £51m, and news, down 13% to £128m.

Figure 2.41   Revenue generated by multichannel broadcasters, by genre: 2013 versus 2012

Total revenue = £5,364m across the eight included genres (+6%)
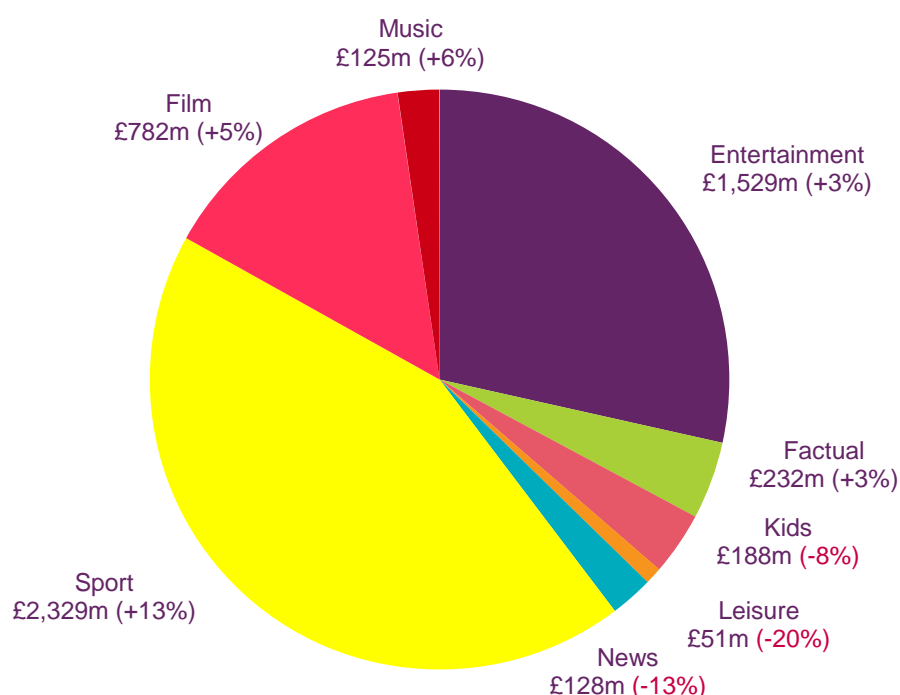
Music
£125m (+6%)

Film
£782m (+5%)

Entertainment
£1,529m (+3%)

Factual
£232m (+3%)

Kids
£188m (-8%)

Leisure
£51m (-20%)

News
£128m (-13%)

Sport
£2,329m (+13%)

Source: Ofcom/broadcasters. Note: Percentage figures in brackets represent year-on-year change for total revenue compared to 2012. The figures in this chart include all sources of revenue accruing to multichannels and are expressed in nominal terms. This includes those set out in Figure 2.35 plus wholesale subscriber payments from platform operators.

2.2.5 Spend on UK television programmes

Broadcasters spent £5.8bn on programmes in 2013

Spend[36] on content by all UK TV channels in 2013 was £5.8bn, up by almost 4% year on year in nominal terms, driven by increases in spend on sport and films output (up 18%) and the digital channels owned by PSBs. BBC digital channels' programme spend increased by 6% to £246m and the other PSBs' digital channels (ITV2, E4, 5Star etc.) increased their spend by 4% to £260m.

In contrast, the five main PSB channels all spent less than the previous year. BBC One experienced the sharpest fall, spending £747m on programming, down 12% from £848m in 2012.

The five main PSB channels still account for 43% of all programme spending in the UK.

Film and sports channels account for 36%, a large portion of which is made up of sports broadcasting rights.

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[36] Spend figures here do not represent the entire cost of programme production in the UK as they do not include third party funding or the full cost of co-productions with overseas broadcasters.

Figure 2.42   Spend on network TV programmes: 2012-2013
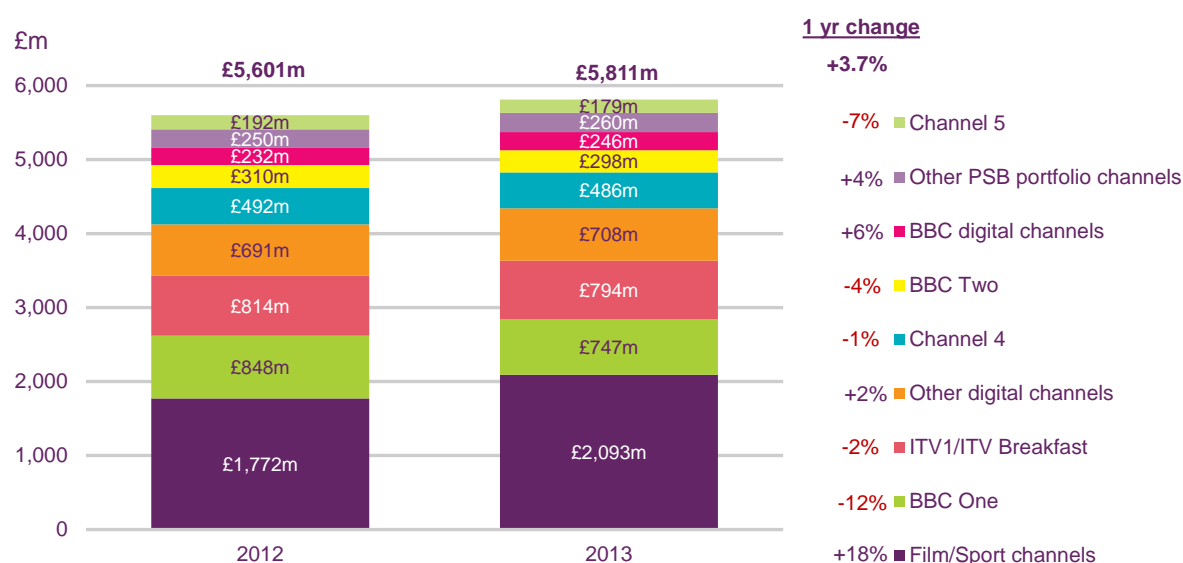
Source: Ofcom/broadcasters. Note: Figures expressed in nominal prices. Figures do not include spend on nations and regions output. 'BBC digital channels' includes BBC Three, BBC Four, BBC News Channel, BBC Parliament, CBBC and CBeebies (but not BBC HD). 'Other digital channels' include all genres (excluding sports and films). Programme spend comprises in-house productions, commissions from independents, acquired programmes and repeats (originations and acquisitions).

2.2.6 UK independent sector

Independent producers' UK primary commissioning revenue continued to grow in 2013

According to PACT's annual census of independent production companies in the UK, 2013 was another good year for the independent sector as its TV revenues grew by 7.3% to £2.78bn, representing the fourth consecutive year of growth. The largest growth in absolute terms was in UK primary commissioning, up by £129m to £1.67bn. There was also strong growth in 'other' international income (revenue from overseas operations and primary commissions received from non-UK broadcasters) which grew by 12.7% to £755m. The most significant drop was in UK rights income, which fell by over 20% year on year, possibly as a result of falling DVD sales.

Figure 2.43   Independent producers' TV-related revenues
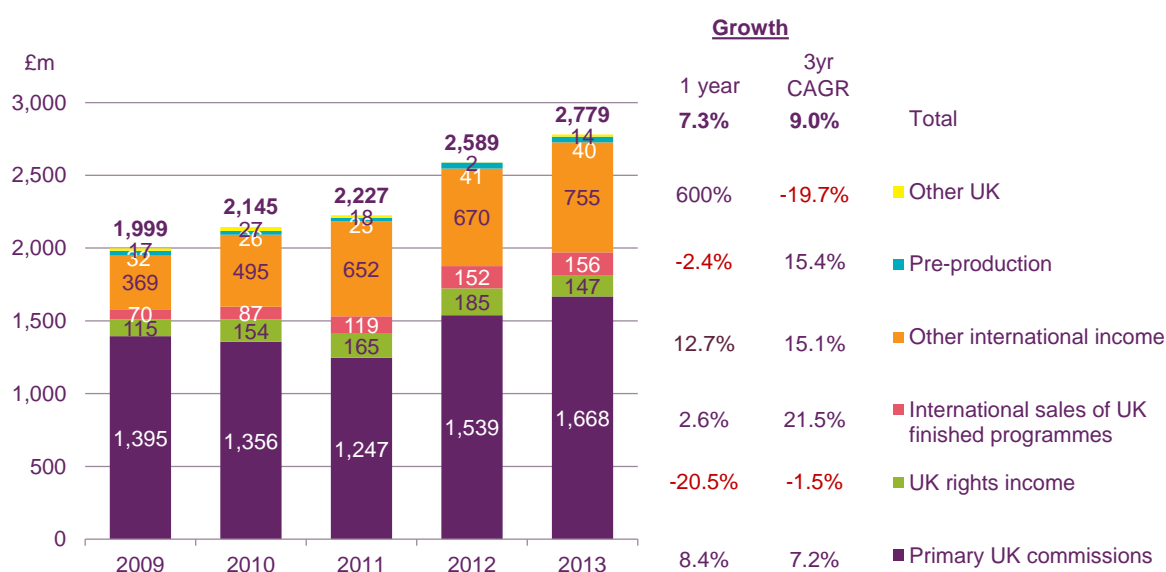
Source: PACT Independent Production Sector Financial Census and Survey 2014. All figures are nominal. Note: 'Other international income' refers to revenue from companies overseas operations and any primary commissions received from non-UK broadcasters; 'International sales of UK finished programmes' – sales of first-run UK programming sold as finished product abroad ; 'UK rights income' – UK secondary sales, publishing, formats, DVD sales etc.

Spend in each genre on first-run originations by the main PSBs, in-house vs. independent producers

Taken together, the main five PSB channels and the BBC digital channels spent the same proportions in-house and externally on first-run originations in 2013 as they did five years earlier, in 2008 (see right hand column, Figure 2.44). In both years, in-house commissioning accounted for 52% of the total and external commissions made up the remaining 48%. The combined spend for the year was £2.4bn, down 4% on 2008.

Focusing on those genres with the largest total spend, we can see that independent producers have held the majority share in entertainment and comedy, and factual, as well as around 50% of drama and soaps. Sport, on the other hand, continues to be commissioned mainly in-house, with 92% of spend in the genre going to in-house commissions.

The variation in figures between Ofcom and PACT (see previous figure) revenue figures for the independent sector differ because of the different methodologies used. Most importantly, while PACT's revenue figures are based on total commissions won by independent producers, Ofcom's figures are based on just the five PSB channels and BBC's digital portfolio.

Figure 2.44   Relative share of spend on first-run originated network content, by genre: in-house vs. independent producers: 2008 and 2013

Total spend on first-run originations (£m)

	Arts & Classical Music		Childrens		News & Current Affairs		Drama & Soaps		Education		Entertainment & Comedy		Factual		Feature Films		Religion & Ethics		Sports		Grand Total	
	2008	2013	2008	2013	2008	2013	2008	2013	2008	2013	2008	2013	2008	2013	2008	2013	2008	2013	2008	2013	2008	2013
Total (£m)	£46	£38	£87	£87	£299	£303	£635	£565	£25	£10	£452	£512	£469	£466	£11	£23	£15	£14	£469	£393	£2,509	£2,413
External	36%	46%	55%	38%	23%	25%	48%	51%	91%	53%	69%	71%	66%	65%	87%	100%	58%	41%	20%	8%	48%	48%
Internal	64%	54%	45%	62%	77%	75%	52%	49%	9%	47%	31%	29%	34%	35%	13%		42%	59%	80%	92%	52%	52%

■ Internal   ■ External

Source: Ofcom/broadcasters. Note: Includes spend by the main five PSBs and BBC portfolio channels on first-run originated content broadcast all day, and excludes regional output. Note: Figures expressed in nominal terms.

2.2.7   Spend on first- run originations by the five main PSB channels, including regional programming

Spending on first-run originations by the main five PSB channels at its lowest for four years

Spend on first-run originated programming for the main five PSB channels was down 5% from £2,588m in 2012 to £2,451 in 2013. The value of first-run output broadcast in peak time decreased by £26m to £1,476m in 2013, a year-on-year fall of 2%.

Some of the decline may be attributable to there being no major sporting events that year, and a fall in first-run origination spend in the year following the London Olympics is to be expected. The largest decline was in daytime spend (down 14%) as might be expected as schedules returned to normal after the disruption of summer 2012. There was also an 11% drop in late-night first-run originated spend.

Overall, we now see compound annual growth rate of -1% in nominal terms across the five-year period to 2013.

Figure 2.45 Spend on first-run originated output on the five main networks
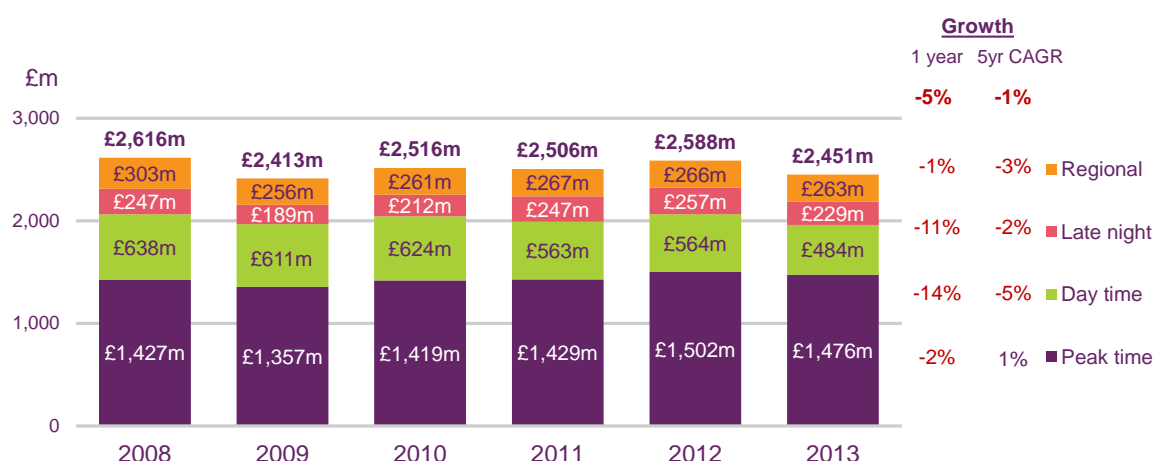
Source: Ofcom/broadcasters. Note: Figures are expressed in nominal terms. They include ITV Breakfast, spending in the nations and regions on English-language programming (and a small amount of Irish-language programmes) but do not include the BBC's digital channels.

2.2.8 Television industry output

PSB output in context

Figure 2.46 illustrates the number of hours broadcast by the five main PSB channels, BBC digital channels and the nations and regions. Of the 1.9 million hours broadcast in the UK in 2013, these channels accounted for 86,630 (5%). Of these, 43,401 were first-run originations produced either in-house or commissioned from external producers.

Reading across the columns in the chart we can see that of the 42,283 hours broadcast by the five main PSB channels in 2013, 18,860 (45%) were first-run originations. BBC digital channels' output was 41% first-run originations. The large majority of programmes made by the BBC and Channel 3 licensees for the nations and regions were also first-run originations (11,232, or 96%, of the 11,642 hours).

Figure 2.46 PSBs' total hours and first-run originated hours of output, all day: 2013
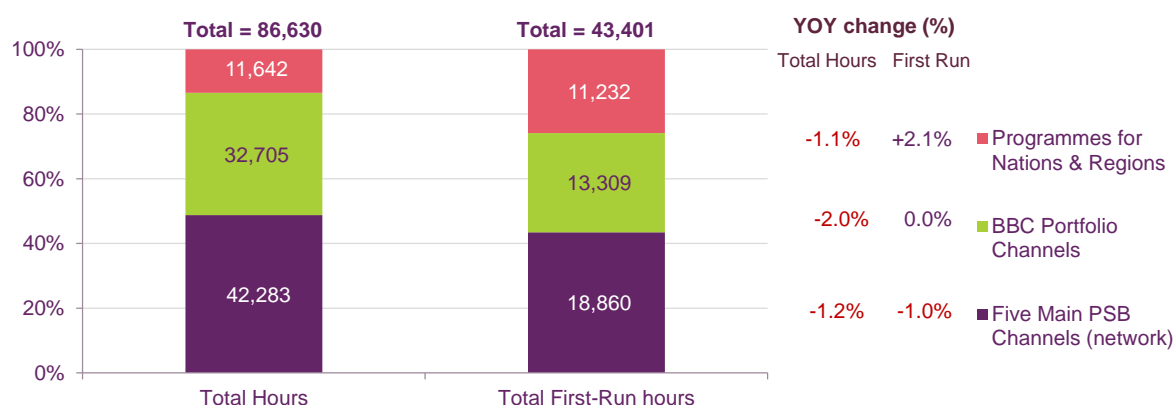
Source: Ofcom/broadcasters. Note: The first-run figures include in-house productions and external commissions, not first-run acquisitions. ITV Breakfast is included within the figures for the five main channels. Regional hours exclude Welsh and Gaelic-language programming but include a small proportion of Irish-language and Ulster Scots programmes on BBC NI and UTV.

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2.2.9 Television output on the five main PSB channels

Hours of first-run originations remain steady year on year

Total broadcast hours of first-run originated programming among the five main PSB channels increased by 40 hours in 2013 to 30,092 hours.

An increase of 230 hours in the nations and regions offset a decline of 185 hours in non-peak network originations. Peak-time network originations were almost exactly the same as in 2012, at 5,860 hours.

Across the five-year period there has been an overall drop of 1.9%; from 33,110 hours in 2008 to 30,092 in 2013, although peak first-run originations, which attract the largest audiences and, generally speaking, the largest budgets, have actually increased at a rate of 0.3% per year; from 5,597 hours in 2008 to 5,680 in 2013.

Figure 2.47   **Hours of first-run originated output on the five main PSB channels**
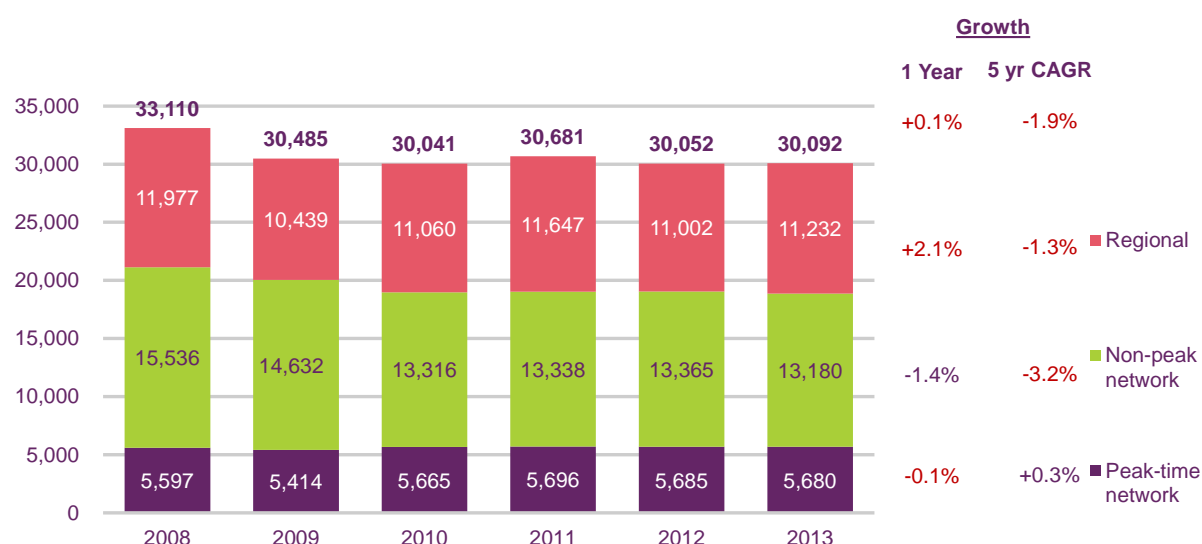
Source: Ofcom/broadcasters. Note: Figures include ITV Breakfast but do not include the BBC's digital channels. Regional hours exclude Welsh and Gaelic-language programming but do include a small proportion of Irish-language programmes.

First-run originations broadcast by PSBs

Figure 2.48 illustrates the average number of hours of first-run originations broadcast on the five main PSB channels and the BBC's digital channels each week.

In 2013, the figure stood at an average of 619 hours per week, down from 622 hours in 2012.

Over the five-year period, Channel 5 first run originations have more than halved; from 69 hours per week to 30 hours. Only BBC One and the BBC digital channels have increased their hours of first-run originations. Much of the BBC One increase and the BBC Two decrease in 2013 was due to a change in presentation; the *Sign Zone,* which used to be on BBC One, moved to BBC Two, and the News24 simulcast was predominantly on BBC One, whereas in previous years it was shared across BBC One and BBC Two.

In peak time, the two largest channels, BBC One and ITV1, have consistently shown an average of 26 hours per week, as might be expected in popular, mass-reach slots on the

channels with the largest budgets. Channel 4 and BBC Two have also consistently shown mainly originations in peak time, averaging 22 hours per week.

Figure 2.48   First-run network originations by the PSBs per week, all day and peak time

All Day

	2008	2009	2010	2011	2012	2013
Total	653	629	613	619	622	619
BBC digital channels	247	243	248	253	256	256
Channel 5	69	54	27	35	31	30
Channel 4	61	57	58	59	64	57
ITV1/ITV Breakfast	104	101	101	101	99	98
BBC Two	70	70	73	66	66	54
BBC One	101	104	106	105	107	124

Peak-Time

	2008	2009	2010	2011	2012	2013
Total	171	167	173	175	175	173
BBC digital channels	63	63	64	65	65	63
Channel 5	14	11	12	14	12	12
Channel 4	22	22	22	23	23	22
ITV1/ITV Breakfast	26	26	26	26	26	26
BBC Two	21	20	22	21	22	22
BBC One	25	26	26	26	27	26

Source: Ofcom/broadcasters.
Note: Figures do not include nations' and regions' output.

Peak-time genre mix across the five main PSB channels

The number of news hours in peak on the five main PSB channels increased by 41 hours in 2013 to reach its highest level over the past five years, at 923 hours on networked television (excluding regional programming). This equates to almost 18 hours per week of news programming in peak time across the five channels. Factual programming also increased: by 183 hours to 2,629 hours.

The greatest year-on-year declines in terms of total number of hours were in sports, which fell by 30%, and drama, down by 3.7%. The decrease in sports programming was to be expected, as the 2012 Olympics increased that year's hours to an unusually high level, and there was no major international football tournament in 2013. Drama's decline of 57 hours in peak time across the year to 1,486 hours continues a trend visible since 2008.

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Figure 2.49   Genre mix on the five main PSB channels in peak time, by hours

Proportion of total hours

	2008	2009	2010	2011	2012	2013
Total	7,978	7,964	8,009	7,961	7,964	7,954
Children's	162	197	190	163	168	142
Education	312	308	328	298	324	333
Religious/Ethics / Sport	457	357	483	334	514	359
Films	630	611	675	661	545	533
News	871	878	879	857	882	923
Drama	1833	1746	1648	1559	1543	1486
Light Entertainment & Modern Music	1282	1144	1225	1520	1469	1491
General Factual	2371	2656	2512	2501	2446	2629

Legend (top to bottom):
- Children's
- Education
- Religious/Ethics
- Arts & Classical Music
- Current Affairs
- Sport
- Films
- News
- Drama
- Light Entertainment & Modern Music
- General Factual

Source: Ofcom/broadcasters. Note: Includes five main channels including ITV Breakfast, figures do not include hours of nations' and regions' output.

Daytime genre mix across the five main PSB channels

There was a 54% decrease in hours of children's programming in daytime, down from 4,213 hours to 1,946. The great majority of this was as a result of the BBC completing the move of all children's services from BBC One and BBC Two to CBBC and CBeebies, following digital switchover[37]. Much of the resulting space in the schedules was filled by a mixture of factual and entertainment programmes. General factual hours increased by 1,355 hours (22%) and entertainment increased by 839 hours (29%).

There was also an 8% increase in news programming hours, up from 2,536 hours in 2012 to 2,750 in 2013.

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[37] http://www.bbc.co.uk/news/entertainment-arts-18083178

Figure 2.50   Genre mix on the five main PSB channels: daytime, by hours

Proportions of total hours
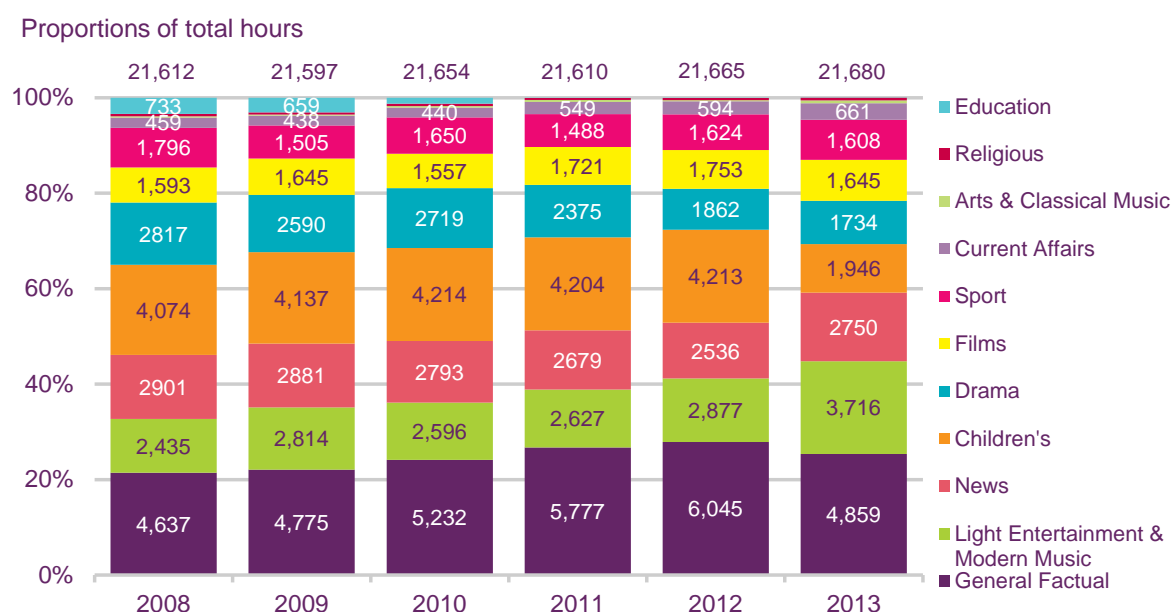
Source: Ofcom/broadcasters. Note: Includes five main channels plus ITV Breakfast. Figures do not include hours of nations' and regions' output.

Figure 2.51 sets out the genre mix of the BBC's portfolio channels, which remains broadly similar to 2012, mainly because four of the six digital channels are single-genre (Cbeebies, CBBC, BBC Parliament and BBC News 24). The most notable year-on-year differences are a return to growth in arts and classical music (up 43%) and declines in general factual and 'other', which decreased by 26% and 20% respectively. 'Other programmes' includes sports, and this reduction is in part due to there being fewer sports programmes in 2013 than in 2012, the year of the London Olympics.

Figure 2.51 The BBC's digital channels genre mix, by hours: all day

Investment (£)	£216m	£206m	£230m	£230m	£232m	£246m
Output (hours)	33,069	33,151	33,202	33,230	33,362	32,705

Year	Other	Light Entertainment & Modern Music	Arts & Classical Music	General Factual	Children's	Current Affairs	News
2008	1,566	1,569	1,182	2,481	8,347	1,331	16,593
2009	1,622	1,532	1,077	2,629	8,406	1,339	16,546
2010	1,588	1,768	1,296	2,405	8,213	1,472	16,460
2011	1,369	1,908	1,151	2,648	8,178	1,421	16,555
2012	1,561	1,988	890	2,703	8,306	1,204	16,710
2013	1,243	2,002	1,277	1,999	8,362	1,256	16,566

Source: Ofcom/broadcasters. Note: BBC digital channels include BBC Three, BBC Four, BBC News 24, BBC Parliament, CBBC, and CBeebies. 'Other' includes: education, drama, film, religion and sports

2.2.10 Multichannel output and spend

First-run originations made up 14% of all hours broadcast on non-PSB channels in 2013

Figure 2.52 focuses on the composition of broadcast hours in the multichannel sector. Fourteen per cent of the 1.46 million hours broadcast were first-run originations.

Among the eight genres included in our analysis, music represented almost a quarter (22%) of the total hours broadcast by the multichannels in 2013. The second largest genre was entertainment (19%).

Total first-run multichannel hours, which include first-run originations and first-run acquisitions, increased by 2% year on year to 199,880 hours in 2013. As in previous years, the majority of this was a mixture of sports and news programmes, which together accounted for 68% of all first-run originations. Owing to the topical nature of these genres, 48% of sports programming and 52% of news programming was made up of first-run originations.

Figure 2.52　Total multichannel hours and first-run originations/acquisitions: 2013

Proportion of hours by channel genre (%)

	Total = 1,684,831 Total (2012 = 1,668,171)	**Total = 200,302** (Total 2012 = 196,325)	**1 year change %** Total　First Run	
			5%　6%	■ Music
			6%　-38%	■ Film
			11%　22%	■ Sport
			6%　10%	■ News
			-7%　-25%	■ Leisure
			-1%　102%	■ Kids
			-10%　-54%	■ Factual
	All Hours	**First-Run Hours**	0%　-22%	■ Entertainment

All Hours bar values (bottom to top): 274,913; 196,200; 136,296; 50,335; 106,038; 171,353; 196,299; 325,704

First-Run Hours bar values (bottom to top): 23,125; 2,786; 5,495; 1,650; 55,168; 81,414; 7,861; 22,381

Source: Ofcom/broadcasters. Note: Broadcast hours exclude Sky Box Office and 'barker' channels, which promote TV content and replace previous data published by Ofcom. First-run hours include first-run in-house, commissioned and acquired content.

Spend on sports programming jumps again

With the new round of Premier League broadcasting rights coming into effect in 2013, spend on sports programming grew by 19% year on year to reach £1,808m. This made up 59.1% of all programme spend across the commercial non-PSB channels, an increase from 56.2% in 2012. As well as being the largest actual growth of any genre, this £282m increase was also the largest proportional growth. Spend on the next largest genres, entertainment and films, increased by 8% (£52.5m) and 16% (£38.7m) respectively. There was a 9.5% decrease in total spend across the remaining five genres, which had a combined total programme spend of £248m in 2013.

Figure 2.53   Content spend by commercial multichannels in key genres: 2012-2013

1 year
change %

13%

-14%	Leisure
7%	Music
-14%	Kids
-6%	News
-15%	Factual
16%	Film
8%	Entertainment
19%	Sport
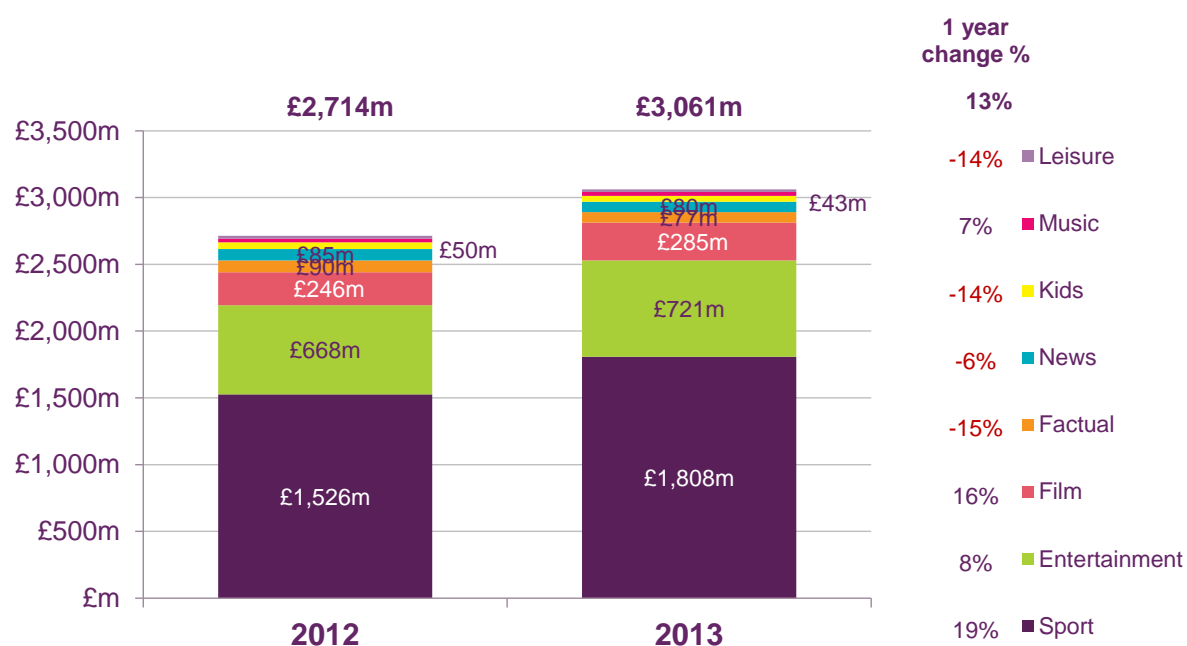
Source: Ofcom, broadcasters. Note: Spend expressed in nominal terms. Excludes BBC digital channels.

2.3 The TV and audio-visual viewer

2.3.1 Summary

This section examines the availability and take-up of digital TV platforms and trends in television consumption, including some categories of non-linear viewing, during 2013. It also analyses viewers' attitudes to television. The key points include:

- **On average, viewers watched 3 hours 52 minutes of television per day in 2013**; this has increased from 3 hours 42 minutes in 2004. Viewing among adults aged 45+ increased, while it fell for adults aged under 45 compared to 2004. The greatest fall in viewing was among the 25-34s, whose viewing decreased by 26 minutes a day, while over-65s increased their viewing most; by 41 minutes a day.

- **There was a year-on-year decline in viewing among the UK population overall**, falling nine minutes per person per day compared to 2012. The fall in viewing was observed among all age groups and was the first decline since 2010; it had held steady at around four hours per day until 2012. Earlier sections of this report; *The recent decline in TV viewing* and *The generation gap,* explore the changes in viewing in more detail.

- **The main five PSBs and their portfolio channels together attracted 72.3% of total TV viewing**, a decline of 0.7 percentage points year on year. This was due to a 0.9 percentage point fall in the audience share of the main PSBs, which was offset by a 0.3 percentage point increase in the audience share of their portfolio channels, to 27.7%.

- **Nonetheless, of the top 20 channels ranked by audience share in 2013, 16 were PSB main channel services or PSB-owned**. Three BSkyB-owned channels and one UKTV channel made up the five remaining channels.

- **Despite the increased take-up of digital video recorders (DVRs), only 11% of total TV viewing was time-shifted in 2013**. According to BARB, over two-thirds (71%) of the population now have a DVR at home, up from 18% in 2007. However, the proportion of viewing among all individuals that is time-shifted has increased by only nine percentage points (from 2% in 2007 to 11% in 2013). Among DVR owners, total time-shifted viewing has increased by just one percentage point over the same period, from 15% in 2007 to 16% in 2013, the same proportion as last year.

2.3.2 Multichannel television take-up

Platform take-up

In 2013 there was a slight decline in the total proportion of households that received a multichannel signal. Since digital switchover, this is the only form of broadcast signal available in the UK. The small decline may be attributable to households who watch audio-visual content via an IP connection only, do not own a television or use a television set that does not receive any broadcast signal.

Figure 2.54   Platform take-up: 2001-2013

TV households (m)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Multichannel take-up (% all households)	38.5%	39.4%	45.3%	52.9%	61.8%	69.4%	77.3%	84.3%	88.2%	91.5%	94.4%	95.5%	94.7%

Legend:
- Analogue Terrestrial Only
- Digital Terrestrial only
- Analogue cable
- Digital cable
- Free to view digital satellite
- Pay digital satellite
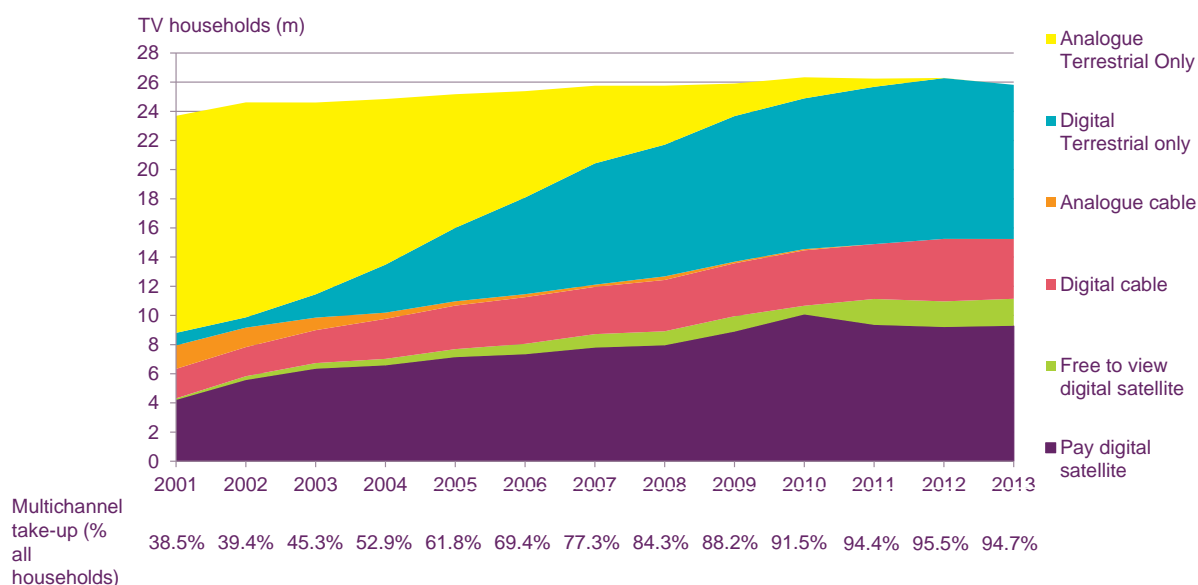
Source: BARB Establishment Survey. Note: Data points are based on Q4 data for each year.

Platform demographics

Figure 2.54 shows the age and demographic mix of TV platforms in 2013, together with television viewing by platform. Digital satellite and cable attracted a higher proportion of younger viewers (25-44) than the DTT-only platform. DTT had the highest proportion of people aged 65+ of all the digital platforms, and the highest proportion of those from DE households. Individuals in DTT-only households watched on average 4.0 hours of television per day, higher than the viewing average across those households with digital satellite or digital cable. This is probably due to the older demographic skew.

Figure 2.55   Platform demographics by age, socio-economic group and viewing hours
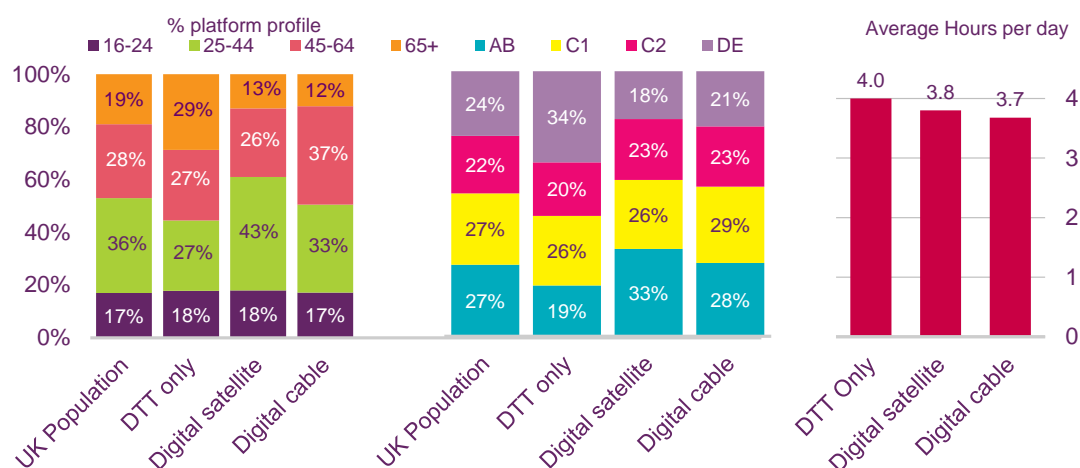
Source: Ofcom 2013 data and BARB 2013 data

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Viewers watched on average just under four hours of television per day in 2013

According to BARB, the average number of minutes of television watched by individuals in the UK has grown over the past nine years, from 222 minutes (3 hours 42 minutes) a day in 2004 to 232 minutes (3 hours 52 minutes) a day in 2013. Viewing among the older age groups (45+) has increased, although for adults aged under 45, viewing has fallen over the nine years, with the 25-34 age group declining the most; from 211 minutes a day in 2004 to 185 minutes a day in 2013. Adults aged 55-64 increased their viewing minutes most; from 268 minutes a day in 2004 to 309 minutes per day in 2013.

Comparing 2013 to 2012, the data show a decline in viewing (by varying degrees) among all age groups. This is the first time a decrease has been seen among almost all groups, including the 65+ group, since 2010. *The Generation Gap* (section 1) explores the consumption differences by age in more detail while the contributory factors to the recent year-on-year decline (among all people) is examined at a high level in section 2.1.5.

Figure 2.56   Average minutes of television viewing per day, by age: all homes
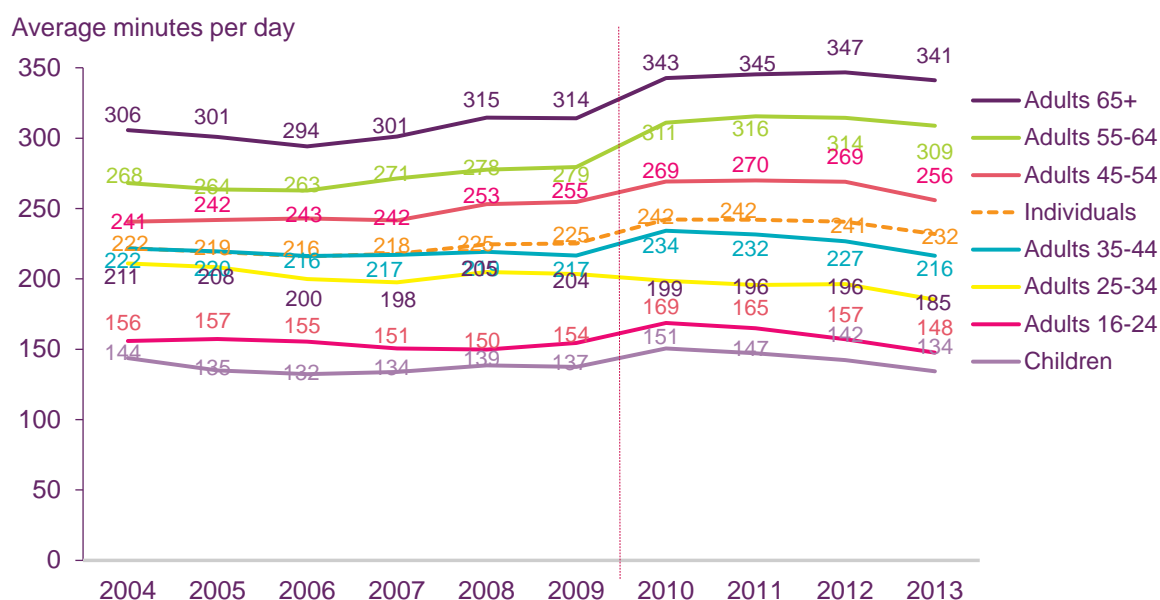
Source: BARB, Network. Note: A new BARB panel was introduced in 2010. As a result, pre- and post-panel change data must be compared with caution.

TV audiences are higher during the day at the weekends

Figure 2.57 illustrates how television audiences tend to be larger at the weekends, with a gradual increase in viewing audiences throughout the day, until peak-time viewing in the evening. This contrasts with the pattern of weekday viewing, with mini-peaks at breakfast and lunchtime, before the main peak in the evening. The only time that the weekday audience exceeded the weekend audience is during the morning breakfast slots, from 6am to 9am.

Figure 2.57   Average 2013 audiences, weekdays/weekends, by day part: all homes

Average audience (millions)
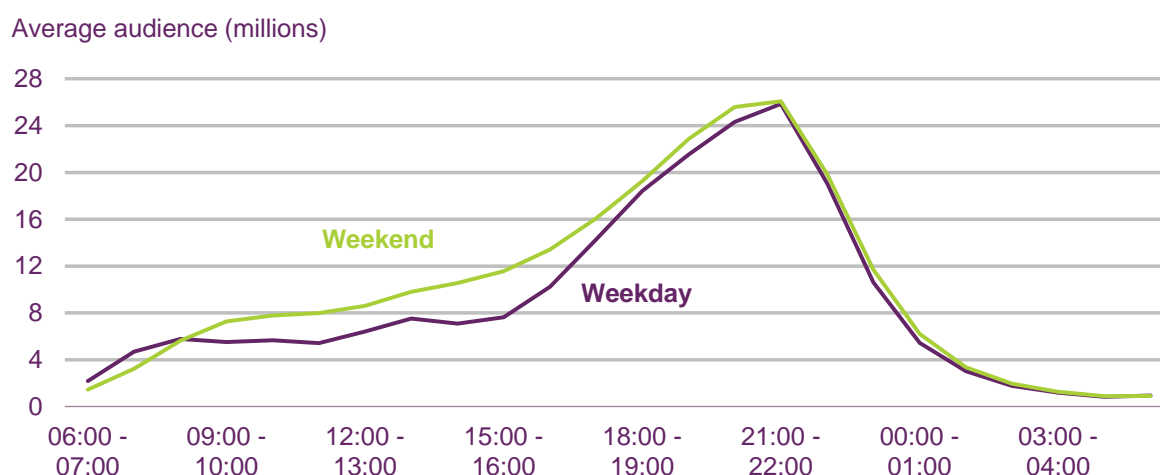
Source: BARB, all Individuals 4+

Figure 2.58 depicts the age profile by time of day on weekdays. Adults aged 65+ are, overall, the largest audience group throughout the day. The volume of viewers increases among all age groups from about 4pm onwards, and reaches a peak between 9pm and 10pm. Children's viewing climbs at a steeper rate than adults' from 4pm, when they arrive home from school, and reaches a peak earlier in the evening, between 7pm and 8pm. Young adults aged 16-24 watch the least television, with a viewing peak of 1.9 million.

Figure 2.58   Average 2013 weekday audiences, by day part and age: all homes

Average audience (millions)
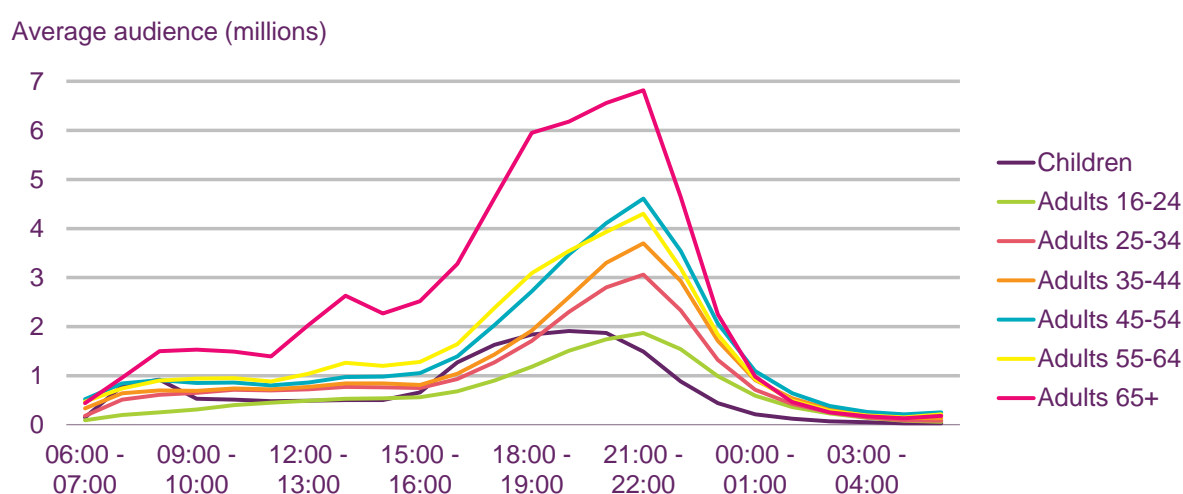
Source: BARB

At weekends, the average number of viewers rises early in the morning (except among adults aged 16-24) and then gradually increases throughout the day to peak at between 9-10pm. Children's viewing peaks at about 10-11am and again between 8-9pm.

Figure 2.59   Average 2013 weekend audiences, by day part and age, all homes

Average audience (millions)
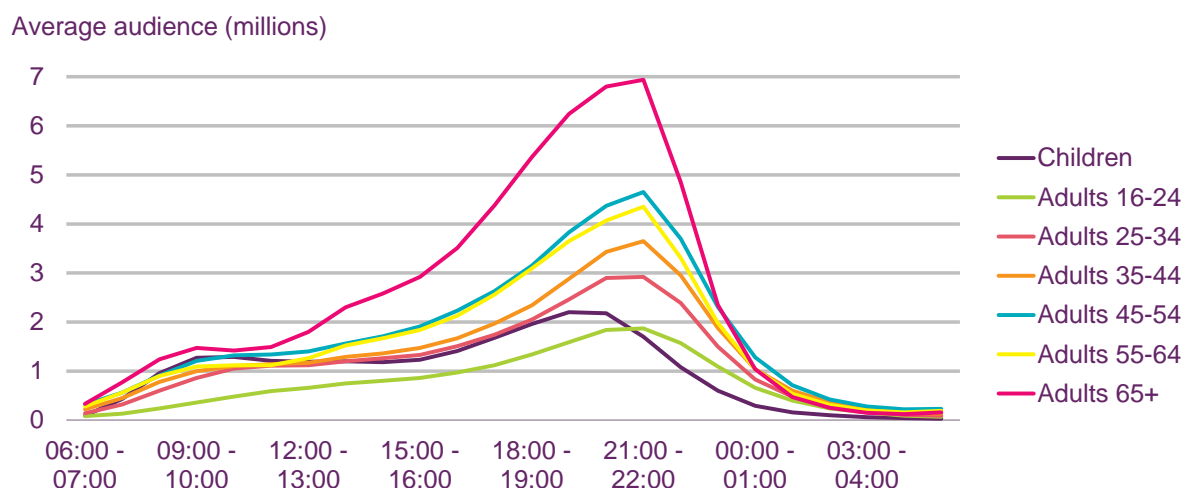
Source: BARB

Collective reach of the multichannels is greater than each of the five main PSBs

The reach of each of the main public service broadcaster (PSB) channels has been in decline since 2004[38]. ITV and Channel 4's reach fell by the greatest amount over the nine year period (by 14 percentage points). This was followed by BBC Two, which declined by 13 percentage points and then by BBC One and Channel 5; both fell by 7 percentage points. The impact of digital switchover has increased the average weekly reach of the multichannel services combined from 50% in 2004 to 88% in 2013.

Comparing the most recent years (2012 to 2013) the data show that BBC One and Channel 4's reach has declined the most, both by three percentage points. BBC Two and Channel 5 both declined by two percentage points. ITV's reach has been the most resilient, declining by only one percentage point.

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[38] The five main PSB channels are BBC One, BBC Two, ITV, Channel 4 and Channel 5 including any HD channel variants but excluding their +1 variants.

Figure 2.60   Average weekly TV reach in all homes, by channel
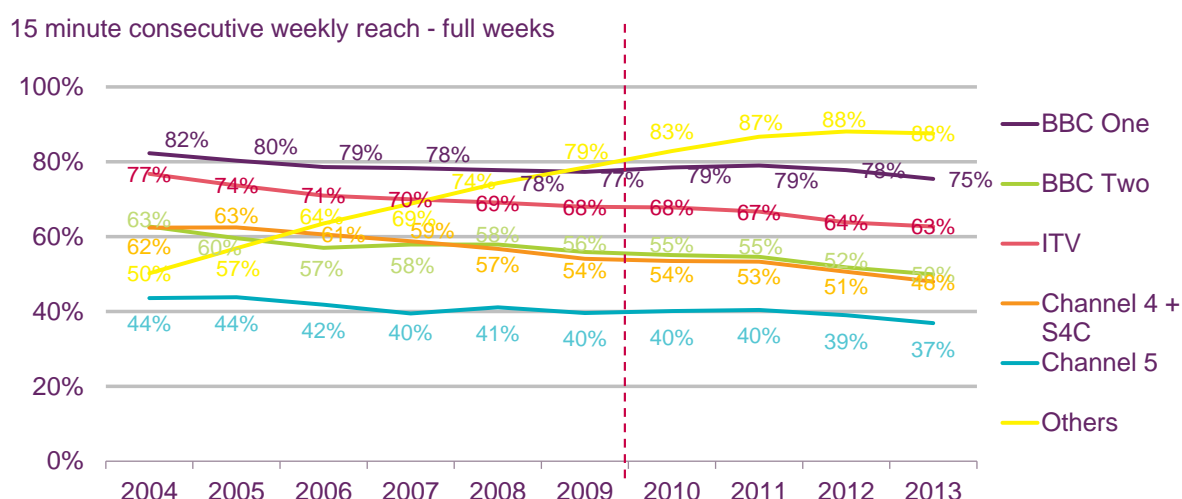
15 minute consecutive weekly reach - full weeks

Source: BARB Note: A new BARB panel was introduced in 2010. As a result, pre- and post-panel change data must be compared with caution.
Note: In 2010 C4 ceased to carry S4C programming following digital switchover in Wales. For the purposes of this report the two channels remain labelled together in relevant charts. S4C weekly reach in 2013 was 0.5% (all homes). The five main PSB channels include viewing to their HD channel variants but exclude viewing to their +1 channels.

The combined share of the multichannels reached 47% in 2013

Over the past two decades, the audience shares of each of the main PSB channels have declined, in the face of an increase in the number of multichannels. This has particularly affected BBC One and ITV. In 2004 the combined share of the multichannels overtook any individual PSB channel, and as digital switchover (DSO) took place between 2008 and 2012, the share of viewing to the multichannels continued to increase at the expense of the main PSB channels, to reach 47% of total viewing in 2013.

The main PSB channels have a number of additional portfolio channels that sit alongside their core services. Some of these services have operated since as early as the late 1990s (Film4 and ITV2 launched in 1998 and BBC News in 1999) with other channel launches taking place a few years before DSO (ITV3 in 2004, More4 in 2005 and Five * and Five USA in 2006). These services, along with '+1' channels for PSB main channels and their other digital channels, are included in the 'other' multichannels group shown in Figure 2.61 below. Figure 2.62 details the contribution of these portfolio channels since 2004, which has continued to increase to date. The share of viewing to these portfolio channels over the long term has reduced viewing to all 'other' multichannels and has kept the share of 'other' channels broadly static in more recent years.

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Figure 2.61   Channel shares in all homes: 1982 to 2013

Audience share
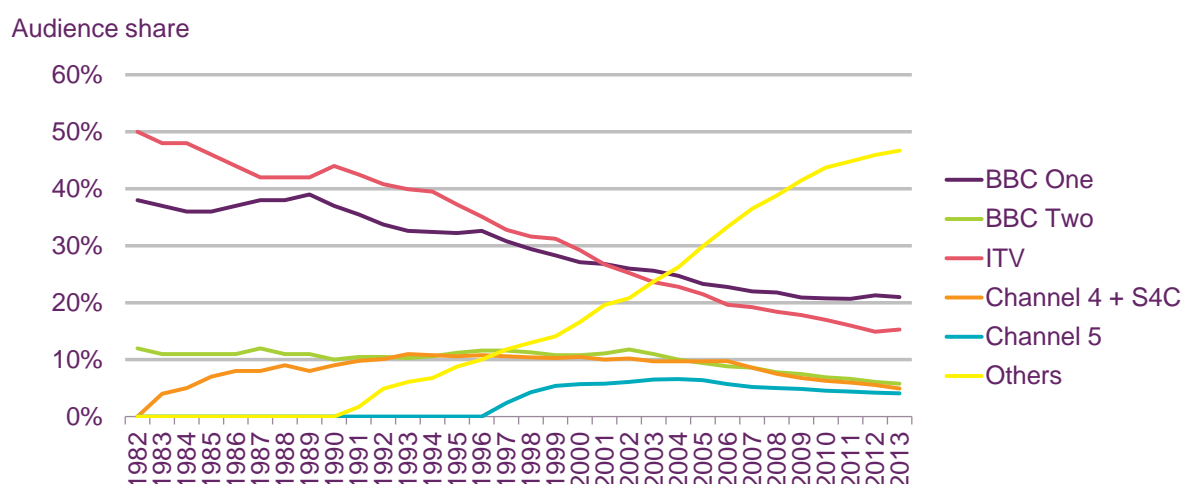
*Source: BARB, TAM JICTAR and Ofcom estimates. Note: A new BARB panel was introduced in 2010. As a result, pre- and post-panel change data must be compared with caution. Note: In 2010 C4 ceased to carry S4C programming following digital switchover in Wales. For the purposes of this report the two channels remain labelled together in relevant charts.S4C 2013 channel share in all homes = 0.1%. The main five PSB channels include viewing to their HD channel variants but exclude viewing to their +1 channels.*

The combined share of the main five PSB channels stood at 51.1% in 2013

Figure 2.62 shows that the combined share of the five main PSB channels[39] has continued to decline since 2004 across all homes, firstly as homes switched to digital between 2008 and 2012, and now that they have access to a greater selection of channels. Each of the five PSB channels' share has declined since 2004. Over the last nine years, since 2004, ITV's share has decreased the most; from 23% to 15%, followed by Channel 4 whose share has halved; from 10% to 5%. BBC One and BBC Two's share both declined by four percentage points and Channel 5's share declined the least, by three percentage points.

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[39] *The main five PSB channels include viewing to their HD channel variants but exclude viewing to their +1 channels.*

Figure 2.62   Five main PSB channels' audience share, all homes
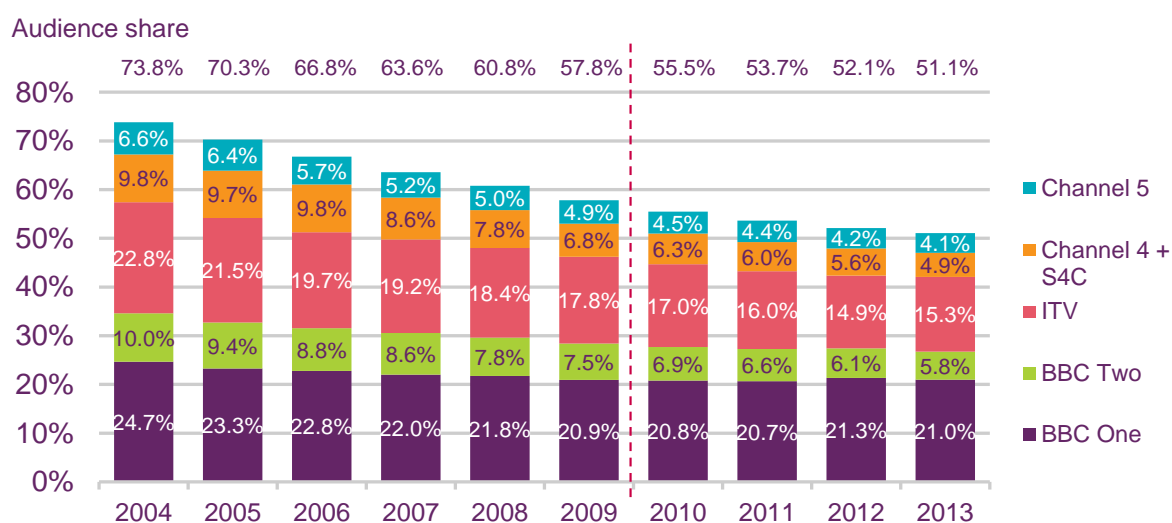
Audience share

Source: BARB. Note: A new BARB panel was introduced in 2010. As a result, pre- and post-panel change data must be compared with caution. Note: In 2010 C4 ceased to carry S4C programming following digital switchover in Wales. For the purposes of this report the two channels remain labelled together in relevant charts. *S4C 2013 channel share in all homes = 0.1%. The five main PSB channels include viewing to their HD channel variants but exclude viewing to their +1 channels.*

The combined share of the main five PSB channels remains stronger in DTT homes

Figure 2.63 shows how the five main PSB channels have performed across different television platforms. The total share of the main five PSB channels has remained stronger in DTT homes than in cable or satellite homes, but the share of the main PSB channels has fallen in all types of homes.

Figure 2.63   Five main PSB channels' audience shares, by platform
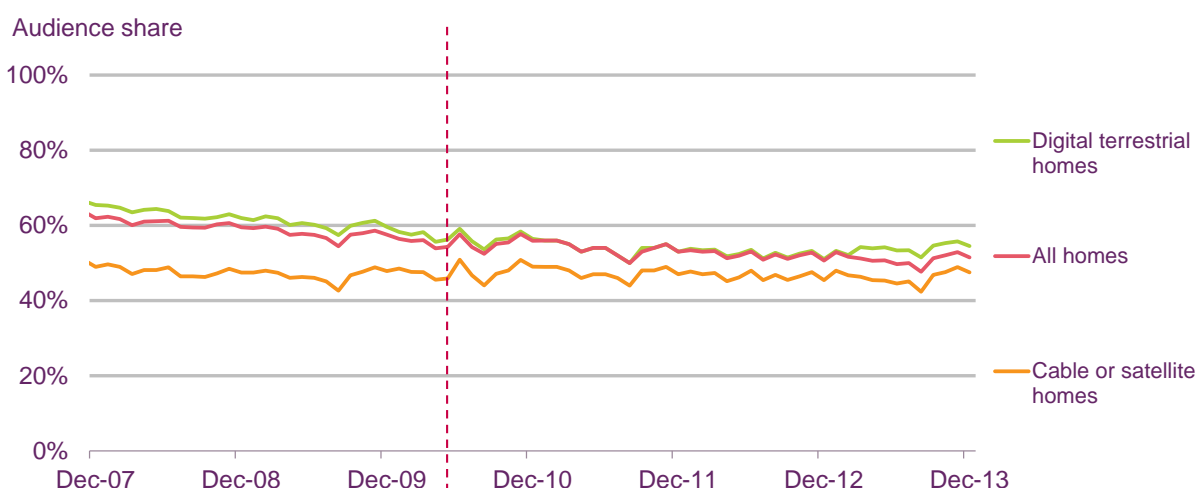
Audience share

Source: BARB, Individuals in platform homes, based on share %. HD and SD viewing included but not +1 channel variants.
Note: A new BARB panel was introduced in 2010. As a result, pre- and post-panel change data must be compared with caution. Note: In 2010 C4 ceased to carry S4C programming following digital switchover in Wales. For the purposes of this report the two channels remain labelled together in relevant charts. S4C 2013 channel share (all homes)= 0.1%.

Figure 2.64 breaks down each of the five main PSB channel shares by platform, illustrating how the PSB and multichannel share (o*thers*) varies between digital terrestrial, digital cable and digital satellite viewers. In digital terrestrial homes BBC One, BBC Two, and ITV perform marginally better than in digital cable and satellite homes. The greater availability of 'other' multichannels in digital cable and satellite homes could explain why their combined share is higher in these homes than in digital terrestrial homes.

Figure 2.64   Channel share, by platform: 2013
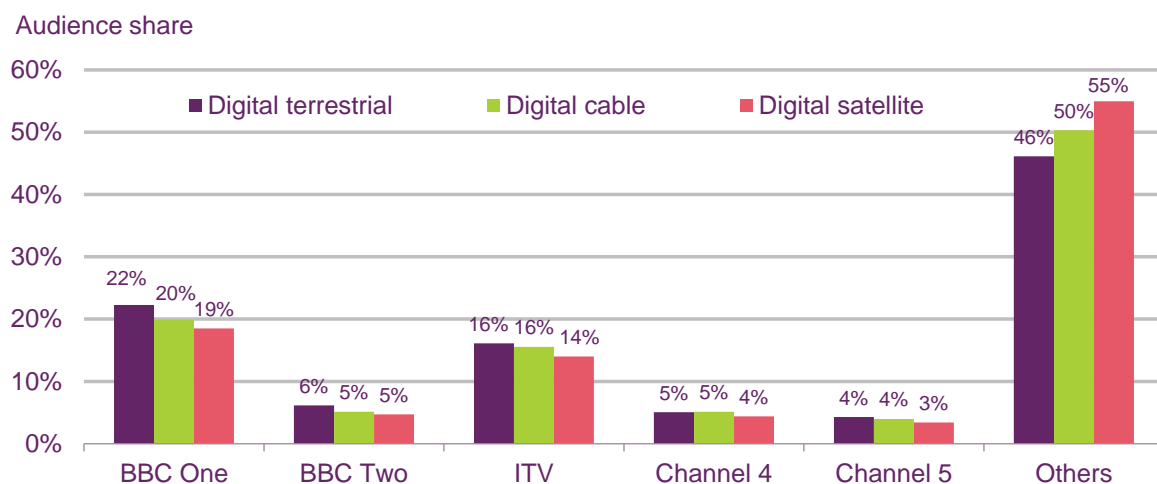
Audience share

Source: BARB. Individuals in platform homes, based on share%. HD and SD viewing included for the main PSB channels but not +1 channel variants.

Viewing via digital terrestrial and digital satellite is almost evenly split

Figure 2.65 shows the proportion of total viewing hours spent through each platform signal, as a proportion of total viewing hours across all platforms. Although viewing via the digital terrestrial signal remains the most popular method of consuming television in 2013, viewing via the digital satellite signal is now just 3.4 percentage points behind (3.9 percentage points in 2012) since the digital terrestrial share fell from 44.8% in 2012 to 44.3% in 2013. In 2013 there was an increase in the share of total hours of viewing consumed via the digital cable signal, from a stable 13.6% since 2010 to 14.5% in 2013.

Figure 2.65   Share of total TV viewing hours, by platform signal
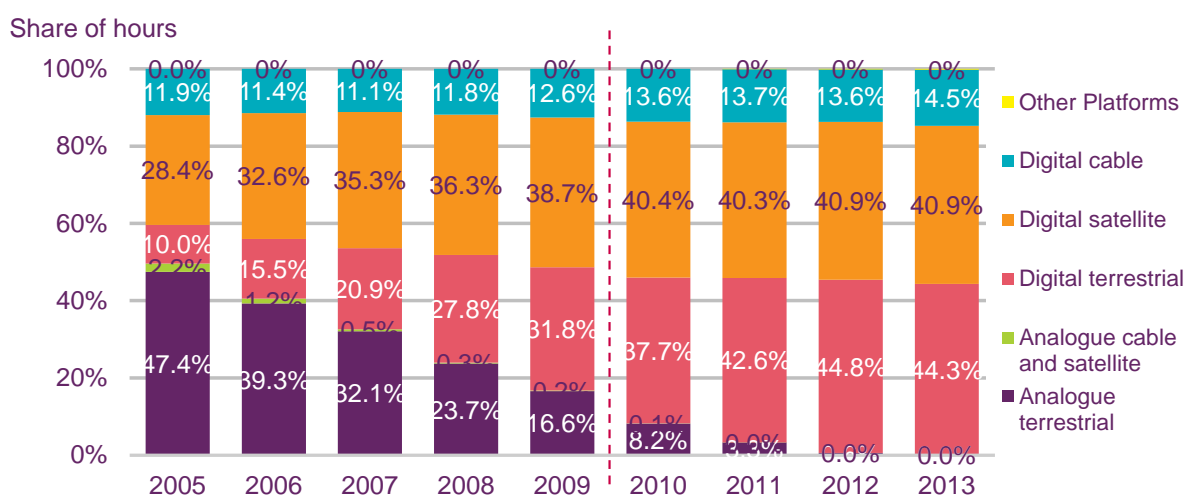
Share of hours

Source: BARB, all Individuals, total hours. Note: New BARB panel introduced in 2010. As a result, pre- and post-panel change data must be compared with caution.

Over half of all viewing of the main PSB channels takes place via the digital terrestrial signal

The digital terrestrial platform still accounted for over half of all viewing to the main PSB channels, but this figure has fallen: from 53.1% in 2012 to 52.2% in 2013. Total viewing to the main PSBs via the digital satellite signal increased slightly; from 33.1% in 2012 to 33.7% in 2013, but digital cable grew the most, increasing by 1.4 percentage points from 12.6% in 2012 to 14.0% in 2013.

Figure 2.66   Five main PSB channels' share of total hours, by platform signal
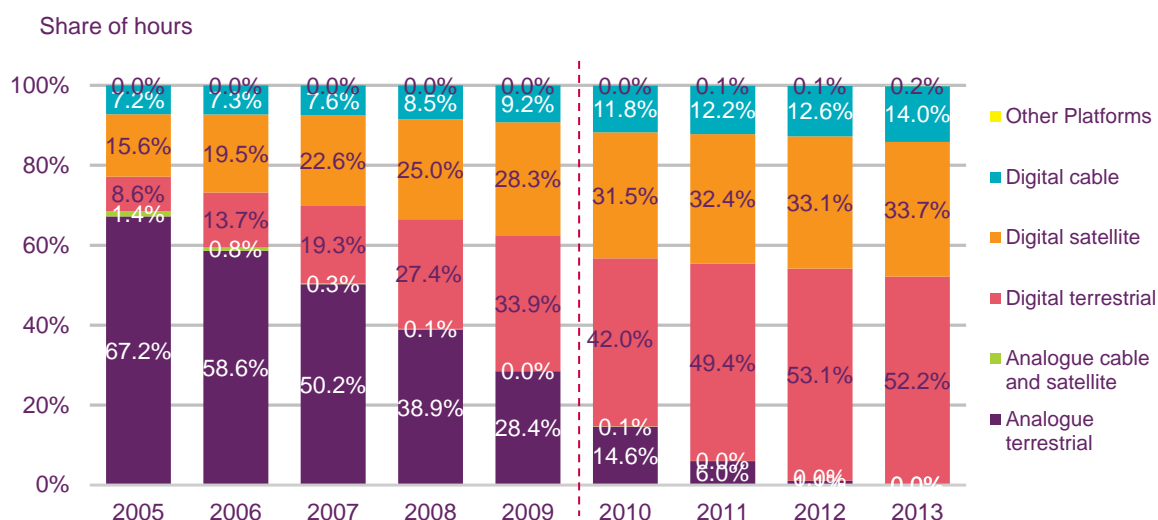
Source: BARB, all Individuals, total hours. Note: New BARB panel introduced in 2010. As a result, pre- and post-panel change data must be compared with caution. HD and SD viewing included but not +1 channel variants.

Viewing to each of the main PSB channels was higher via the digital terrestrial signal, taking more than half of all viewing to BBC One, BBC Two and Channel 5, and about half of all viewing to Channel 4 and ITV (Figure 2.67). BBC Two performed the best on the digital terrestrial platform, accounting for 56% of all viewing. For viewing to the remaining 'other' channels, digital satellite accounted for 49%, followed by digital terrestrial at 35%, with digital cable accounting for the remainder of viewing, at 15%.

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Figure 2.67   Share of viewing hours for main PSB channels and other channels, by platform signal: 2013

Share of hours

Legend:
- Digital satellite
- Digital cable
- Digital terrestrial

Channel	Digital terrestrial	Digital cable	Digital satellite
BBC One	53%	14%	33%
BBC Two	56%	13%	31%
ITV	49%	15%	36%
Channel 4	50%	15%	35%
Channel 5	54%	14%	32%
Others	35%	15%	49%
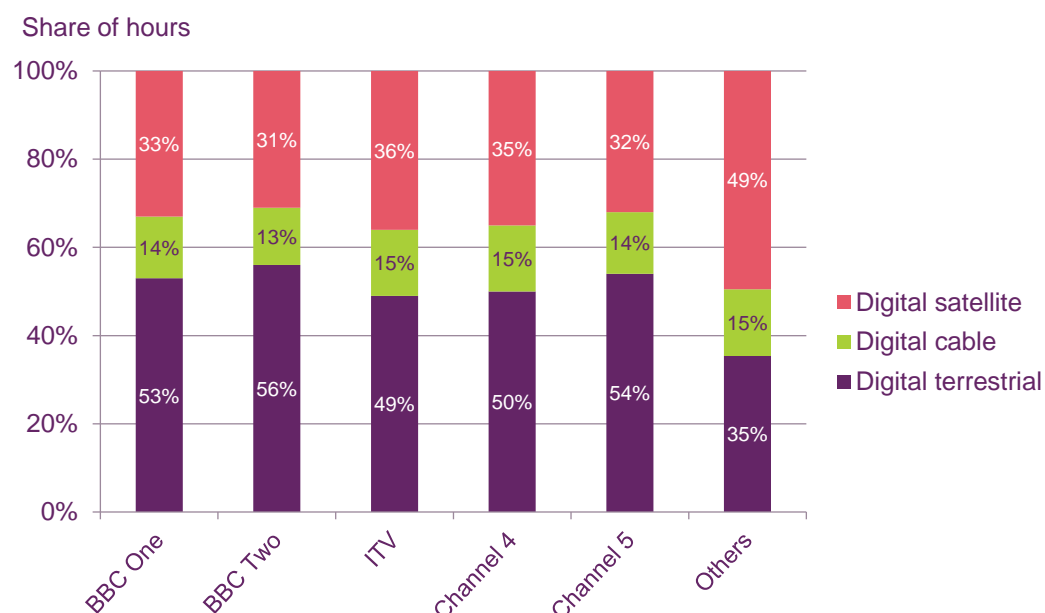
Source: BARB. All individuals, total hours. HD and SD viewing included for the five main PSBs but not +1 channel variants.

The main five PSBs and their portfolio channels together attracted 72.4% of total viewing in multichannel homes[40]

The PSB portfolio channels have seen an increase in share in multichannel homes: from 7.4% in 2004 to 21.4% in 2013. The main five PSB channels had stable shares between 2004 and 2006 (between 57.5% and 57.6% share) before small yearly decreases from 2007, to reach a 51.1% share in 2013. However, taking the main PSBs and their portfolio channels together, their combined share in multichannel homes has increased from 64.9% in 2004 to 72.4% in 2013, a slight decline from 72.9% in 2012. The share of viewing to all 'other' digital channels increased slightly; by 0.7 percentage points in 2013.

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[40] Analysis is based upon multichannel homes in order to capture long-term viewing trends spanning the analysis period up to the completion of digital switchover in October 2012 and for the latest year. 2013 data will reflect viewing from homes with 100% digital reception.

Figure 2.68 PSB, PSB portfolio channels and other channels' shares in multichannel homes
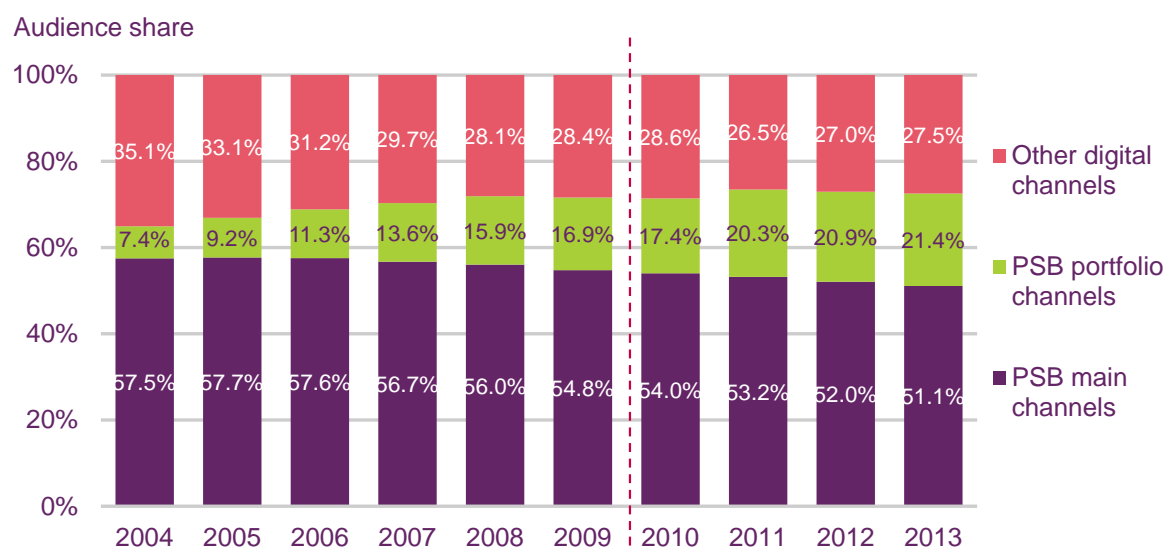
Audience share

Source: BARB. Note: A new BARB panel was introduced in 2010. As a result, pre- and post-panel change data must be compared with caution. The five main PSB channels include viewing to their HD channel variants but exclude viewing to their +1 channels.

The BBC channels combined accounted for the largest share of viewing in multichannel homes

Figure 2.69 illustrates the total audience shares in multichannel homes of each of the major broadcasting groups. Each of the PSB broadcaster groups has seen an overall increase in viewing share since 2004. Their portfolio channels are responsible for this increase in overall share, and this demonstrates the growing contribution of these channels to each main PSB broadcaster's share overall.

The BBC group of channels attracted the largest share of viewing, at 32.4%, up from 29.5% in 2004, although this figure has declined from 33.2% in 2012.

Figure 2.69   Broadcaster portfolio shares in multichannel homes
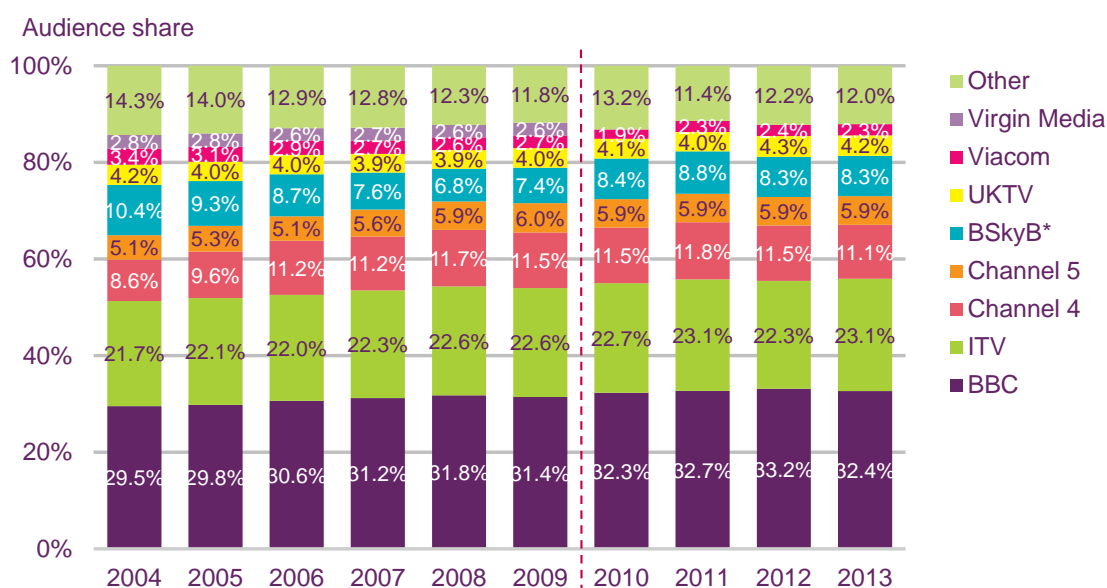
Audience share

Source: BARB. Note: A new BARB panel was introduced in 2010. As a result, pre- and post-panel change data must be compared with caution. BSkyB took ownership of VMTV in June 2010, Virgin Media TV portfolio shares are included in the BSkyB figure for the whole of 2010. ITV includes all ITV network channels, not just those owned by ITV plc.

BBC One continues to be the most-watched BBC channel

The BBC's overall portfolio share has increased from 29.5% in 2004 to 32.4% in 2013, although this is a slight decrease on the 2012 figure of 33.2%. This slight drop is the first since 2009. BBC One accounted for the largest share of the audience in 2013, at 21%, followed by BBC Two at 5.8%, both figures slightly down on 2012. BBC Three has increased in share year on year since 2004, to reach 1.5% in 2013; however, this was also slightly down on the 2012 figure of 1.7%. While all the BBC portfolio channels have either grown or remained stable since 2004, the only channels to maintain growth in 2013 compared to 2012 were BBC News and Cbeebies.

Figure 2.70   BBC portfolio share in multichannel homes

Audience share
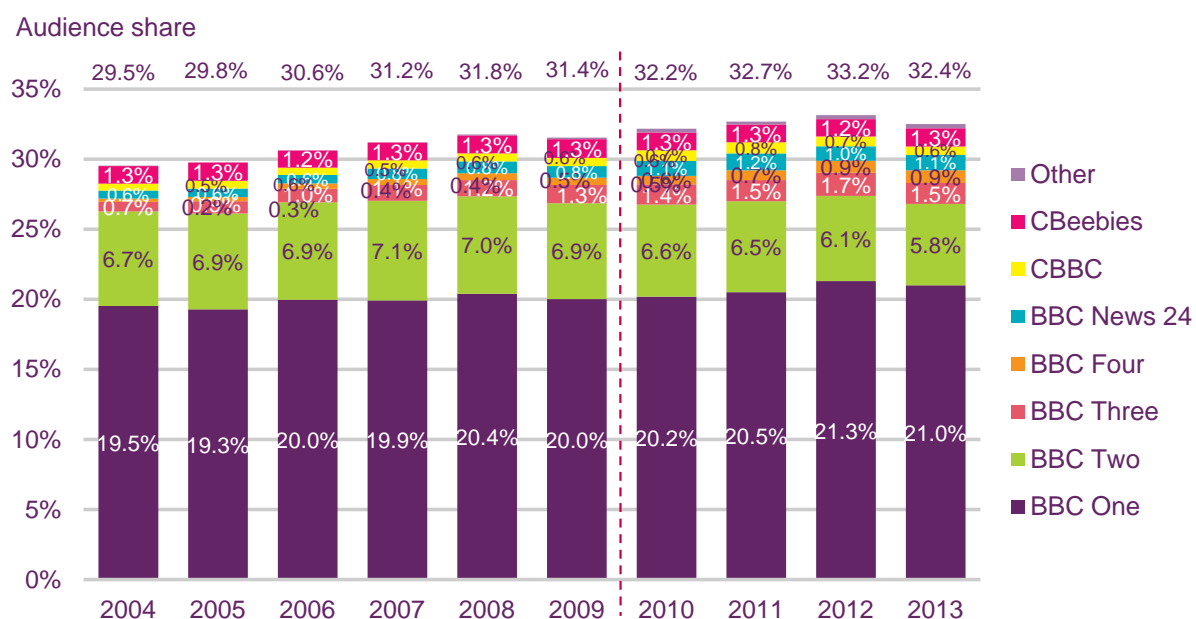
Source: BARB Note: 'Other' includes BBC Parliament, BBC Choice, BBC HD and BBC Knowledge.
The 24 BBC Olympics channels have been excluded from 2012 share and accounted for 0.21%
share. A new BARB panel was introduced in 2010. As a result, pre- and post-panel change data must
be compared with caution. HD and SD viewing are included.

ITV's main channel share increases

ITV's combined portfolio share has increased since 2004; from 21.7% to 23.1% in 2013.
However, the individual channel contributions have varied over time. ITV's main channel's
share has declined since 2004, however in 2013 it increased for the first time since 2007; up
by 0.5 percentage points on 2012. ITV2 has increased its share by just over one percentage
point over the ten-year period. This is also the case for ITV4, which has increased its share
from 0.5% in 2006 to 1.1% in 2013. ITV3's share has grown by the greatest proportion. Its
share has more than doubled; from 1.2% in 2005 to 2.6% in 2013; and it is now on a par with
ITV2.

Figure 2.71   ITV portfolio shares in multichannel homes
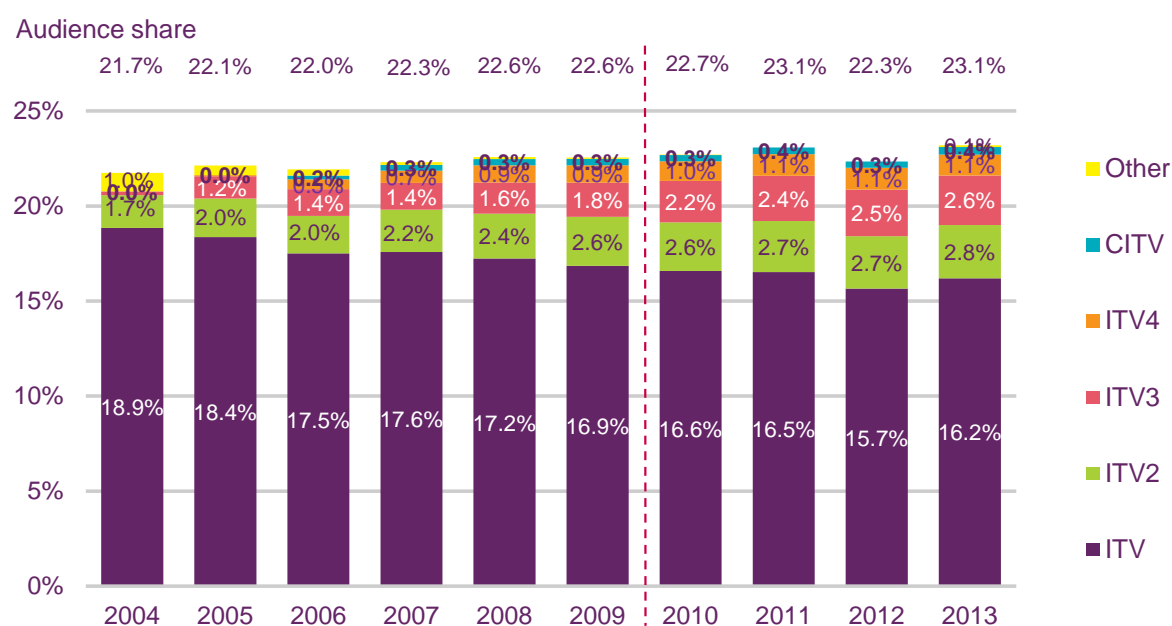
Source: BARB. Note: 'Other' includes (when relevant) ITV Play, Men & Motors, GMTV2, Granada Breeze, Plus and ITV News. ITV, ITV2, ITV3 and ITV4 shares include their respective HD and +1 services.
Note: A new BARB panel was introduced in 2010. As a result, pre- and post-panel change data must be compared with caution.

Channel 4's portfolio continues to lose share

Channel 4's total portfolio share in multichannel homes has increased from 8.6% in 2004 to 11.1% in 2013, peaking at 11.7% in 2008. Since 2006, when Channel 4's main channel peaked at 8.2% share, it has declined each year until in 2013 its share was 5.0%. The top-line portfolio share figure has remained fairly stable due to the increases in share of Channel 4's digital channels, but in 2013 the portfolio share figure fell a further 0.4 percentage points compared to 2012. This was due to the fall in share of the Channel 4 main channel by 0.6 percentage points and a subsequent lack of growth to compensate for this loss among the digital channels. E4's share has remained fairly stable since 2006; by contrast, Film4 and More4 both increased their share over the same period, but have remained stable over the past couple of years. Since its introduction in 2007, Channel 4 +1's share has been steady from 2008 to 2013.

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Figure 2.72   Channel 4 portfolio shares in multichannel homes
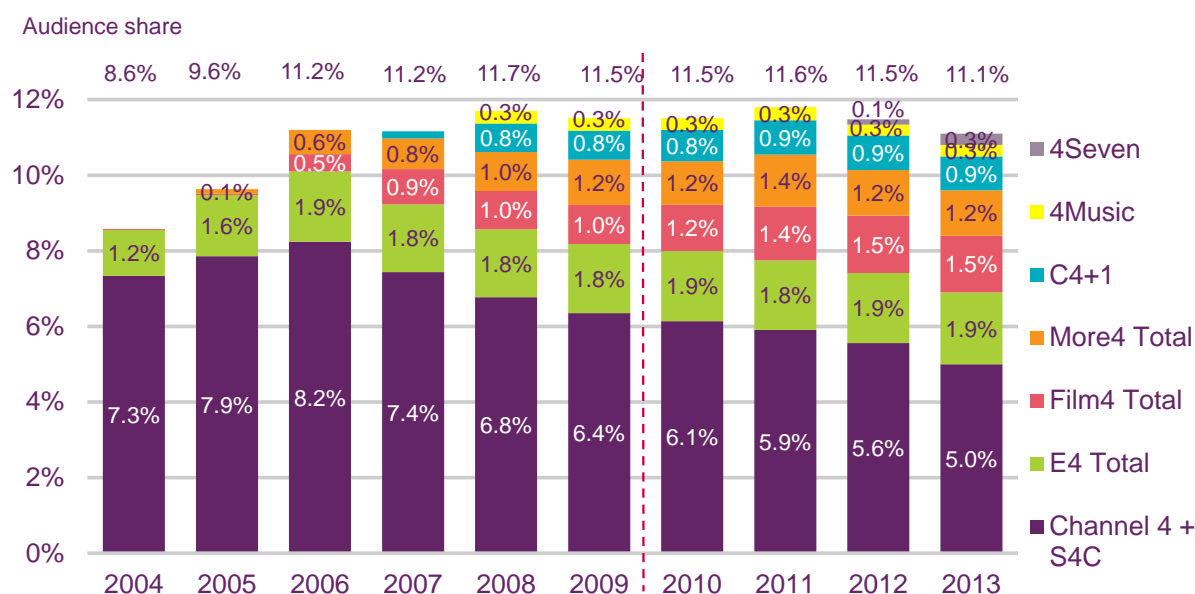
Audience share

Source: BARB. Note: A new BARB panel was introduced in 2010. As a result, pre- and post-panel change data must be compared with caution. E4, More4 and Film 4 respective +1 and HD channel shares are included. 4Seven launched 4th July 2012. Note: In 2010 C4 and S4C became two separate channels following digital switchover in Wales. For the purposes of this report the two channels remain labelled together in relevant charts. HD and SD viewing included.

Like the other PSB broadcasters, Channel 5's introduction of its digital channels at the end of 2006 helped increase its overall share from 5.1% in 2005 to 5.9% in 2013. However, the main channel's share has declined; from 5.1% in 2004 to 4.4% in 2013. Since 2007, 5*'s share has remained stable, whereas 5 USA has increased from 0.6% in 2007 to 1.0% in 2013.

Figure 2.73   Channel 5 portfolio shares in multichannel homes

Audience share
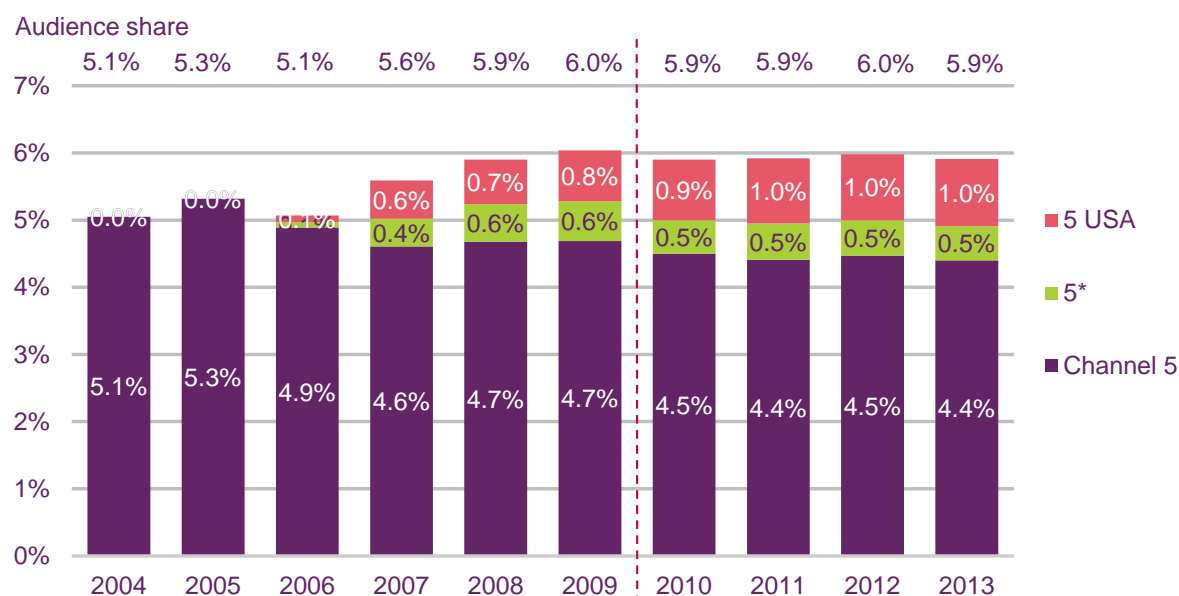
Source: BARB. Note: Channels include their HD and +1 services.
Note: A new BARB panel was introduced in 2010. As a result, pre- and post-panel change data must be compared with caution.

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BSkyB's viewing share maintained in 2013

BSkyB's portfolio channels achieved an 8.3% share in 2013 in multichannel homes, remaining stable year on year. Overall, the broadcaster's share has declined from 10.4% in 2004 to 8.3% in 2013.

Figure 2.74   BSkyB portfolio shares in multichannel homes
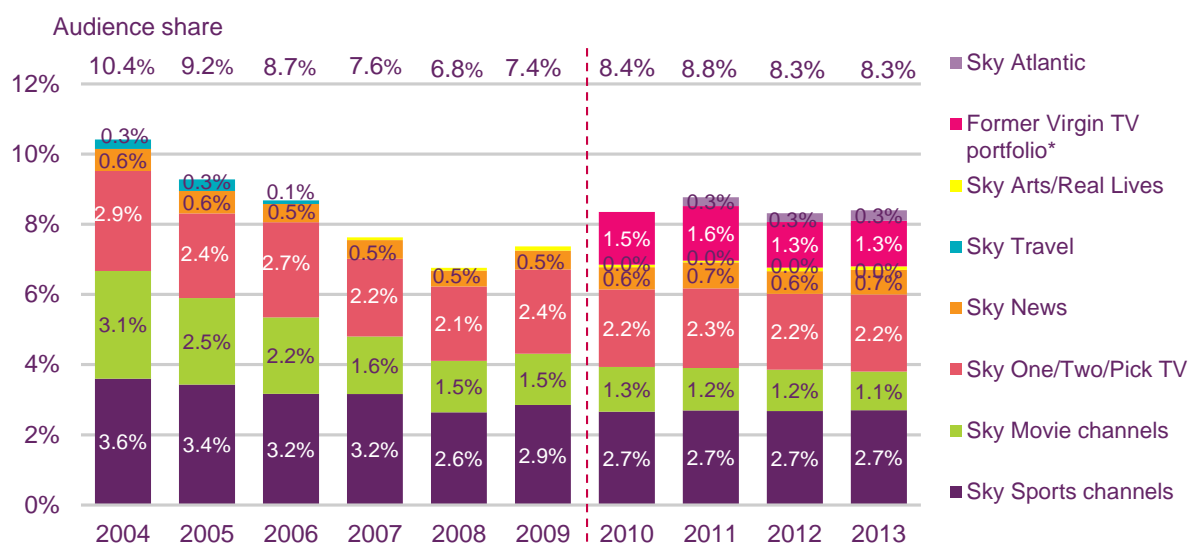
*Source: BARB. Note: A new BARB panel was introduced in 2010. As a result, pre- and post-panel change data must be compared with caution. *BSkyB took ownership of VMTV in June 2010, Virgin Media TV portfolio shares are included in the BSkyB figure for the whole of 2010 onwards. HD,SD and +1 viewing are included.*

UKTV's aggregate share in multichannel homes increased in 2013

The individual channels which have been responsible for maintaining the broadcasters' overall share are *Dave*, which increased from 1.1% to 1.3% share in 2013 from 2012, *Yesterday*, which contributed 0.8% to the broadcasters' share although this figure has declined slightly from 1.0% in 2012, and Watch, which has also declined from 1.1 in 2012 to 1.0% in 2013. New channel *Drama*, which launched mid-2013, added 0.33% share to all other channels in the UKTV portfolio to 0.7%. It is responsible for the slight year-on -year share increase for the broadcaster which would otherwise have had static share.

Figure 2.75   UKTV portfolio shares in multichannel homes

Audience share

Legend:
- Other
- UKTV G2/Dave
- UKTV Drama/Alibi
- UKTV Documentary/Eden
- UKTV Food/Good Food
- UKTV History/Yesterday
- UKTV Style/Home
- UKTV Gold/G.O.L.D/Watch
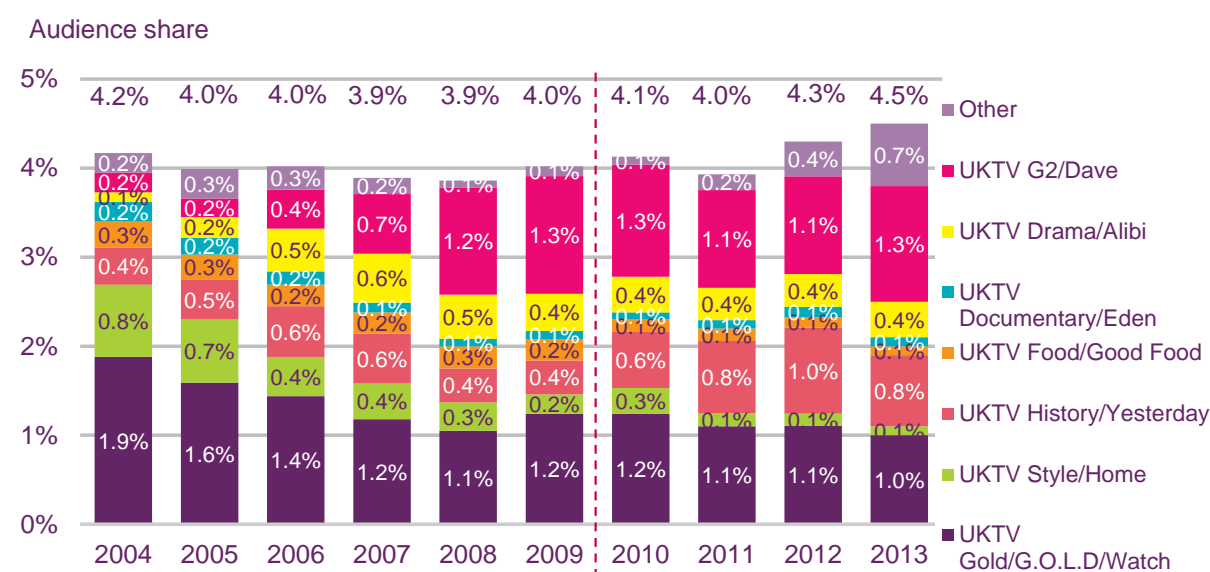
Source: BARB. Note: In 2008 figures, new channel names and shares have been matched to old channels. Dave went live in Oct 2007. Drama launched in July 2013 and is included in 'Other'. Note: A new BARB panel was introduced in 2010. As a result, pre- and post-panel change data must be compared with caution. HD, SD and +1 viewing are included.

Figure 2.76 shows the individual channels ranked by share in multichannel homes. The top five channels are the main PSB channels. The PSB-owned channels also ranked highly, with 11 of the remaining 15 channels being owned by the main PSB broadcasters. Dave increased its share ranking the most, moving from fifteenth place in 2012 to eleventh place in 2013. Film4 moved up to ninth place, from tenth in 2012, and Sky One also moved up one place; from twentieth to nineteenth in 2013. BBC Four made the top 20 in 2013.

Figure 2.76   The top channels by share in multichannel homes: 2012 to 2013

Channel	Share 2013	Rank 2013	Rank 2012	Channel	Share 2013	Rank 2013	Rank 2012
BBC One	21.0%	1	1	Dave	1.3%	11	15
ITV	16.2%	2	2	Cbeebies	1.3%	12	11
Channel 4	5.8%	3	3	More4	1.2%	13	12
BBC Two	5.8%	4	4	ITV4	1.1%	14	14
Channel 5	4.4%	5	5	Sky Sports 1	1.1%	15	13
ITV2	2.8%	6	6	BBC News	1.1%	16	16
ITV3	2.6%	7	7	5 USA	1.0%	17	17
E4	1.9%	8	8	Pick TV	1.0%	18	18
Film4	1.5%	9	10	Sky One	1.0%	19	20
BBC Three	1.5%	10	9	BBC Four	0.9%	20	n/a

Source: BARB. Note: Includes SD, HD and +1 channel services.

Figure 2.77 plots the age and gender distribution of the 30 most-viewed channels in multichannel homes in 2013. This is calculated relative to the TV population average (which

includes children). Slightly more channels attracted older male audiences. With the exception of Channel 4, the remaining main PSB channels all skewed slightly older. ITV and Channel 5 both skewed slightly more female than Channel 4 and BBC One, with BBC Two appearing to skew slightly more male.

Figure 2.77 Age and gender profile of the 30 most-viewed channels in multichannel homes: 2013

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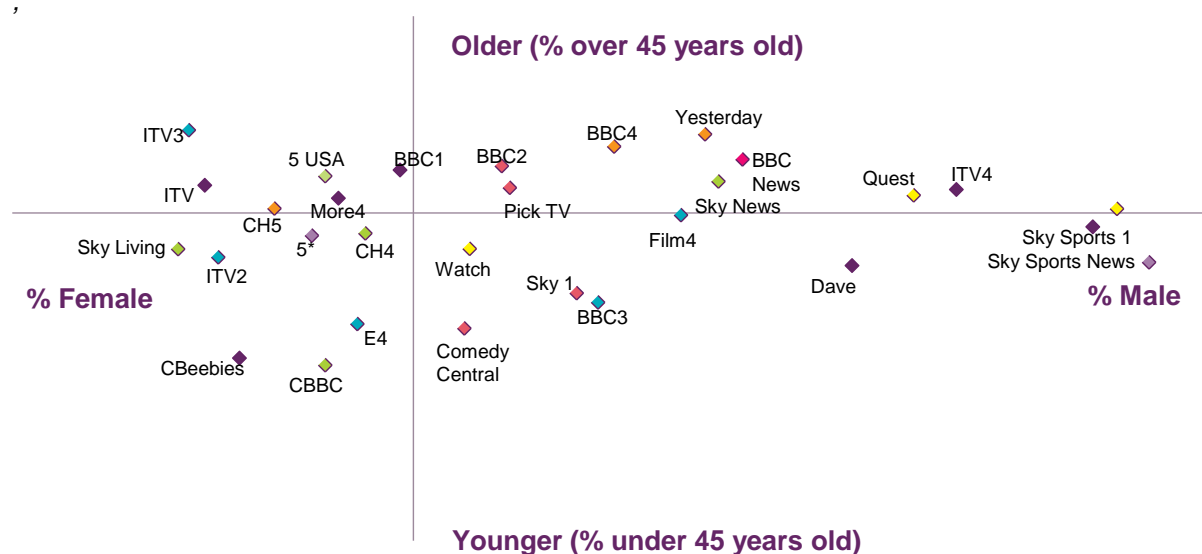
Source: BARB Note: The profile of a channel is calculated relative to the television population in multichannel homes. Includes channel's SD, HD and +1 services.

The proportion of time-shifted viewing continues to grow, albeit very slowly. Live viewing is still the main way that people watch TV.

Among all homes, the proportion of viewing accounted for by time-shifted viewing increased marginally in 2013, by one percentage point (from 10% in 2012 to 11% in 2013), and by two percentage points since 2011. Since 2007 the proportion of DVR and catch-up viewing in the last seven days has grown by one to two percentage points year on year, to reach 11% in 2013. Total viewing minutes overall declined by nine minutes per day: from 240 minutes in 2012 to 232 minutes in 2013, with most of the decrease attributed to live viewing. However, as a proportion of all viewing, live viewing remains steady; 90% in 2012 and 89% in 2013.

Figure 2.78   Live versus time-shifted viewing: all Individuals

% time-shifted: 2% 4% 6% 7% 9% 10% 11%

Average daily minutes viewed per individual

Year	Live	Viewed on same day as live	Viewed 2-7 days after broadcast	Total
2007	212	3		218
2008	215	5		224
2009	212	6	7	225
2010	225	8	9	242
2011	219	10	12	241
2012	216	11	13	240
2013	206	12	14	232

- Viewed 2-7 days after broadcast
- Viewed on same day as live
- Live
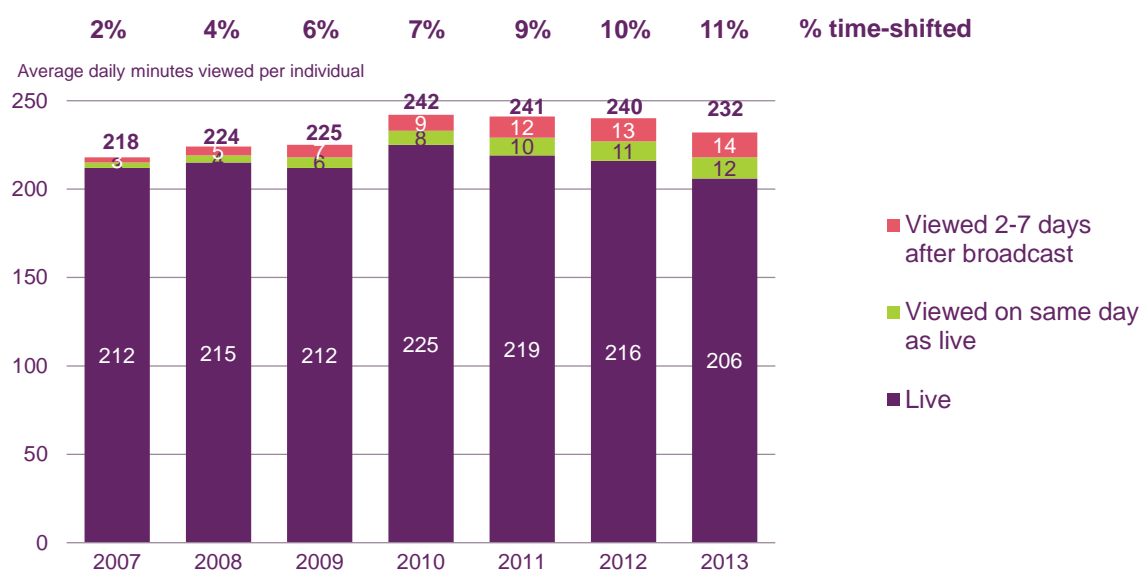
Source: BARB, individuals 4+, Network based on average daily minutes. Some variation in figures due to rounding. Note: New BARB panel introduced in 2010. As a result, pre- and post-panel change data must be compared with caution. All viewing (via a TV set) of broadcast content watched within 7 days after broadcast is reported by BARB. This includes viewing to programmes stored on recording devices and through player services such as BBC iPlayer, ITV Player, 4OD etc

Figure 2.79 details the demographic differences with regard to time-shifted viewing among all adults. Under-45s are more likely to time-shift their viewing, with the 25-34 group time-shifting the greatest amount of their viewing; at 17% in 2013, up from 15% in 2012. The 16-24 and 35-44 age groups time-shift roughly the same proportion, at 14% in 2013. Adults aged 65+ time-shift their viewing the least.

Figure 2.79   Proportion of time-shifted viewing, by age: all adults

Share of viewing

Legend:
- 16-24
- 25-34
- 35-44
- 45-54
- 55-65
- 65+
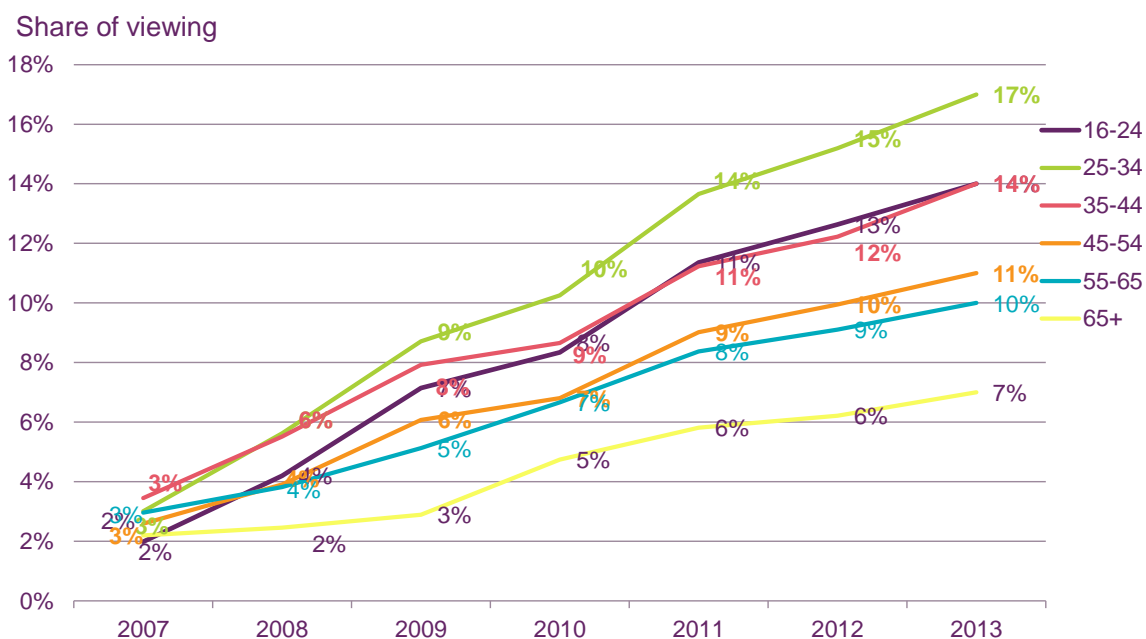
Source: BARB, network, based on average daily minutes. Note: New BARB panel introduced in 2010. As a result, pre- and post-panel change data must be compared with caution.

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Among all individuals with a DVR in the home, live viewing is also the main way that TV is watched. In 2013 live TV made up 83% of all viewing; one percentage point less than in 2012.

Figure 2.80   Live versus time-shifted viewing: individuals in DVR homes
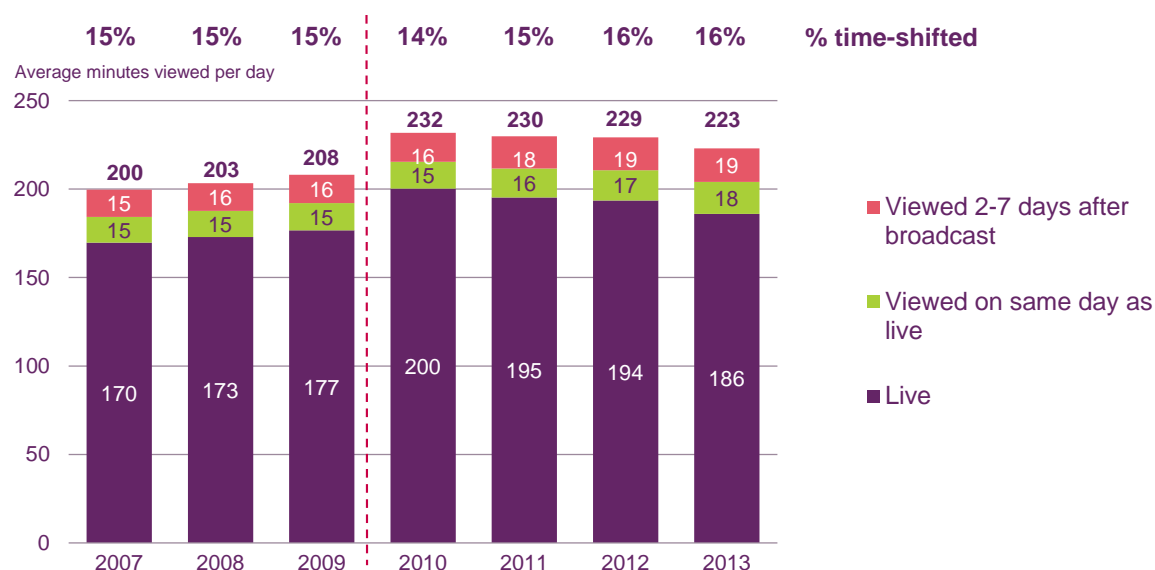
Source: BARB, DVR Individuals 4+, Network, based on average daily minutes. Some variation in figures due to rounding.
Note: A new BARB panel was introduced in 2010. As a result, pre- and post-panel change data must be compared with caution. All viewing (via a TV set) of broadcast content watched within 7 days after broadcast is reported by BARB. This includes viewing programmes stored on recording devices and through player services such as BBC iPlayer, ITV Player, 4oD etc

Figure 2.81 plots the take-up of DVRs among the UK population against the proportion of their viewing that is time-shifted, over time. Despite a maturing of the DVR market, the proportion of viewing that is time-shifted has remained virtually static since 2007 at around 15% of total TV viewing. This suggests that the incremental year-on-year growth in time-shifted viewing among all individuals since 2007 (as shown in Figure 2.79) can be attributed in the main to increased take-up of DVRs, rather than growth in use among DVR users. Watching programmes at the time of broadcast continues to endure, among all viewers.

Figure 2.81 DVR take-up and time-shifted viewing: DVR individuals

% take up and time-shifted viewing, DVR individuals: 2007 to 2013
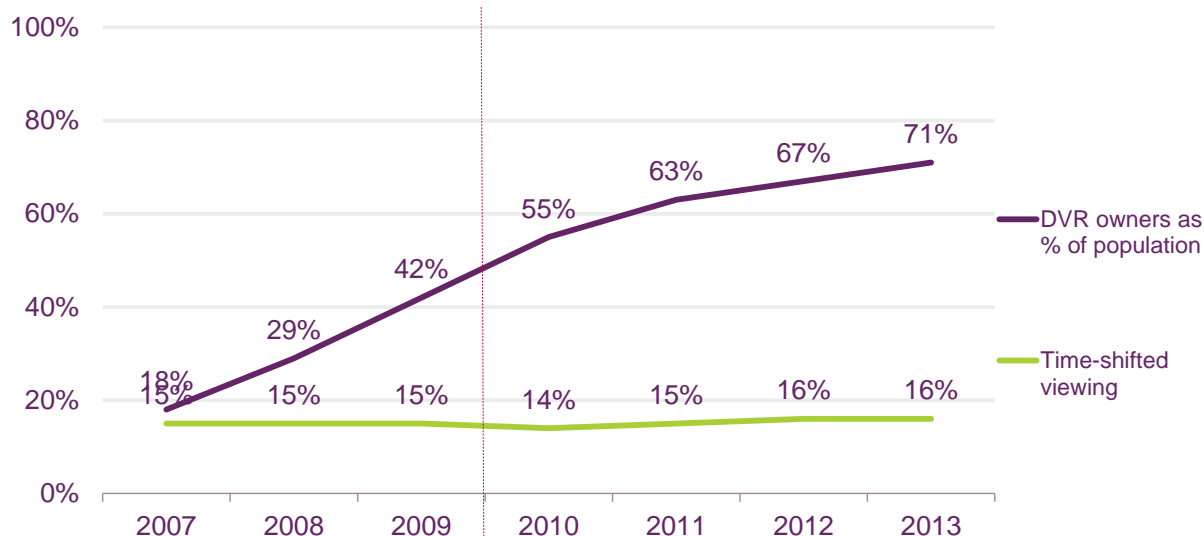
Source: BARB, Network , DVR Individuals 4+.
Note: New BARB panel introduced 1st Jan 2010. As a result, pre- and post-panel change data must be treated with caution (see dotted line).

Among DVR owners, time-shifted viewing varies greatly by programme type. The nature of some programmes, such as news and sports, demand immediate viewing at the time of broadcast, while other genres such as drama and soaps are more likely to be recorded or watched through catch-up services. In 2013, the proportion of time-shifted viewing of drama and soaps ranged from 39.5% to 29.4% of total viewing to each genre respectively.

Figure 2.82 Proportion of total time-shifted TV viewing by genre, DVR individuals: 2013

Timeshifted viewing as % of each genre total viewing
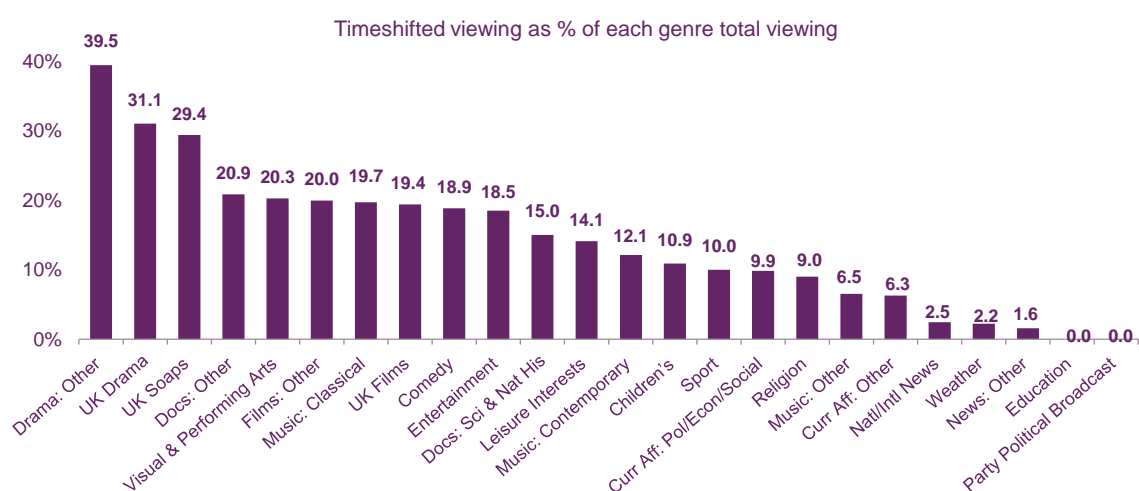
Source: BARB, DVR individuals 4+. Based on total minutes of viewing of each genre.

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Among adults with a DVR, almost all demographic groups showed an increase in the proportion of viewing that was time-shifted of at least one percentage point (35-44s by two percentage points) compared with 2012. The 25-34 age group time-shifted the highest proportion of their viewing, at almost a quarter. Adults aged 16-24 were the only age group whose time-shifted viewing has remained at the same proportion as 2012.

Figure 2.83   Proportion of time-shifted viewing, by age: DVR adults
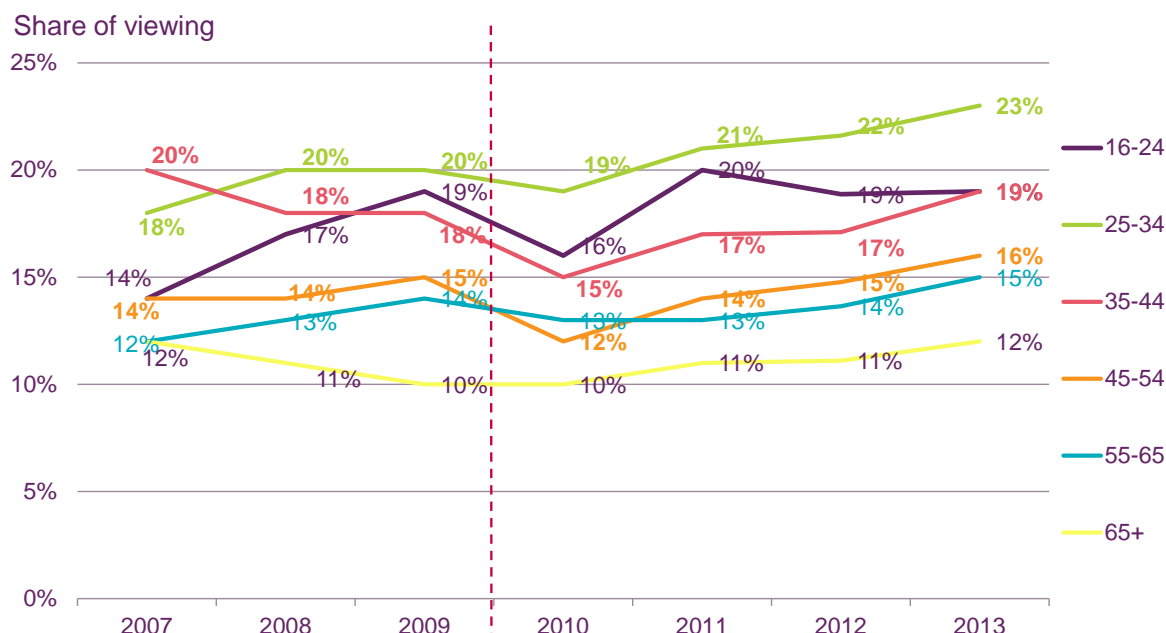
Source: BARB, all individuals, based on total minutes. Note: New BARB panel introduced in 2010. As a result, pre- and post-panel change data must be compared with caution.

2.3.3   Use of online catch-up TV

Online catch-up services via PC and laptops are in decline

According to comScore MMX data, BBC iPlayer remains the most popular TV catch-up service across PCs and laptops. In April 2014 it attracted 4.6 million unique visitors to its website via these devices. This is almost double the number of unique visitors to 4oD's website (2.5 million). ITV Player attracted 2 million unique viewers and Channel 5's Demand 5 attracted the fewest visitors to its website, at 263,000.

The trend data show that both iPlayer and 4oD have seen large decreases in total unique visitors over time. Visitors to the iPlayer website have decreased by 105% in just over two years, from a high of 9.4 million in February 2012. 4oD visitors have decreased by 66% since a recorded high of 4.2 million in January 2012. These decreases are likely to be a result of people accessing catch-up TV content through other devices that have become available in recent years: smartphones, tablets, internet-enabled set-top boxes and connected TVs (see Figure 2.85).

Figure 2.84   Unique audience of online catch up services' websites on PC/laptop
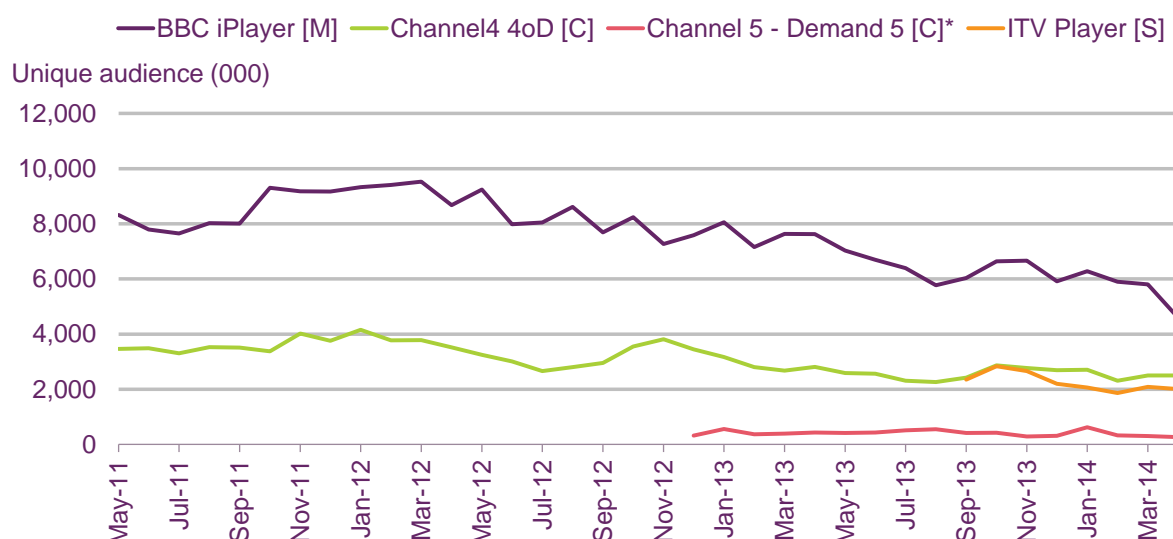
Source: comScore MMX, home and work panel, May 2011 to April 2014.MMX Legend: [P] Property, [M] Media Title, [C] Channel. Further explanations of these dictionary terms are provided in section 4.

The use of smartphones and mobile devices to request iPlayer content is on the rise

According to the BBC's official statistics, in February 2014 BBC iPlayer attracted 234 million TV requests. This is down 10 million on the previous month, but a year-on-year increase of 21%. The BBC has attributed fluctuations in requests over the course of the year to seasonal patterns of viewer behaviour, with a peak number of requests noted in both January 2013 (212 million) and January 2014 (242 million). Demand appears to decline during the warmer months (see Figure 2.85).

In February 2014 there were 234 million programme requests, of which 107 million came from either tablets or mobile devices, up from 68 million a year earlier. Changes in the technology marketplace, particularly in the tablet market, means more people may choose to take advantage of new technology to access online content. This combined total is now greater than the number of requests which come from laptop and desktop computers (71 million).

Figure 2.85   Requests for TV programmes from BBC iPlayer, by device type

Number of requests (millions)
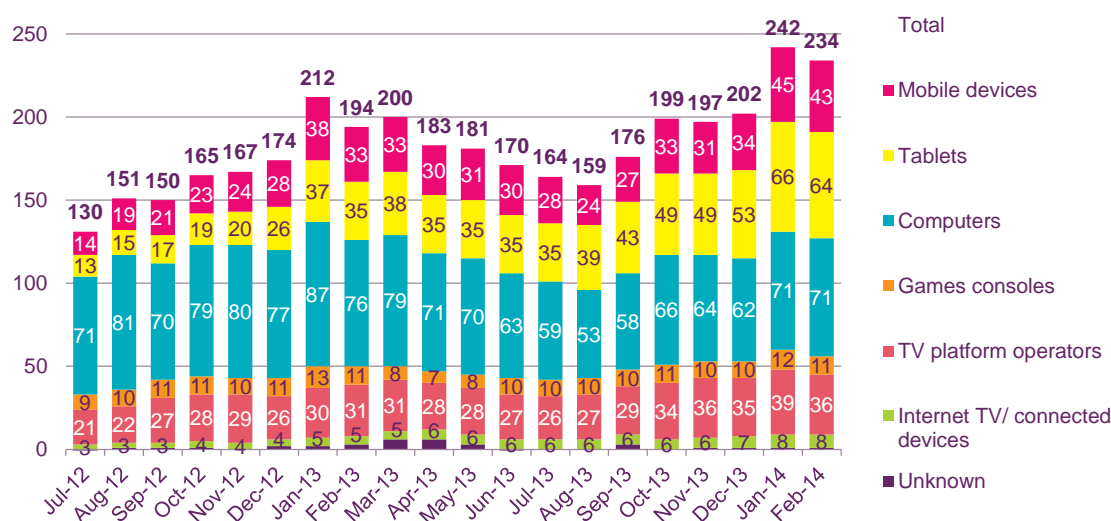
Source: BBC. Note: Internet TV / connected devices include Freeview and Freesat smart TVs, set-top-boxes and devices like Roku and Blu-ray DVD players. TV platform operators include Virgin Media and BT Vision. Games consoles comprise Sony PS3, Nintendo Wii and Microsoft XBox 360. An update in iStats AV meant that PS3 devices were incorrectly classified as unknown devices between 18 Feb and 21 May 2013.

2.3.4   Use of online TV and film streaming services

Netflix continues to be the most popular TV and film streaming service

Figure 2.86 shows the unique audience of selected VOD provider websites. As in some cases actual user numbers of these services are not published, we have taken visitor numbers to their websites as a proxy to determine relative popularity among consumers.

According to comScore MMX-MP data, the unique audience of US film streaming service Netflix' website has continued to grow. The site received 3.9 million unique visitors in April 2014, an increase of 57% on the previous year. Netflix' success is thought to be largely due to the company's pricing, subscription initiatives and commissioning its own original content such as drama series *House of Cards*.

Sky Go has seen unique visitors to its website grow from 884,000 in April 2013 to 3.9 million in April 2014. The increased popularity of Sky Go may have been influenced by Sky's increasing both TV and movie content on the service, as well as adding the ability to download content to view on smartphone and tablet devices offline via its premium *Sky Go Extra* service launched at the beginning of 2013.

LoveFilm has seen a dramatic decline in its unique audience year on year to 738,000 in April 2014. This can be explained by Amazon's decision in February 2014 to fold LoveFilm into its UK retail website and rebrand it as Amazon Prime Instant Video. The information provided by comScore does not currently provide the granularity required from Amazon's websites to obtain the numbers of those who have migrated on to the Prime Instant Video websites.

Figure 2.86   Total unique visitors to selected online TV and film streaming sites

Total unique visitors
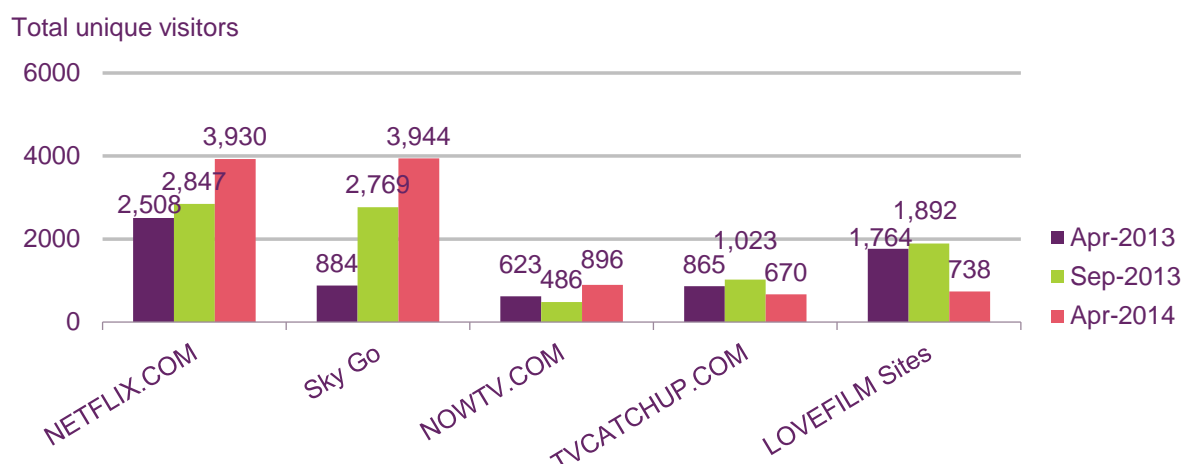
Source: comScore MMX-MP, UK, work and home panel, April 2013 to April 2014. Note: In February 2014 Lovefilm Instant was folded into Amazon's retail website and re-branded as Prime Instant Video. We do not currently have access via comScore to numbers of users who migrated over to Amazon's Prime Instant Video websites.

2.3.5   Consumer attitudes towards television

55% of UK adults think that TV programming quality has stayed the same in 2013

According to Ofcom's 2013 Media Tracker research, public opinions towards TV programme quality remained broadly stable during 2013 compared to 2012.

The majority (55%) of the UK population thought that the quality of TV programming had stayed about the same since the previous year. Just under a third of UK adults (30%) felt that programming had got worse in the past year, down 1pp on the previous three years. A further 13% thought television programmes had improved.

Figure 2.87   Opinion on programmes over the past 12 months

Q - Do you feel that over the past year television programmes have improved, got worse or stayed about the same?
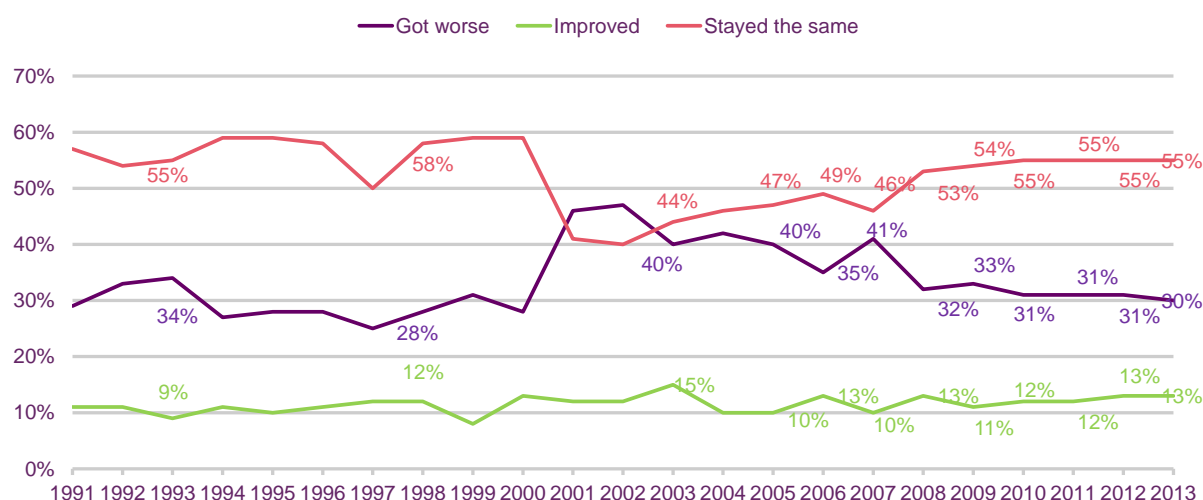
Source: Ofcom Media Tracker 2013. Base: All with TV, but excluding those never watching (1,838).

Television programming appears to be appreciated more by the young, compared with 2012. Among the different age groups, younger people were less likely to say that programme standards had got worse (20% in 2013 compared to 25% in 2012), whereas those aged 65+ were most likely to say this (47% compared to 41% last year). Similarly, younger people were more likely to say that the quality of TV programming had improved (16% compared to 15% in 2012), while those aged 65+ were less likely to say this (8%, the same as in 2012).

Figure 2.88   Opinion on programmes over the past 12 months, by age

Q - Do you feel that over the past year television programmes have improved, got worse or stayed about the same?
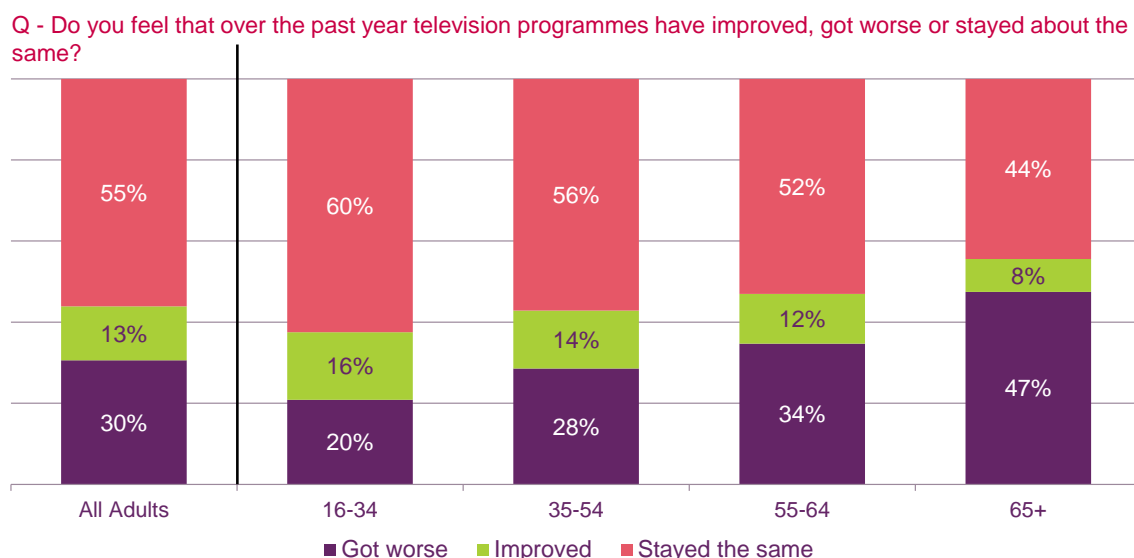
Source: Ofcom Media Tracker 2013. 'Don't know' responses not charted.
Base: All with TV, but excluding those never watching (1,838); 16-34 (605); 35-54 (650); 55-64 (239); 65+ (344).

2.3.6   Consumer attitudes towards online TV and film services

According to Ofcom's Media Tracker research, the main reason why people used online on-demand services in 2013 was the need to catch up on TV or films they had missed when they were broadcast (61%). This was followed by 39% of respondents saying that they used these services to watch programmes at times that suited them, down from 43% in 2012. The third most popular reason, mentioned by 33% of respondents, was the lack of interesting programmes on live TV; the incidence of this response rose in 2012 and remained consistent in 2013.

Figure 2.89   Reasons for online on-demand use: 2013

Q - What would you say are the reasons you use/ used your on demand service, whether you were catching up or accessing other content?

■ 2011   ■ 2012   ■ 2013

	Missed the programme/film when on TV and use/d to catch up	Want to watch programme/film at time that suits me	Use it when there is nothing on 'normal' TV to watch	Just to pass some time/relax	Programme/film was recommended by someone I know	Someone watching something else at the time it was on so used to catch up
2011	59%	34%	25%	25%	17%	15%
2012	62%	43%	32%	27%	18%	12%
2013	61%	39%	33%	30%	21%	19%
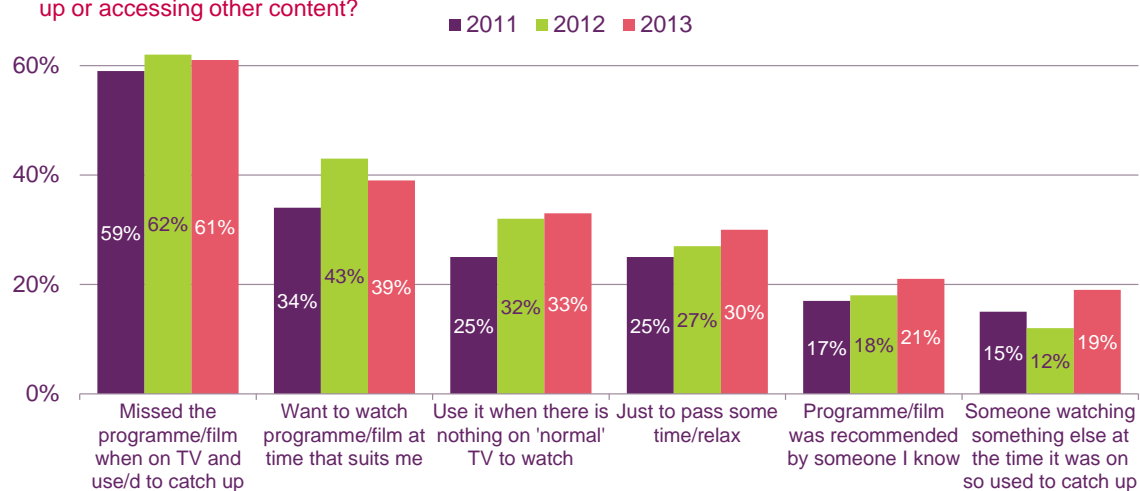
Source: Ofcom Media Tracker 2013. Base: All who use online video on demand, 2013 (829), 2012 (725), 2011 (658). Note: Only responses ≥ 10% charted. All responses unprompted.

The Communications Market 2014

3   Radio and audio

Contents

3.1 Key market developments in radio and audio

3.1.1 Industry metrics and summary

Figure 3.1 UK radio industry: key metrics

UK radio industry	2008	2009	2010	2011	2012	2013
Weekly reach of radio (% of population)	89.5%	89.8%	90.6%	90.8%	89.5%	90.4%
Average weekly hours per head	20.1	19.8	20.1	20.5	22.2	21.5
BBC share of listening	55.7%	55.3%	55.2%	54.7%	54.7%	54.6%
Total industry revenue	£1,129m	£1,101m	£1,137m	£1,164m	£1,203m	£1,178m
Commercial revenue	£478m	£439m	£452m	£457m	£475m	£454m
BBC expenditure	£644m	£653m	£675m	£697m	£717m	£713m
Community radio revenue	£7.5m	£9.0m	£10.0m	£10.5m	£10.8m	£10.9m
Radio share of advertising spend	3.4%	3.5%	3.3%	3.3%	3.3%	3.1%
DAB digital radio take-up (households)	32.1%	34.5%	38.2%	42.6%	44.3%	47.9%

Source: RAJAR (all adults age 15+), Ofcom calculations based on figures in BBC Annual Report and Accounts 2013-14 note 2c (www.bbc.co.uk/annualreport), AA/Warc, broadcasters.
Revenue figures are nominal. DAB take-up - Q1 of the following year.

This section explores some of the significant developments and trends in the UK radio market. The key findings are:

- **Total UK radio industry revenue was £1.18bn**, down by 2.1% from 2012. Within this total, BBC expenditure for the period fell by £4m while commercial radio revenue fell by £21m.

- **Commercial radio advertising revenue in respect of local brands, products and services grew slightly while other revenue sources declined over the year.** The small growth of 0.8% was not enough to mitigate the year-on-year declines in national advertising and sponsorship revenues, which contracted by 8.4% and 5.3% respectively.

- **According to our Digital Day research, radio listening is the main media activity at breakfast time.** Although television viewing dominates in the evening, and activities involving text communications thrive during the day, listening to the radio accounts for up to 58% of all media and communications activities at the start of the day.

- **Radio makes up 71% of all audio-based activities**. Considering music video channels, personal music collections, streamed music, personal digital music, on-demand listening and live radio listening, radio accounts for the largest portion by far of 'share of ear'. Beyond this average percentage there are variances; for example,

among those aged between 16 and 24 this figure falls to 24%, while among over-45s it exceeds 80%.

- **DAB set ownership across the UK has edged closer to the 50% mark, while take-up of smartphones and tablets has also increased.** Ownership of a DAB radio set in the first quarter of 2014 stood at 47.9%. Take-up of smartphones and tablets (devices capable of digital receiving radio) has increased by 10pp and 20pp respectively year on year.

3.1.2 Commercial radio revenues, and BBC expenditure, have declined

BBC expenditure declined by 0.6% and commercial radio revenues fell by 4.4%

Total UK radio industry revenue was £1.17bn, down by 2.1% (£25m) on 2012. Within this figure, BBC expenditure for the period fell by £4m (0.6%). Commercial radio revenue fell by £21m (4.4%).

Figure 3.2   Radio industry revenue and spending: 2008-2013
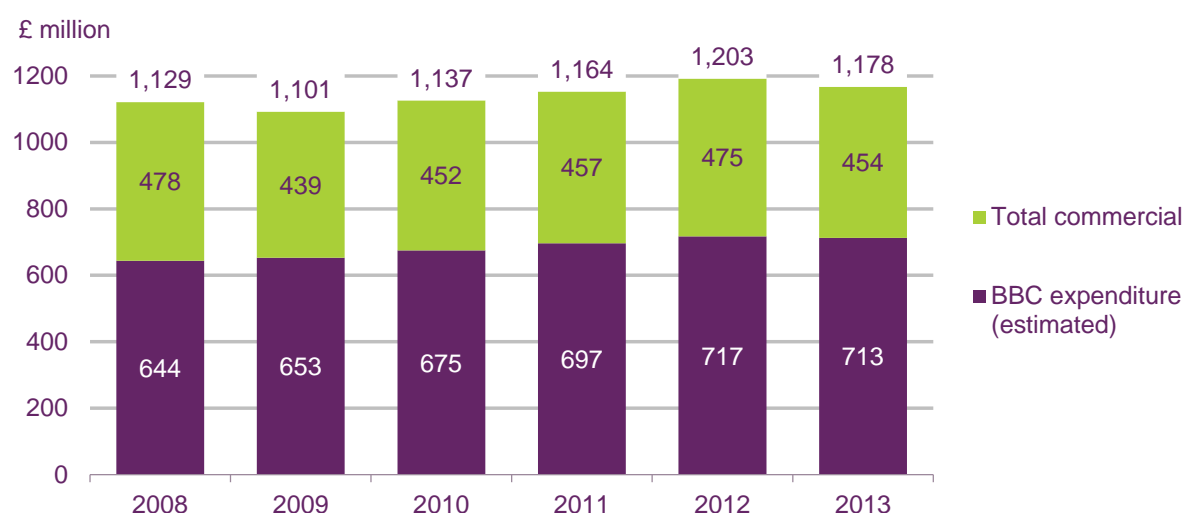
Source: Broadcasters Note: BBC expenditure figures are estimated by Ofcom based on figures in Note 2c of the BBC Annual Report (www.bbc.co.uk/annualreport); figures in the chart are rounded and are nominal. Community radio revenue is included in the total, but not shown on the chart.

While local advertising revenue grew, it was not enough fully to offset declines in national advertising and sponsorship revenue

A year-on-year fall in advertising revenue for national brands, products and services of 8.4% contributed to the overall fall in commercial revenue of 4.4%. Local advertising revenues continued to grow, but only slightly (0.8%). In 2012 local advertising revenue grew by 7.2%. Sponsorship revenue declined over the year by 5.3%.

Figure 3.3   Commercial revenue percentage change: 2012-2013

Percentage change in revenue
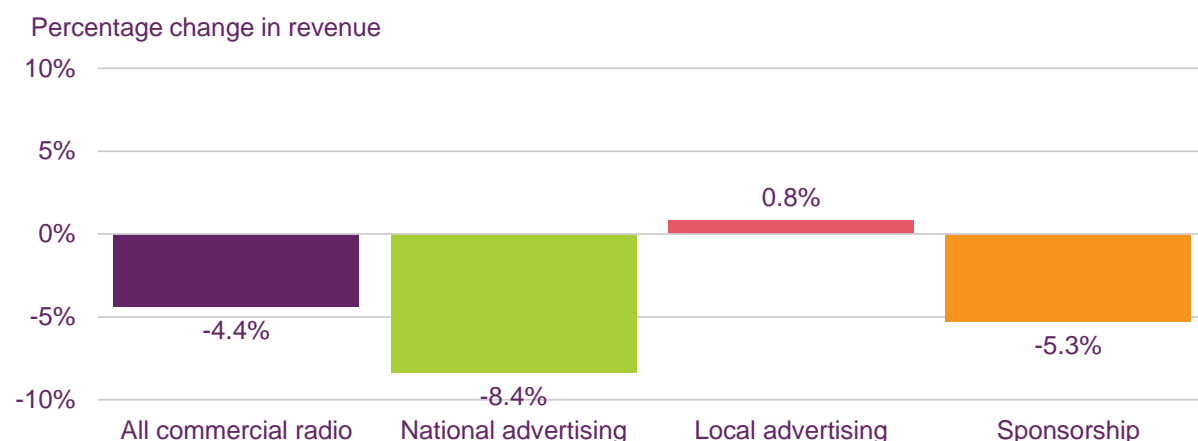
Source: Ofcom / operator data 2012-2013

Overall BBC expenditure for radio is up by £10m

Figure 3.4 sets out results taken from the BBC *Annual Report and Accounts,* which provides greater detail on individual stations' spend. The data in the chart below are indicative rather than directly comparable; please see the source note below the chart.

BBC 1Xtra and BBC Asian Network faced the largest proportional reductions (-16.9%) with only three services, BBC 4 Extra, BBC 6 Music and BBC Radio 3, seeing an increase year on year.

In monetary terms, the largest fall in expenditure was for BBC Radio 5 Live. Its budget was reduced by £9.5m, representing a 12.5% decline. The operating expenditure for each station varies greatly, with the 4.4% increase in BBC Radio 3's spend equating to a £2.4m increase, while the 4.3% increase for BBC 6 Music is £0.5m.

Figure 3.4   BBC radio stations expenditure change: 2012-13 to 2013-14

Annual % change of BBC radio station expenditure
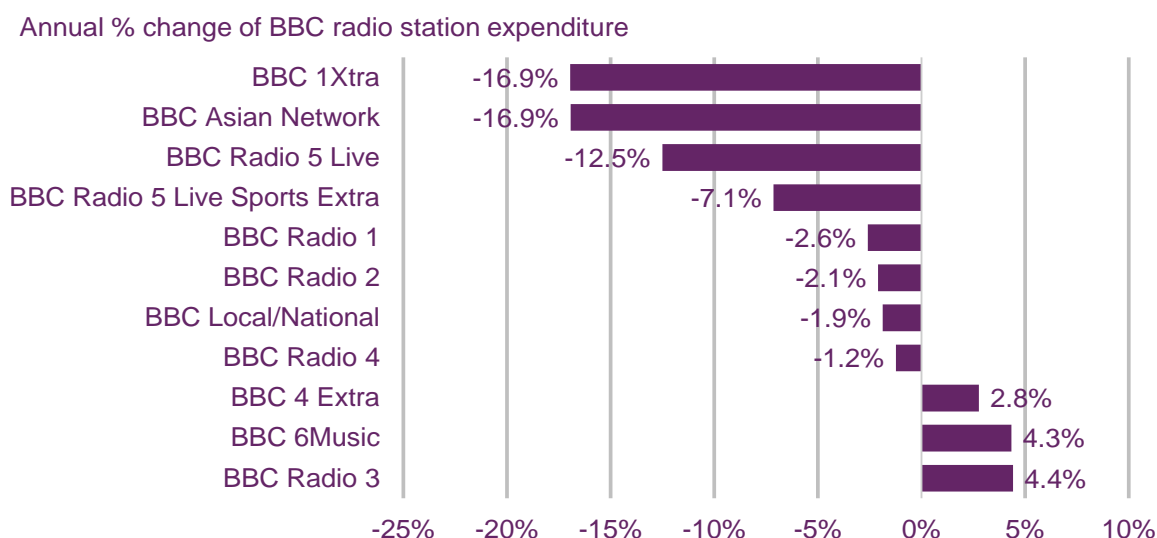
Source: BBC Annual Report 2013-14.
Note that these are financial year figures, excluding BBC-wide overheads, and are therefore not directly comparable to those set out in Section 3.2.2. Figures are nominal.

3.1.3 Digital Day: radio

Radio listening is the main media activity at the start of the day

In 2014 Ofcom commissioned an in-depth study, using a seven-day diary, to allow us to explore how media and communications devices and services fit together into a consumer's day. Note that in this analysis 'media consumption' refers not only to viewing and listening but also to all text and voice communications, and consumption of print media. A detailed summary of the findings can be found in Section 1.5 .This section provides an overview of how radio listening fits into the overall pattern of media and communications activities.

Figure 3.5 shows the proportion of media activities participated in across the day. Although television dominates in the evenings, the role of radio as a media activity to wake up to is clear: radio listening on any device comprises 58% of all media and communications activity between 05.45 and 06.00.

Figure 3.5   Proportion of media and communications activities across the day
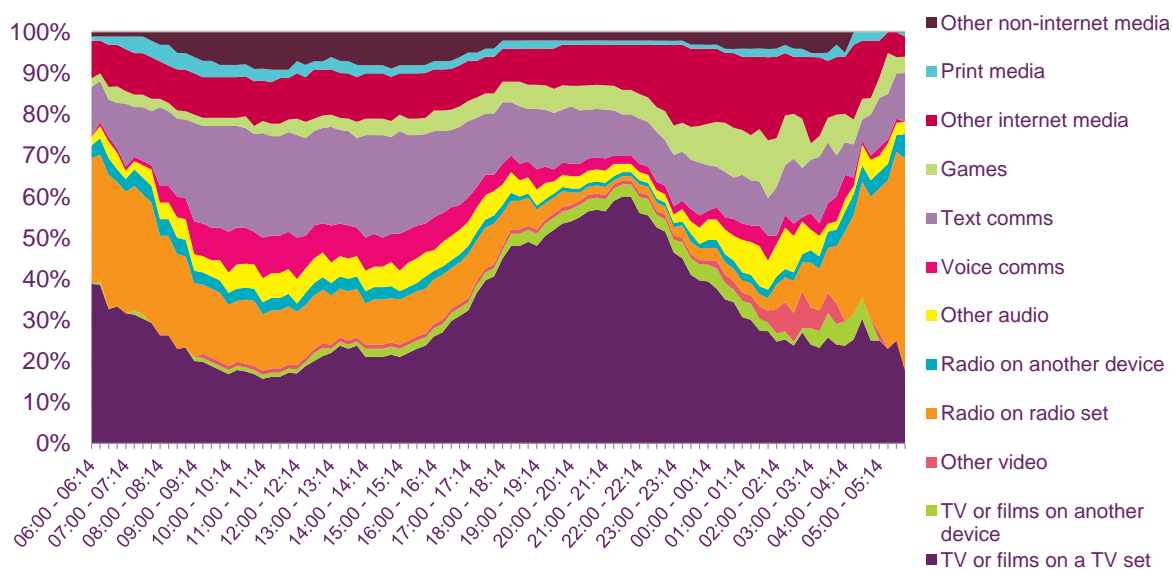
Source: Digital Day 7-day diary
Base: All activity records for adults aged 16+ (108782) - data aggregated to 15 min slots
Note: The base of media activities changes every 15 min slot so is much lower during sleeping hours

Listening to radio is the key media and communications activity while travelling

Almost three-quarters (73%) of all media and communications activities are carried out at home, while 10% are carried out while travelling. Figure 3.6 shows the extent to which audio activities, including listening to radio, are carried out on the move. Of the 10% of activities that are performed while travelling, almost half (47%) is spent listening to radio on a radio set.

Over a quarter (26%) of time spent listening to radio on another device is carried out while travelling. Figure 3.6 shows the pattern of radio listening throughout the day while on the move; at least 50% of media / communications activities carried out while travelling, between 6am and 5.30pm, is radio listening.

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Figure 3.6   Media and communications activities while travelling, by time of day
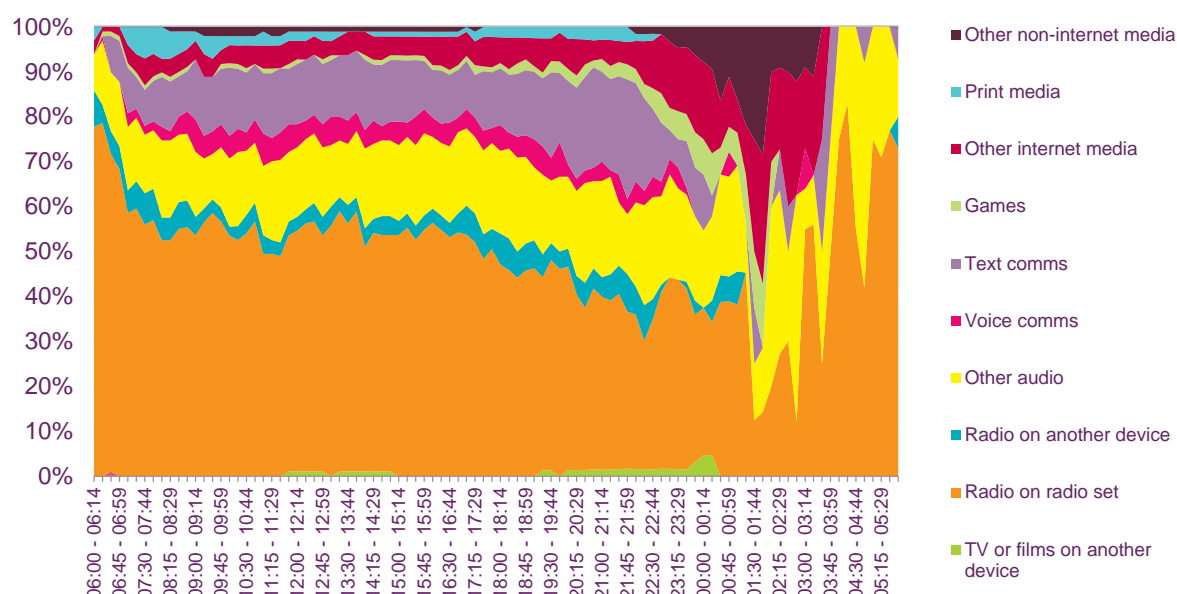
Source: Digital Day 7-day diary
Base: All activity records for adults aged 16+ when travelling (10484) - data aggregated to 15-min slots. Note: The base of media activities changes every 15 min slot, so is much lower during sleeping hours

Listening to live radio peaks in the morning and remains strong across the daytime period

According to Digital Day findings across a seven-day period, over three-quarters of adults (77%) listen to live radio. Its reach peaks at 36% during a number of quarter-hour periods in the morning (8am-8.15am; 8.30-8.45; 9am-9.15). Listening to personal digital music, such as through an MP3 player or smartphone, is the next most popular listening activity across the day, with between 5% and 10% of adults doing this between 8am and 9pm.

Figure 3.7   Weekly reach of listening activities, by time
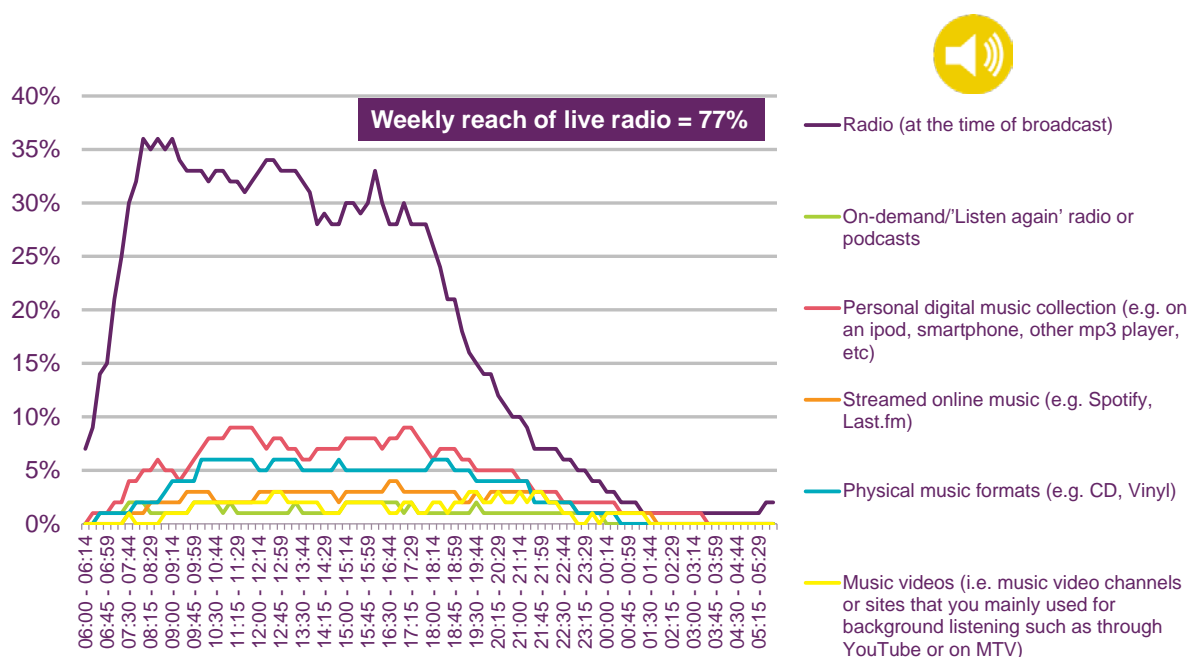
Source: Digital Day 7-day diary
Base: All adults 16+ (1644) - data aggregated to 15-minute slot
Note: RAJAR industry figures indicate that 90% of adults aged 15+ listen to the radio each week compared to the 77% recorded through the Digital Day diary. The RAJAR survey is likely to capture a greater amount of passive background listening, as participants are more focused on any radio listening, which will result in a higher reach.

Listening to live radio takes a 71% 'share of ear' among all adults but less than a quarter among young people

Listening to live radio accounts for 71% of all primarily listening-based activity. However, there are significant differences by age. For 16-24 year olds, listening to live radio comprises less than a quarter of their time spent on listening activities; personal digital music and streamed music account for 60% of their listening time.

Figure 3.8   Proportion of listening activities, by age group
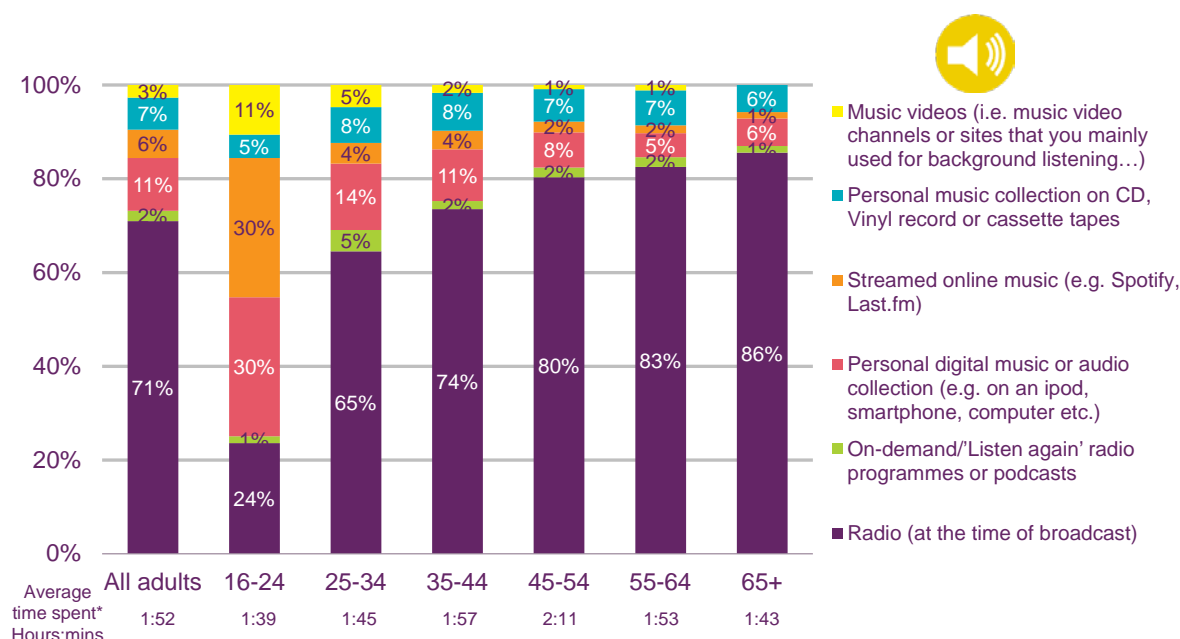
Source: Digital Day 7-day diary
Base: All listening activity records for adults 16+ (17290), 16-24 (999), 25-34 (2342), 35-44 (4113), 45-54 (4334), 55-64 (3284), 65+ (2218)
*Average time spent is the total average daily time spent listening to media, including simultaneous activity

3.1.4 DAB accounts for two-thirds of digital platform listening

Following two quarters with a slightly lower share of total listening, digital's share has now returned to the level seen in Q2 2013 (36.7%). The proportion of digital listening via the internet has grown, while listening via DTV has fallen. DAB remains the most popular digital platform, with a 23.7% share of total radio listening.

Figure 3.9   Digital radio's share of radio listening: Q1 2014

Digital radio platforms' share of all radio hours
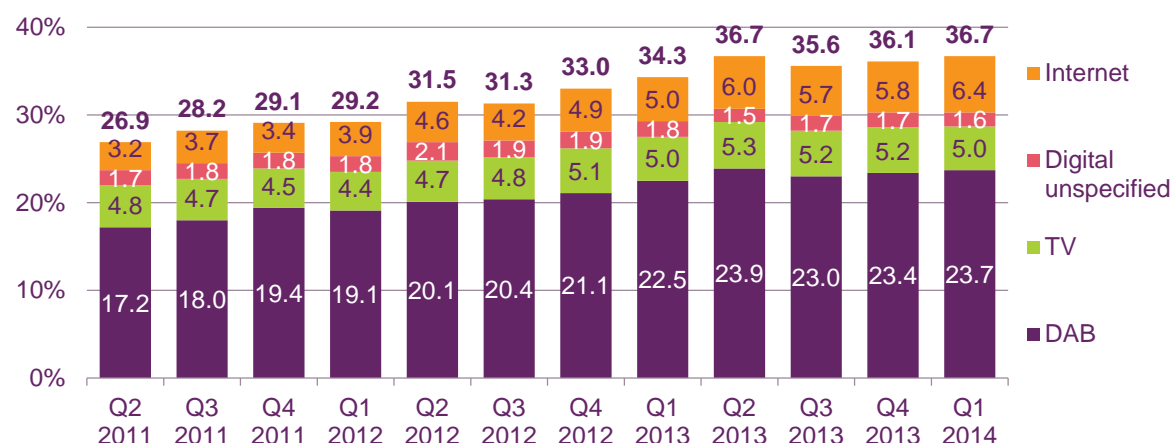
 Source: RAJAR. Note: 'Digital unspecified' relates to listening to digital-only stations where the survey respondent has not specified the listening platform used. From Q1 2012 'internet' has been reclassified as 'online/apps'

Radio listening via the internet, and mobile phone listening, are showing signs of levelling off

Over the past six years, while the proportion of UK adults who have ever listened to radio via a television set has peaked and fallen back to 24%, the use of the internet and mobile phones to listen to radio has grown significantly. Almost as many adults now claim to have listened via the internet (23%) or a mobile phone (21%).

Figure 3.10   Listening to radio via TV, internet and mobile phone

Proportion of respondents (%) who have listened to radio via digital television, internet or mobile phone
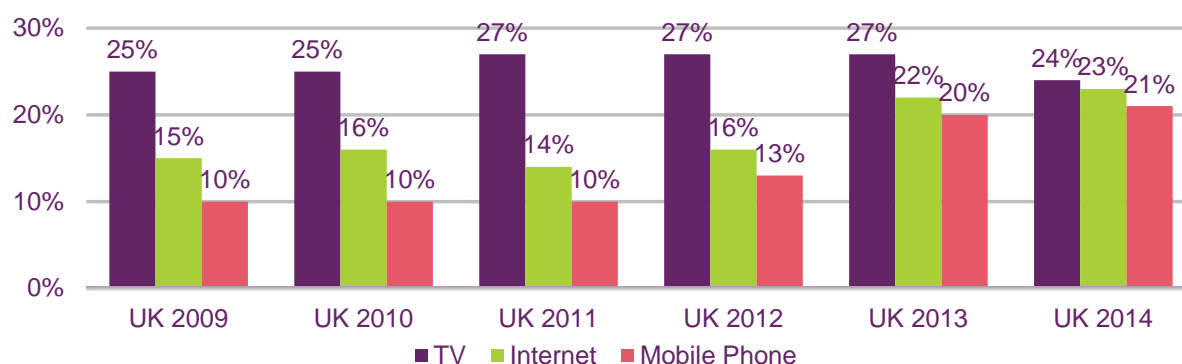
*Source: Ofcom research, Q1 2014. Base: All adults aged 16+ (n = 6090 UK 2009, 9013 UK 2010, 3474 UK 2011, 3772 UK 2012, 3750 UK 2013, 3740 UK 2014) QP3. How often, if at all, do you access the radio via – Digital radio via: TV, internet, DAB radio, mobile phone? *NB 2013 measures for internet combine responses across radio listeners and internet users, 2013-14 measures for mobile phone combine responses across radio listeners and mobile phone user.*

DAB set take-up nears the 50% mark

DAB set take-up, as measured by RAJAR, grew by 3.6pp year on year in Q1 2014. The increase in the proportion of UK adults claiming to own a DAB set has slowed in recent years. This may be because most people who wanted a DAB set have already purchased one, or it may be influenced by the rapid growth of multifunctional devices, such as tablets and smartphones, which are capable of receiving radio services.

Figure 3.11   Ownership of DAB sets: Q1 2014

Percentage of adults who claim to own a DAB set / have a DAB set in the home
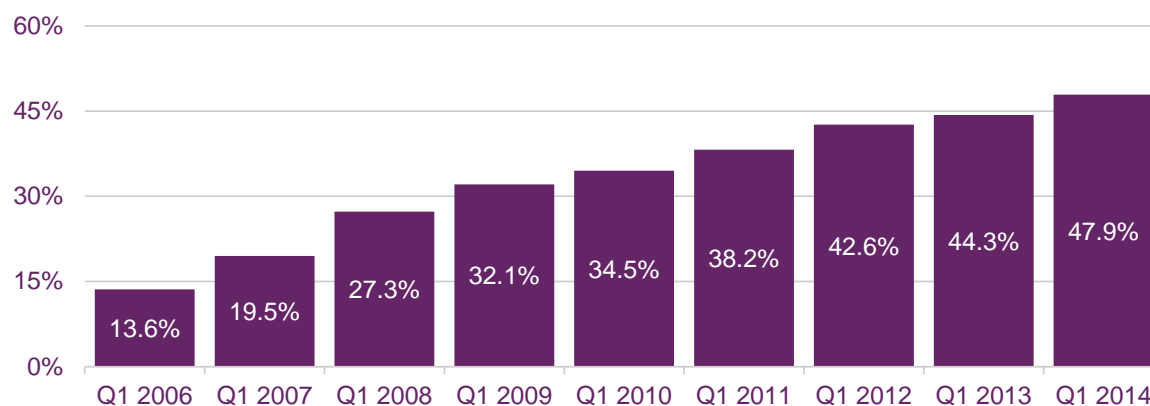
Source: RAJAR / Ipsos MORI / RSMB Q1 2006-2014

Smartphones and tablets are growth areas among devices capable of receiving radio

Smartphone take-up has increased by 10pp since Q1 2013 to reach 61%, following a 12pp increase the previous year. Tablet take-up stands at 44%, having grown by 20pp year on year. DAB take-up is now 48%; up 5pp on the year. While few current-generation smartphones are fitted with a DAB receiver component, listening is possible through the use of the internet or apps, and some smartphones also include an analogue tuner. However, streaming presents a possible downside for listeners because it may use up their monthly mobile data allowance.

Figure 3.12   Take-up of equipment capable of receiving digital radio: Q1 2014
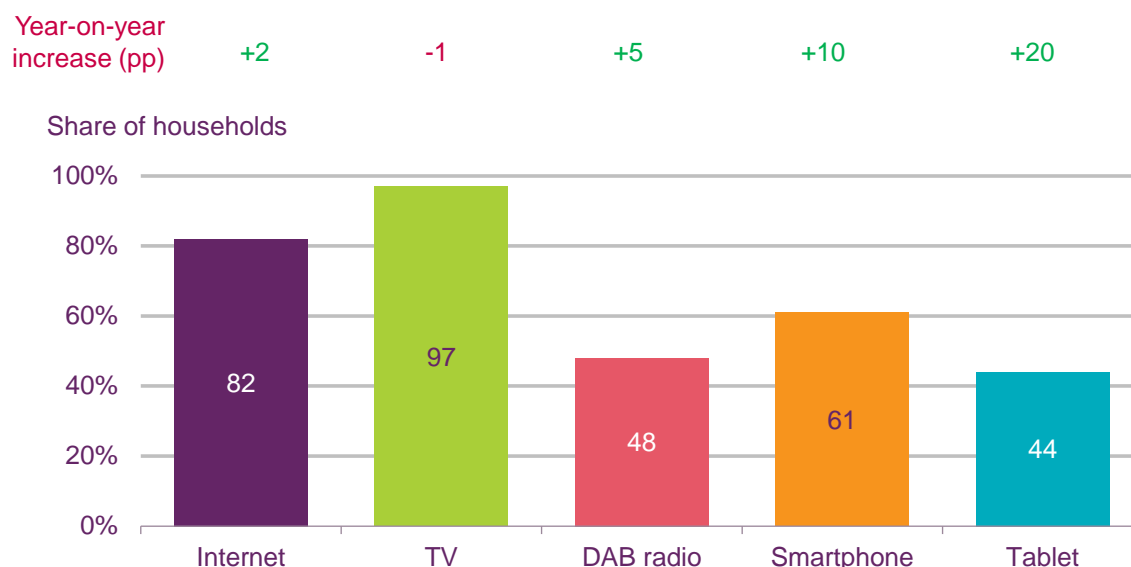
Source: Research from: Ofcom, RAJAR Q1 2014. Note: analogue radio sets excluded although some smartphones are equipped with an analogue tuner.

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3.2 The radio and audio industry

3.2.1 Introduction

In this section we examine the characteristics of the UK radio and audio industries, focusing on commercial and community radio station revenue and BBC expenditure, together with the audience shares of the main players.

Key points in this section include:

- **Commercial radio revenue and BBC spend both fell, leading to a 2.1% overall decline.** Commercial radio revenue fell by 4.4% from £475m to £454m, and BBC expenditure on radio fell by 0.6% to £713m.

- **There has been a shift in popularity between BBC national radio services.** BBC Radio 4's seven-day reach for the year to Q1 2014 (20.8%, 11.04 million listeners) means that the service now has more listeners than Radio 1 (20.3%, 10.82 million listeners) while digital-only BBC 6 Music's increasing popularity means that it has just 192,800 fewer listeners than BBC Radio 3.

- **Two prominent radio acquisitions were completed.** Global Group sold eight commercial radio licences to Communicorp, and now has a 17.6% share of all UK radio listening. Bauer Media Group acquired the Absolute Radio group of stations, bringing its share of listening to 13.4%.

- **The average income for a community radio station fell by 2.7% to £55,500.** The rate of decline is less than in previous years; it was 5.4% in 2012. The proportion of other income, such as revenue received from training provision, fundraising and merchandising has increased to 26%.

- **Recorded music retail revenues appear to have stabilised.** In the period 2008-2012, these revenues fell by nearly a quarter, but the latest year-on-year decline of 0.5% suggests that this revenue stream is levelling out. Overall revenue from subscription streaming now exceeds £100m (£1,043m).

3.2.2 Radio sector revenue and expenditure

Total sector revenue fell by 2.1% to £1.18bn in 2013

Commercial radio revenue and BBC expenditure on radio both fell in 2013, contributing to a 2.1% decline in total industry revenue. This was driven by a fall of 4.4% in commercial radio revenue; national advertising revenues declined by £19m to £203m, and revenue from commercial sponsorship fell by £5m to £93m. Although local radio advertising revenues grew by £1m over the year, commercial revenues overall fell £21m to £454m in 2013. BBC expenditure on radio fell by £4m, equivalent to 0.6%, to £713m.

Total income for the community radio sector, which is included in total radio sector revenues but is not shown on the chart due to scale, increased slightly in 2013, rising from £10.8m to £10.9m.

Figure 3.13   Radio sector revenue: 2008-2013
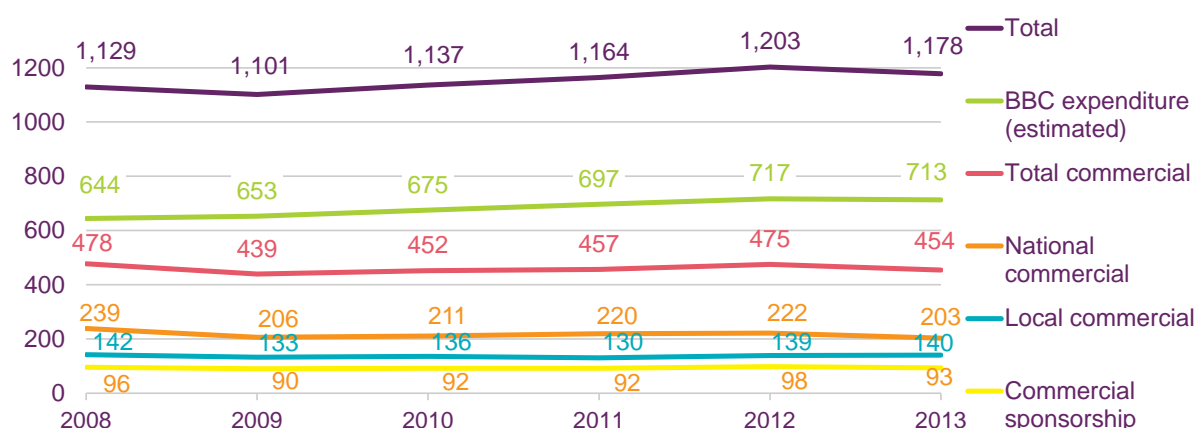
Source: Ofcom / operator data / BBC Annual Reports 2008 to 2013
Note: BBC expenditure figures are estimated by Ofcom based on figures in Note 2c of the BBC Annual Report (www.bbc.co.uk/annualreport); figures in the chart are rounded and are nominal. Total includes community radio, but community radio is not shown on the chart.

Figures from AA/Warc show that commercial radio advertising spend was down on the year from £552.7m to £536.8m, placing advertising spend on radio at a similar level to 2011. During this period radio's share of total advertising spend reduced from 3.3% to 3.1% as total spend on advertising increased. Radio's share of total advertising spend is at its lowest point in six years.

Note that the data set out in Figure 3.14 representing advertising expenditure are sourced from AA/Warc, whereas the advertising income data presented in Figure 3.13 are collected by Ofcom and are net of any agency or production fees.

Figure 3.14   UK radio advertising spend and share of display advertising: 2008-2013
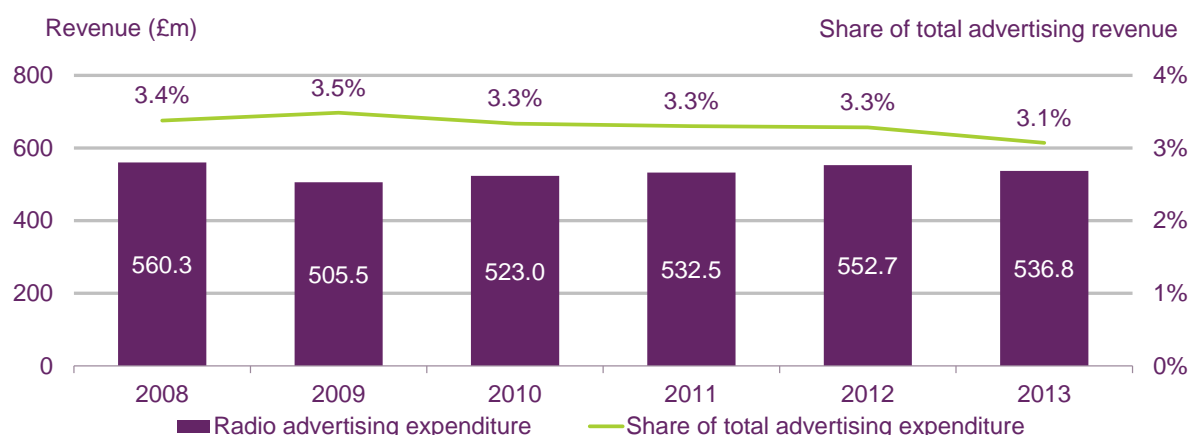
Source: AA/Warc Advertising Expenditure report. Figures are nominal.

Commercial radio revenue per listener has fallen in 2013

Commercial radio revenue per listener fell by 7.9% from £14.29 to £13.16 in 2013. Figure 3.15 is calculated by dividing the net revenue of the commercial broadcasters by the average weekly reach for commercial radio. The increase from 63.5% to 64.9% in commercial radio reach, coupled with the 4.4% decline in commercial revenues, means that revenue per listener has fallen at a faster rate than total commercial revenues.

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Figure 3.15   Commercial radio revenue per listener

£ per listener

	2008	2009	2010	2011	2012	2013
	£15.31	£13.92	£13.74	£13.55	£14.29	£13.16
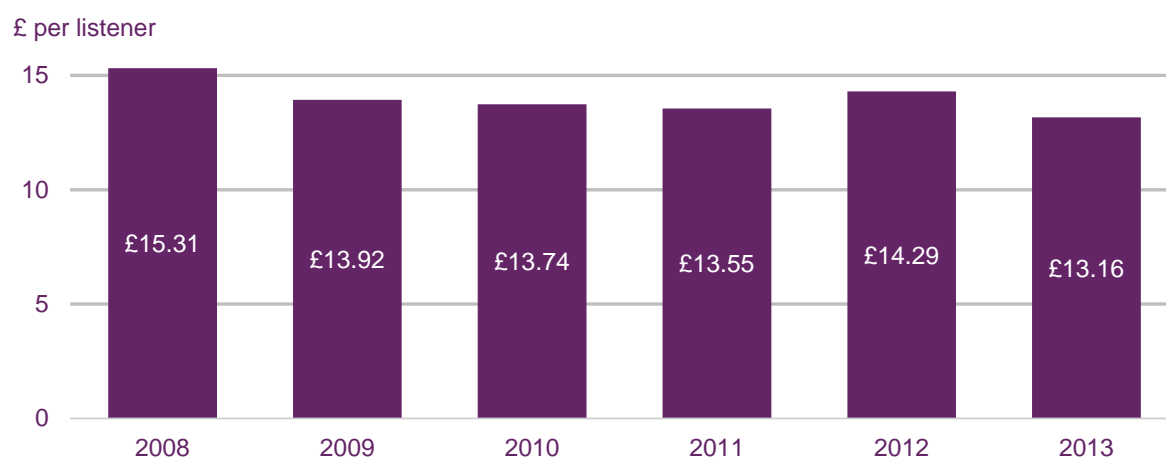
Source: Broadcasters, RAJAR, 2008-2013. Figures are nominal.

3.2.3   Radio sector market shares in 2013

Over the past 12 months two prominent radio station acquisitions have been completed. Bauer Media Group acquired the Absolute Radio group of stations from Times of India Group after approval was given by the Office of Fair Trading in December 2013. This addition is reflected in Figure 3.16. Similarly, Global Group received Competition Commission approval regarding the acquisition of stations from Guardian Media Group, which were being held separately by Real & Smooth Limited. Some of those stations, along with Capital Scotland and Capital South Wales were subsequently divested to Communicorp[41]. Again, this is reflected in the figures in Figure 3.16.

Under a brand licensing agreement, Communicorp has re-launched the Real Radio stations under the Heart brand and has announced plans to re-launch the Smooth stations following the re-introduction of local programming. The two Capital stations will continue to broadcast as Capital Scotland and Capital South Wales, albeit under different ownership.

Global Radio now holds 24.8% of analogue radio licences and remains the UK's largest radio operator in the UK, and Bauer Radio, holder of 14.6% of analogue radio licences, is the second largest. As a proportion of all radio listening, Global Radio has a share of 17.6% while Bauer has a share of 13.4%.

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[41] Real Radio Yorkshire, Real Radio North and mid Wales, Real XS Manchester, Smooth Radio East Midlands, Smooth Radio North East and Smooth Radio North West

Figure 3.16   Number of commercial analogue licences held, by group

Celador Radio 6.5%
UTV 6.1%
UKRD 6.8%
Bauer Radio 14.6%
Global Radio 24.8%
Independent 14.2%
2-5 stations in group 9.5%
6-10 stations in group 17.7%
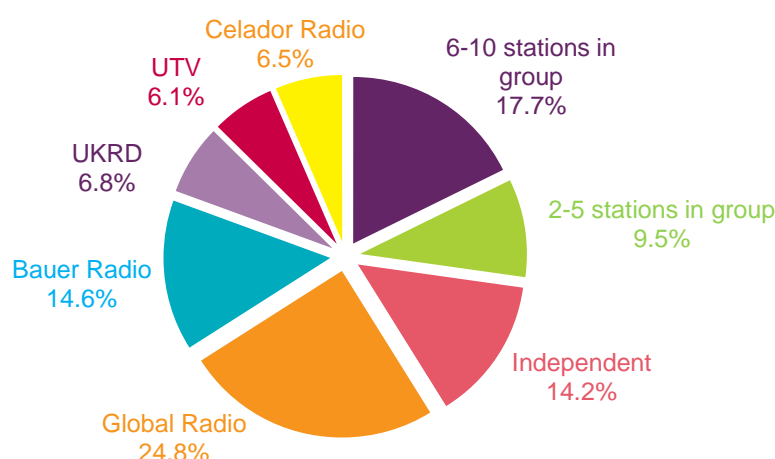
Source: Ofcom, May 2014. The 6-10 station segment includes Communicorp UK

BBC national network radio stations account for just under half of all listening

The BBC's 11 national network stations, available on analogue and digital radio platforms, account for nearly half of all UK radio listening (46.6%). The four commercial radio groups: Global, Bauer, UTV and Communicorp, together make up a further 36.8%. The remaining 16.6% share of weekly radio listening is divided equally between BBC local radio and the remaining local commercial radio licensees, which are measured by RAJAR, the industry currency for measuring radio audiences in the UK.

Figure 3.17   Share of all radio listening hours: Q1 2014

Percentage share of listening hours

Orion, 0.7%
UTV, 3.4%
Communicorp UK, 2.4
Bauer, 13.4%
Global, 17.6%
BBC local/regional, 8.3%
Other, 7.6%
BBC network, 46.6%
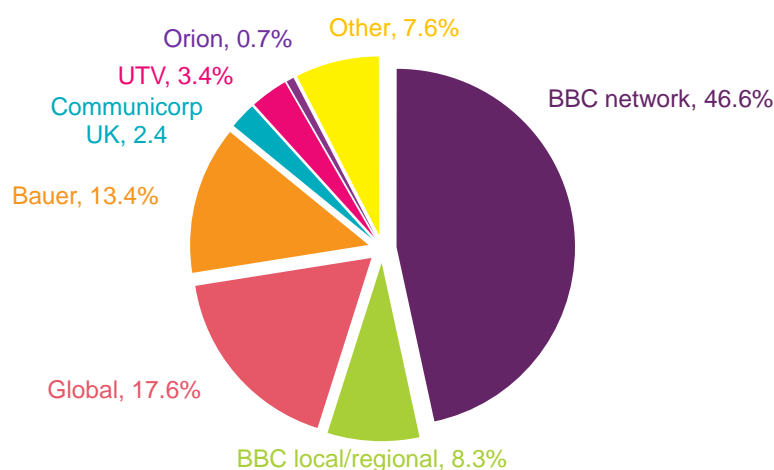
Source: RAJAR, all adults (15+), Q1 2014. Base: National Total Survey Area

Commercial radio reach stands at 64% of UK adults

In an average week in the three months of Q1 2014 the number of adult listeners who tuned in to commercial radio stood at 34.1 million. This was 578,000 more listeners than surveyed for the same period a year ago. Reach was up for the three largest radio groups: Global, Bauer and UTV Radio. Figures shown are for Q1 only (in 2013 and 2014) in order to take

account of the recent operational changes in Communicorp UK, which now controls eight radio stations, and to take into account the acquisition of the Absolute Radio group of services, now controlled by Bauer. In the table below it is worth noting that Communicorp UK which, in common with UKRD, Orion, and Lincs FM Group, does not broadcast nationally. Within the total survey areas covered by these stations, these groups have a significantly higher percentage of audience reach than is shown in Figure 3.18, which is based on the national total survey area of 53.2 million.

Figure 3.18   Commercial radio, by weekly audience reach: Q1 2014

Weekly UK audience reach	39.8%	29.9%	8.6%	6.0%	2.2%	1.2%	1.0%
Annual change in reach*	+2.7pp	+3.6pp	0.3%	0	+0.1	0	0
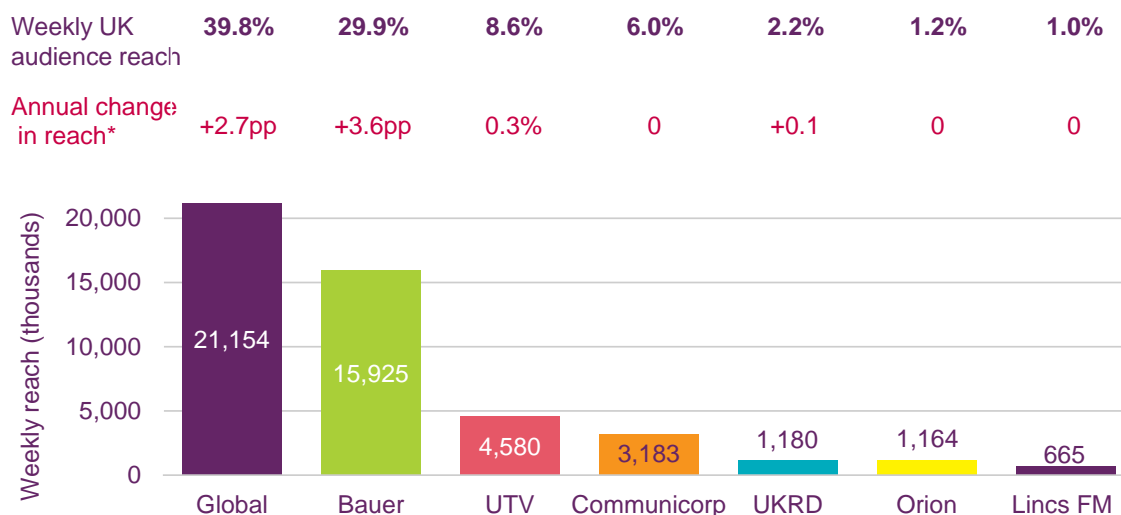
*Source: RAJAR, all adults (15+), Q1 2014. Base: National Total Survey Area * Q1 '13 and Q1 '14. UKRD figures include The Local Radio Company*

3.2.4   BBC radio services

In the 12 months to Q1 2014, BBC radio reached 67.1% of all adults in an average week; the BBC services have a combined 54.5% share of all radio listening. The cost of these services was £649.6m, including content spend, distribution and support, but excluding BBC-wide overheads. Total content spend was £480.7m. The BBC serves listeners mostly through its ten UK-wide, networked services (including five digital-only stations) and the BBC World service. The BBC also delivers local and regional services in England and Northern Ireland and national stations in Scotland and Wales.

BBC Radio 2 is the UK's most listened-to radio service

With a 0.9pp increase in reach compared with the previous year, BBC Radio 2 is still the most listened-to radio service in the UK, with 15.36 million listeners. The proportion of UK adults listening to BBC Radio 1 fell, and is now at 20.3%, compared to 20.9% a year ago. As a result of 0.3pp growth, BBC Radio 4 now has 219,000 more listeners than Radio 1. Digital-only service BBC 6 Music, broadcasting "current releases outside the mainstream with earlier recordings"[42] reaches nearly as many listeners (3.5%) as FM analogue and digital networked service BBC Radio 3 with its "classical music and speech-based programming"[43] (3.8%). Just 193,000 listeners now separate these two services in terms of ranking.

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[42] BBC 6 Music service licence April 2014
[43] BBC Radio 3 service licence April 2014

Figure 3.19   Weekly reach of BBC stations: Q1 2014

Average weekly listening (% UK adults), and year on year change

Year on year percentage point change

Station	Reach	Year on year percentage point change
BBC Radio 2	28.9%	+0.9
BBC Radio 4	20.8%	+0.3
BBC Radio 1	20.3%	-0.6
BBC Local/Regional	17.6%	0
BBC Radio 5 live	11.6%	-0.2
BBC Radio 3	3.8%	-0.2
BBC 6 Music	3.5%	+0.3
BBC Radio 4 Extra	3.1%	-0.1
BBC World Service	2.6%	0
1Xtra from the BBC	2.1%	+0.1
BBC 5 live Sports Extra	1.9%	+0.1
BBC Asian Network UK	1.1%	+0.1

Source: RAJAR, all adults (15+), year ending Q1 2014

Spend on BBC radio content fell by 1.5% year on year

BBC spending on radio content (as opposed to radio expenditure overall) fell by 1.5% to reach £480.7m. This follows an increase of 2.7% in the previous year. BBC 1Xtra saw the greatest proportional decline in expenditure, falling by 25.3% to £6.6m. In absolute terms BBC Radio 5 Live had the greatest reduction in budget: £5.8m (-10.5%). Spend on content for BBC local radio grew by 0.6%, a smaller increase than the 1.8% the previous year; total spending on local radio stations has now reached £115.4m. BBC Radio 4's annual expenditure of £91.8m is the highest of any BBC station, and was up £700,000 on the year. There were small changes for the BBC's nations' and regions' services. BBC Radio Ulster/BBC Foyle saw an 2.4% increase on the year, while BBC Radio Scotland, BBC Radio Wales and BBC Radio Cymru saw reductions of 2.6%, 3.3% and 6.4% respectively.

Figure 3.20   BBC Radio stations' spend on content: 2013-2014

Cost (£m)

% change year
on year

Station	Cost (£m)	% change
BBC Local Radio	115.4	0.6%
BBC Radio 4	91.8	0.8%
BBC Radio 5 Live	49.2	-10.5%
BBC Radio 2	47.8	0%
BBC Radio 3	40.8	6.5%
BBC Radio 1	40.2	-1.2%
BBC Radio Scotland	22.6	-2.6%
BBC Radio Ulster/BBC Radio Foyle	17.4	2.4%
BBC Radio Wales	13.4	-3.6%
BBC Radio Cymru	11.7	-6.4%
BBC 6Music	7.9	6.8%
BBC Asian Network	6.6	-20.5%
BBC 1Xtra	5.6	-25.3%
BBC 4 Extra	4.1	2.5%
BBC Radio nan Gàidhael	3.8	0%
BBC Radio 5 Live Sports Extra	2.4	-11.1%

Source: BBC Annual Report 2013-14

3.2.5 Radio licences

Broadcasting a commercial radio service requires two types of licence from Ofcom: a Broadcasting Act licence and a Wireless Telegraphy Act licence. The Broadcasting Act licence has regard to the content broadcast by the licensee and the area that the service must cover, and the other has regard to technical parameters. BBC services are licensed by Ofcom under a Wireless Telegraphy Act licence but not a Broadcasting Act licence.

In total, 291 analogue local commercial radio licences are on issue; 237 on FM and 54 on AM. Changes in regulation have allowed individual licensed services to share programming between licences, excepting key times such as breakfast and afternoon drive-time slots. This has led to the development of common brands, allowing quasi-networks to emerge, such as Global's Capital and Heart services. The Kiss FM brand is also able to network all its content across licences in multiple areas in return for simulcasting the same services UK-wide on DAB.

For the services which share the same content between licences serving different areas, these stations are required to deliver local news stories. Each licence remains separate administratively, and those whose holders do not broadcast on a 'relevant' DAB multiplex periodically fall due for re-advertisement.

The sector has three national analogue commercial radio stations: Classic FM, and, on AM, talkSPORT and Absolute Radio. These stations also broadcast nationally on DAB using the Digital One multiplex, which also carries 11 other services. Digital One covers most of the UK, and during 2013 the company extended its coverage to reach 74% of Northern Ireland residents.

The process of licensing DAB radio differs from other licences, because of the way this type of digital radio is transmitted. Each multiplex is licensed by Ofcom and these multiplexes, one national and 50 local, can each carry about ten individual programme services.

Ofcom remains active in awarding and issuing community radio licences. These services are small-scale and operate on a not-for-profit basis, targeting specific communities and delivering 'social gain' to the people they serve. The third round of community radio licence

awards continues on a region-by-region basis. We have recently awarded licences in Yorkshire and the North West, and have invited applications from the Midlands.

The BBC Trust issues service licences to its radio stations at the national, regional and local level; these set out the characteristics of the service along with its objectives and the station's contribution to public value. The station's performance is measured against the service licence by the BBC Trust.

Figure 3.21   Analogue UK radio stations broadcasting: May 2014

Type of station	AM	FM	AM/FM total
Local commercial	54	237	291
UK-wide commercial	2	1	3
BBC UK-wide networks	1	4	5
BBC local and nations*	35	46	46
Community radio	7	208	215
TOTAL	**99**	**496**	**560**

*Source: Ofcom, May 2014. Note: the conditions of each licence will determine the amount of programming that may be shared between these licensed services. Here we have taken the view that a service providing at least four hours a day of separate programming (even if the same brand has other services) equals one service. * Includes simulcasts.*

3.2.6 Community radio

Between 2008 and 2013 there has been a decline in income

Over the past five years, the average income for community radio has fallen from £84,000 to £55,500 per year. This represents a 33.9% decline over this period. However, the annual rate of decline in average income has slowed to -2.7% for 2013. Median income (the value at the mid-point in the distribution of incomes) now stands at £33,250 per year, a 5.6% fall compared to a 13.1% fall the previous year.

Please note that these figures should be treated with caution. The number of services eligible to submit financial reports changes each year, so each annual set of figures is not directly comparable to the previous year. For example, the figures for 2012 are based on reports from 190 licensees; in 2013, from 196 licensees.

Figure 3.22   Average income for community radio stations: 2008-2013

Income	2008	2009	2010	2011	2012	2013
Average (mean) income	£84,000	£75,500 (-10.2%)	£65,750 (-12.9%)	£60,250 (-8.3%)	£57,000 (-5.4%)	£55,500 (-2.7%)
Median income	£53,750	£46,750 (-15.0%)	£42,500 (-7.14%)	£40,500 (-4.8%)	£35,250 (-13.1%)	£33,250 (-5.6%)

Source: Ofcom analysis of community broadcasters' returns
Note: The data collection period changed from the financial year to the calendar year, as of 2011. Data from previous years have been adjusted to reflect this. Figures are rounded.

In 2013, 15 community radio stations reported an average income in excess of £101,000

Figure 3.23 shows that 14% of community radio stations are now reporting an average income of more than £100,000, an increase from 8% in 2012. Although there are a greater proportion of stations reporting average income at the upper end of the scale, there are also an increased number of stations reporting an average income of £20,000 or below; 36% compared with 28% in 2012.

Figure 3.23   Distribution of total income levels across the community radio sector
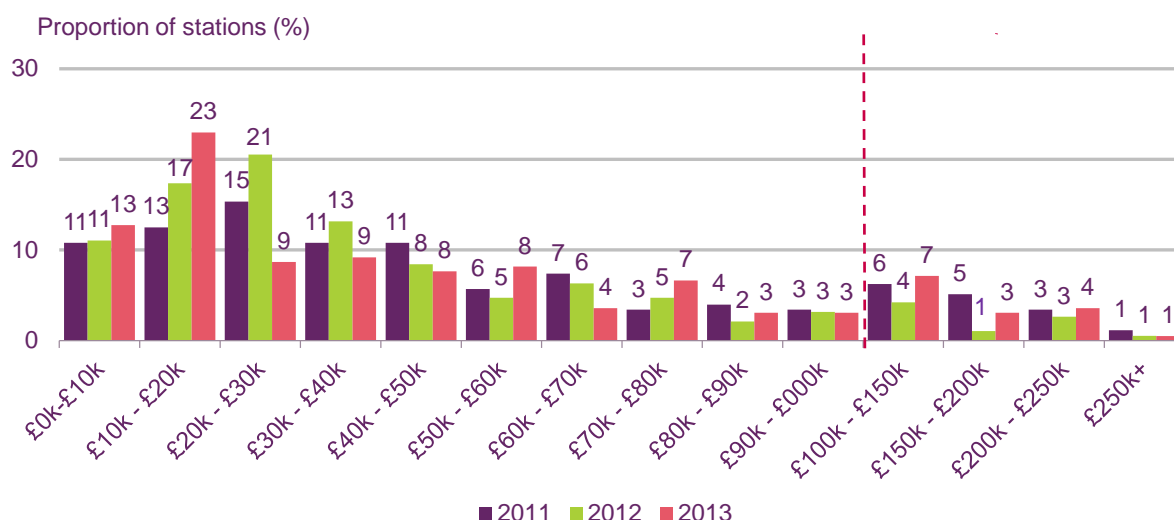
Source: Ofcom analysis of community broadcasters' returns. Figures rounded.

One-quarter of community radio stations' income comes from grants

Looking at the sources of average station income, 'other' now represents the largest source (26%) after on-air advertising (30%). 'Other' includes income from the provision of training and fundraising, events and merchandising income, for example. Grants make up the third largest income source (25%). This segment continues to reduce, falling 4pp year on year for the past two years (29% of total income in 2012 vs. 33% in 2011). The level of donations in 2013 represents a return to the same proportion as in 2011. There was a further reduction in revenue from service level agreements (SLAs) which is down by 1pp to 6%.

Figure 3.24   Community radio income, by source

Community radio stations' income 2013

Income by type
The average community
radio station income
was around £55,500

Pie chart:
- On-air advertising 30%
- Grants 25%
- SLAs 6%
- Donations 13%
- Other 26%
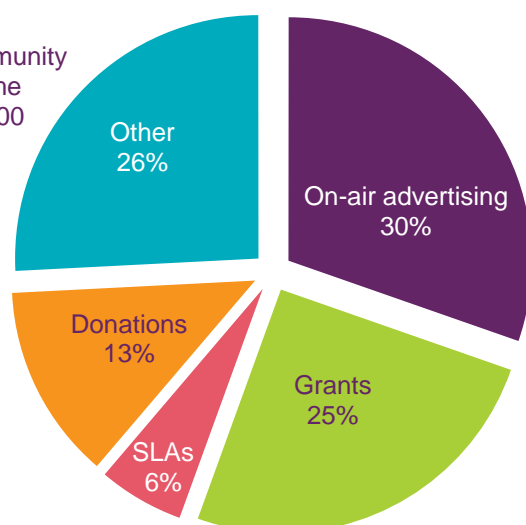
Source: Ofcom analysis of community broadcasters' returns. Figures are rounded.

Ethnic minority stations have the highest average income

In 2013 community radio stations serving ethnic minorities achieved the highest level of average income (£72,750) followed by stations serving religious groups (£71,250) and stations covering urban areas (£71,000). Ethnic stations received 45% of their income from on-air advertising, while on average 34% of religious stations' income came from donations. Urban stations received 40% of their income from grants.

Figure 3.25   Average income, by type of community served

Legend:
- Other
- Donations
- SLAs
- Grants
- On air advertising and sponsorship

	Sector average (196 stations)	Geographic town/rural (82)	Geographic urban (29)	Minority ethnic (29)	Military (10)	Religious (13)	Youth (21)
Total	£55,500	£37,000	£71,000	£72,750	£38,750	£71,250	£50,500
Other	26%	22%	25%	23%	100%	30%	36%
Donations	13%	9%	11%	12%		34%	
SLAs	6%					6%	
Grants	25%	27%	40%	17%			31%
On air advertising	30%	38%	22%	45%		25%	21%
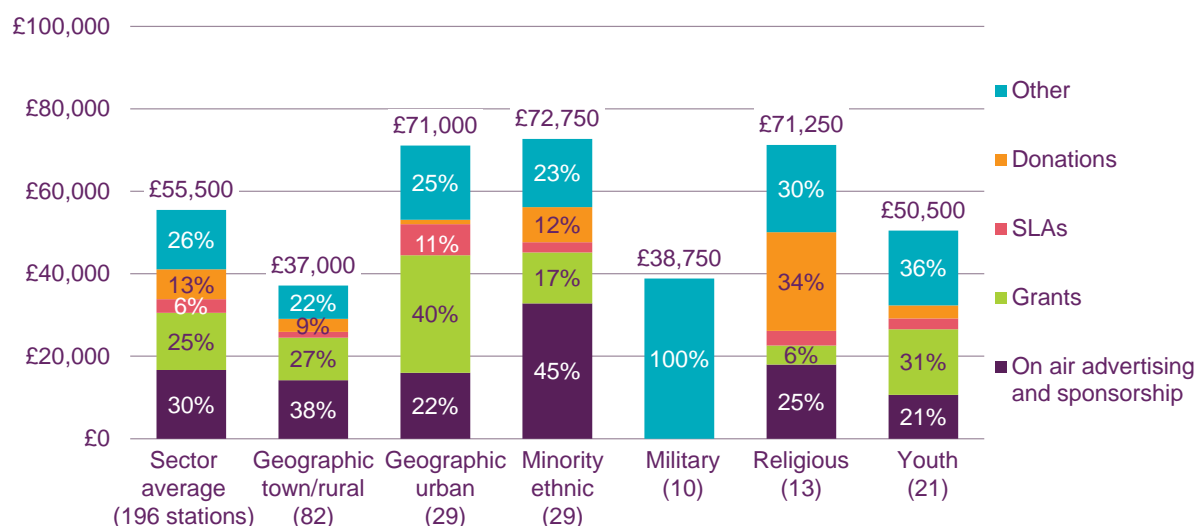
Source: Ofcom analysis of community broadcasters' returns. Figures are rounded.

The average expenditure for a community radio station was £55,000 in 2013

Average expenditure for community radio services was £55,000; down 5% from £58,000 in 2012. Comparing this with Figure 3.25 above, we see that average income is £500 per annum greater than expenditure. Expenditure totals do not always correlate directly with broadcast operating costs, as some community radio services receive revenue to provide aspects of social gain, such as providing training. A fall in grant funding to train people may not necessarily impact directly on the station's broadcasting function in the short term.

Figure 3.26   Average expenditure of community radio stations: 2008-2013

Expenditure	2008	2009	2010	2011	2012	2013
Average (mean) expenditure	£86,500	£76,500 (-11.4%)	£67,000 (-12.3%)	£64,250 (-4.1%)	£58,000 (-9.7%)	£55,000 (-5.0%)
Median expenditure	£55,000	£52,250 (5.3%)	£43,000 (-17.5%)	£41,000 (-4.9%)	£35,500 (-15.4%)	£35,750 (2.7%)

Source: Ofcom analysis of community broadcasters' returns
Note: The data collection period changed from the financial year to the calendar year as of 2011. Data from previous years have been adjusted to reflect this. Figures are rounded.

Staff costs represent the greatest share of community radio expenditure

Although community radio depends greatly on volunteers (the average service relies on 82 volunteers) almost half of all expenditure is represented by the cost of paid staff. Year on year, there was very little change in the proportions allocated to staff, premises, administration and marketing, technical and 'other'.

Figure 3.27   Community radio expenditure, by type

Community radio station expenditure 2013

Expenditure by type
The average community radio station income was around £55,000

Other 18%
Technical 9%
Admin and marketing 11%
Premises 13%
Staff 49%
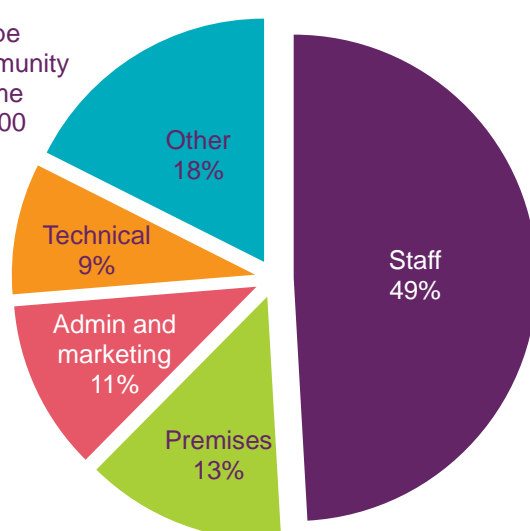
Source: Ofcom analysis of community broadcasters' returns. Figures are rounded.

Proportions of expenditure vary according to the type of community served, but expenditure allocated to premises, and technical costs (which include audio and transmission-related engineering costs), tend to be similar regardless of the type of community served. Stations

serving military communities had the highest proportion of their expenditure accounted for by staff costs (81%), followed by stations serving urban areas (58%).

Figure 3.28   Average expenditure, by type of community served
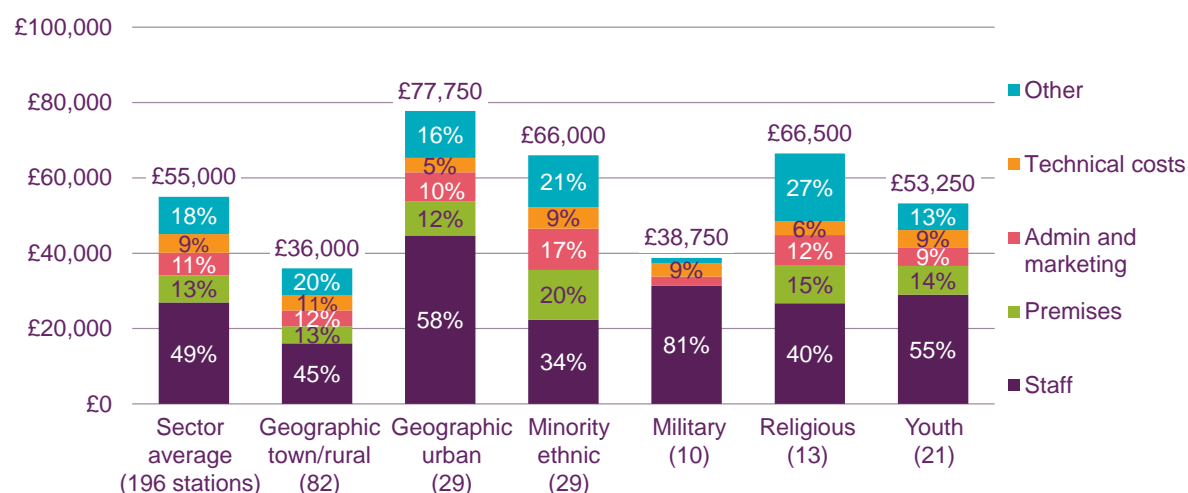
Source: Ofcom analysis of community broadcasters' returns. Figures are rounded.

Over a full broadcast week of 168 hours, a typical community radio station broadcasts live for 78 hours, with an average 90 hours per week of originally-produced output. A 24-hour service is not required from community radio stations. Speech output averages 30% of daytime output.

Figure 3.29   Community radio hours and volunteers

	Sector average
Total live hours per week	78
Total original hours per week	90
Speech output as a percentage of total daytime output	30%
Number of volunteers	82

Source: Ofcom analysis of community broadcasters' returns

3.2.7 Recorded music revenues

Recorded music revenues from streaming subscriptions increased by 33.7% year on year

Data provided by the Entertainment Retailers' Association / Official Charts show little year-on-year change overall in recorded music revenues (£1,048m in 2012 vs. £1,043m in 2013). Within this figure, the amount of revenue from subscription streaming has grown by 33.7% and now exceeds £100m.

Figure 3.30   Recorded music retail revenues: 2011-2013
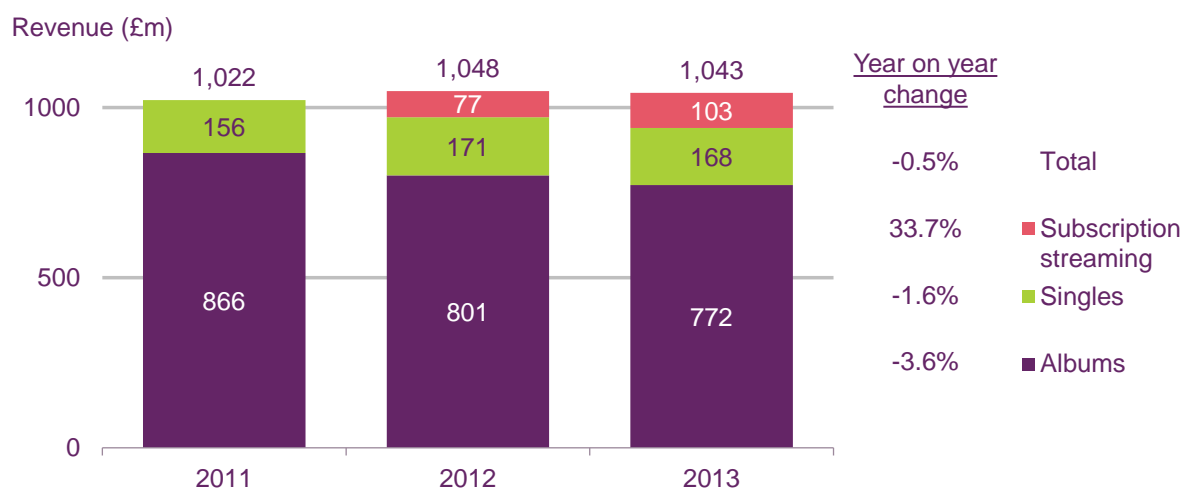
Source: Entertainment Retailers' Association / Official Charts. Figures are nominal

Streaming subscriptions now account for one-third of digital revenues

While total recorded music revenue has stayed broadly stable over the past three years, the proportion of total revenues accounted for by physical formats has fallen from two-thirds (67%) in 2011 to just over half (52%) in 2013.

Within the 48% accounted for by digital sales in 2013, one-fifth (21%) was made up of streaming revenues, one-third (33%) from singles, and the remaining 47% from album sales.

Figure 3.31   Distribution of recorded music revenues: 2011-2013
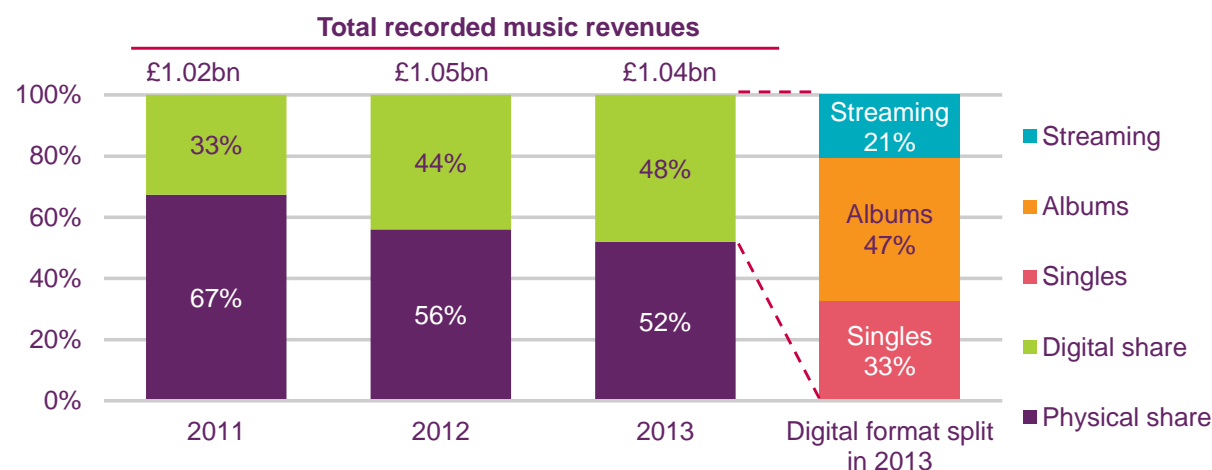
Source: Entertainment Retailers' Association / Official Charts
Note: This chart does not include revenues from music videos

The number of digital singles sold declined for the first time in 2013

After four years of growth, sales of music singles in a digital format declined by 3.4% in 2013. Over the past five years, the number of physical albums sold has fallen by 46% while the number of digital albums sold has doubled (16.1% in 2009, 32.6% in 2013). Album sales overall have declined by 28%.

Figure 3.32   Recorded music sales, by volume: 2009-2013

Sales volumes (million units)
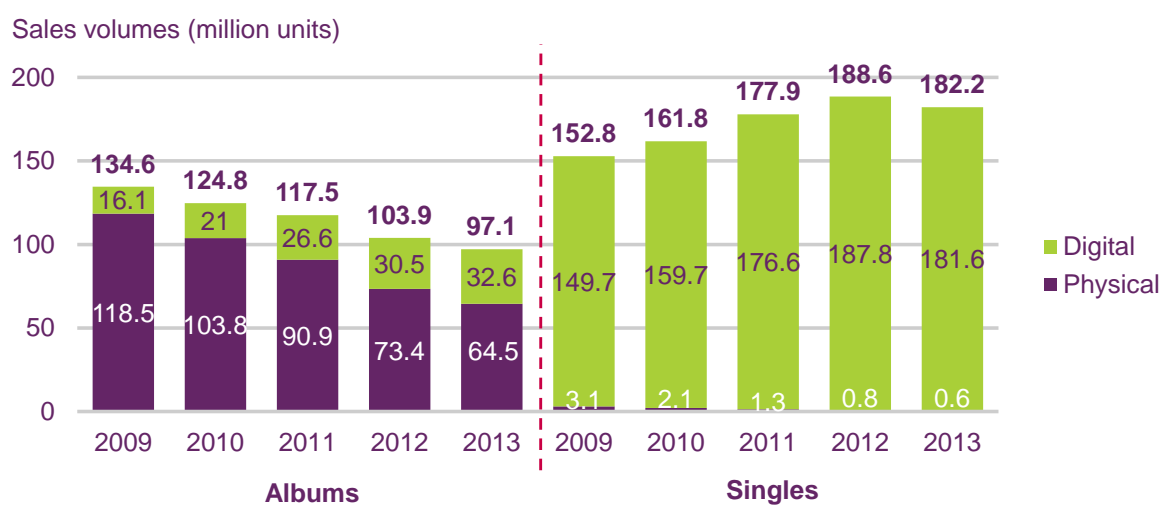
Source: Entertainment Retailers' Association / Official Charts

3.3 The radio and audio listener

3.3.1 Introduction

The following section examines how patterns of radio and audio listening have changed in the UK, both in the past year and over the longer term. It uses audience data to analyse listening by sector and by age group, as well as drawing on consumer research.

Key points in this section include:

- **On average, 90.4% of the adult population tuned in to radio in 2013.** According to RAJAR, over the past six years the reach of radio remains practically unchanged. However, the average hours spent listening, by listeners of all ages, is falling.

- **Average time spent listening to radio per listener has fallen.** For the first time since 2009, a year-on-year decline in the amount of time spent listening to radio has been measured across all age groups.

- **Digital platforms' share of total radio listening has doubled since 2008.** Standing currently at 36.6% (Q1 2014), the share of listening via a digital platform has increased from 17.8% in Q1 2008.

- **In terms of popularity, the BBC's and Bauer Radio's services reach more digital listeners.** Among those providing national digital radio services, the BBC's 6 Music and Absolute 80s showed significant growth (percentage change year on year: +11% and +27% respectively).

- **In Q1 2014 there were 213 million requests to listen to radio on BBC iPlayer.** The use of BBC iPlayer to listen to radio has increased year on year. In each quarter there were at least 200 million requests, peaking in Q3 2013 at 220 million. One-fifth (20%) of requests in March 2014 came from mobile devices, such as tablets and smartphones

- **The number of subscribers to on-demand music services grew by 49% in 2013.** There were more than 2 million subscribers to on-demand music services in the UK by the end of 2013, representing an increase of 48.9% on the previous year.

3.3.2 Weekly radio listening in the UK

On average, 90.4% of the adult population tuned in to radio in 2013

Radio continues to reach as many listeners as it did six years ago. Between 2008 and 2013 almost the same percentage of adults chose to tune in every week. While the reach of BBC radio has remained broadly the same since 2008, the proportion of the UK population who listen to national commercial stations has increased.

Figure 3.33   Reach of radio, by sector
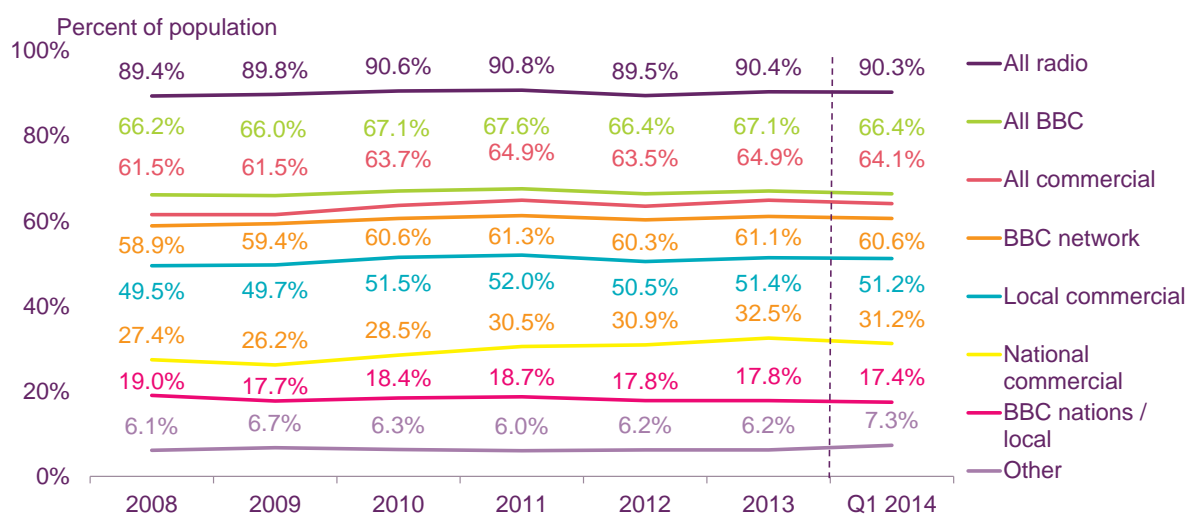
Source: RAJAR, All adults (15+), calendar years 2008-2013, Q1 2014

There has been little change in listening shares

The share of listening hours accounted for by each sector within UK radio has remained relatively stable since 2008. Just over half (54.9%) of all listening is to BBC stations, with the majority of this from the BBC's UK-wide network stations.

Figure 3.34   Share of listening hours, by sector
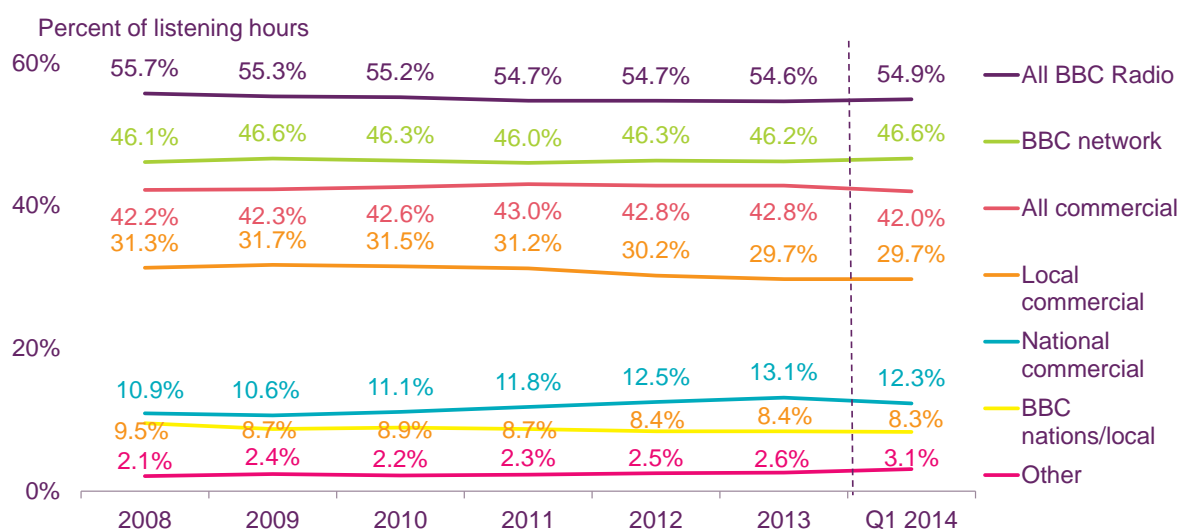
Source: RAJAR, All adults (15+), calendar years 2008-2013, Q1 2014

Weekly listening hours, across all age groups, are declining

While radio reaches the same percentage of adults in the UK, the amount of time spent listening to radio is shrinking. The average time each listener spends listening to radio has fallen from 24.3 hours per week in 2003 to 21.5 in 2013. The decline among those aged 15-24 and 24-34 has been the most rapid, but there are now signs of a reduction in listening hours among those aged between 55 and 64. The average amount of time this age group spent listening to the radio fell from 26.9 hours per week in 2003 to 24.5 in 2013.

234

Figure 3.35   Weekly listening hours, by age group: 2003-2013

Average hours listened per week
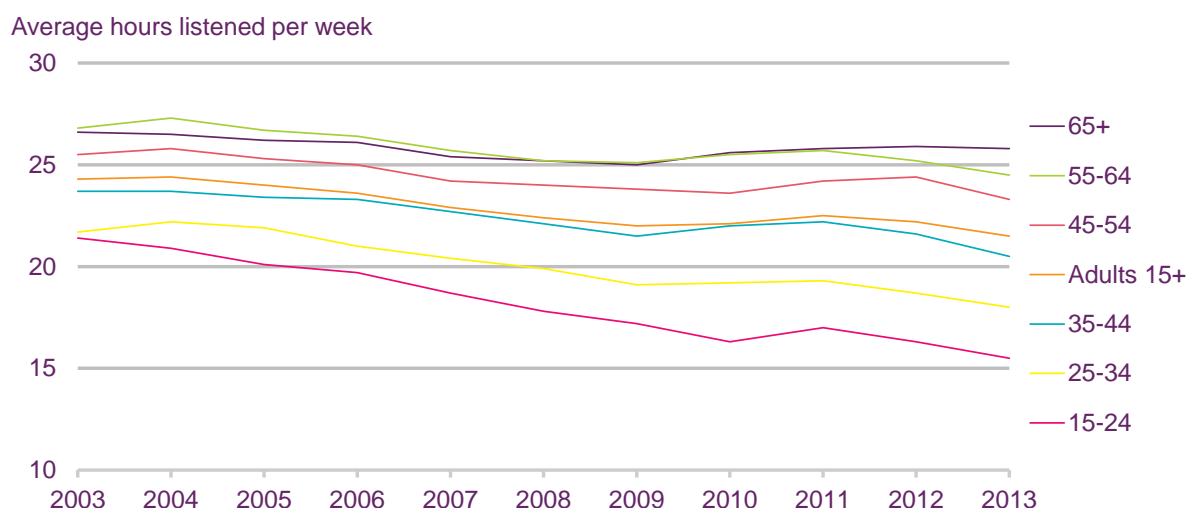
Source: RAJAR, average weekly listening per listener, 2001-2013

The fall in time spent listening to radio per week is greater among younger listeners

The fall in average weekly listening among all adult listeners between 2008 and 2013 is 54 minutes: from 22.4 hours to 21.5 hours per week. Listeners aged 15-24 listen for 2 hours 18 minutes per week less in 2013 than they did in 2008, a fall of 12.9%. Figure 3.36 shows that the decline in average listening hours reduces across the age groups up to the age of 64. For those aged 65+, there has been an increase in average listening hours.

Figure 3.36   Percentage change in time spent listening, by age group: 2008 and 2013

Percentage change in average weekly listening hours
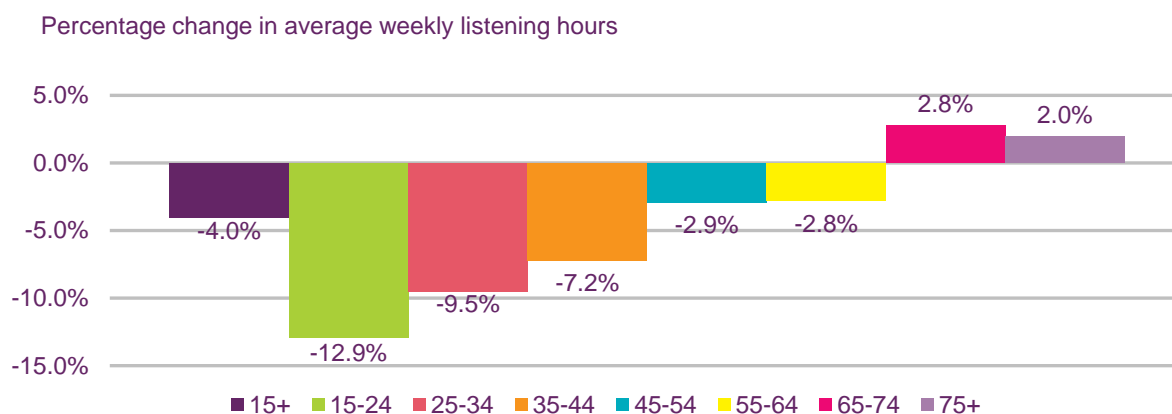
Source: RAJAR, all adults 15+. Calendar years 2008 and 2013

Local commercial radio accounts for the biggest fall in time spent listening

Both commercial radio and BBC radio have seen a decline in the time spent listening to their services. The most pronounced decline between 2008 and 2013 was in the local commercial radio sector (-11.8%). This was followed by the BBC local and nations' sector, with a decline of 8%.

The national commercial radio sector showed the smallest level of decline (-1.3%). This may be due to the increase in the number of national commercial radio services during this period.

Figure 3.37   Percentage time spent listening, by sector: 2008 and 2013

Percentage change in average listening hours

■ All radio ■ All BBC ■ BBC network ■ BBC local/nations ■ All commercial ■ National commercial ■ Local commercial
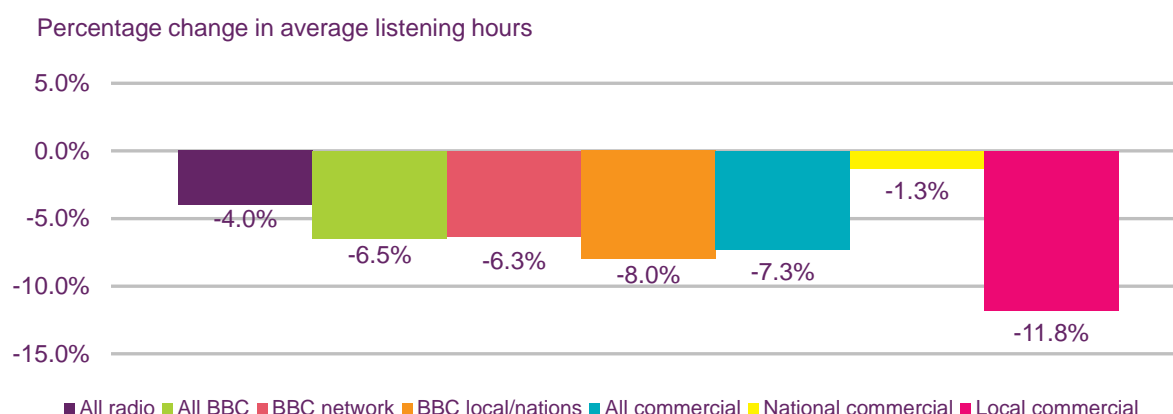
Source: RAJAR, all adults 15+. Calendar years 2008 and 2013

The over-35 age group are the biggest radio consumers

The profile of radio listening by age, gender and socio-economic group remains broadly unchanged year on year, although, as indicated in Figure 3.36, there is evidence of a more pronounced decline among the under-34s and a steady decline in some other age groups. Men still consume around 10% more radio than women, and those in the socio-economic groups C2, D and E consume approximately 12% more radio that those in the A, B and C1 groups.

Figure 3.38   Average weekly listening, by demographic: year ending Q1 2014

Weekly listening hours
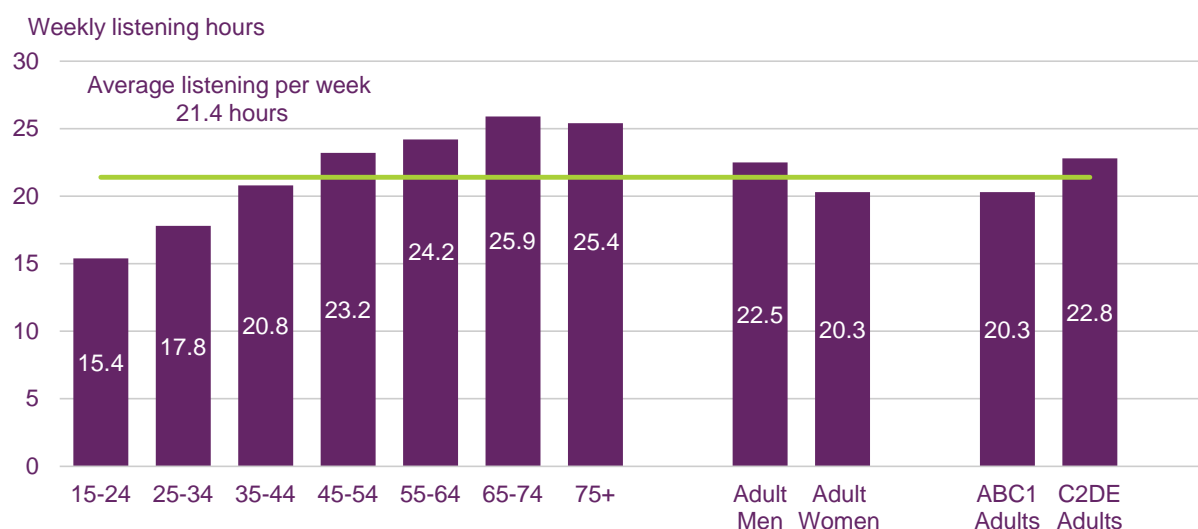
Source: RAJAR, all adults (15+), year ending Q1 2014, average weekly listening hours per listener

The majority of radio listening happens at home

Over half (62%) of all radio listening takes place at home. Just over a fifth (21%) of listening is 'in-vehicle'. The split of listening by location has changed very little year on year.

Figure 3.39   Location of listening, year to Q1 2014

- Home
- In-vehicle
- Work/elsewhere
- Not stated

1%
16%
21%
62%
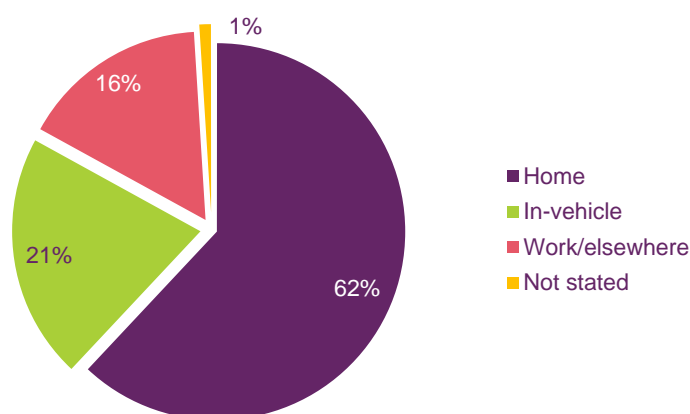
Source: RAJAR, year ending Q1 2014, all adults 15+

3.3.3 Digital radio listening trends

The share of listening accounted for by digital platforms has doubled since Q1 2008

Between Q1 2008 and Q1 2014 the share of digital listening has doubled, rising from 17.8% to 36.6% in 2014. Within this figure, DAB accounts for two-thirds of digital platform listening. Over the same period listening via an analogue receiver has declined; it now stands at 57.8%, down by 14.9pp over the seven-year period.

Figure 3.40   Share of listening hours across analogue and digital platforms

- Digital
- Unspecified
- Analogue

	Q1 2008	Q1 2009	Q1 2010	Q1 2011	Q1 2012	Q1 2013	Q1 2014
Digital	17.8%	20.1%	24.0%	26.5%	29.2%	34.3%	36.6%
Unspecified	9.5%	12.5%	9.3%	8.1%	7.7%	5.1%	5.6%
Analogue	72.7%	67.5%	66.7%	65.4%	63.1%	60.5%	57.8%
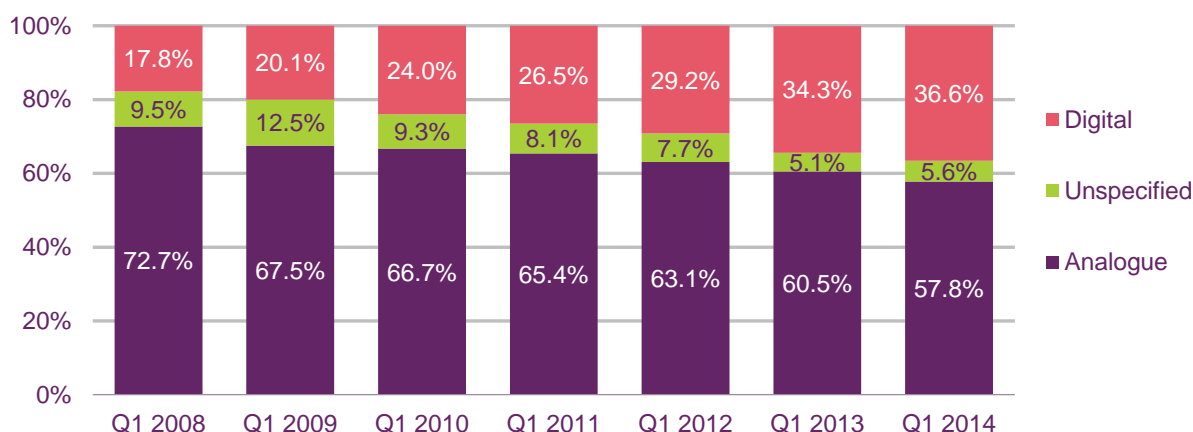
Source: RAJAR, all adults (15+), data relates to Q1 results as shown. Note: 'Unspecified' relates to listening where the radio platform was not confirmed by the listener.

National commercial radio has the highest share of listening via digital platforms

Over a third (36%) of all radio listening across the UK is now via a digital platform. Of the various radio sectors, BBC local/nations radio had the highest level of listening via analogue (72%) due to age demographics, and to restricted access to local DAB multiplexes as roll-out continues.

National commercial radio listening recorded the highest level of digital listening (62%). This high proportion is because there are a larger number of national commercial radio services

and many of them are available only on a digital platform. The BBC has four nationally available digital-only channels. The music-led service Absolute Radio, which started out as an analogue AM radio station, now attracts a high proportion of listeners via digital platforms (71%), possibly as listeners seek a higher quality listening experience than that offered by AM.

Figure 3.41   Platform split by sector and station: Q1 2013
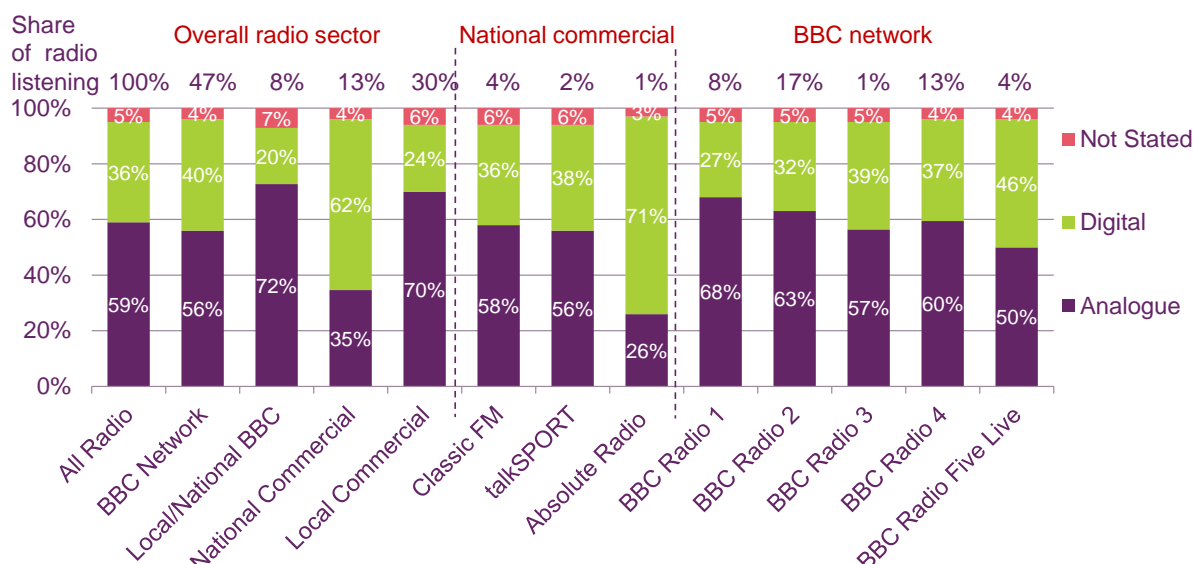
Source: RAJAR, year ending Q1 2014, adults 15+

Bauer Radio's 'long tail' competes with BBC Radio

The most popular digital-only radio service is BBC 6 Music, which over the past 12 months reached 1.8 million listeners in an average week. BBC 6 Music was followed by BBC 4 Extra (1.6 million listeners). Although not strictly a digital-only radio station, the third most popular station, the BBC World Service, (also broadcast via BBC Radio 4 during the night) attracted 1.4 million listeners.

The most listened-to commercial radio service was Absolute 80s, with a weekly reach of 1.2 million listeners. Consolidation in the commercial radio sector over the past year has left Bauer Radio, which acquired Absolute Radio, as the only commercial radio group in Figure 3.42. The ten separate Bauer services, as seen in the chart below, make up a 'long tail' when compared to the BBC services. During the past 14 months two Bauer radio brands were launched and appeared in RAJAR: Kisstory[44], derived from the Kiss FM brand, and playing "old skool and anthems" reached 700,000 listeners in its first year, while another Kiss derivative, Kiss Fresh (formerly Smash Hits), playing "non-stop new beats" [45], reached 600,000 listeners in a typical week.

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[44] Bauer Radio May 2013
[45] Bauer Radio May 2013

Figure 3.42   Most popular digital stations: Q1 2014

Average weekly reach Q1 2014 (millions)   % change year on year
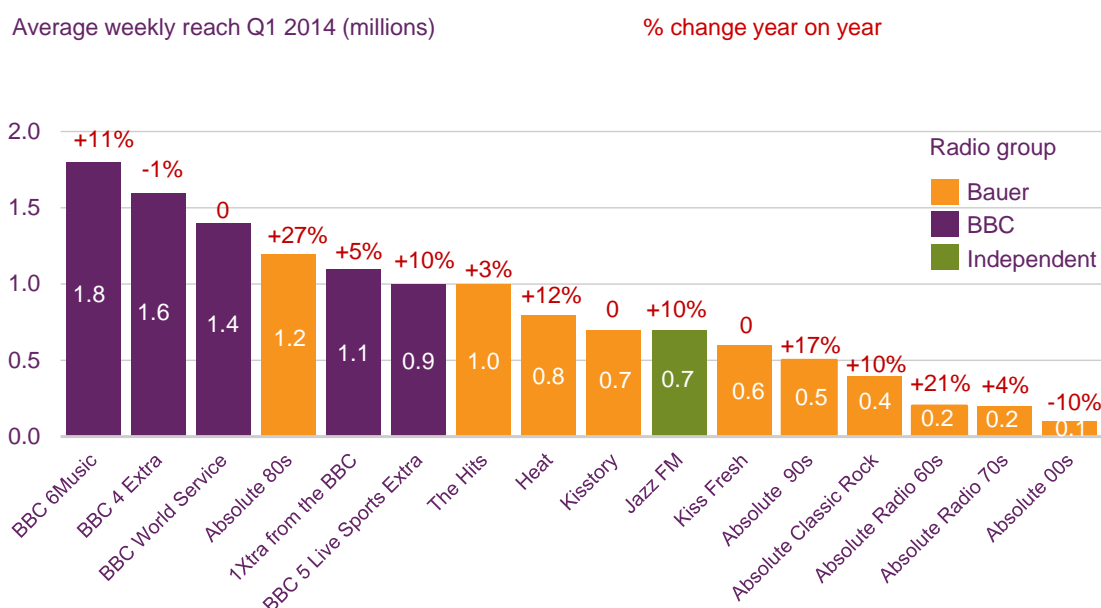
Source: RAJAR, year ending Q1 2014 adults 15+. Kisstory simulcasts for one hour per day on the parent service Kiss UK.

3.3.4 Listening patterns, by nation

While, as might be expected given its relatively large population, listening in England remains close to that reported for the UK as a whole, listening patterns in Scotland, Wales and Northern Ireland vary from the UK average.

- In **Scotland**, radio services reached 85.9% of adults. This is the lowest reach of all the UK nations and 4.5pp lower than the UK average (90.4%). On average, adult radio listeners in Scotland listened to 20.6 hours of radio per week. Although higher than in Northern Ireland, adults in Scotland listened to radio for fewer hours than England and Wales (21.6 and 21.7 hours respectively) and the UK average (21.4 hours).

- In **Wales**, radio services reached 95.4% of the adult population. This is 5pp above the UK average (90.4%) and represents the largest reach of radio of all the nations. Listeners in Wales also listened to radio the longest, compared with other UK nations, at 21.7 hours per week on average.

- In **Northern Ireland** during an average week in 2013 radio services reached 88.9% of adults. This is less than the UK average by 1.5pp and is lower than in England and Wales (90.4% and 95.4% respectively). Adults in Northern Ireland spent the least time listening to radio of all the UK nations, at 19.8 hours of average weekly listening. This is 1.6 hours below the UK average, and 0.8 hours less than Scotland, despite radio in Northern Ireland having a higher reach than in Scotland.

- In **England** the listening pattern has changed little year on year. Reach was up 0.8pp while average hours fell back from 22.2 hours to 21.6 hours.

Figure 3.43   Share of listening hours, by nation

Listening hours share

	England	Scotland	Wales	Northern Ireland	UK TOTAL
Other	2%	4%	3%	12%	3%
Local/Nations Commercial	30%	37%	24%	34%	30%
UK Commercial	13%	14%	12%	10%	13%
BBC Local/Nations	8%	8%	10%	21%	8%
BBC Network	47%	37%	51%	24%	46%
Average weekly listening	21.6 hours	20.6 hours	21.7 hours	19.8 hours	21.4 hours
Reach	90.4%	85.9%	95.4%	88.9%	90.4%
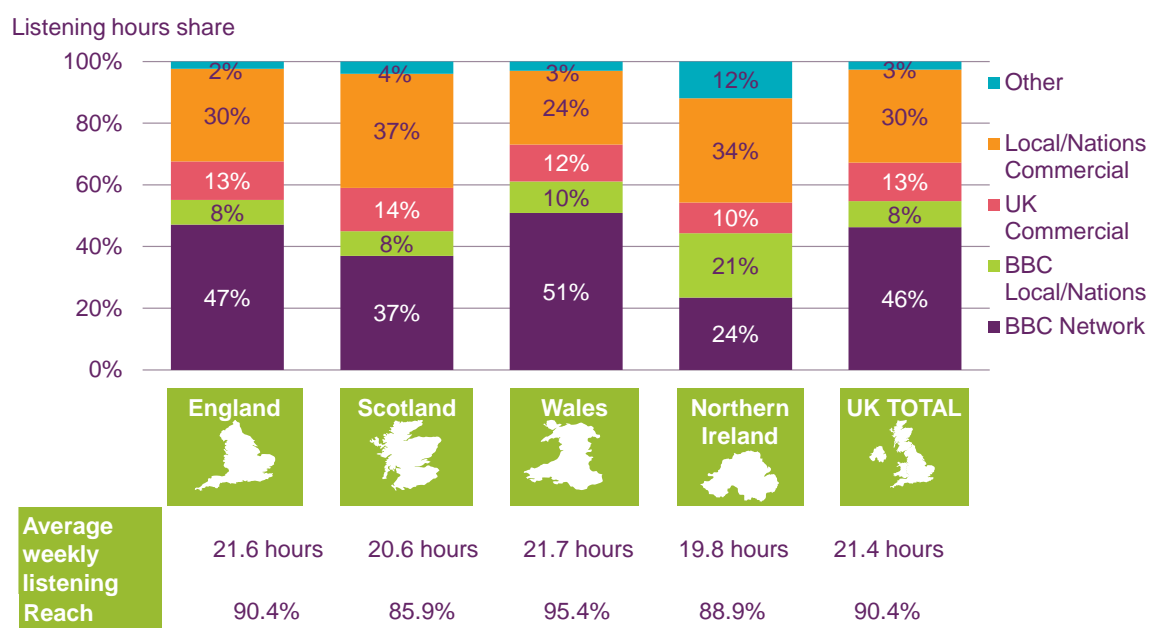
Source: RAJAR, All adults (15+), calendar year 2014

3.3.5 Radio set sales

The number of radio sets sold has fallen by 15.9% year on year

In the 12 months to March 2014, 900,000 fewer radio sets were sold in the UK. In previous years, the number of DAB sets sold had remained stable while the number of analogue sets sold had fallen. In the twelve months to March 2014, the numbers of analogue and DAB radio sets sold both fell.

The proportion of radio sets sold that are capable of receiving a DAB signal increased by 2pp to 34.9%. This is due to analogue-only set sales falling at a faster rate than DAB-capable set sales, rather than to overall growth in the number of sets sold. The increase in take-up of multi-use devices, such as tablets and smartphones, may be affecting the sales of radio sets. Many households now own a range of devices capable of receiving radio, despite radio not being the main function of the device.

Figure 3.44   Number of analogue and digital radio sets sold

Digital share of sales: 20.1% 22.7% 20.9% 22.6% 27.6% 32.9% 34.9%

Retail set sales (millions)

Legend:
- DAB sets
- Analogue sets

	Year to Q1 2008	Year to Q1 2009	Year to Q1 2010	Year to Q1 2011	Year to Q1 2012	Year to Q1 2013	Year to Q1 2014
Total	10.4	9.3	9.2	8.4	6.7	5.8	4.9
DAB sets	2.1	2.1	1.9	1.9	1.8	1.9	1.7
Analogue sets	8.3	7.2	7.3	6.5	4.9	3.9	3.2
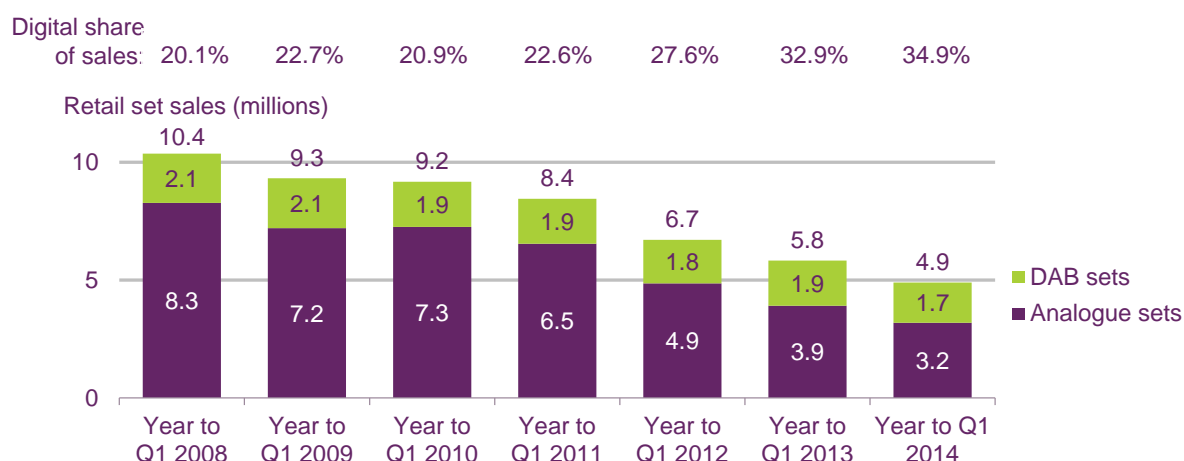
Source: GfK sales data, 2007-2014.
Note: Figures cover GB only, GfK Panelmarket data represent over 90% of the market. Categories of device included are: portable radios, personal media players, car audio systems, home audio systems, clock radios, radio recorders, headphone stereos, tuners and receivers.

The proportion of consumers who intend to purchase a DAB radio has fallen

Among those who listen to radio but do not currently own a DAB set, those stating that they are 'likely to buy' a DAB radio in the next 12 months has fallen by 2pp; from 19% last year to 17% in Q1 2014. This corresponds with an increase in those who, when asked, say they are 'unlikely to buy'. This rose by 3pp to 67%.

Figure 3.45   Likelihood to buy a DAB radio in the next 12 months

Percentage of respondents who listen to the radio but have no DAB set in the home

Likely to buy	Unlikely to buy	Don't know
17%	67%	16%
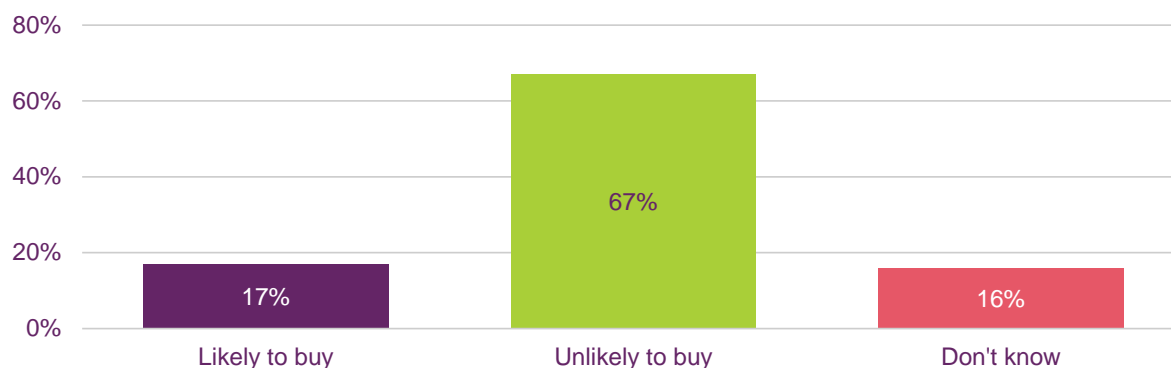
Source: Ofcom research, Q1 2014. Base: Those who listen to the radio but have no DAB sets in the home (n=1679) QP12: How likely is it that your household will get a DAB radio in the next 12 months?

3.3.6   Online music streaming services

Spotify is still the most popular online streaming audio service

Spotify continues to have the highest unique audience of any of the music streaming sites shown in Figure 3.46. Between March 2013 and March 2014, its unique audience grew by 28.6% to reach 4.2 million. While Spotify reaches a larger audience than any of the other streaming services we analyse below, two services that provide traditional radio services have seen significant growth in the past year.

The unique audience of TuneIn, which aggregates streams of radio broadcasts around the world, has almost doubled its unique audience, from 565,000 to 1.6 million between March 2013 and March 2014. Radioplayer.co.uk, which provides streams of commercial, community and BBC radio stations in the UK, increased its unique audience 11-fold over the same period. Most of this growth happened between February and March 2014, when Radioplayer.co.uk more than doubled its unique audience; from 753,000 to 1.6 million.

Music recommendation service Last.fm has seen its unique audience fall over the past year, with the majority of the decline occurring between June and July 2013.

Figure 3.46   Unique audiences of selected music streaming sites

Unique audience (thousands)

Spotify
SOUNDCLOUD.COM
TuneIn
RADIOPLAYER.CO.UK
DEEZER.COM
Grooveshark
MIXCLOUD.COM
JANGO.COM
DATPIFF.COM
Last.fm Ltd
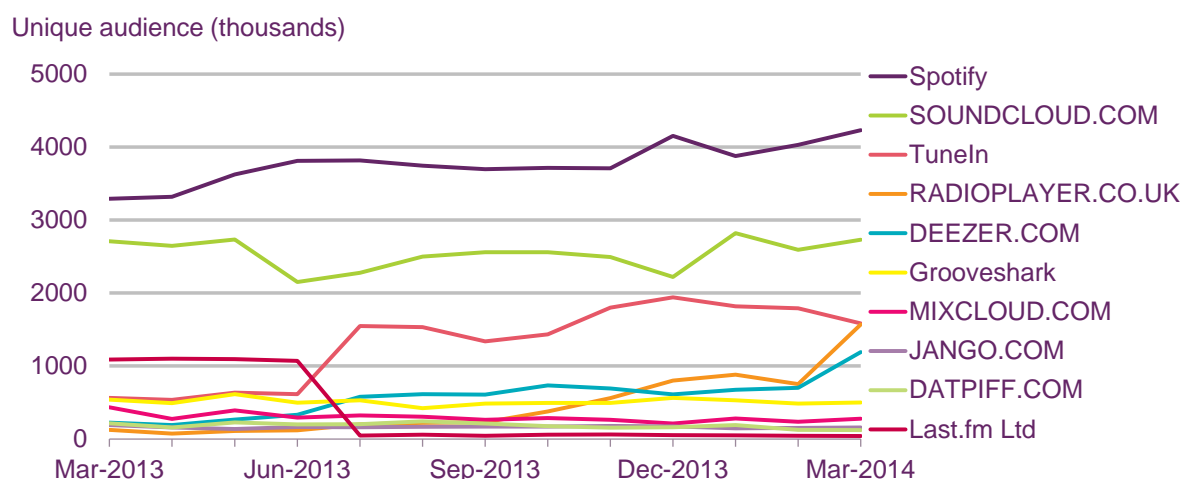
Source: comScore MMX UK, total digital population 18+, March 2014

Use of music streaming services is more prevalent among the young

Overall, just over half of people with internet access (55%) claim to use any music streaming service. The likelihood of use declines with age. Nine in ten of those aged 16-24 use music streaming services, falling to 14% of over-65s.

Figure 3.47 shows an overall 29% use just one music streaming service, rising to 44% of those aged 16-24. Use of any music streaming service is lowest among the over-65s. YouTube is the most popular service, used by 41% of all adults with internet access, followed by Spotify, used by 17%.

Figure 3.47 Number of music streaming services used, by age

% of adults with internet access

Use any:	Total	16-24	25-34	35-44	45-54	55-64	65+
	55%	90%	73%	62%	42%	27%	14%

■ 1 ■ 2 ■ 3 ■ 4 ■ 5+
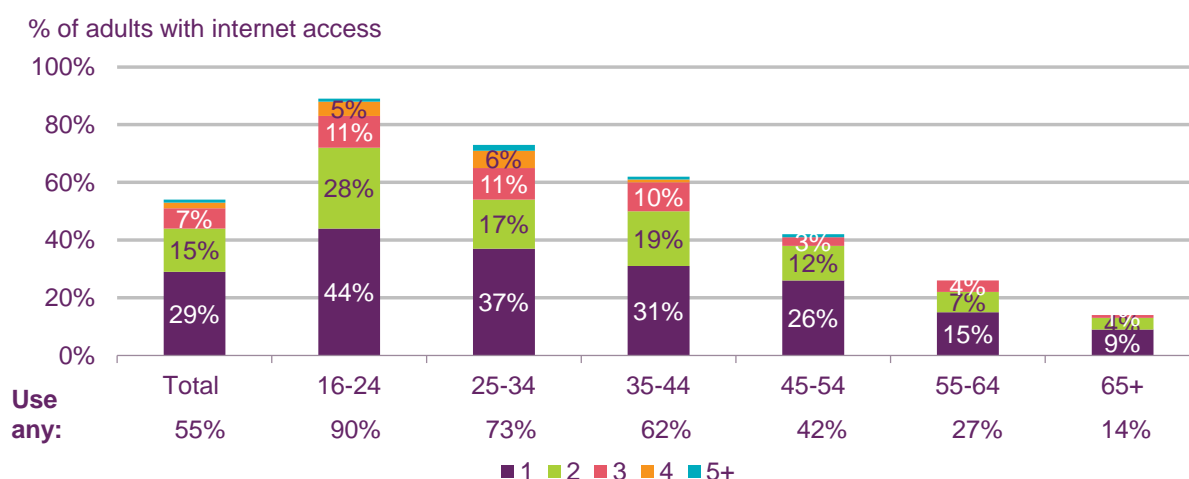
Source: Ofcom research, March 2014
Base: All with internet access (N=1,650) - Number of services used is among those who use any i.e. excludes zeros Question: Q4 Which, if any, of the following music streaming services do you use?

The number of subscribers to on-demand music services grew by 49% in 2013

At the end of 2013, there were more than 2 million subscribers to on-demand music services in the UK. This represents an increase of 48.9% on the previous year. On-demand music subscriptions have increased rapidly since 2008, while subscriptions to online radio services have grown slowly, and remain small in comparison. In 2013 there were 22,000 online radio subscriptions.

Figure 3.48 Number of subscriptions to online music services: 2008-2013

Number of subscriptions (thousands)

■ On-demand music ■ Book-club ■ Online radio
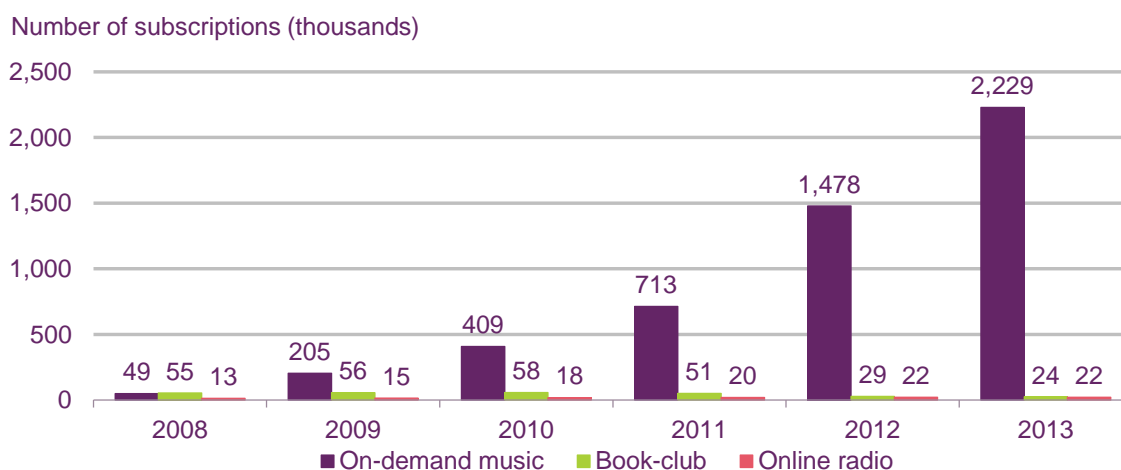
Source: IHS Screen Digest

In Q1 2014, there were 213 million requests to listen to radio on BBC iPlayer

In each quarter of 2013, there were at least 200 million requests to listen to radio through BBC iPlayer, peaking in Q3 2013 at 220 million. The use of BBC iPlayer to listen to radio has increased year on year, with growth of 6.0% between Q1 2013 and Q1 2014.

Figure 3.49   BBC iPlayer quarterly radio requests

Radio requests (millions)
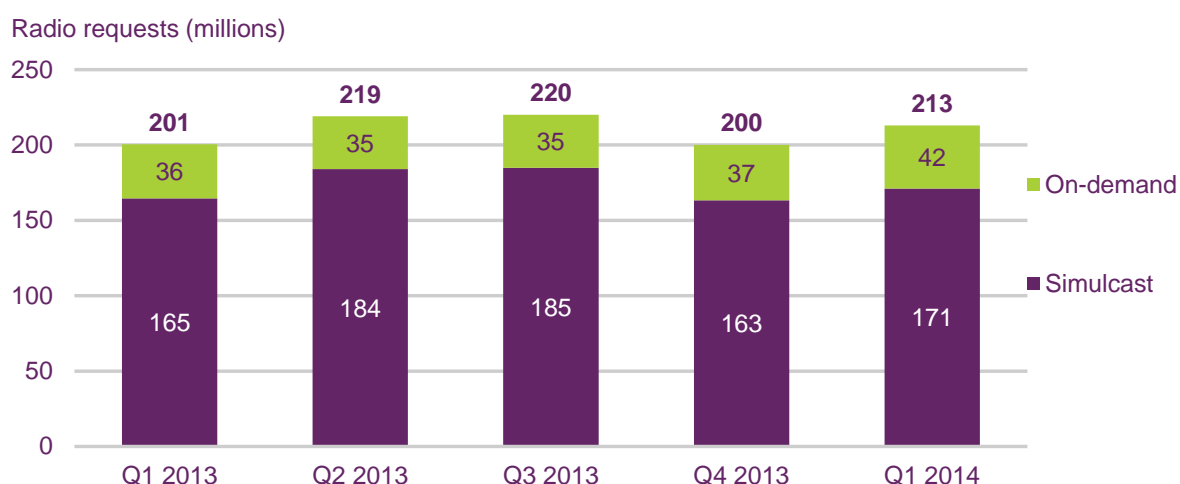
Source: BBC iStats

BBC iPlayer requests via a 'mobile device' doubled year on year

The majority of requests are to listen to radio at the same time as it is broadcast; over 80% of requests are for simulcast radio. Most requests for radio through iPlayer come from desktop or laptop computers, but the number of requests through mobile devices is increasing; one-fifth (20%) of requests in March 2014 came from mobile devices.

Figure 3.50   BBC iPlayer requests, by device type

Radio requests (%)

Source: BBC iStats

244
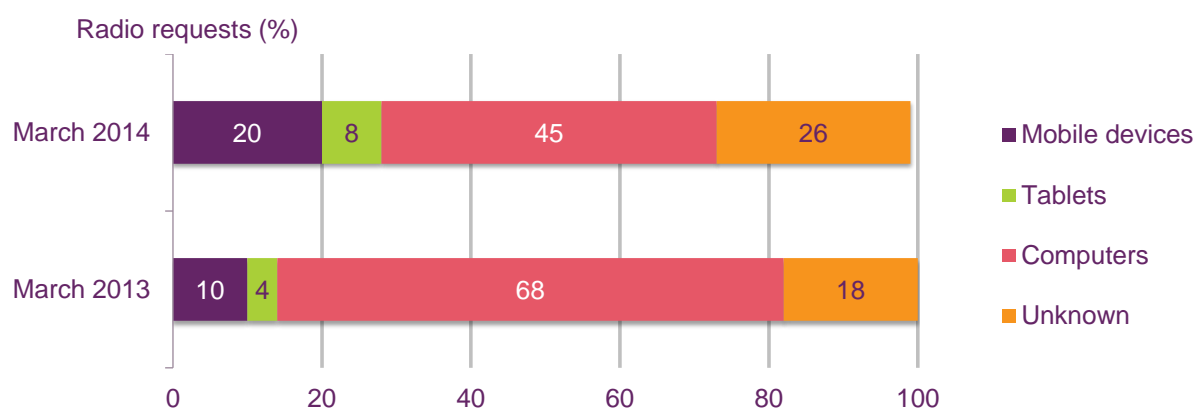
The Communications Market 2014

4 **Internet and web-based content**

Contents

4.1 Key market developments in internet and web-based content

4.1.1 Introduction

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

UK internet and web-based content market	2009	2010	2011	2012	2013	2014
[1]Internet take-up (%)	73	75	77	79	80	82
[1]Internet on mobile-phone take-up (%)	20	21	32	39	49	57
[2]Monthly active audience on laptop/desktop computers	38.6m	43.1m	42.2m	43.6m	44.6m	n/a
[2]Time spent web browsing per laptop/desktop internet user per month (hours)	29.4	30.9	31.5	34.7	34.2	n/a
[3]Digital advertising expenditure (£)	3.5bn	4.1bn	4.8bn	5.4bn	6.3bn	n/a
[3]Mobile advertising revenue (£)	38m	83m	203m	526m	1031m	n/a

Source: [1]Ofcom consumer research, Q1 each year, [2]comScore MMX, UK, annual average from reported monthly values; [3]Internet Advertising Bureau/PwC.
Note: Caution is advised in comparing values before and after February 2011 because of a change in comScore methodology.

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

The internet allows existing forms of content, such as TV-like programming and radio, to be consumed in alternative ways (e.g. on demand, or in conjunction with companion apps[46]). Other chapters in this report consider content delivered via the internet in the context of television and other audio-visual content (chapter 2) and radio and audio content (chapter 3).

From the internet have emerged new ways of communicating and new forms of media: social networking sites, user-generated content, and online shopping services. This chapter also considers how these are transforming the ways in which people communicate and seek information and entertainment.

This chapter is split into three sections:

In the first section, **key market developments**, we examine two themes that are central to the transformative effect of the internet on consumer behaviour and industry structures:

- **Mobile advertising** continues to drive digital advertising growth. Digital advertising spend grew to £6.3bn in 2013, up by £852m on 2012. More than half of this growth can be attributed to mobile advertising, which grew by 93%. We look at the growth of different formats of digital advertising and examine mobile and video advertising in more detail.

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[46] We discussed the use of TV companion apps and other media-meshing activities in our research on media multi-tasking in the 2013 *UK Communications Market Report.*

- **Physical and digital media.** We examine the changes in reach and ownership of physical media between 2005 and 2014, and find that physical media collections remain popular and, in the case of video, have increased in size. We also investigate differences in reach and ownership of physical and digital media collections by age.

The second section looks at the **internet** and the **devices** used to access it. We explore internet access in detail, from delivery platform, through the devices used, to the user. We examine how access has changed over time, how it differs between different groups in society, and why some groups do not use the internet at all.

Finally, we provide an overview of the **consumption of web-based content** in which we examine the most popular online services and websites, consumer behaviours unique to the internet, such as social networking and online shopping; and the different consumption patterns between laptop/desktop computer users and mobile users.

4.1.2 Mobile advertising continues to drive digital advertising growth

Digital advertising estimated at £6.3bn in 2013

Spend on digital advertising was approximately £6.3bn in 2013, a 15.2% like-for-like increase on 2012.[47] Spend with internet-only advertising channels was approximately £5.5bn, up 16.5% on 2012. Digital expenditure through advertising channels that advertise both offline and online included broadcaster video-on-demand spend (£126m) and online spend by press brands (£575m).

Figure 4.2   UK advertising expenditure: 2013

Expenditure (£ millions)
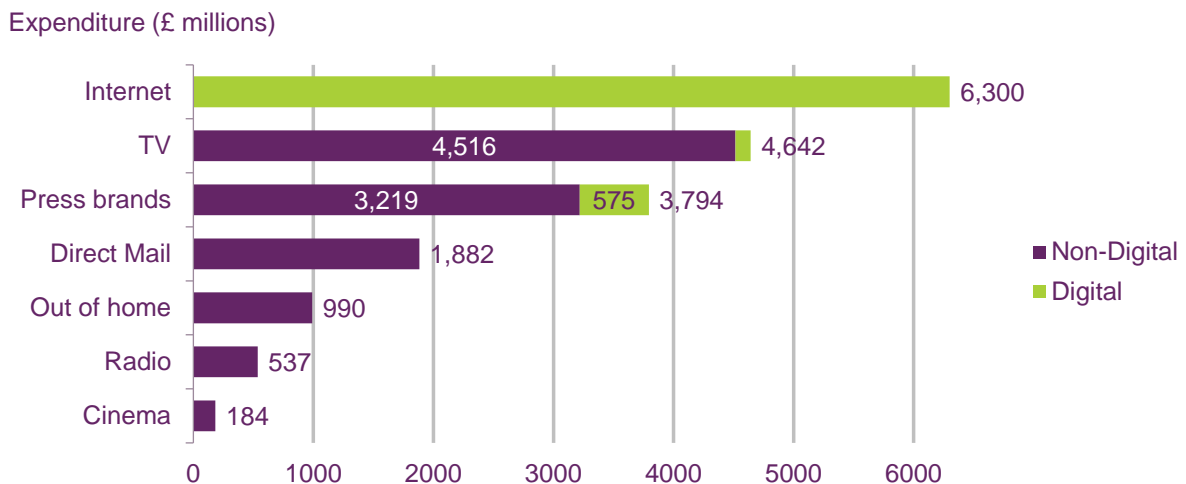
Source: AA/Warc Expenditure Report, July 2014, http://expenditurereport.warc.com/
Note: 'Press brands' is a consolidation of magazine brands and national and regional news brands.
Total digital advertising spend is double-counted in digital TV spend (broadcaster VOD revenue), and in press brands' digital spend.

Digital display advertising grew by more than a fifth in 2013

Search advertising (£3.5bn) remained the largest source of digital adspend in 2013 with over half of all digital revenues (55%), followed by display advertising (£1.9bn) and classified advertising (£887m). On a like-for-like basis, growth in display advertising was greatest, up 22.1% on 2012, compared to search advertising which grew 14.2%, and classified revenues which grew 8.9%.

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[47] Advertising spend, adspend, expenditure and revenue are equivalent and used interchangeably in this chapter. These terms of reference do not include advertising production costs.

Search advertising revenues are generated by adverts placed against specific keywords that internet users search for on search engines such as Google, Yahoo! and Bing. Search advertising is unique to the internet and allows advertisers to target users with specific interests. By contrast, digital display advertising is very similar to display advertising in the press and on television. Digital display adverts are placed as banners on web pages rather than newspaper pages, but could also be a short video. Digital display video advertising is used before or during online videos (see Figure 4.4 below), rather than broadcast television programmes. Digital classified adverts are also very similar to their print counterparts, being placed mainly by individuals buying or selling items on websites such as Gumtree.co.uk and Autotrader.co.uk. Other digital advertising revenue is generated from emails, online audio, lead generation and mobile SMS/MMS.

Figure 4.3   Digital advertising expenditure, by type: 2008-2013

£ millions
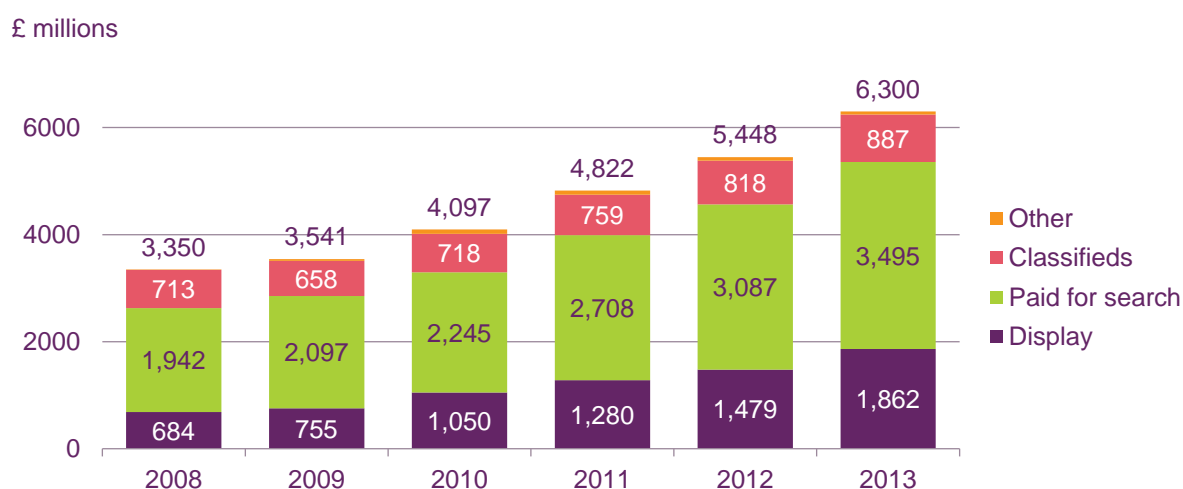
Source: IAB / PwC Digital Adspend 2008 – 2013
Note: Figures are revised yearly by IAB / PwC and might not match previous reports

The digital landscape is expanding: the proliferation of internet-connected devices (see section 4.2.5) is providing new opportunities for media owners to generate search and display advertising revenue from their digital assets. Digital video advertising has benefited from the spread of video-on-demand services across platforms, while mobile advertising now has the potential to reach more than half of all UK adults[48]. We examine both these categories of advertising below.

Digital display video advertising growth slows, but increases share of digital display overall

Digital display video advertising revenues grew from £200m to £325m in 2013, an absolute growth of 71.5%.[49] In the past five years, revenues have grown almost thirty-fold, from £11m in 2008; however, growth does appear to be slowing after four years of doubling revenues. Nevertheless, in comparison to the rest of the digital display market, digital display video advertising represents a growing proportion of digital display revenue, making up 17% of spend in 2013, up from 14% in 2012.

Pre/post roll video advertising is a form of display advertising that consists of streamed media attached to video content. It is shown either before (pre-roll), after (post-roll), or mid-

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[48] Mobile SMS advertising has been able to reach more than half of the UK adults since Q2 2000, although this made up only 1.3% of mobile advertising spend in 2013.
[49] The calculation of £325/£200 equates to a 62.5%, this figure arises due to rounding and the value of 71.5% is the correct and accurate value for absolute growth.

way (mid-roll) through an online video. It is separate from rich media advertising as it is advertising that is sold around online video content, whereas rich media is streamed advertising that is launched on static web pages.

Social video advertising is a non-interruptive, user-initiated video format sold on a cost per engagement/view basis. The social video format launches only when the viewer actively chooses to watch the content. The content is delivered within a fully functional video player, giving the user total control of the viewing experience, including the ability to comment, share, re-post, pause and replay.

Other video advertising includes display advertising that is attached to video content within the player itself or is wrapped around the video content. In contrast to pre/mid/post-rolls it does not take over the full user experience and is instead shown with the content by overlaying part of the video frame around it. This can include in-stream overlays and branded video players.

Figure 4.4   Digital display video advertising revenue: 2008-2013

Revenue (£millions)
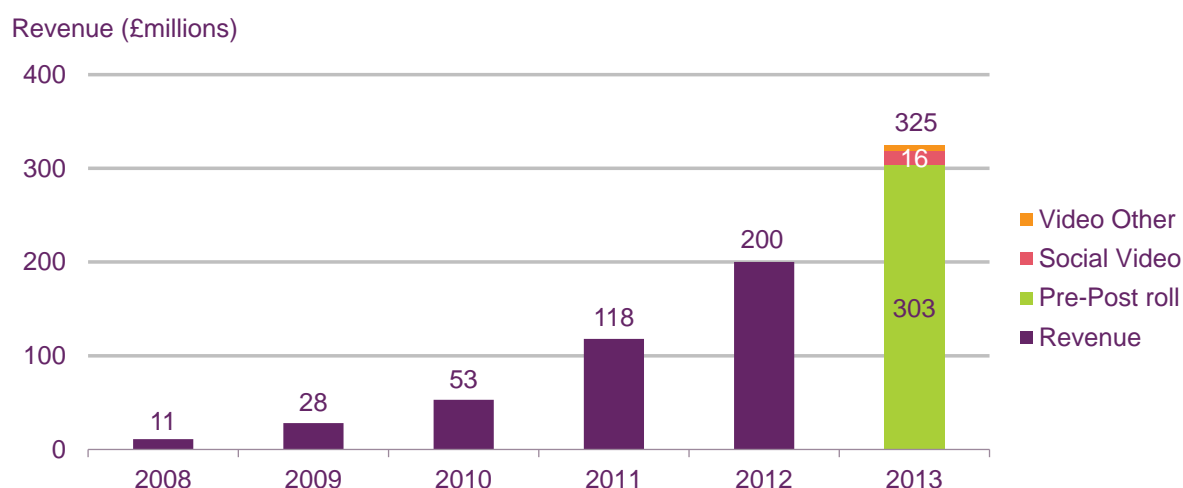
Source: IAB / PwC Digital Adspend 2008-2013

Mobile advertising revenue doubled to £1bn in 2013

Mobile advertising[50] expenditure rose to £1.031bn in 2013, growing like-for-like 93.3% from £528.5m in 2012. The absolute increase of £502.5m accounted for 59% of the 2013 increase in total digital adspend.

It is likely that advertisers have sought to invest in mobile advertising as the audience and capabilities of the mobile internet have increased. Figure 4.5 illustrates how mobile advertising spend has risen, as more and more consumers have become mobile internet users. Mobile advertising in 2013 accounted for just less than a sixth (16.3%) of total digital advertising spend, up from just 2% three years ago. This could possibly be due to time spent online on mobile devices increasing (as data allowances increase, and faster download speeds are provided by 4G services) and not just linked to take-up of smartphones and tablets that are 3G/4G enabled.

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[50] Mobile advertising is advertising that has been specifically tailored for, and served on, a mobile device, accessed via 3G or WiFi.

Figure 4.5　Mobile advertising expenditure and mobile internet take-up

Expenditure (£ millions) \ UK adult take-up (%)
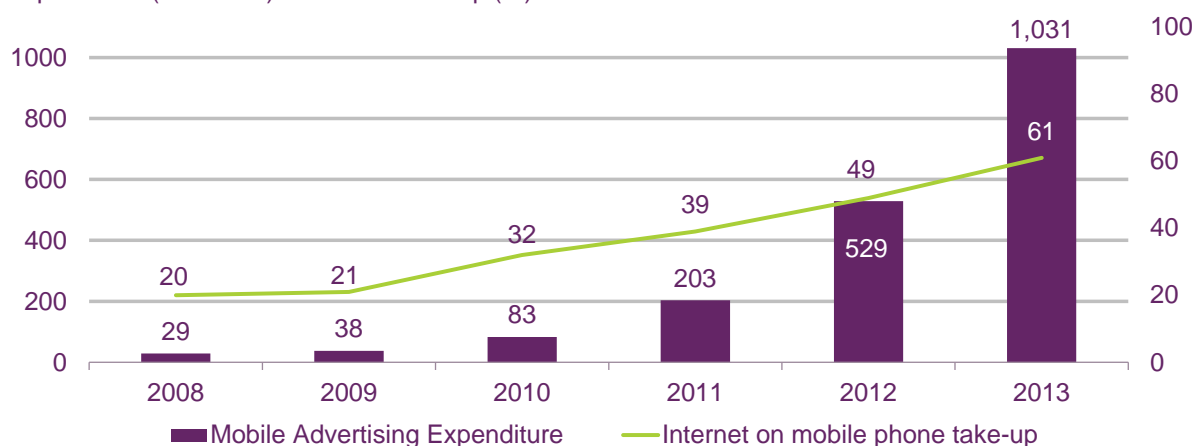
Source: IAB / PwC Digital Adspend 2008-2013; Ofcom consumer research.
Note: Take-up figures are from Q1 of the following year.

Mobile display advertising revenues buck the format trend in digital ad spend

Mobile display advertising grew like-for-like by 180% to £432.4m in 2013, helped in part by the 346% like-for-like increase in mobile video advertising revenues (which grew from £15.6m to £69.4m in 2013). Mobile search adspend grew like-for-like by 62% to £582.6m in 2013, representing a share of total mobile advertising spend equal to 57% (down 12 percentage points year on year). By comparison, mobile display advertising represents a share of total mobile advertising spend equal to 42%. This is in contrast to the trend of increasing share of search advertising revenue between 2008 and 2012.

Two advertising formats unique to mobile advertising are SMS and MMS adverts. Adverts sent by SMS or MMS are compatible with a large number of handsets and are charged by advertisers in a 'cost per click' fashion, or by the number of impressions. SMS and MMS messages are also used in location-based advertising and pushed to consumers when they enter a particular cell on the network. The share of mobile advertising revenues from SMS and other adverts declined from 2.0% to 1.3% over the five-year period, while revenue from mobile classified advertising also lost a small share (0.3%) in 2013.

Figure 4.6　Mobile advertising, by type: 2008-2013

Share of revenues (%)

Source: IAB / PwC Digital Adspend 2008 – 2013

251
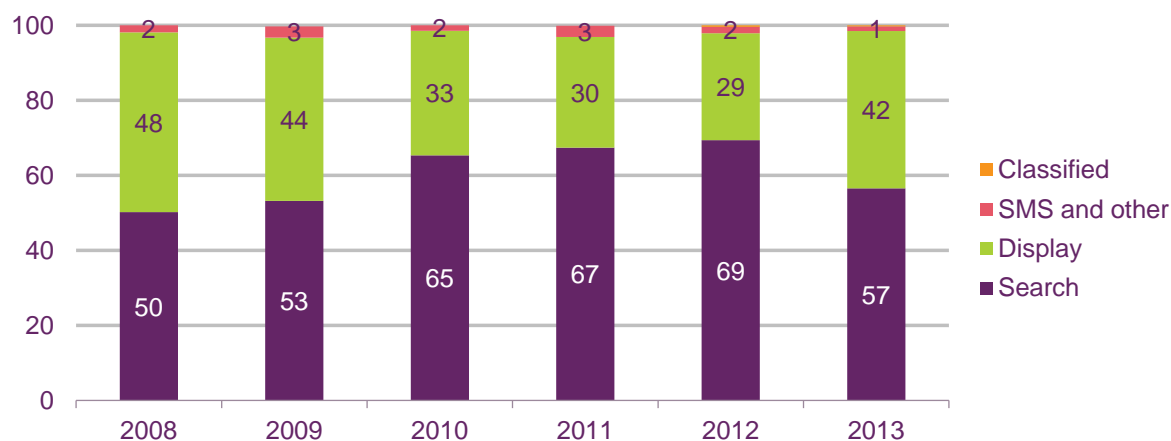
Mobile video display advertising revenue more than quadrupled to £69m in 2013

Mobile video display advertising made up almost a sixth (16%) of mobile display advertising spend (£69m, up 346% from £15.6m in 2012). Mobile video display advertising was the fastest-growing type of mobile display advertising in 2013. Figure 4.7 shows that the majority of mobile display advertising revenue in 2013 was generated by display banners and text link advertising (83%). The remaining revenues were split between content sponsorship (1.0%)[51] and other display formats (1.0%).

Sixty per cent of mobile display advertising revenue was generated from mobile apps. Revenues from apps are distinct from the wider digital display advertising market because space for display advertising is part of the design of a mobile app, while browser advertising is delivered alongside a website's content through the mobile browser.

Figure 4.7   Mobile video display advertising revenue, by type and location: 2011-2013

Source: IAB / PwC Digital Adspend 2008 – 2013
Note: *Location data is based on a smaller number of datapoints than type data and as should only be treated as indicative.

4.1.3 Physical and digital media

Introduction

In this section, we examine the changing nature of media ownership. We draw upon media literacy research conducted in 2005 and recent omnibus research[52] by Kantar Media to understand the take-up and collection size of physical and digital media.

This section will explore three key areas:

- Take-up and size of physical media collections, how this has changed since 2005, and differences in take-up by age group.

- Take-up and size of digital media collections in 2014 and how this contrasts with physical alternatives, by age group.

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[51] Mobile content in music and games.
[52] Kantar Media conducted face-to-face research among 2026 adults aged 16+ between 28 March and 1 April 2014.

- Take-up of music and video streaming services that provide access to digital content without requiring ownership.

Books remained the most popular physical medium between 2005 and 2014

Eighty-four per cent of UK adults had a physical book collection in April 2014, the most popular physical medium listed in Figure 4.8. Around eight in ten adults owned a DVD or music CD collection (80% and 79% respectively), while just three in ten adults (31%) owned video cassettes.

DVD and Blu-ray discs became the most popular physical audio-visual medium between 2005 and 2014, as video cassettes declined in popularity, down 57 percentage points from 88% in 2005. Take-up of DVD discs remained stable, although this is likely to have been helped by the inclusion of Blu-ray discs in the 2014 figure; these were launched the year after the 2005 research. Take-up of physical books declined by nine percentage points, from 93%, while take-up of music CDs declined by 13 percentage points, from 92%, between 2005 and 2014.

Figure 4.8   Take-up of physical media
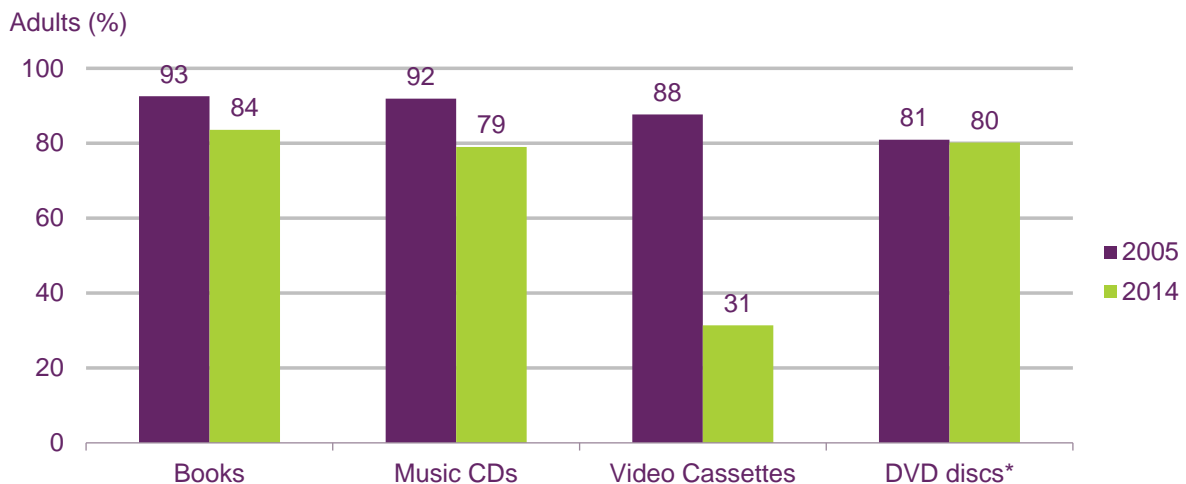
Adults (%)

Source: Ofcom Media Literacy Research 2005, Kantar Media Omnibus 2014
Base: 2005 n=3244 UK adults 16+; 2014 n=2026 UK adults 16+
Note: * includes Blu-ray discs in 2014

Take-up of music CDs and video cassettes is lowest among younger age groups

Take-up of music CDs and video cassettes varied greatly between age groups in 2014. Take-up of music CDs among 16-24 year olds (60%) was significantly less likely than among other age groups, while 45-54 year olds (88%) were significantly more likely to own a music CD collection than all other age groups (except 55-64 year olds, where take-up was on a par). Take-up of video cassettes was significantly lower among the 16-24 (18%) and 25-34 (17%) age groups, while almost half (49%) of adults aged 65 and older had a video cassette collection. Among both video cassettes and music CDs, take-up increased with age. This is probably a reflection of how other physical and digital formats (e.g. DVDs, MP3s) have superseded use of these media among younger age groups.

In contrast, take-up of books was consistent among different age groups in 2014, with ten percentage points between the lowest take-up (among 16-24 year olds: 79%) and the highest take-up (among 55-64 year olds: 89%). Take-up was significantly higher among 55-64 year olds than among 16-44 year olds. DVD and Blu-ray discs were also consistently

owned across different age groups; the only significant difference by age was between over-65s and under-65s.

Figure 4.9   Reach of physical media, by age: 2014
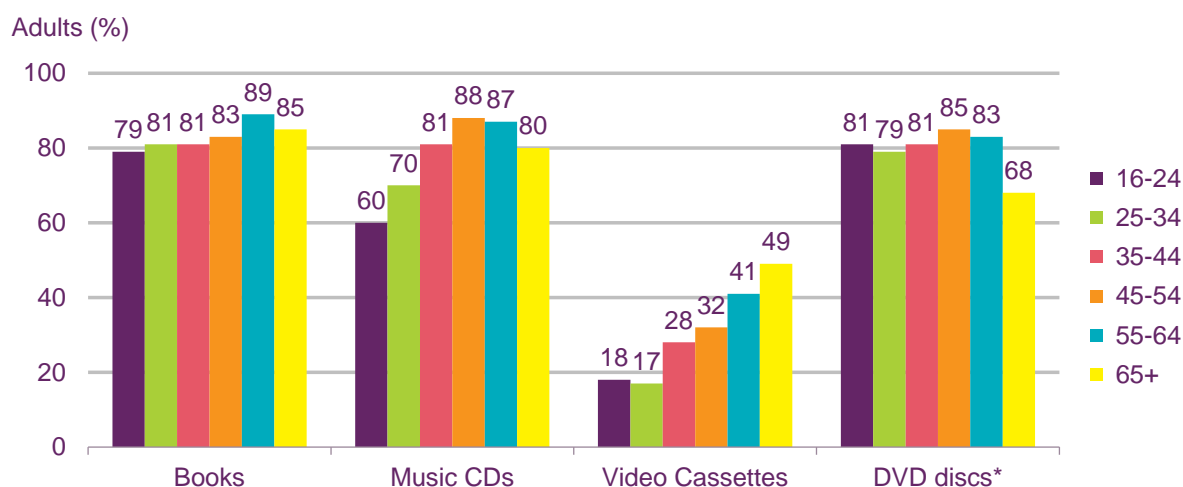
Adults (%)

Source: Kantar Media Omnibus 2014
Base: Adults 16+, 16-24 n=295; 25-34 n=335; 35-44 n=277; 45-54 n=318; 55-64 n=269; 65+ n=532
Note: * includes Blu-ray discs in 2014

The average DVD and Blu-ray disc collection increased from 45 to 68 discs between 2005 and 2014

The average size of a DVD collection increased from 45 discs to 68 between 2005 and 2014. During the same period the average size of a video cassette collection reduced by a fifth, from 45 cassettes to 36. The average size of book and music CD collections remained broadly similar across this period; declining by three books to 86 and by six CDs to 84.

Figure 4.10   Size of physical media collections, 2005 and 2014
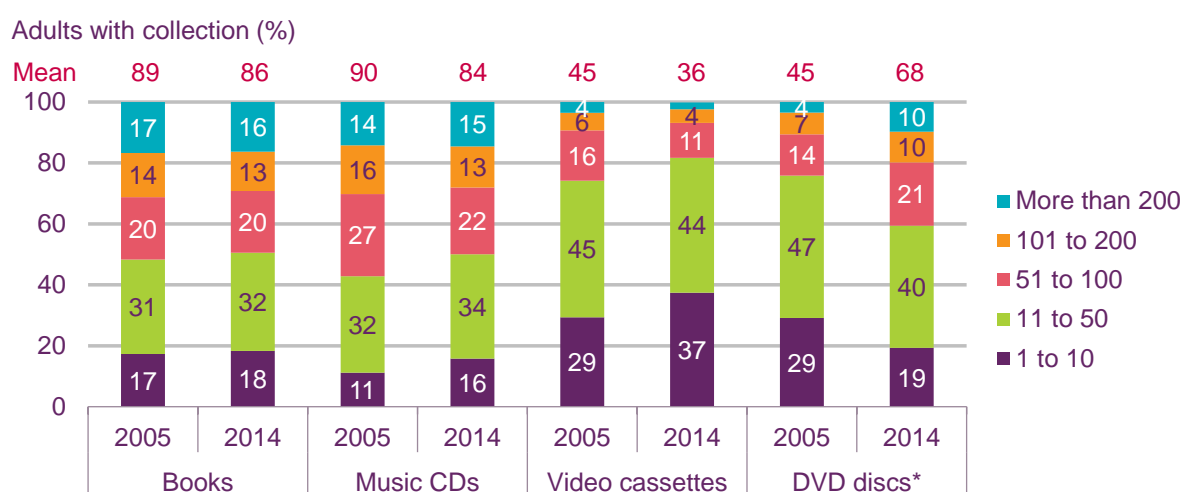
Adults with collection (%)

Source: Ofcom Media Literacy Research 2005, Kantar Media Omnibus 2014
Base: 2005 n=3244 UK adults 16+; 2014 n=2026 UK adults 16+
Note: * includes Blu-ray discs in 2014. Only collections of one or more are included in the calculation of mean collection size

Half of all UK adults have a digital music collection, while other digital media are less popular

Around half of UK adults (51%) had a digital music collection in April 2014 (shown as 'MP3s' in Figure 4.11 below). A digital music collection can be held on, and is often transferred between, a computer, smartphone or MP3 player. Songs and albums can be bought from digital retailers like iTunes, Amazon and Google Play and downloaded to consumers' devices. Consumer's MP3 collections are also likely to consist of MP3s 'ripped' from music CDs; this is the process of creating MP3s from a music CD for use on a consumer's digital device. The average size of a digital music collection was 2,387 tracks, which is equal to approximately 238 albums.

Download-to-own (DTO) digital video and e-books were around half as popular as digital music, with approximately one in four consumers (24% and 28% respectively) owning a collection of either of these media. On average, collections of digital books were much smaller than those of digital music, with an average of 19 books owned in each collection.

Figure 4.11   Take-up and collection size of digital media
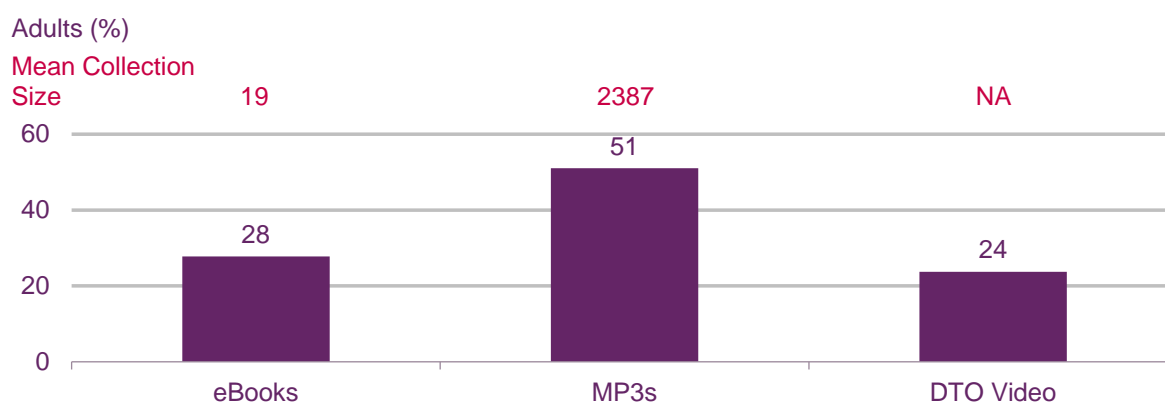
Adults (%)
Mean Collection Size

Source: Kantar Media Omnibus 2014
Base: n=2026 UK adults 16+
Note Only collections of one or more are included in the calculation of mean collection size

16-24s have the smallest physical and digital book collections

The largest printed book collections were held by the 55-64 age group, with an average of 118 books. The smallest average collection size was that of 16-24 year olds with an average of 50 books each. Average book collection size increases with age (with the exception of those aged 65 and older, for whom collection sizes are on a par with 45-54 year olds).

E-book collections were smaller than printed book collections for all age groups, but with a similar trend between collection size and age. The largest average collections were among the 45-54 year age group (22 e-books) while 16-24 year olds had the smallest collections (12 e-books).

Figure 4.12   Average size of book and e-book collections, by age
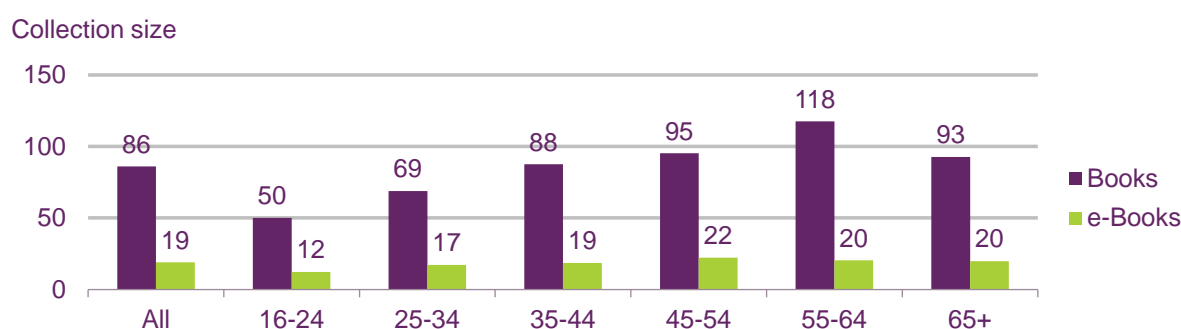
Collection size

Source: Kantar Media Omnibus 2014
Base: n=2026 UK adults 16+
Note: Only collections of one or more are included in the calculation of mean collection size

Those aged 16 to 24 have smaller music CD and MP3 collections than average

The largest MP3 collections were held by the 25-34 age group, equivalent to approximately 306 albums, and more than four times as large as the average physical music CD collection for that age group (75 CDs). However, not all younger adults had large digital music collections. The MP3 collections of those aged 16-24 were the second smallest among the age groups (see Figure 4.13) and 63 MP3 albums smaller than the average collection size across all age groups. This might reflect the lower disposable income available to this age group, as they also had the smallest music CD collections (on average 40 CDs). Alternatively, it could be in an indication that the youngest music users are consuming music content without the use of physical or digital music collections (i.e. through music streaming services).

The largest music CD collections were held by the 45-54 age group (107 CDs) in 2014. This age group also had the second largest average MP3 collections, equivalent to around 273 albums. However, as highlighted above, it is likely that for those who have both a physical and a digital music collection there is duplication of content between formats, where consumers have 'ripped' their music CDs to MP3s.

Figure 4.13   Average size of music CD and MP3 collections, by age: 2014
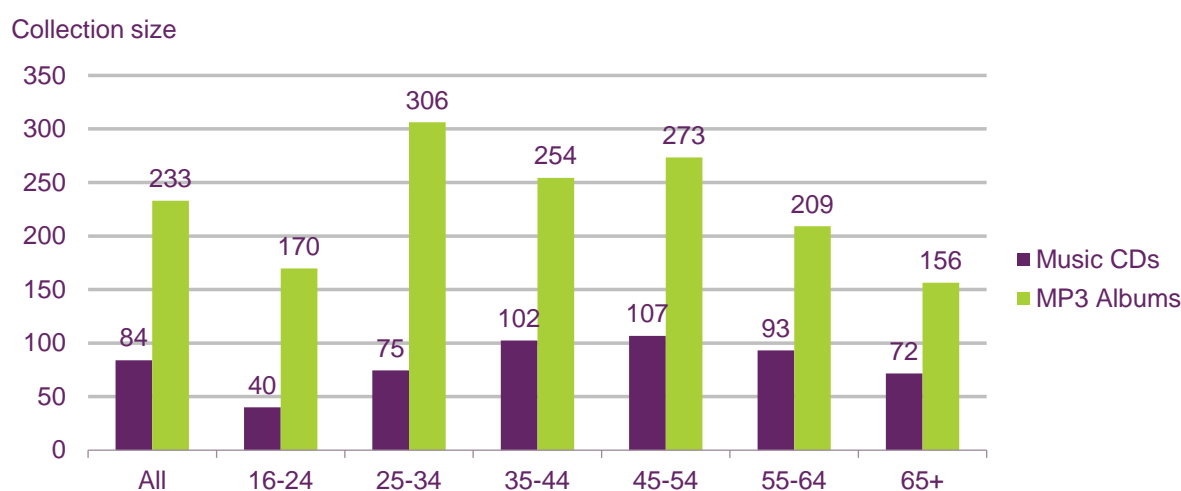
Collection size

Source: Kantar Media Omnibus 2014
Base: n=2026 UK adults 16+
Note: Only collections of one or more are included in the calculation of mean collection size. MP3 albums are approximated as 10 MP3s

256

Twice as many UK adults subscribe to a streaming service for video as for music

Video streaming services were the most popular of the services in Figure 4.14, with almost six in ten adults (59%) claiming to use a video streaming service. Popular examples of such services were YouTube (38%), BBC iPlayer (33%) and ITV Player (20%). Almost half of all UK consumers (47%) had accessed music streaming services in April 2014; popular services included YouTube (35%), Spotify (15%), Google Play Music (7%) and Soundcloud (5%).

Many video and music streaming services are free at the point of access. As a streamed service, a permanent copy of the content is not held on the consumer's device and the content is not owned by the consumer. Music streaming services are distinct from internet radio services in that the user can choose which songs to play. However, music streaming services also offer radio-like features where the user can listen to music chosen by the streaming service but in a user-selected genre.

Some music streaming services monetise their service through advertising, and/or providing the option for a consumer to pay a monthly subscription to access a catalogue of content without advertising. However, subscription video services tend not to offer an ad-funded version of their service, but instead often provide free or discounted introductory deals before requiring payment of a regular subscription to access the video content. Fourteen per cent of adults claimed to pay a monthly subscription for their video streaming services in April 2014. The most popular subscription video streaming service was Netflix (14%), although not all users claimed to pay a monthly subscription[53]. Take-up of subscription music services such as Spotify and Deezer was half as popular as subscription video services (7%).

In contrast to subscription services that provide access to a range of content, digital video rental services such as those offered by iTunes, Google Play and Blinkbox allow consumers to keep a copy of a film or television programme for a limited period of time for a fixed fee, after which the content expires and the user no longer has access to that content. These are often known as download-to-rent (DTR) services. In April 2014, around one in ten UK adults had used a video DTR service.

We discuss digital video services further in section 2.3.3, and digital music services in section 3.3.6 of this report.

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[53] Those not paying a subscription may not be the account holder, or may be on a free trial.
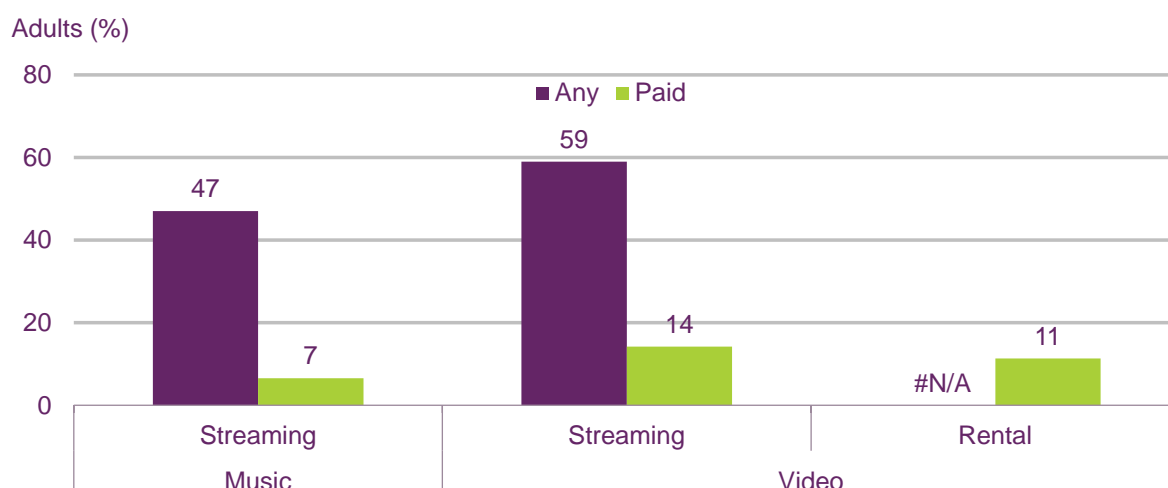
Adults (%)

Music streaming and digital music collections are most popular among those aged 16 to 24

Among those aged 16 to 24, music streaming services were the most popular way to consume musical content (88%), followed by a digital music collection (82%) and then a physical music collection (63%). The opposite was the case among those aged 35 and older: physical music collections (85% to 91%) were most popular, followed by digital music collections (67% to 11 %) and finally music streaming services (58% to 7%). Take-up of physical music collections (72%), digital music collections (70%) and music streaming services (70%) among those aged 25-34 were all at similar levels.

Figure 4.15   Take-up of physical music, digital music and music streaming, by age
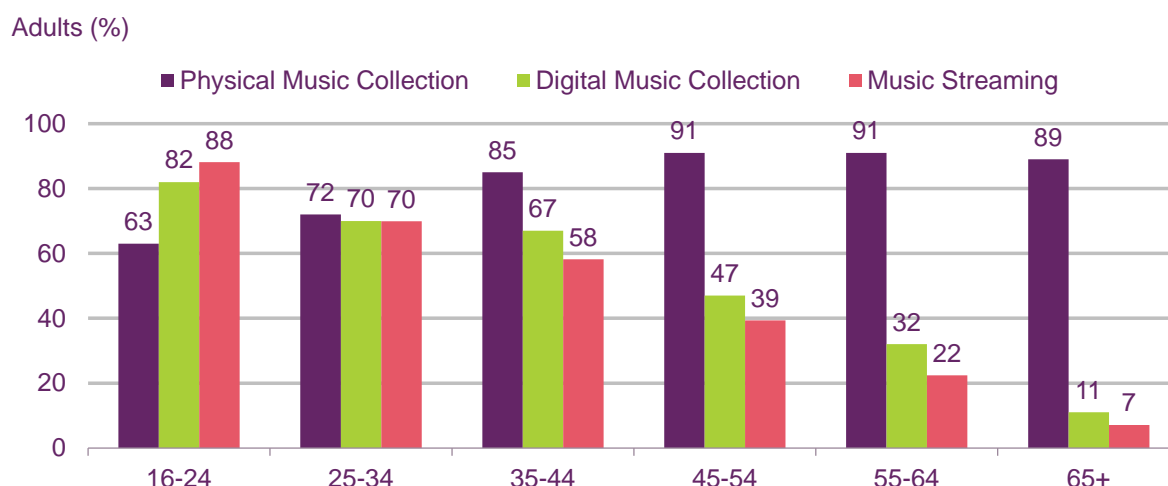
Adults (%)

All digital video services were most popular among those aged 16 to 34

More than eight in ten UK adults aged 16 to 34 used video streaming services in April 2014, while two-thirds of 35 to 54 year olds (66%) and more than a quarter of over-55s (28%) did the same. Video streaming was the most popular digital video serving among all the age

groups, followed by download-to-own services and video streaming services that require a monthly subscription (also known as subscription video-on-demand: SVOD). For each digital video service, take-up was highest among the youngest age group (16 to 34).

Figure 4.16   Take-up of digital video services, by age
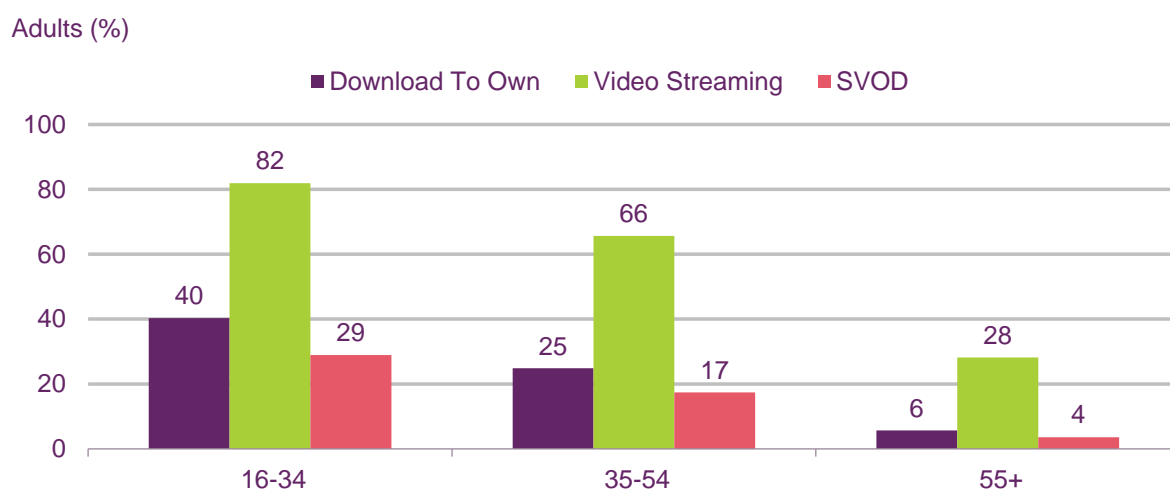
Adults (%)

Source: Kantar Media Omnibus 2014
Base: n=2026 UK adults 16+

4.2 Internet and devices

4.2.1 Introduction

As the internet has developed over the past decade, take-up of internet connections and internet-enabled devices has increased. Both internet-enabled devices and the type of internet connection shape how consumers access the range of content, communications and services available on the internet. In this section we first consider internet access as a whole, and then examine the popularity of internet-enabled devices.

- Section 4.2.2 considers the **platforms consumers use to access the internet**, both fixed and mobile.

- Section 4.2.3 explores **internet take-up** and how this varies by age, gender and socio-economic group.

- Section 4.2.4 looks at the length of **time spent online** on laptop and desktop computers by UK internet users.

- Section 4.2.5 examines the **take-up of internet-enabled devices** and how this varies by age and social-economic group.

- Section 4.2.6 looks at **the use of, and preferences for, internet-enabled devices** by those who own them.

- Section 4.2.7 considers those consumers who are not online, and looks at factors affecting **digital inclusion**.

Key findings

- **More than eight in ten adults had household internet access in Q1 2014.** The number of adults with household internet access grew to 82%, a rise of two percentage points from Q1 2013. Fixed broadband take-up increased by one percentage point to 73% in Q1 2014, while mobile broadband take-up rose three percentage points to 8% of UK households, the first increase in take-up since a peak of 17% in Q1 2011.

- **Two-thirds of adults aged between 65 and 74 had access to the internet in Q1 2014.** However, there are large differences between the younger and older age groups: 94% of those aged between 16 and 24 had access to the internet, compared to 32% of over-75s.

- **Laptop and desktop users spend an average of 31.4 hours browsing the web each month.** The average time spent page browsing on laptops and desktops in March 2014 was 31 hours 24 minutes, down 14.7% from 36 hours 49 minutes in March 2013. The average time spent page browsing on mobile phones was up 2.5%, to 5 hours 48 minutes in March 2014.

- **UK smartphone take-up is almost on a par with laptop ownership.** In Q1 2014, laptop computers remained the most popular internet-enabled device and were present in 63% of households, followed very closely by smartphones, present in 61% of households.

- **Tablet take-up has increased 20 percentage points year on year.** Household tablet ownership almost doubled in the year to Q1 2014 (44%), and is up four-fold since Q1 2012. Take-up is highest among ABC1 households (51%) and 35-54s (53%), and lowest among C2DE households (35%) and over-55s (28%).

- **The most important device for internet access among four in ten 16-34 year olds is the smartphone.** For the UK as a whole, laptops were the most popular device (40% of internet users), followed by smartphones (23%) and desktop computers (20%).

- **Almost three-quarters of offline homes do not intend to take up the internet in the next 12 months.** Just under a fifth of adults (19%) did not have household access to the internet in Q1 2014. The majority of respondents without internet access said they did not intend to get access in the next 12 months (14%).

4.2.2 Internet take-up, by platform

More than eight in ten now have household internet access

The number of adults with household internet access grew to 82% in Q1 2014, a rise of two percentage points since Q1 2013. Fixed broadband increased by one percentage point to 73% in Q1 2014, while mobile broadband (via a dongle or built-in cellular connection) rose three percentage points to 8% of UK households, the first increase in take-up since a peak of 17% in Q1 2011. Total broadband access rose from 75% to 77% in the same period.

Internet access on a mobile phone maintained its upward trend, and increased by eight percentage points to 57% of UK adults, while the number of mobile data users (users of either mobile broadband or the internet on their mobile phones) increased by nine percentage points to 59% of UK adults, the fastest growth on record.

Figure 4.17   Household internet access: 2005 to 2014
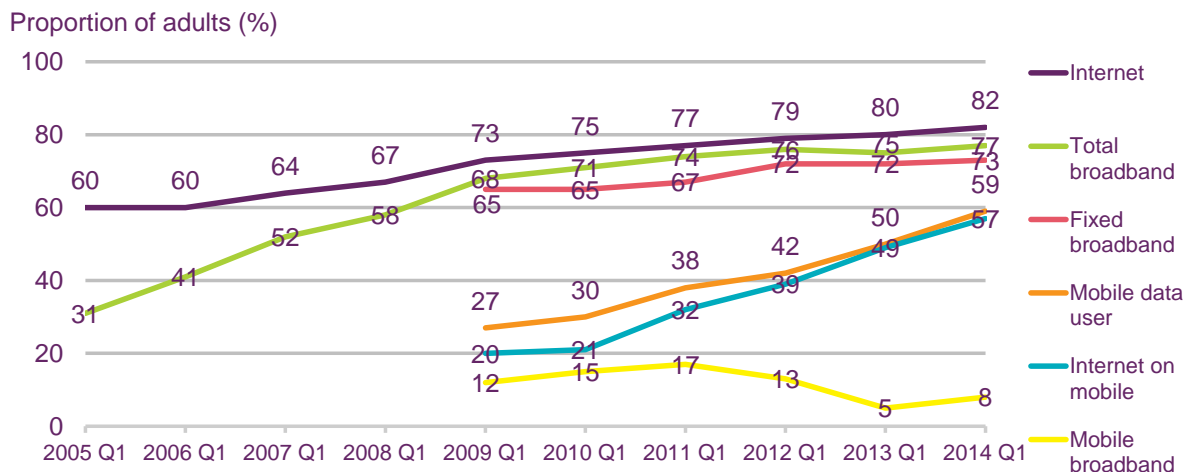
Source: Ofcom Technology Tracker, Q1 2014. Base: All adults aged 16+ (n=3740). Note 1: "Internet on mobile" is the % of adults who use a mobile phone for any of the following activities: Instant messaging, downloading apps or programs, email, internet access, downloading video, video streaming, visiting social networking sites. Note 2: From, Q1 2009 the 'internet' figure includes those who access the internet on mobile phones. QE2: Do you or does anyone in your household have access to the internet/ World Wide Web at home (via any device, e.g. PC, mobile phone etc)? / QE9: Which of these methods does your household use to connect to the internet at home?

Wireless router use grows steadily despite slow fixed broadband take-up

In Q1 2014, more than nine in every ten households with a fixed broadband connection used a wireless router (93%). Despite slow take-up of fixed broadband connections in UK households, rising by only one percentage point between Q1 2013 and Q1 2014, take-up of wireless routers increased by four percentage points during the same period.

A wireless router, or WiFi router, enables a household to share its internet connection over a wireless local area network with devices that have a WiFi adapter or an embedded wireless module. WiFi adapters are typically external USB dongles or internal PCI cards used for desktop computers, or other internet-enabled devices such as games consoles and smart TVs. Embedded WiFi modules are typically found in portable internet-enabled devices such as laptops, netbooks, smartphones, portable games consoles, tablets and e-readers, but they are also becoming more prevalent in fixed devices such as television set-top boxes, smart TVs, and games consoles.

Internet service providers typically include a bundled WiFi router in their broadband service package; this is likely to have led to the increased take-up of WiFi routers in homes. As highlighted above, a number of devices which were not widely available five years ago (e.g. netbooks, smartphones, and tablets) can be connected to the internet over WiFi. Section 4.2.5 describes the take-up of these devices.

Figure 4.18   Wireless routers: 2007 to 2014

Source: Ofcom research, Q1 2014
Base: Wireless router take-up - adults aged 16+ with a broadband connection at home. Since 2009 this is based on fixed broadband connections only.

4.2.3 Internet take-up, by demographic

Two-thirds of adults aged between 65 and 74 had access to the internet in Q1 2014

Internet take-up for the UK rose two percentage points to 82% between Q1 2013 and Q1 2014, but take-up varied by age, gender and socio-economic group. The largest difference was between the youngest and oldest age groups: 94% of those aged between 16 and 24 had access to the internet, while only 32% of those aged 75 and over had access. However, internet take-up among this latter age group rose five percentage points between 2012 and 2014, the largest rise of any of the age groups.

There were differences in internet take-up by socio-economic group. AB households were the most likely to have an internet connection (93%) while DE households were the least

likely (67%). Although the number of AB and DE households with internet connections has risen (a rise of one percentage point for AB households and a rise of two percentage points for DE households), the difference between the two has remained fairly consistent.

Figure 4.19   Home internet access by age, socio-economic group, and gender: 2014
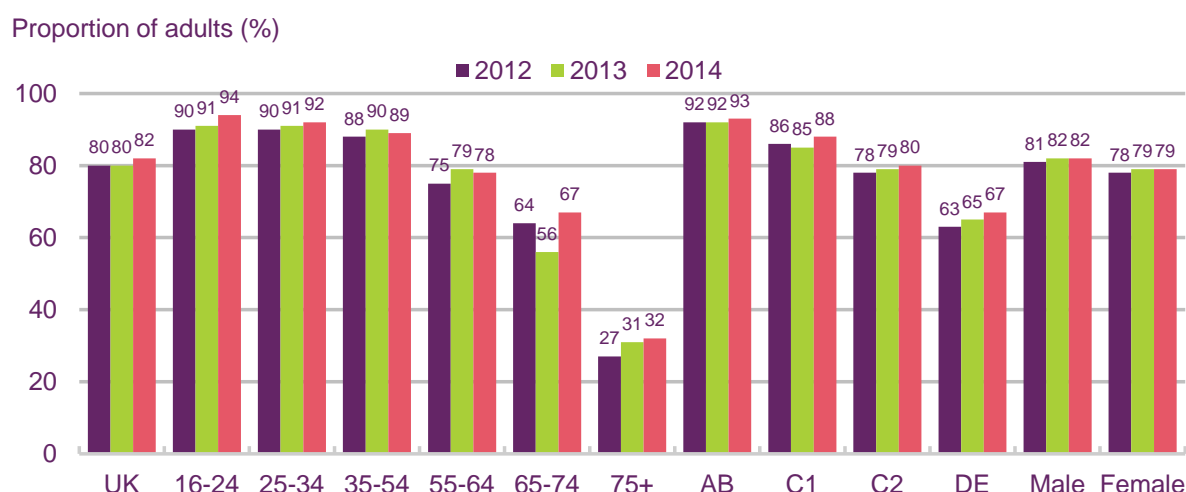
Proportion of adults (%)

Source: Ofcom research, data as at Q1 2014.
Base: All adults aged 16+
QE2: Do you or does anyone in your household have access to the internet/ World Wide Web at home?

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comScore

The UK Online Measurement Company (UKOM) was formed in 2009 with a mandate from the advertising industry to establish measurement standards for digital media. In 2011, comScore was appointed the sole data supplier for UKOM on a three-year contract from January 2013.

This chapter predominantly draws from three comScore sources:

1. For analysis of laptop and desktop computer internet activity only (excluding Apple Mac computers), we use comScore MMX which employs comScore's Unified Digital Measurement (UDM) methodology, explained below.

2. For analysis of mobile internet activity only, we use GSMA mobile media metrics (GSMA MMM) which are based on the records of internet activity captured by the mobile network operators.

3. For analysis of internet activity across platforms, we use comScore MMX MultiPlatform which provides unduplicated metrics across laptop and desktop computers, mobile devices and, from July 2013, tablet devices (see MMX MultiPlatform methodology in section 4.3).

Finally, mobile phone user behaviours are supplemented by consumer research from comScore MobiLens (this is not part of the data suite endorsed by UKOM).

Methodology

comScore's UDM methodology combines panel and census measurement techniques to obtain digital audience measurement statistics. UDM uses comScore's global measurement panel to determine audience reach and demographics. Census-level activity is captured from publishers' digital content, such as on websites, videos, and computer and mobile

applications. comScore combines census-level data with that captured from the panel to help provide a more accurate view of audiences and their consumption habits. This approach allows comScore to capture more accurate consumption activity from publishers, and attribute this to audience demographics in a manner that is not affected by cookie deletion, blocking, and rejection.

We use comScore's GSMA MMM to measure internet activity only through a mobile user's cellular connection (i.e. their 2G, 3G or 4G signal). Visits to websites from a mobile which is connected to the internet through a WiFi connection are excluded. Furthermore, we do not use comScore GSMA to measure mobile internet use through mobile apps; instead, the mobile unique audience of an internet property only includes visits made through the mobile browser.

Metrics

Throughout this report we make reference to a number of metrics as defined below:

Unique audience – the total number of unique persons who visited a website or used an application at least once in a given month. Persons visiting the same website more than one time in the month are therefore counted only once in this measure.

Active audience – the total number of people who visited any website or used any application at least once in a given month.

Digital audience – the active audience across all digital platforms (laptop/desktop computers, mobile phones and, for those websites who have tagged in comScore's census network, tablets).

Active reach – the proportion of the active audience made up by the unique audience of a website.

Time spent per month – the average time spent browsing a website per unique visitor per month (excludes time spent watching online video and listening to streamed music, and for mobile audiences excludes any traffic over a home or public WiFi connection).

Dictionary

Each of the entities reported by comScore are attributed to a level in comScore's *Client Focused Dictionary*. Several entities can exist within one website (e.g. BBC Sport and BBC iPlayer) and comScore's dictionary defines how these entities are structured and related to each other. It is client-focused because comScore's clients define how their websites appear in reports according to this dictionary. All comScore reports use the same six-tiered dictionary structure, as explained below:

Property [P] - The highest level of reporting within the dictionary. Properties represent all full domains (i.e. felmont.com), pages (i.e. sports.felmont.com/tennis), applications or online services under common ownership or majority ownership for a single legal entity. A property may also contain any digital media content that is not majority-owned but has been legally signed over for reporting purposes by the majority owner.

Media Title [M] - A Media Title is an editorially and brand-consistent collection of content in the digital landscape that provides the marketplace with a view of online user behaviour. This may represent a domain, a group of domains, online service or application.

> ***Channel [C], SubChannel [S], Group [G] and SubGroup [SG]*** - *Within a Media Title there may be grouped URLs of editorially consistent content that make up a Channel. For some of the largest Media Titles, Channels themselves may be broad, and Subchannels, Groups and Subgroups within the larger Channels may prove useful for categorisation within the comScore Dictionary.[54]*

The mobile internet audience grew seven times faster than the laptop/desktop audience

The active online population on laptop and desktop grew by 1.5%; from 44.6 million to 45.3 million unique viewers, in the year to March 2014. Mobile audience growth was greater in the same period, up by 11% from 27.2 million to 30.2 million unique viewers. Digital audience (the unduplicated measure of active online population across on laptops, desktops and mobile devices), grew by 5.7% to 48.2 million unique users in the year March 2013 to March 2014. Since July 2013, the digital audience has included tablet data which has widened the gap between the overall digital audience and the laptop/desktop audience.

Figure 4.20   Active audience on laptop, desktop, and mobile devices

Unique audience (000)
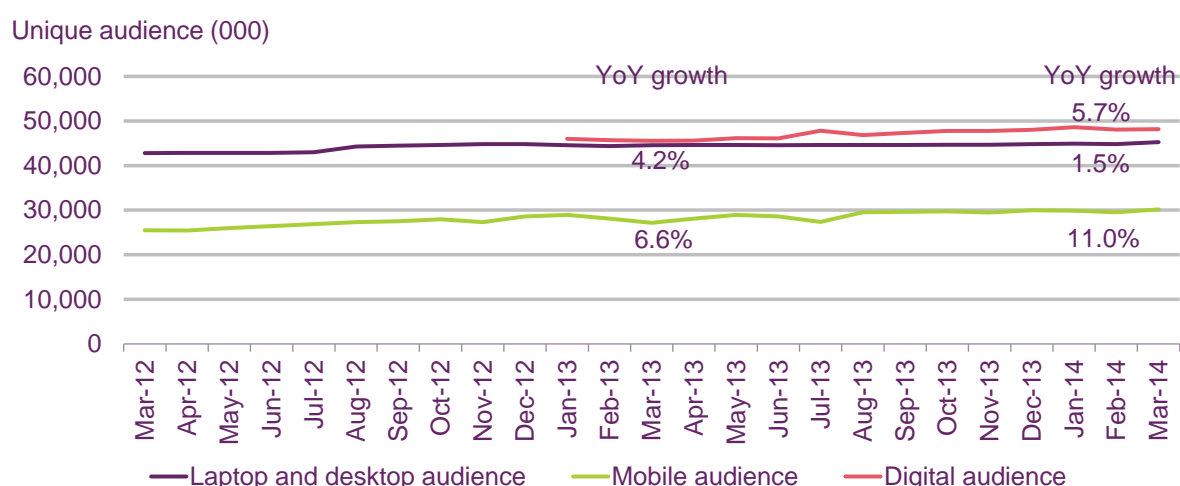
Source: comScore MMX,UK, home and work panel, March 2012 to March 2014; comScore MMX Multi-Platform, UK, home and work panel, January 2013 to March 2014; comScore GSMA MMM, UK, March 2012 to March 2014.
Note: Starting with July 2013 data, comScore added tablet data to the mobile data field of MMX MP. Only those entities that have been tagged as part of the census network report tablet usage data.

4.2.4 Time spent online

Laptop and desktop users spent an average of 31.4 hours browsing web pages each month

The average time spent page browsing[55] on laptops and desktops in March 2014 was 31 hours 24 minutes, down 14.7% from 36 hours 49 minutes in March 2013. The average time spent page browsing on mobile phones was up 2.5% to 5 hours 48 minutes in March 2014. It is likely that these averages underestimate the total time spent by internet users online. Both measures exclude time spent watching online video and listening to streamed music, while the time spent by the mobile audience browsing webpages excludes any traffic over a home or public WiFi connection, or using a mobile app.

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[54] "Glossary – Key Terms for comScore Dictionary", comScore.
[55] comScore calculates time spent by measuring the time between webpage requests, subject to certain time limits (which vary by content type), while a panel member accesses the internet. Time spent therefore excludes certain internet activities which do not involve webpage browsing.

Figure 4.21   Average time spent page browsing per internet user (across laptop, desktop and mobile)
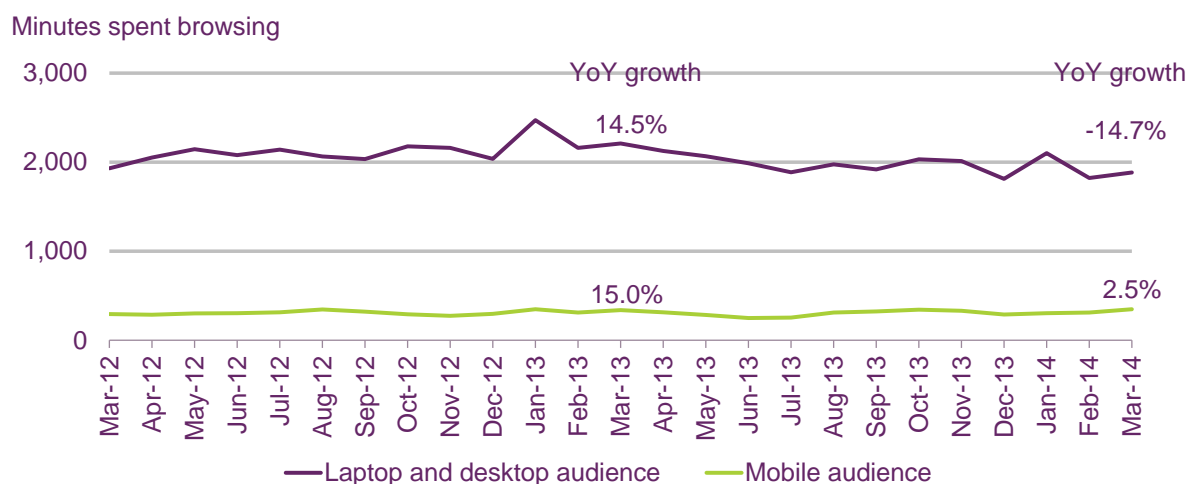
Minutes spent browsing

Source: comScore MMX, UK, home and work panel, March 2012 to March 2014; comScore GSMA MMM, UK, March 2012 to March 2014.
Note: Time spent online excludes time spent accessing other media such as audio or video content, and on mobile excludes time spent using mobile apps.

Men spent more time online than women across most age groups

Across all age groups, with the exception of 35-44s, men spent more time online than women on a laptop or desktop computer. Men between the ages of 25 and 34 spend the most amount of time online overall, and women of the same age spent the most amount of time online out of all women.

The largest difference in average time spent online between men and women is in the age group 45-54, while time spent online among men and women aged between 35 and 44 was almost equal.

Figure 4.22   Average time online on a laptop/desktop, by age and gender: March 2014

Average monthly hours online per internet user
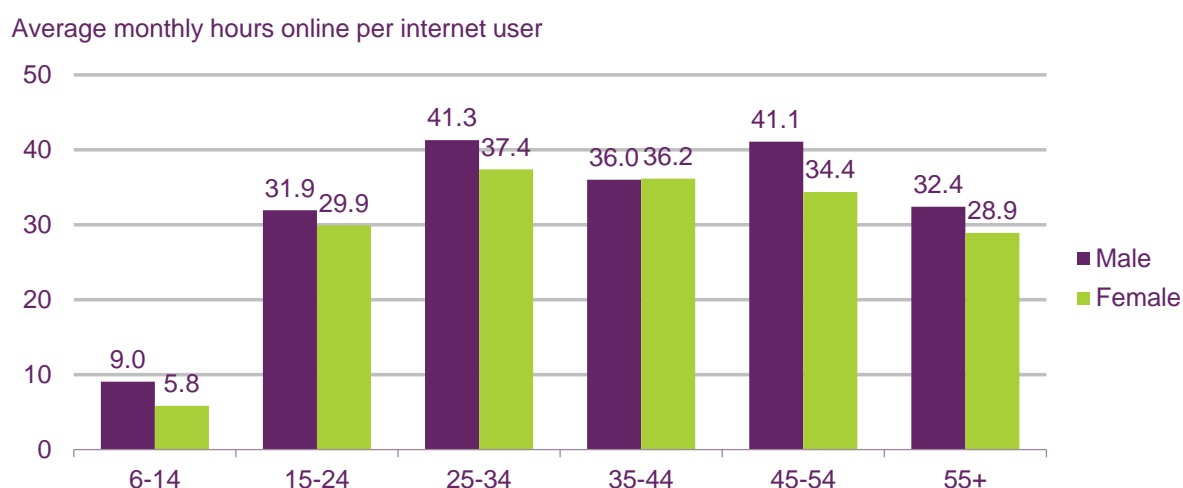
Source: comScore MMX, home and work panel, March 2014
Note: Time spent online is a measure of time spent browsing web pages on laptop and desktop computers only. It excludes time spent accessing other media such as audio or video content

4.2.5 Take-up of internet-enabled devices.

Each of the devices highlighted in Figure 4.23 can connect to the internet, although the networks over which the device connects and the internet experience that the device delivers both vary. Furthermore, while each of the devices below is capable of being connected to the internet, the degree to which the internet is integral to the device experience differs by device and by consumer expectation. For example, the primary purpose of a games console is to play games, although the most recent generation of consoles can also be used to watch catch-up television over the internet. Nevertheless, the games console internet experience is not equivalent to the one delivered through a web browser on a desktop PC or laptop (e.g. particular software is required to run certain elements of webpages, which is unavailable for games consoles, and navigation of pages with a games controller differs considerably from a mouse and keyboard).

We also examine the use of smart TVs and internet-connected televisions (including games consoles and internet-enabled set-top boxes) in section 2 of the *Television and audio-visual content* chapter.

UK smartphone take-up is almost on a par with laptop ownership

In Q1 2014, laptop computers remained the most popular internet-enabled device and were present in 63% of UK households, followed very closely by smartphones, present in 61% of households. Games consoles were the third most popular, and were available in just under half of UK households (47%).

The largest rise in take-up of internet-enabled devices in the year to Q1 2014 was among tablet computers, increasing by 20 percentage points to 44% of UK households. The largest decline was among desktop computers, which were down six percentage points from 41% to just over a third (35%) of UK homes.

Consumers capable of receiving video-on-demand (VOD) through an internet-enabled set-top box (STB) include all Virgin pay-TV customers, Sky customers with a Sky+ HD set-top box (STB), BT Vision customers, TalkTalk TV customers and YouView owners. While some Freeview and Freesat boxes are also capable of receiving VOD we have not been able to reliably identify these from our research, so VOD STB take-up in Figure 4.23 is likely to be an underestimate.

Figure 4.23   Ownership of internet-enabled devices

Household take-up (%)

Year-on-year difference

| Device | +1 | +10 | -3 | +20 | +3 | -6 | -3 | +2 | +4 | +/-0 | NA |

Values: Laptop 63, Smart phone 61, Games console 47, Tablet 44, VOD STB 38, Desktop 35, Portable games console 24, E-reader* 24, Smart TV 11, Netbook 8, HDMI device 4
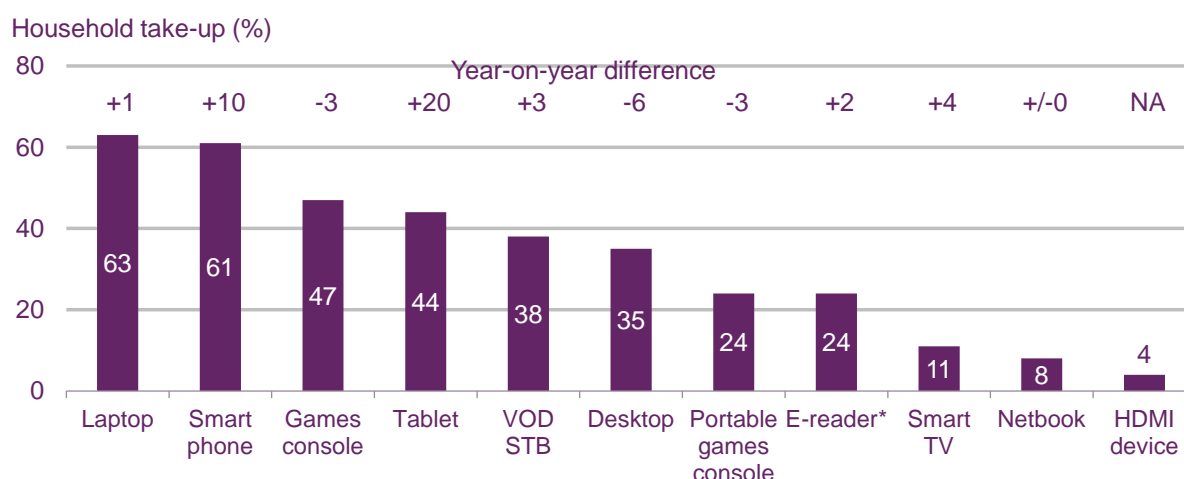
Source: Ofcom research, Q1 2014; Base: Adults aged 16+ n = 3740
*Note: IP-enabled devices include laptop, games console (Xbox 360, PS3, Wii/Wii U), desktop PC, smartphone, portable games console (Nintendo DS range, Playstation Portable/Vita), VOD STB (all Virgin TV customers, Sky+ HD, BT TV, TalkTalk TV and YouView), e-reader, tablet, netbook, smart TV, and HDMI device (Roku, Chromecast, Now TV). *E-reader take-up stated here is per household while elsewhere in the report we state figures by individual take-up.*

Tablet take-up has increased by 20 percentage points year on year

Tablet ownership almost doubled year on year in Q1 2014, to reach 44% of UK households. Take-up of these devices has increased rapidly since the launch of Apple's iPad in 2011. Over the past two years, tablet ownership among all UK households has increased by a factor of four.

While growth in tablet ownership has occurred across all ages and socio-economic groups, as Figure 4.24 shows, there are still some variances in take-up by demographic. Take-up of these devices is not necessarily driven by the younger age groups. Over half of those aged between 25 and 54 and those in the ABC1 socio-economic group now claim ownership of a tablet, while take-up has reached just under three in ten (28%) of those aged 55+ and one-third (35%) of C2DEs.

Although ownership of tablets is lower among over-55s and C2DEs, growth in take-up in these demographics is notable; rising from 4% of over-55s in 2012 to 28% in 2014 and increasing from 6% of C2DEs in 2012 to 35% in 2014.

Figure 4.24   Tablet computer ownership, by age and socio-economic group: 2012 to 2014
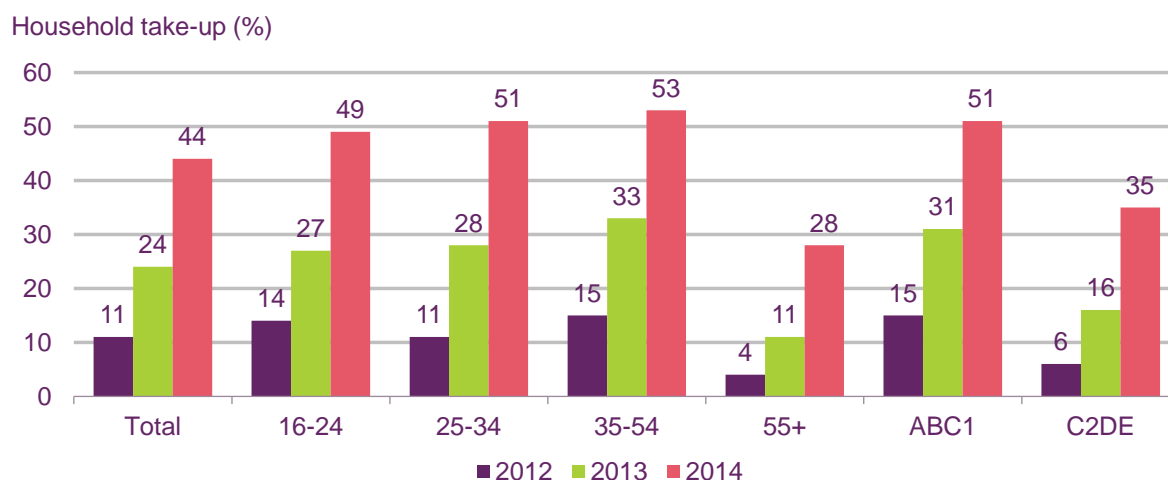
Household take-up (%)

Source: Ofcom research, Q1 2012, Q1 2013, Q1 2014
Q: Does your household have a PC, laptop, netbook or tablet computer?
Base: All respondents, 2012=3772, 2013=3750, 2014=3740

While tablet take-up has grown, desktop PC ownership has declined

The proportion of UK households that own a desktop PC has fallen from 44% in 2012 to 35% in 2014, and this decline is reflected in all of the demographic groups set out in Figure 4.25. The fall in desktop PC ownership is most prominent among the 16-24s, where claimed ownership has fallen by 13 percentage points since Q1 2012.

Figure 4.25   PC ownership, by age and socio-economic group: 2012 to 2014
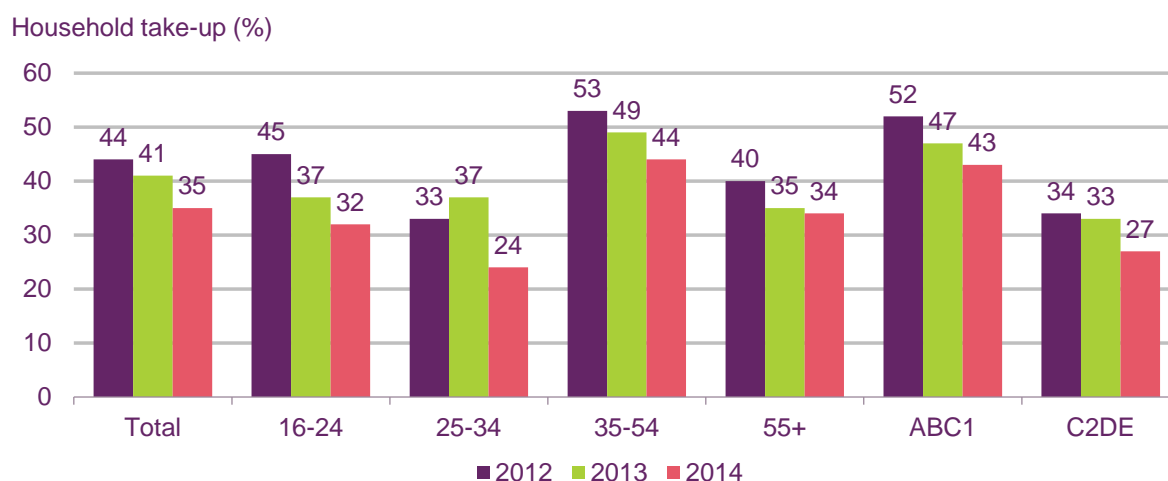
Household take-up (%)

Source: Ofcom research, Q1 2012, Q1 2013, Q1 2014
Q: Does your household have a PC, laptop, netbook or tablet computer?
Base: All respondents, 2012=3772, 2013=3750, 2014=3740

Laptop ownership has remained stable over the past two years

Laptop computer ownership in UK households has been stable over the past two years. This suggests that tablet computers may be being used as a complement to, rather than a replacement for, more traditional computers. The proportion of homes with neither a tablet, desktop PC nor laptop has remained constant at one-fifth (21%) since 2012, but the proportion of homes owning a laptop only has fallen from 27% in 2013 to 20% in 2014.

Those aged 55+ and those in the C2DE socio-economic group are the least likely to claim ownership of a laptop.

Figure 4.26   Laptop ownership, by age and socio-economic group: 2012 to 2014
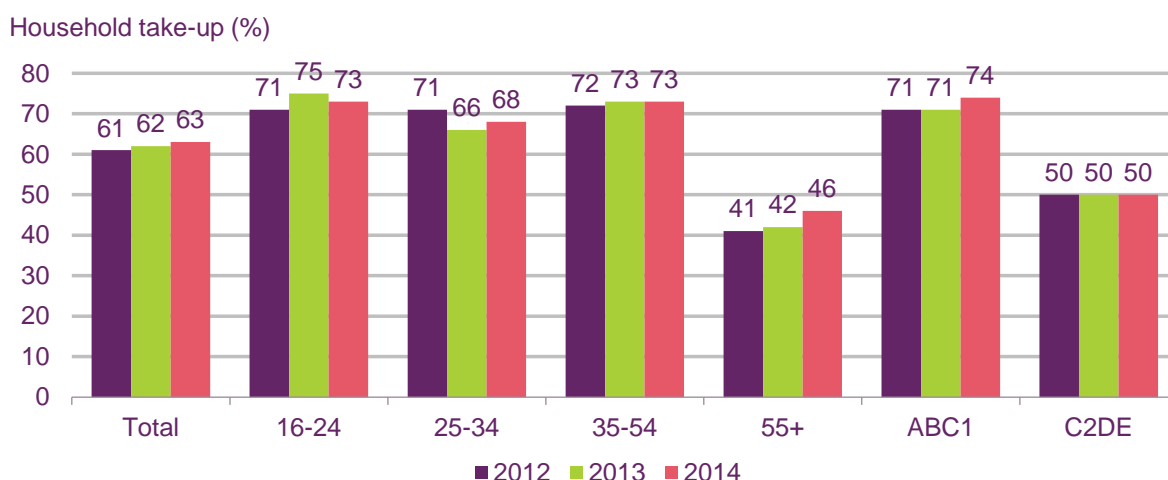
Household take-up (%)

Source: Ofcom research, Q1 2012, Q1 2013, Q1 2014
Q: Does your household have a PC, laptop, netbook or tablet computer?
Base: All respondents, 2012=3772, 2013=3750, 2014=3740

Six in ten UK adults personally owned a smartphone in Q1 2014

Smartphone take-up grew by ten percentage points year on year to 61% of UK adults. Ownership of smartphones is higher than average in the younger age groups, with 88% of those aged 16-24 and 84% of 25-34s owning one. Growth in take-up among these ages has also been significant, rising by 22 percentage points among the 16-24s and 24 percentage points among the 25-34s since 2012. One quarter of over-55s now own a smartphone, doubling from 12% in 2012.

Smartphone take-up is also higher than average among ABC1 households, and lower than average among the C2DE households.

Figure 4.27   Smartphone ownership, by age and socio-economic group: 2012 to 2014

Proportion of adults (%)
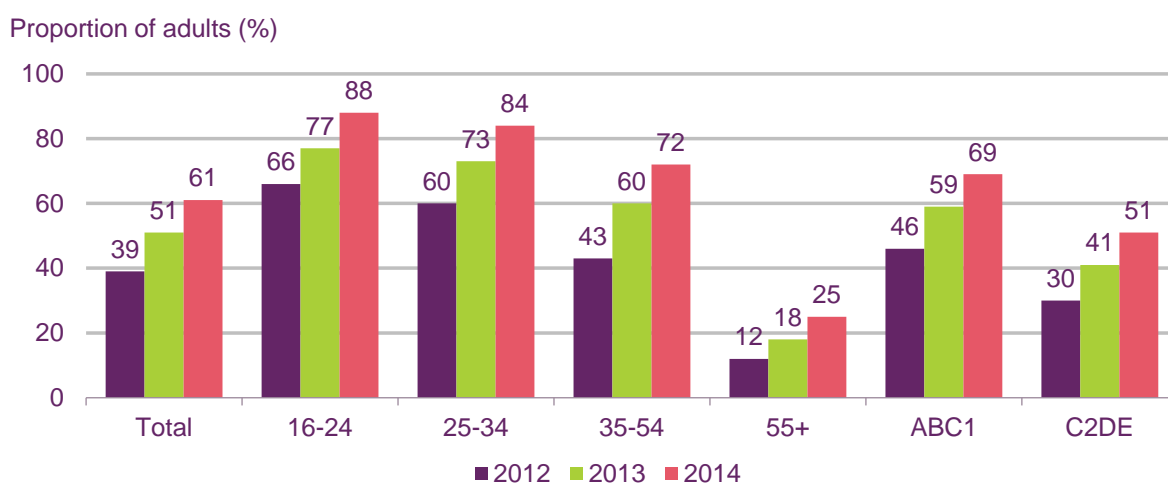
Source: Ofcom research, Q1 2012, Q1 2013, Q1 2014
Q: Do you personally use a smartphone?
Base: All respondents, 2012=3772, 2013=3750, 2014=3740

The average UK household owns four different types of internet-enabled devices

Households in the UK own four different types of internet-enabled device on average[56], with 88% of households having at least one such device in their household. Almost two-thirds of all UK households have three or more of the internet-enabled devices listed in Figure 4.23.

Figure 4.28   Number of different internet-enabled devices per household, Q1 2014

Proportion of households(%)
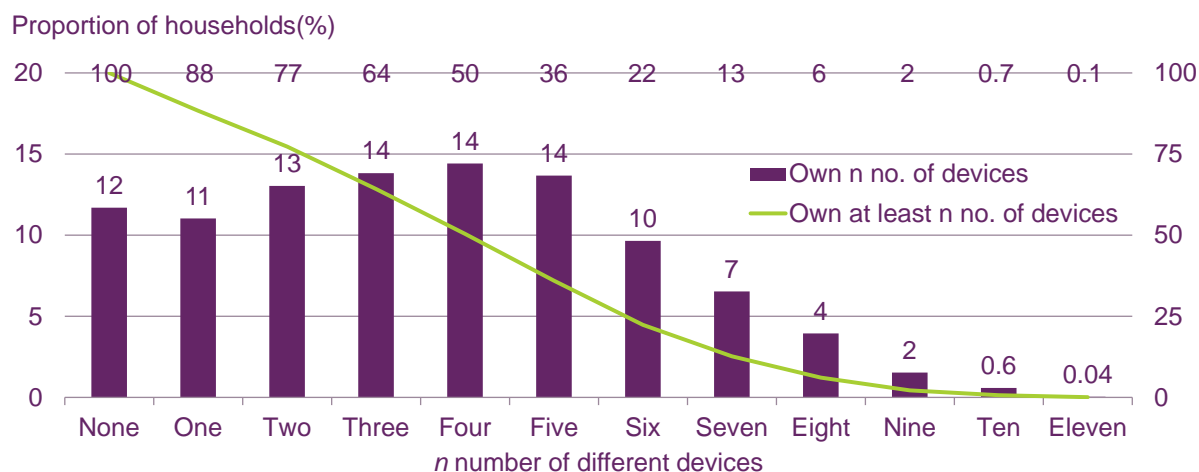
Source: Ofcom research, Q1 2014, Base: Adults aged 16+ n = 2256
Note: IP-enabled devices include laptop, games console (Xbox 360, PS3, Wii/Wii U), desktop PC, smartphone, portable games console (Nintendo DS range, Playstation Portable/Vita), VOD Box (all Virgin TV customers, Sky+ HD, BT Vision, TalkTalk TV and YouView), e-reader, tablet, netbook, smart TV and HDMI device.

The average UK household is most likely to own a laptop, smartphone, a games console and a VOD set-top-box

Of the 88% of homes that currently own at least one internet-enabled device, Figure 4.29 shows the likelihood of device ownership as the number of internet-enabled devices increases in a household. For example, 53% of homes with two different types of internet-enabled devices own a laptop, while only 19% of homes with seven different internet-enabled devices own a netbook.

Figure 4.29 provides an indication of the most likely order in which consumers adopt different internet-enabled devices. As the number of different internet-enabled devices increases, four tiers of device adoption emerge. Laptop computers and smartphones are the most likely devices to be adopted in an average household of four devices, while netbooks and smart TVs are the least likely to be adopted. VOD set-top boxes, games consoles and tablets are the second tier of approximately equal likelihood to be adopted (50-60%), while e-readers and portable games consoles are the third tier most likely to be adopted (18-21%).

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[56] The sum of unique types of devices (9141) divided by the sum of respondents (2256) equates to 3.6 different internet-enabled devices per household.

Figure 4.29   Device ownership, by number of different internet-enabled devices in the household

Proportion of households that own device (%)

Number of different internet-enabled devices in household
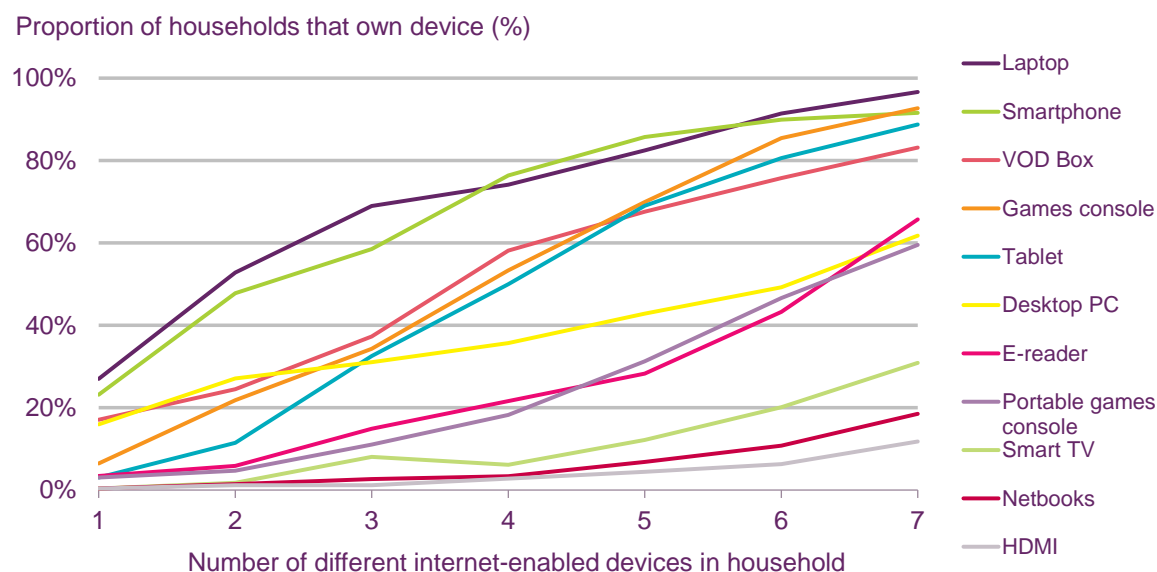
Source: Ofcom research, Q1 2014; Base: Adults aged 16+ who own at least one IP-enabled device n=2242 (one device 280; two devices 331; three devices 351; four devices 366; five devices 347; six devices 245, seven devices 166.)Note: IP-enabled devices include laptop, games console (Xbox 360, PS3, Wii/Wii U), desktop PC, smartphone, portable games console (Nintendo DS range, Playstation Portable/Vita), VOD Box (all Virgin pay-TV customers, Sky customers with a Sky+ HD STB, BT Vision customers, TalkTalk TV customers and YouView owners), e-reader, tablet, netbook, smart TV and HDMI devices (such as Chromecast).

Smartphones are more popular than laptops among DE households

Figure 4.30 shows take-up of each type of internet-enabled device by socio-economic group. Ownership of all internet-enabled devices, with the exception of games consoles and portable games consoles, is highest among AB households, whereas ownership of all internet-enabled devices is lowest among DE households. This is likely to be due to the differing levels of disposable income between socio-economic groups. Games consoles have the highest take-up in groups C1 and C2 (both 50%) but also the smallest differences in take-up between social groups among the devices analysed.

Figure 4.30 also shows that the order of popularity of internet-enabled devices varies by social group. For example, DE households are more likely to own a smartphone (47%) than a laptop (44%), while AB households are more likely to own a desktop computer (52%) than a games console (48%).

Figure 4.30   Take-up among each social group of internet-enabled devices

Take-up (%)
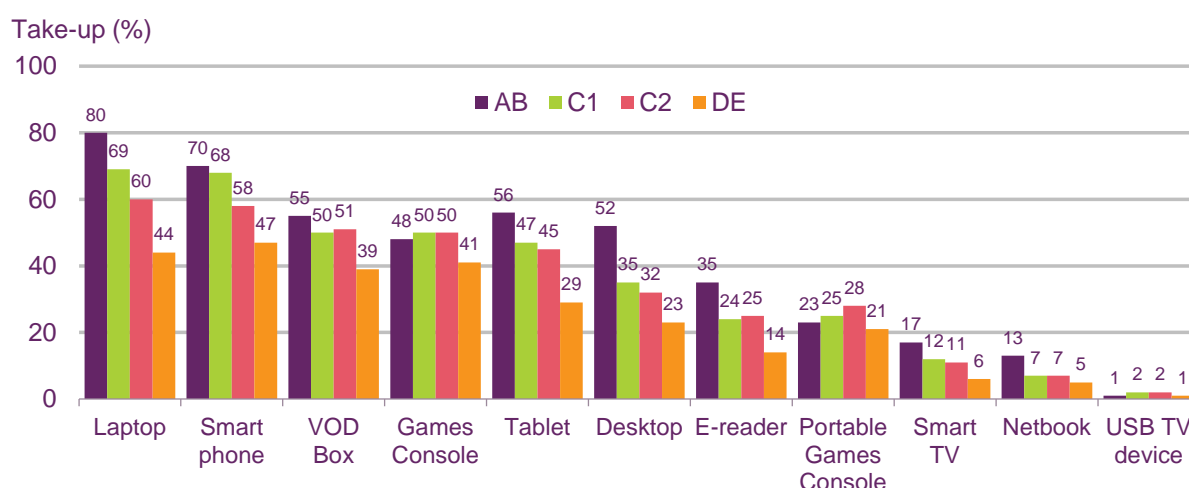
Source: Ofcom research, Q1 2014
Base: Adults aged 16+, AB n = 777, C1 n = 1115, C2 n = 800, DE n = 1042

4.2.6 Use of internet-enabled devices

The most important device for internet access among four in ten 16-34 year olds is the smartphone

UK internet users were asked what they considered to be their most important device for accessing the internet. For the UK as a whole, laptops were the most popular device (40% of internet users), followed by smartphones (23%) and desktop computers (20%).

The most important device varied across age groups; 16-24 year olds and 25-34 year olds were more likely to claim their smartphones were the most important, while laptops (42%) were the most popular choice among 35-54 year olds, followed by desktops (20%) and then smartphones (19%). For those aged 55 and over the most important device was laptops (44%) followed by desktops (36%) and then tablets (13%).

Between men and women, men were significantly more likely to claim the desktop computer as most important, while women were significantly more likely to claim the tablet computer as most important.

Among socio-economic groups, AB households were significantly less likely to claim the smartphone as most important compared to other social groups, while C1 households were significantly more likely than DE households to claim the tablet as most important.

Figure 4.31 Most important device for internet access
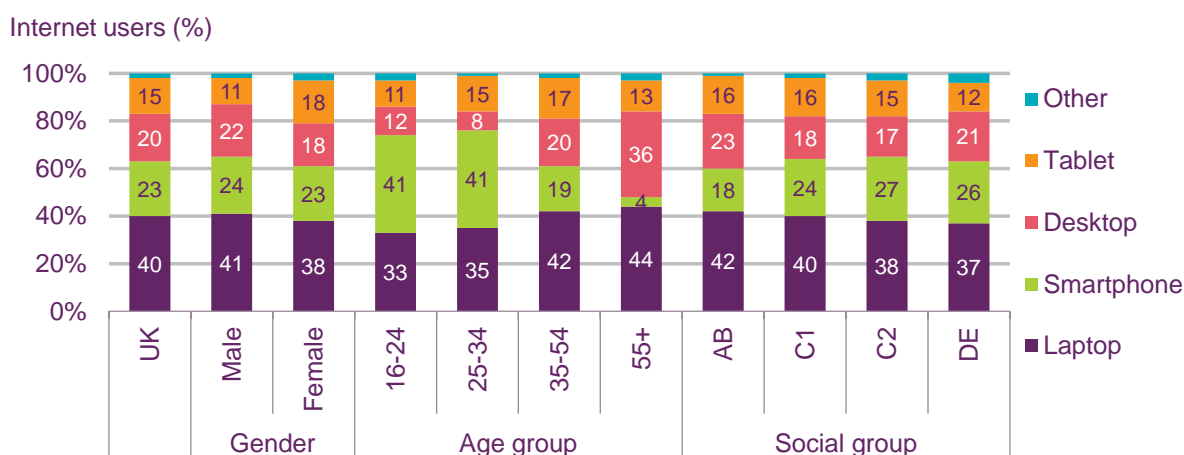
Internet users (%)

Source: Ofcom research, Q1 2014
Base: All adults aged 16+ who use the internet at home or elsewhere (n = 2976 UK). Question: Which is the most important device you use to connect to the internet, at home or elsewhere? "Other" responses include: "Netbook", "Games console", "Other device", "None" and "don't know".

Tablets are most important among adults with computers and smartphones

Since take-up of the devices listed in Figure 4.31 is not universal, consumers' choice of the most important device for accessing the internet is limited to what they own. Figure 4.32 considers the most important device for accessing the internet by users who have access to desktops, laptops, smartphones and tablets.

Of those who own all four listed types of device, the tablet is the most important for almost a third of respondents (30%), and the laptop is the most important for a similar proportion (29%). A smartphone is the most important device for accessing the internet for just over one in five respondents (22%) and the desktop is the most important for 17% of respondents.

Figure 4.32 Most important device for internet access, by device ownership
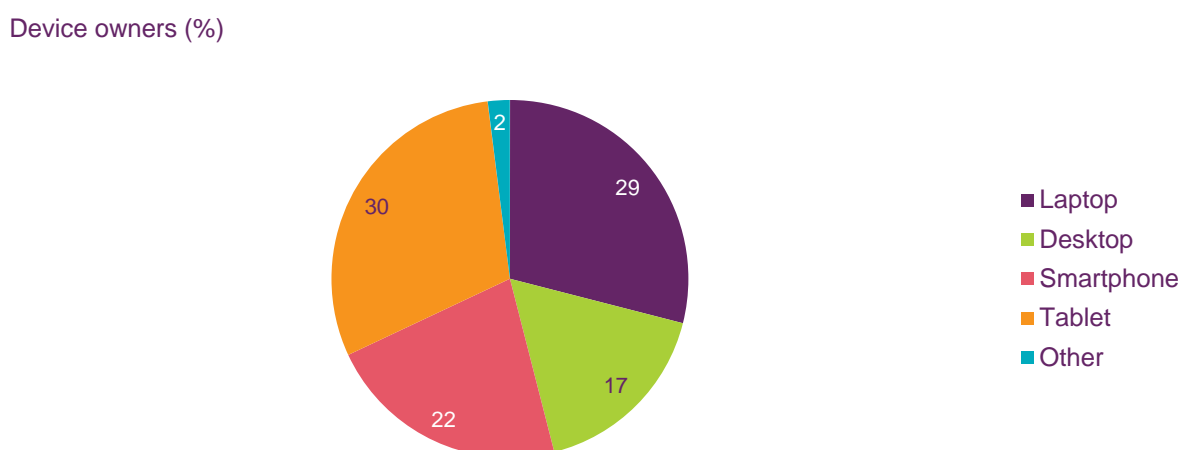
Device owners (%)

Source: Ofcom research, Q1 2014
Base: All adults aged 16+ who use the internet at home or elsewhere (n = 2976 UK) and have a desktop and laptop in the household, and who personally use a smartphone and tablet. Question: Which is the most important device you use to connect to the internet, at home or elsewhere? "Other" responses include: "Netbook", "Games console", "Other device", "None" and "don't know".

4.2.7 Digital inclusion

Almost three-quarters of offline homes do not intend to take up the internet in the next 12 months

Just under a fifth of adults (19%) did not have household access to the internet in Q1 2014. The majority of respondents without internet access claimed that they did not intend to get access in the next 12 months (14% of all adults). Two per cent of respondents were not sure if they were likely to get access, and the same proportion replied that they were likely to get access in the next 12 months. The proportion of adults who do not intend to get household internet access has not changed since 2013, and appears to have reached a plateau.

Figure 4.33   Internet take-up and intentions: 2008-2014
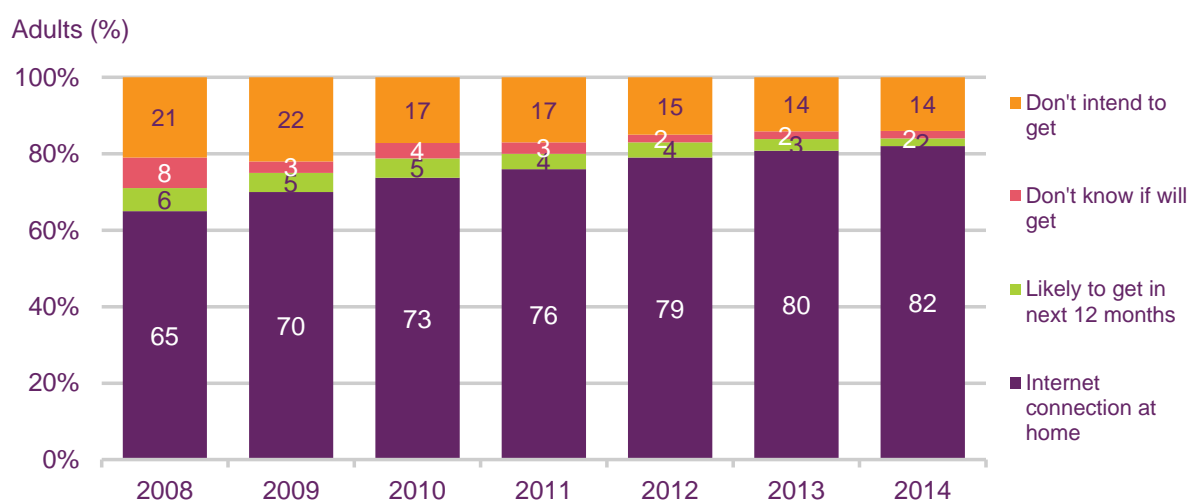
Adults (%)

Legend
■ Don't intend to get
■ Don't know if will get
■ Likely to get in next 12 months
■ Internet connection at home

Source: Ofcom research, fieldwork carried out by Saville Rossiter-Base in January to February 2014
QE2/ QE24 – Do you or does anyone in your household have access to the internet / World Wide Web at home (via any device)?/ How likely are you to get internet access at home in the next 12 months?
Base: All adults aged 16+ (5812 aged 16+ in 2008, 6090 aged 16+ in 2009, 9013 aged 16+ in 2010, 3474 aged 16+ in 2011, 3772 aged 16+ in 2012, 3750 aged 16+ in 2013, 3740 aged 16+ in 2014).

DE households and over-75s are least likely to get internet access

DE households and over-75s are the least likely to intend to get an internet connection, and of these, 26% and 64% respectively do not intend to get an internet connection at home. However, people in DE households are also the most likely to claim that they are likely to get an internet connection in the next 12 months (4%).

Figure 4.34   Internet take-up and intentions, by demographic group
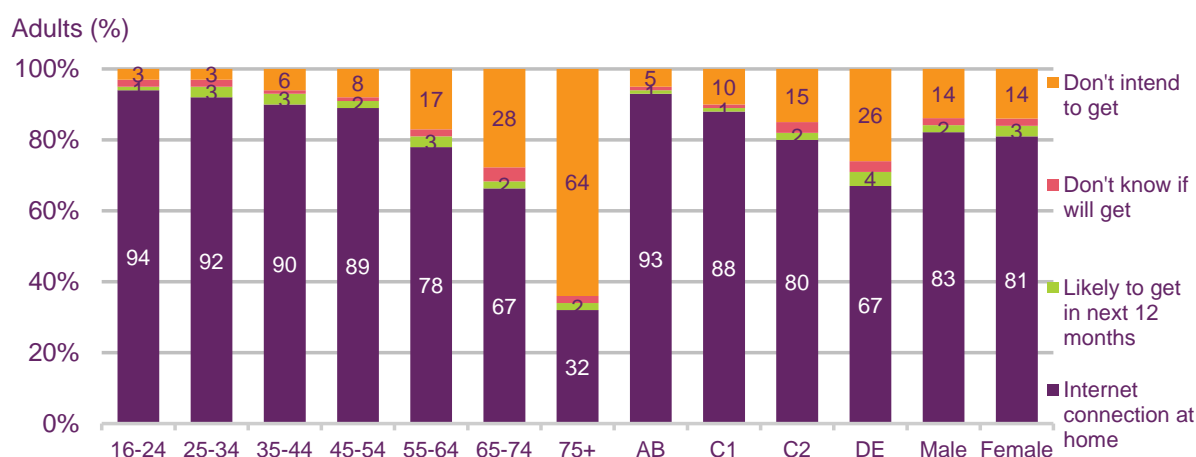
Adults (%)

Source: Ofcom research, fieldwork carried out by Saville Rossiter-Base in January to February 2014
QE2/ QE24 – Do you or does anyone in your household have access to the internet / World Wide
Web at home (via any device)?/ How likely are you to get internet access at home in the next 12
months?
Base: All adults aged 16+ (5812 aged 16+ in 2008, 6090 aged 16+ in 2009, 9013 aged 16+ in 2010,
3474 aged 16+ in 2011, 3772 aged 16+ in 2012, 3750 aged 16+ in 2013, 3740 aged 16+ in 2014).

Lack of interest is cited by the majority of offline adults for not being online

People who did not have the internet at home were asked in our media literacy survey why
this was the case. The responses were unprompted, and respondents could give as many
reasons as they wanted to. Figure 4.35 provides a summary of the reasons given by those
who do not intend to get the internet at home in the next 12 months. A lack of interest was
the main reason given by respondents (82%), decreasing by three percentage points
between 2012 and 2013. However, the proportion of respondents citing
ownership/availability as a factor rose by 15 percentage points to 34% of adults. This is
similar to the proportion who claim cost as a reason for their intention to not get internet
access at home (32%).

Figure 4.35   Stated reasons for not intending to get home internet access in the next 12 months: 2005, 2007, 2009, 2010, 2011, 2012 and 2013
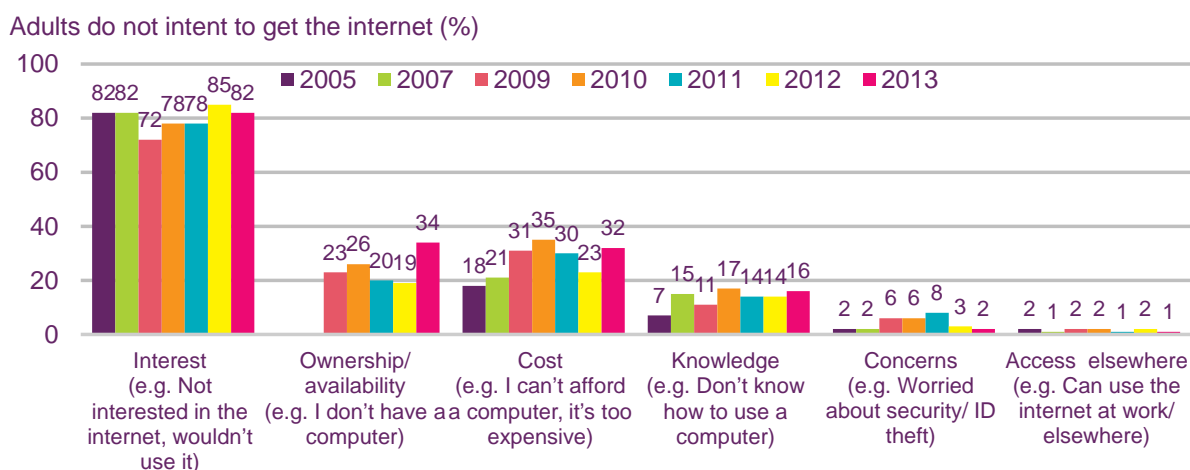
Adults do not intent to get the internet (%)

Source: Ofcom research, fieldwork carried out by Saville Rossiter-Base in January to February 2014
QE2/ QE24 – Do you or does anyone in your household have access to the internet / World Wide Web at home (via any device)?/ How likely are you to get internet access at home in the next 12 months?
Base: All adults aged 16+ (5812 aged 16+ in 2008, 6090 aged 16+ in 2009, 9013 aged 16+ in 2010, 3474 aged 16+ in 2011, 3772 aged 16+ in 2012, 3750 aged 16+ in 2013, 3740 aged 16+ in 2014).

More than eight in ten offline users are not interested in using any internet-related service

Eighty-two per cent of offline users were not interested in any of the internet-related activities listed in Figure 4.36. The most popular internet activity that non-users were interested in was using email to contact friends and family (8%), followed by online shopping (7%) and looking for information on hobbies or interests (7%). One of the least popular was downloading or watching online TV programmes or films through services such as Amazon Prime, Netflix and BBC iPlayer, which only 2% of non-users expressed an interest in.

Figure 4.36   Interest in internet activities among non-users: 2013

Non-users (%)

Activity	%
Use email to contact friends and relatives	8
Buy things online	7
Look online at information on hobbies or interests	7
Use price comparison websites or apps to find cheaper deals	6
Find out about local services online	5
Find out information from your local government or council online	4
Transfer photos from a digital camera or mobile to a computer	4
Complete government processes online	3
Make phone calls over the internet for free	2
Use social networking sites	2
Download or watch online TV programmes or films	2
None of these	82

Source: Ofcom research, fieldwork carried out by Saville Rossiter-Base in October to November 2013
IN10 I'm going to read out some different types of things you can do online and for each one I'd like
you to say if this is something that you are interested in (prompted responses, multi-coded)
Base: Those who do not go online at home (on any device) and do not use elsewhere (370)

4.3 Web-based content

4.3.1 Introduction

This section explores the content and services that people access through the internet and on the world wide web.

- Section 4.3.2 gives an **overview** of what activities UK consumers use the internet for, and the most popular websites by unique audience and time spent.

- Section 4.3.3 focuses on **search engines** and their popularity over time and across platforms.

- Section 4.3.4 examines the take-up of **social networking** within the UK, the popularity of different social networking sites, consumption patterns over time on different platforms, and access through apps compared to web browsers.

- Section 4.3.5 looks at the reach and audience over time of **video sharing** websites across different platforms.

- Section 4.3.6 considers the popularity of **online retail** websites over time and across laptop/desktop and mobile devices, the level of retail spend online, and how consumers use their mobile phones to shop online.

- Section 4.3.7 looks at the trends in the unique audience of **online news** brands across laptop/desktop and mobile platforms, the popularity of tablet access to news content, and the frequency of accessing online news on a mobile.

Key findings

The key findings from this section of the report are:

- **Google sites were the most-visited websites across laptop/desktop and mobile devices, with 47 million visitors per month.** This is an increase of three million visitors year on year. Yahoo sites are the next most popular internet property, with a unique audience of 38 million, followed by Facebook with 36 million unique visitors per month.

- **Facebook's digital audience continues to grow**. Facebook remains the most popular social networking site with a unique audience of 35.1 million, up 6.4% since March 2013.

- **Social networking websites are increasingly being accessed on mobile phones.** Facebook, Twitter, LinkedIn and Google Plus have all increased their mobile audience in the past year. Facebook had the largest year-on-year increase in visitors on mobile handsets, from 19 million to 21.1 million (11%).

- **Twitter users are most likely to access the service through an app, and least likely through a mobile browser.** Twitter had the highest proportion of its audience accessing the social networking site through a mobile phone app (76%), and the lowest proportion accessing the site through a mobile browser (54%). LinkedIn had the most even distribution of its audience between access methods.

- **The digital audience of YouTube has increased by over 5 million year on year, to 40 million visitors.** As the UK's most popular online video sharing website, YouTube has an active reach of 83% across laptop/desktop computers, mobile and tablet devices.

- **The audience of the most popular online video sites are flat or declining among laptop/desktop users.** Despite increasing cross-platform digital audiences, laptop/desktop visitors to online video-sharing sites declined or remained stable in the year to March 2014. But there have been increases via mobile platforms, with YouTube's mobile audience having doubled in two years to nearly 8 million.

- **eBay overtook Amazon as the most popular retail website in March 2014**. eBay had the largest digital audience among retail websites, with 27.3 million visitors compared to Amazon's 26.9 million visitors. eBay and Amazon have maintained their leading positions among retail websites, ahead of the next most popular sites: Argos (11.2 million) and Tesco (10.2 million).

- **eBay is the most popular online retail site on mobile devices**. Despite having similar reach across the entire digital audience (57% for eBay and 56% for Amazon), visitors to eBay were less likely than visitors to Amazon to use a laptop/desktop computer, and much more likely to access the site on a mobile device. Amazon had a mobile reach of 28%, six percentage points lower than eBay's mobile reach of 34%.

- **The laptop/desktop audiences for the most popular news websites are declining**. The most popular news websites among laptop and desktop audiences were *The Daily Mail* (10.6 million), *The Guardian* (10.6 million), and BBC News (10.3 million). However, the unique audience of these leading news websites on laptop and desktop computers all declined or remained flat in the year to March 2014.

- **Online news is increasingly accessed on mobile handsets.** The most popular news provider on a mobile handset was the BBC (14.5 million users) in April 2014. A fifth of mobile internet users access news on their handset every day.

4.3.2 Overview

Methodology: comScore MMX Multi-Platform

In this section we use comScore MMX Multi-Platform to analyse website and app use across laptop/desktop computers, mobiles and tablets. The digital audience is an unduplicated unique audience between each of these devices and the unique viewers of videos on laptop/desktop computers.

Readers should note that tablet usage data and off-network WiFi usage data is included under mobile from July 2013; therefore caution is advised in comparing data before and after this date. Furthermore, only those websites and apps that have been tagged as part of comScore's census network report tablet usage data. Therefore caution is advised in comparing data between entities that do tag and entities which do not.

Despite the caveats above, we consider that a multi-platform assessment of the web entities in this chapter best reflects consumers' web behaviour and consumption across devices. We use single-platform measures where longer time trend analysis, or specific platform analysis is appropriate.

Sending and receiving emails is the most common internet activity, after general browsing

General browsing was the most popular internet activity (86%) and had been carried out by 78% of adults in the past week (Figure 4.37). Sending and receiving emails was the second most popular activity, with more than seven in ten adults (71%) doing this in the past week.

More than half of UK adults (56%) claimed to use the internet for social networking sites, and 48% did this on a weekly basis. More than four in ten (44%) had used internet banking in the past week, and 35% had purchased goods or services online. Over half of UK adults (53%) claim to have watched TV or video online (with 37% of these having done so in the past week), while 38% had watched short video clips (25% having done so in the past week).

In this chapter, we consider short-form video sharing and in section 2.3.3 we consider long-form online TV and video consumption.

Figure 4.37   Claimed use of the internet for selected activities
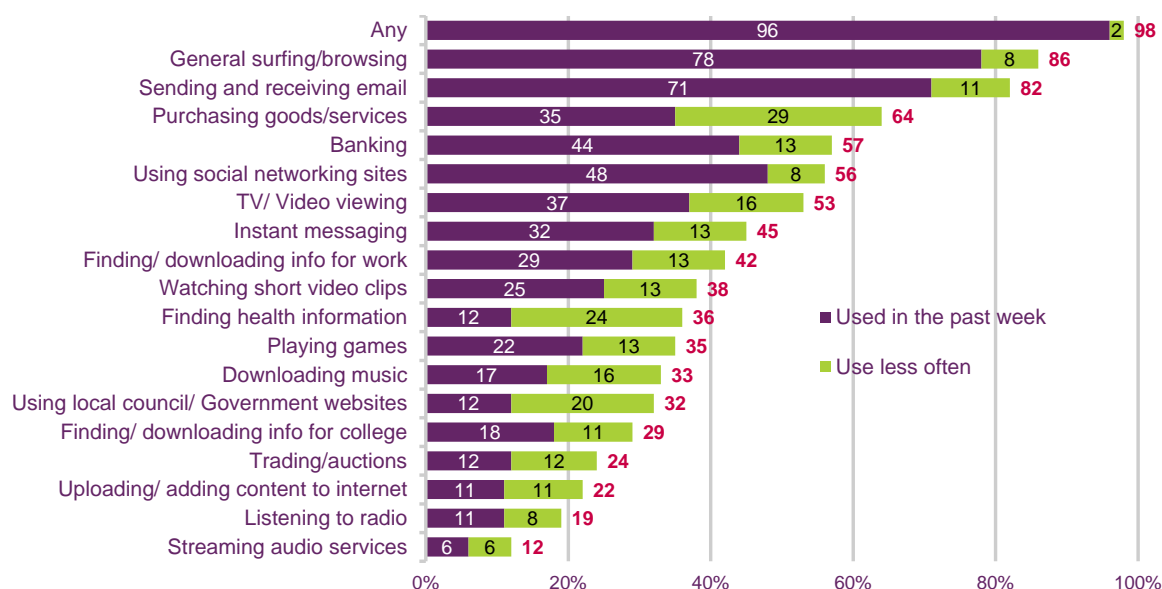
QE5. Which, if any, of these do you use the internet for?
Source: Ofcom research, Q1 2014
Base: All adults aged 16+ who use the internet at home or elsewhere (n = 2976 UK)

Google sites were the most-visited websites across laptop/desktop, mobile and tablet devices, with 47 million visitors per month

The most-visited websites in March 2014 were those owned by Google (Google sites[57]) with 47 million visitors per month, up by 3 million from March 2013 (Figure 4.38). Yahoo sites were the next most popular internet property, with a digital audience of 38 million, followed by Facebook with 36 million unique visitors per month.

Yahoo sites[58] had the greatest year-on-year increase among the top ten internet properties, up 12 million on March 2013. This increase occurred most on mobile devices, with the unique audience of this platform making up 31% of Yahoo's digital audience in 2014, compared to 8% for Google and 13% for Facebook. A likely reason for the large increase in

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[57] The main media titles [M] under the property of Google sites are Google (including Search, Maps, and Gmail), YouTube, and Blogger.
[58] The main channels [C] under the property Yahoo sites are Yahoo Answers, Yahoo-ABC News Network, Yahoo Search, and Yahoo Mail.

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visits to Yahoo sites is the inclusion of app data to comScore MMX-Multiplatform in July 2013. Yahoo entities such as Weather and Finance are included by default on every Apple iPhone, and are therefore likely to have significantly contributed to this rise. eBay sites had the second greatest absolute increase, up by 5 million to 29 million unique visitors in March 2014, again likely in part to be a reflection of app inclusion in the data.

The general trend in Figure 4.38 shows an increase across all of the top ten internet properties among the digital audience, with the exception of Apple Inc. which fell from 24 million to 23 million unique visitors. This is, in part, a reflection of the decline in audience to Apple's websites on laptop and desktop computers (down 20% year on year).

Figure 4.38   Top ten most popular internet properties among the digital audience: March 2013 and March 2014

Unique audience (millions)
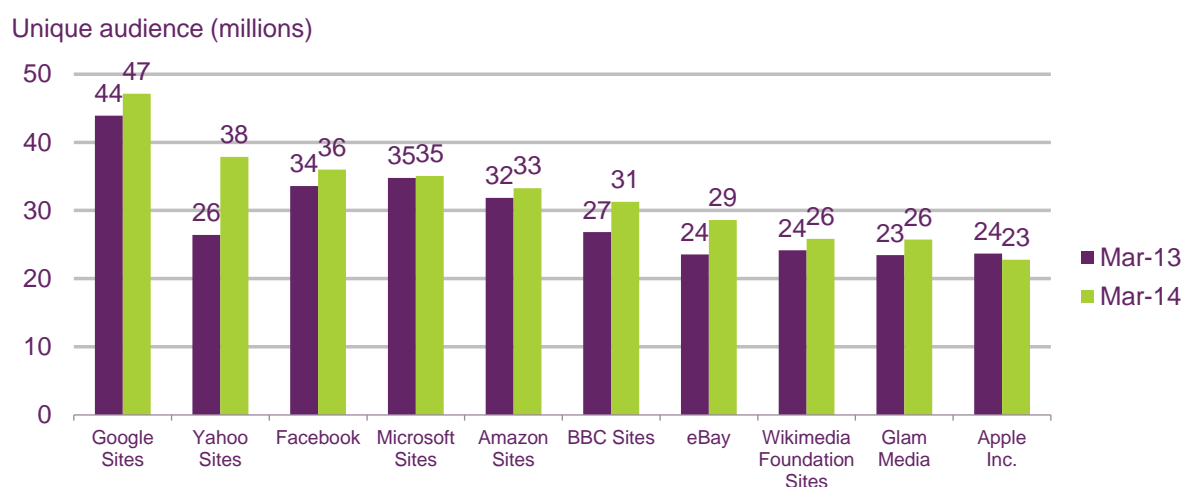
Source: comScore MMX Multi-Platform, UK, March 2013 and March 2014
All sites listed are at the property level [P]. Please note MMX Multi-Platform includes laptop/desktop browsing, laptop/desktop video streams, on-network and WiFi mobile browsing and app use.
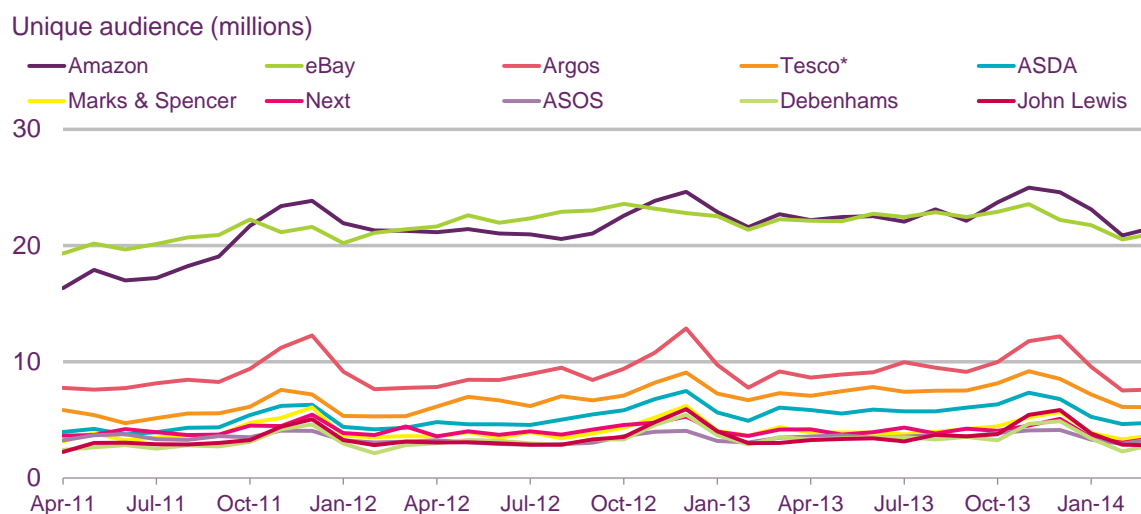*Note: Starting with July 2013 data, comScore added tablet data to the mobile data field of MMX MP. Only those entities that have been tagged as part of the census network report tablet usage data.*

More than 22 billion minutes are spent browsing Google sites per month

Of the top 100 most popular internet properties in the UK, visitors to Google sites were the heaviest users, spending a total of 22 billion minutes browsing per month (equating to about eight hours per visitor per month[59]). Of this total, just over 13 billion minutes were accountable to time spent on YouTube. This was followed by Facebook visitors who spent over 14.7 billion minutes (246 million hours) in total using the social networking service.

Visitors to Yahoo sites totalled over 4 billion minutes, a significant proportion of which was spent on Yahoo Mail. Other popular websites by total minutes spent were BBC sites (3.7 billion minutes), Microsoft sites (3.1 billion minutes) and eBay (2.5 billion minutes).

Visitors to AccuWeather sites spent in total nearly 2 billion minutes using AccuWeather services each month. However, almost all of this time[60] is attributed to time spent online on tablets and mobiles. This is likely to be a reflection of the popularity of the AccuWeather weather widget on Android smartphones, particularly since the widget is the default option on many Samsung devices[61]. Google Now, available on iPhones and iPads, and

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[59] For more details on how time spent is calculated please see section 4.2.4.
[60] *Visits from mobile and tablet users accounted for 99.8% of all minutes spent on AccuWeather Sites (comScore MMX Multi-Platform, UK, March 2014).*
[61] http://www.accuweather.com/en/press/23824885

automatically installed on the latest Android phones, receives regularly updated information on the local weather. As the provider of these updates, Accuweather therefore accrues a significant time spent on it each month, regardless of whether the consumer is actively choosing to navigate access to this site.

Glam Media accounted for almost one billion minutes in a month. The Daily Mail's online presence (Mail Online) comes under this property and is responsible for most of this time – this will be examined further in section 4.3.7.

Figure 4.39   Top ten internet properties among the digital audience, by time spent

Total Minutes (billions)
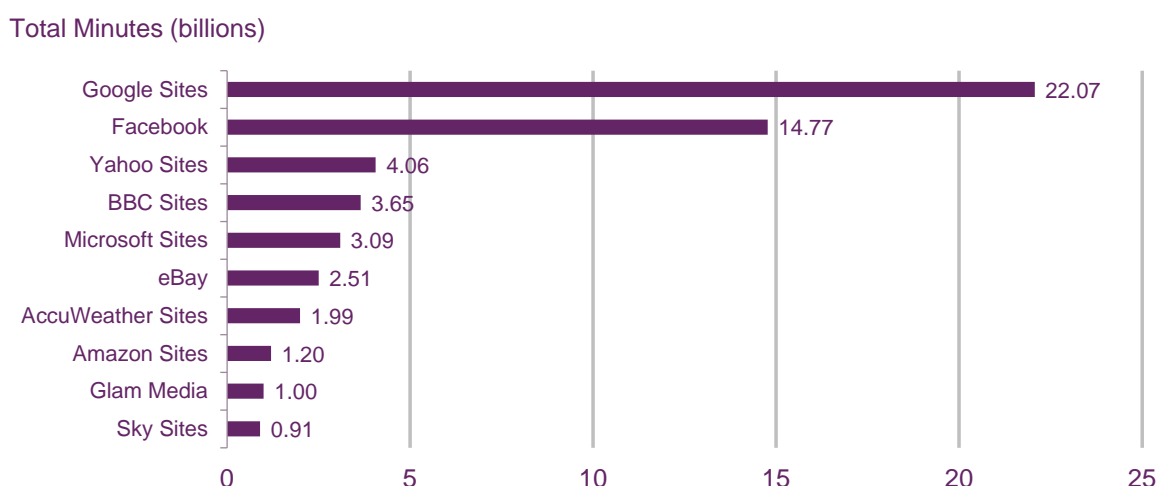
Source: comScore MMX Multi-Platform, UK, March 2014
Note: All sites listed are at the property level [P]. Time spent online is a measure of time spent on laptop/desktop webpage browsing, and on-network and WiFi mobile browsing and application data. It excludes time spent accessing audio content.
Note: Starting with July 2013 data, comScore added tablet data to the mobile data field of MMX MP. Only those entities that have been tagged as part of the census network report tablet usage data.

4.3.3 Search

Google is the most popular search website

Google Search had a digital audience across all digital platforms of 41.8 million in March 2014, up by 1 million in a year. However, digital audience growth was greater among search rivals Bing and Yahoo Search, up 4.3 million to 16.3 million; and up 7.5 million to 16 million respectively (Figure 4.40).

Yahoo Search in particular has almost doubled its unique audience since 2013, gaining nearly six million visitors on the laptop/desktop platform alone. The increased audience for Bing occurred mostly on mobiles (from 10.5% of Bing's digital audience in 2013 to 42% in 2014) and is likely to be helped by the rise in take-up of Windows smartphones over the past year (which use Bing as their default search engine). In March 2014, there were 2.8 million Windows smartphone users, compared to 1.6 million a year previously.[62]

In comparison, Google Search had relatively modest year-on-year growth, all of which was on mobile platforms (which increased their share of Google's digital audience from 32.8% to 41.1%) in the year to March 2014. For smartphones running Android (developed by Google and the Open Handset Alliance) or iOS (the operating system for Apple products), the

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[62] comScore MobiLens, UK, mobile users 13+, March 2013, 2014.

default search engine is Google and, as these operating systems account for 84% of all smartphones in use[63], this is likely to explain Google's continued lead on mobile devices.

Figure 4.40   Digital audience of search websites: March 2013 and March 2014
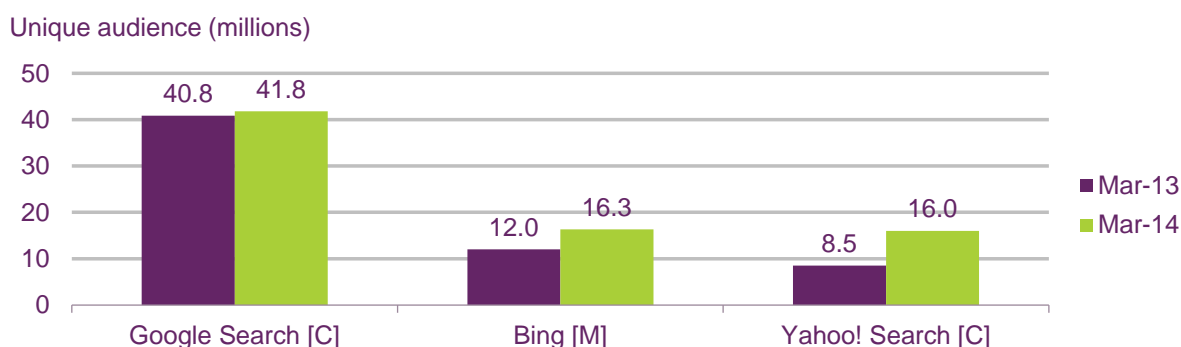
Unique audience (millions)

Source: comScore MMX Multi-Platform, UK, March 2013 and March 2014
Note: Starting with July 2013 data, comScore added tablet data to the mobile data field of MMX MP. Only those entities that have been tagged as part of the census network report tablet usage data.

Google Search visitors are most likely to use the search engine across platforms

Google Search had the largest proportion of its audience (29%) who used the search engine on both laptop/desktop computers and mobile phones (Figure 4.41). Google Search (41%) and Bing (42%) had similar proportions of visitors from a mobile phone; a much smaller proportion of Bing's audience also used Bing on both a mobile phone and a laptop/desktop computer (13%). This may be a reflection of the smaller number of smartphones running the Windows Phone operating system, for which the default search engine is Bing, but users of which use an alternative search engine on their other devices. The largest proportion of the Yahoo Search audience were laptop/desktop users (74%), and the smallest proportion of its audience used the search engine on both mobile phones and desktop/laptop computers.

Figure 4.41   Overlap of search website audiences between platforms: March 2014

Share of audience (%)
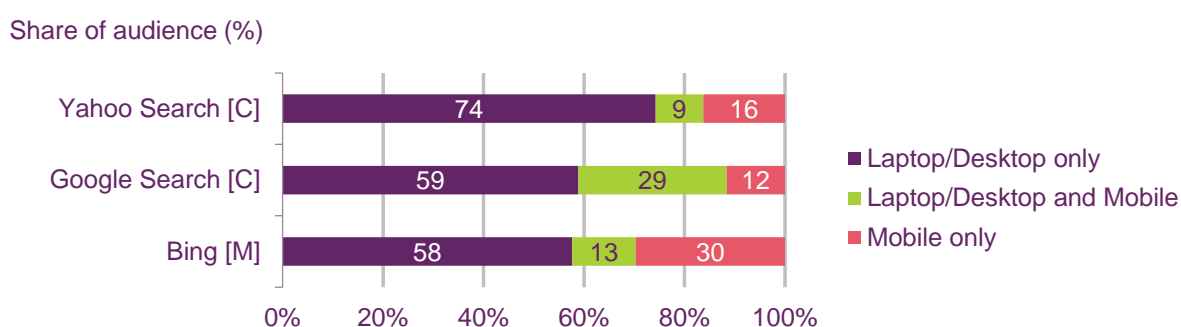
Source: comScore MMX Multi-Platform, UK, March 2014
Note: The entities above have not been tagged as part of the census network report, and therefore to do not include tablet usage data.

4.3.4   Social networking

Three-quarters of 16-24 year olds use social networking sites

Almost half of UK adults (47%) claim to access social networking sites, with take-up highest among those aged 16-24 (75%). Figure 4.42 shows that social networking sites are also more popular among women (50%) than men (44%) and in AB and C1 households (55% and 53%). Conversely, social networking sites are least popular among the older age

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[63] comScore MobiLens, UK, smartphone mobile users 13+, March 2014

groups, with only 6% of those aged 75 or older using them, and among DE households (36%). This is likely to be a reflection of lower levels of internet access among these demographic groups (see section 4.2.3) but also a lack of interest (see section 4.2.7).

Figure 4.42   Proportion of adults who access social networking sites at home
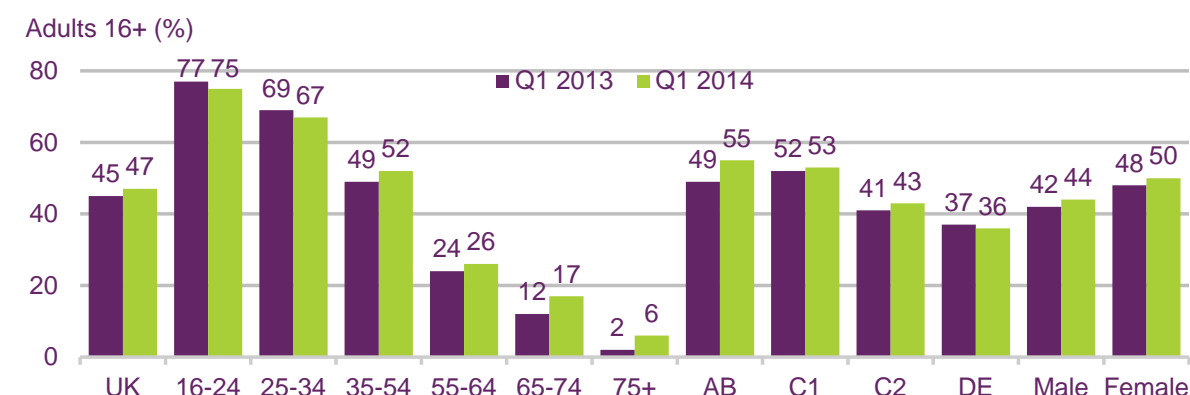
Adults 16+ (%)

Source: Ofcom Consumer research Q1 2014
Base: All adults aged 16+ (n = 3740 Q1 2014, 3750 Q1 2013)
QE5. Which, if any, of these do you use the internet for?

Facebook's digital audience continues to grow

Facebook remains by far the most popular social networking site, with a unique audience of 35.1 million in March 2014. Facebook's digital audience grew 6.4% over the past 12 months, and has an audience roughly three times larger than Twitter and LinkedIn. However, Twitter and LinkedIn have also increased their digital audience year on year, to 11.9 million and 11.3 million respectively (Figure 4.43). Similarly, the audience of Google+ increased by 2.4 million (38%) to 8.8 million. In contrast, the digital audiences of MySpace and Friends Reunited have declined to less than a million each.

Figure 4.43 represents the top social networking sites rather than the most popular social media sites. For the purpose of this report, social networking sites are defined as those which revolve around building a web of connections with others on the network. While many websites include social features, social networking sites emphasise forming connections between individuals rather than connections around pieces of content. They also have the ability to communicate directly with other users. We believe this differentiates the sites in Figure 4.43 sufficiently from other popular social media services such as Tumblr and Pinterest.

Figure 4.43   Digital audience of social networking websites: March 2013 and 2014

Unique audience (millions)
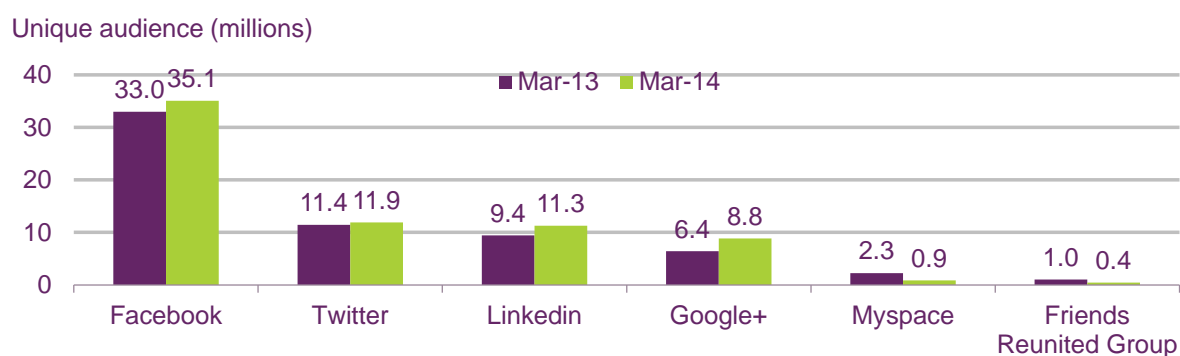
Source: comScore MMX Multi-Platform, UK, March 2013 and March 2014
Entities cited from comScore MMX Multi-Platform: FACEBOOK.COM [M], TWITTER.COM [P],
LinkedIn [P], Google Plus [E], MySpace [P], Friends Reunited Group [P] and includes laptop/desktop
webpage browsing, laptop/desktop video streams, and on-network and WiFi mobile browsing.
Note: Starting with July 2013 data, comScore added tablet data to the mobile data field of MMX MP.
Only those entities that have been tagged as part of the census network report tablet usage data.

Social networking sites are used more on laptop and desktop computers, with the exception of Twitter, which has a higher reach on mobile devices

Facebook had the greatest active reach across both laptop/desktop computers and mobile devices. Active reach is highest among laptop and desktop audiences (66%), eight percentage points higher than for mobile phone audiences. LinkedIn and Google+ also had a greater active reach on laptop and desktop computers, with LinkedIn in particular used by only 8% of users on a mobile.

Twitter was the only social networking site which had a higher audience on mobiles than on laptop and desktop computers. This is likely to be because Twitter originated as a service designed for mobile phone use and the short form of tweets (up to 140 characters) is convenient on a mobile.

Figure 4.44   Active reach of social networking websites across laptop/desktop and mobile audiences: March 2014

Active reach (%)
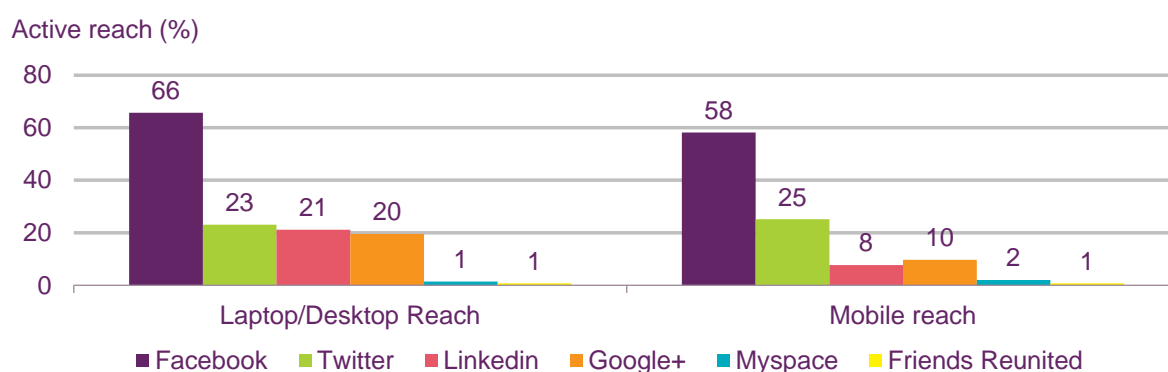
Source: comScore MMX Home and Work, UK March 2014; comScore MobiLens, UK, March 2014,
mobile internet users 13+
Note: Entities cited from comScore MMX MP: FACEBOOK.COM [M], TWITTER.COM [P], LinkedIn
[P], Google Plus [E], Myspace [P], Friends Reunited Group [P] and includes laptop/desktop browsing
and laptop/desktop video streams.

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The use of Facebook on a laptop/desktop computer is declining

The number of visitors to Facebook on a laptop/desktop computer far exceeds that of other social networking sites at 29 million, but this audience has declined by 2.1 million since 2012. Twitter, LinkedIn and Google+ have relatively similar audience sizes on laptops and desktop computers at 10.6 million, 8.7 million and 8.4 million respectively.

LinkedIn and MySpace have also had year-on-year declines, down by 0.4 million and 1.3 million, while Twitter experienced marginal yearly growth from 9.7 million visitors in 2012 to 10.4 million in 2013, and 10.6 in 2014. The largest year-on-year growth of a social networking website on this platform was Google+, with an audience increase from 5.1 million to 8.4 million visitors.

Figure 4.45   Unique audience of selected social networking websites on laptop/desktop computers: April 2012 to April 2014

Unique audience (millions)
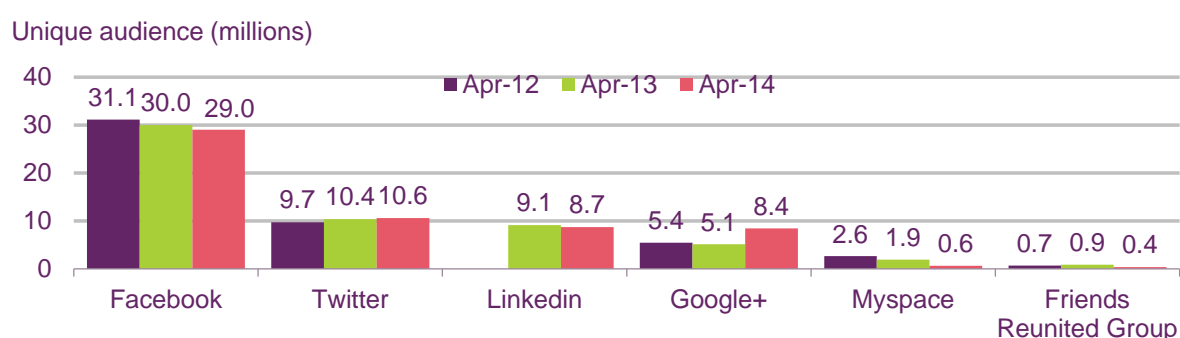
Source: comScore MMX, UK, home and work panel, April 2012 to April 2014
Note: Entities cited from comScore MMX: FACEBOOK.COM [M], TWITTER.COM [P], LinkedIn [P], Google Plus [E], MySpace [P], Friends Reunited Group [P]

Social networking websites are increasingly being accessed on mobile phones

All the selected social networking websites in Figure 4.46 (with the exception of Friends Reunited) have increased their popularity on mobile handsets. Facebook was the most popular site on a mobile, with a unique audience of 21.1 million in April 2014, while Twitter's popularity on mobile devices (8.4 million) greatly exceeds that of Google+ (3.1 million), and LinkedIn (2.9 million). MySpace and Friends Reunited are not widely used on mobile phones, with 0.6 million and 0.2 million monthly visitors respectively.

The largest year-on-year increase in visitors was in the Facebook mobile audience, from 19 million to 21.1 million in April 2014 (representing an 11% increase). Twitter, Google+ and LinkedIn all added 0.5 million to their mobile audience in the past year, representing growth of 6.3%, 19.2% and 20.8% respectively.

Figure 4.46   Unique audience of selected social networking websites on mobile phones: April 2012 to April 2014

Unique audience (millions)
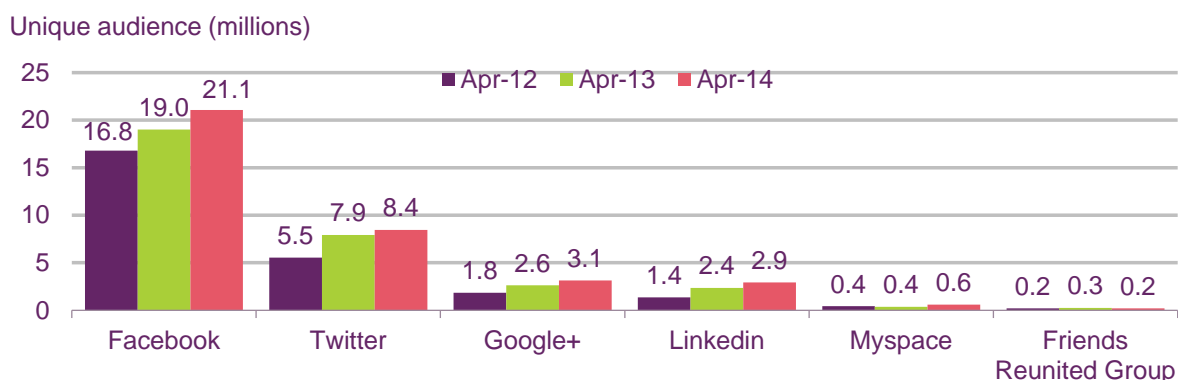
Source: comScore MobiLens, UK, April 2012 to April 2014
Base: Mobile internet users 13+

Twitter users are most likely to access the service through an app and least likely through a mobile browser

Twitter had the highest proportion of its audience accessing the social networking site through a mobile phone app (76%), and the lowest proportion accessing the site through a mobile browser (54%). Conversely, MySpace users were most likely to use a mobile browser to access the service (91%). There is no mobile app available for Friends Reunited. While Facebook has a higher proportion of its audience using an app (73% compared to 60%), LinkedIn was the social networking site with the most even distribution of its audience accessing via an app (65%) and a browser (62%).

Figure 4.47   App and browser access of social networks on a mobile phone

Proportion of unique audience (%)
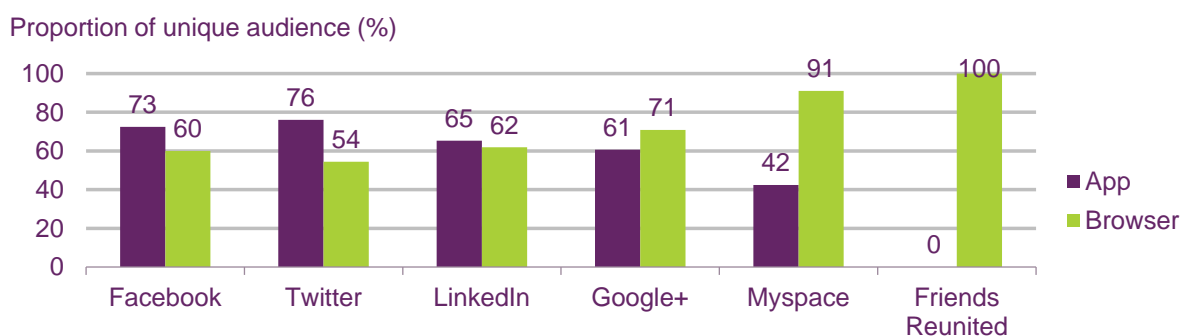
Source: comScore MobiLens, UK, three-month average ending March 2014

An average of 8 hours per month is spent on Facebook on a laptop or desktop computer

UK internet users spent an average of 8.0 hours per month browsing on Facebook on laptop/desktop computers, far greater than the amount of time spent on Twitter (35.3 minutes) and LinkedIn (31.2 minutes). The relatively low number of minutes spent on Twitter may be explained by its popularity on mobile devices, where it is likely to accrue more time spent. Google +, despite increasing popularity in April 2014, averaged just 5.2 minutes per visitor.

Friends Reunited Group[64] had an average of 31.8 minutes spent on its site per month. However, it is likely that visitors are spending longer quantities of time on the Friends Reunited sites at any one time, yet visiting less frequently, than on sites like Facebook, Twitter and LinkedIn.

There has been a year-on-year increase in the average time spent on social networking sites on laptop/desktop computers with the exception of Facebook, which has declined by one minute (Figure 4.48). Time spent on Twitter has increased by 11.7% year on year, and for LinkedIn 22.8%. The largest relative increases in the minutes spent per visitor per month between 2013 and 2014 occurred for Google+ (79%) and MySpace (80%).

Figure 4.48   Time spent on social networking sites on laptop/desktop computers

Time spent per month (minutes)
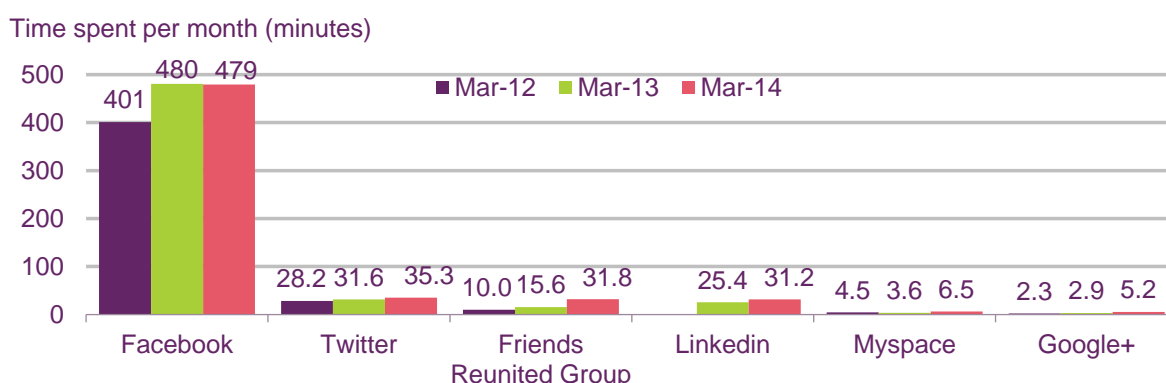
Source: comScore MMX, UK, home and work panel, March: 2012 – 2014
Note: Entities cited from comScore MMX: FACEBOOK.COM [M], TWITTER.COM [P], LinkedIn [P], Google Plus [E], MySpace [P], Friends Reunited Group [P]

4.3.5 Online video sharing

The digital audience for YouTube has increased by over 5 million year on year, to 40 million visitors

YouTube is the UK's most popular online video-sharing website, with a digital audience of 40 million people and an active reach of 83%. YouTube's reach is nearly four times greater than the second most popular video-sharing site, Vimeo (11.5 million), which in turn is almost twice as popular as third-placed Dailymotion (5.9 million).

YouTube had the largest absolute growth in the year to March 2014, up 5.6 million unique visitors per month, followed by Vimeo which grew by 5 million visitors. Yahoo Screen had the largest relative growth in the year to March 2014, increasing its unique audience almost seven-fold to 2 million.

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[64] Friends Reunited Group includes the newer genealogy website, Genes Reunited.

Figure 4.49   Unique audience for selected online video sharing websites: March 2013 and March 2014
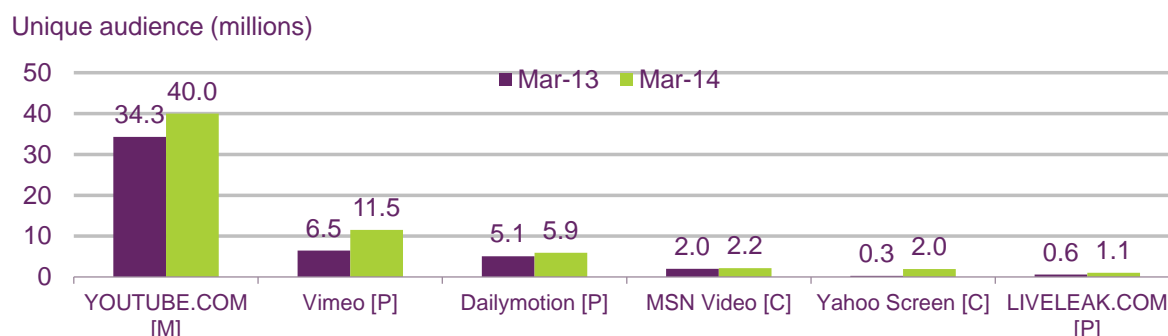
Unique audience (millions)

Source: comScore MMX Multi-Platform, UK, March 2013 and March 2014
Note: Starting with July 2013 data, comScore added tablet data to the mobile data field of MMX MP. Only those entities that have been tagged as part of the census network report tablet usage data.

YouTube is equally as popular on mobile devices as on laptop/desktop computers

YouTube was the most popular video-sharing website across both laptop/desktop (58.4%) and mobile platforms (59.6%). Figure 4.50 shows both on-network and WiFi browsing on mobile devices. However, it is likely (due to the greater bandwidth required to view online videos and the subsequent cost) that these sites are consumed more heavily using a WiFi connection than on a network browser[65].

The active reach of Vimeo was also similar between laptop/desktop and mobile platforms. However, the active reach of Dailymotion, Yahoo Screen and MSN Video were relatively lower on mobile devices.

Figure 4.50   Reach of online video services on laptop/desktop and mobile: March 2014

Active reach (%)
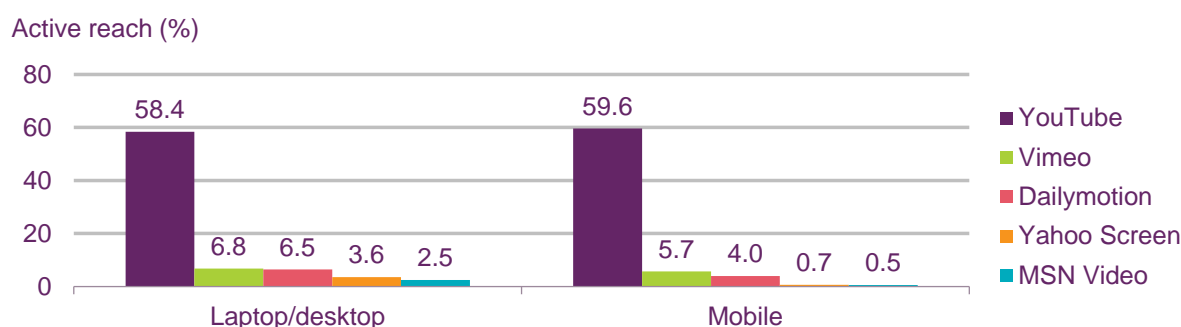
Source: comScore MMX, home and work panel UK, March 2014; comScore GSMA MMM, UK, browser and application access, on and off network, March 2014
Note: Entities from comScore MMX and GSMA MMM were YOUTUBE.COM [M], Vimeo [P], Dailymotion.com [P], MSN Video [C] and include laptop/desktop browsing and laptop/desktop video streams.

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[65] The reach of on-network mobile access to YouTube in March 2014 was 48%, compared to 61% for on- and off-network access (comScore GSMA MMM, UK, browser and application access, March 2014).

Visits to the most popular online video sites are flat or declining among laptop/desktop audiences

Despite increasing cross-platform digital audiences, laptop/desktop visitors to online video sharing sites declined or remained stable in the year to March 2014. The exception was Yahoo Screen, which grew from 0.2 million to 1.6 million in the same period.

The largest decline between March 2013 and March 2014 was in visitors to YouTube, which fell by 2 million (7%) to 26.4 million. It is likely that other devices such as smartphones and tablets are substituting for laptop and desktop computer use of YouTube. The always-on nature of smartphones and tablets make these devices very convenient for watching and sharing short video clips, and there has been a substantial increase in tablet ownership over the past year; with 44% of UK households claiming to own one in Q1 2014 (see section 4.2.5).

Figure 4.51   Unique audience of selected online video sites on laptop and desktop computers: March 2012 to March 2014

Unique audience (millions)
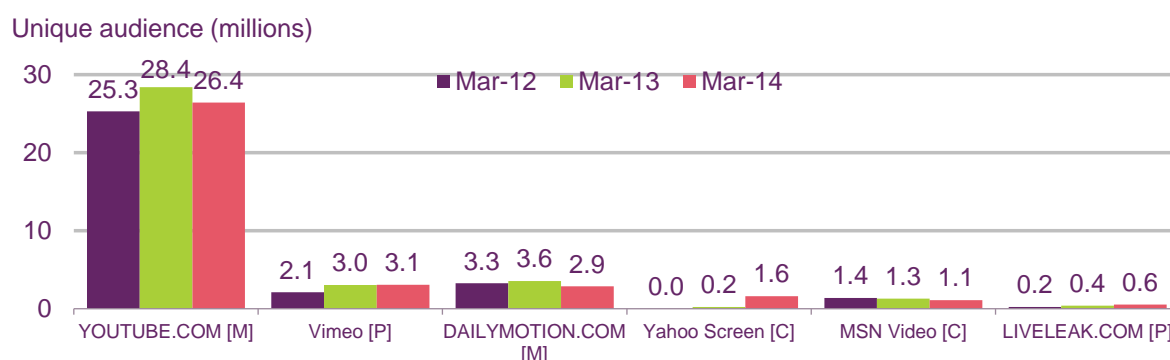
Source: comScore MMX, UK, home and work panel, March 2012, 2013, 2014

YouTube's mobile audience has doubled in two years to nearly 8 million

YouTube had 7.7 million mobile visitors to its website in March 2014, an increase of 3.9 million (204%) in less than two years. Of the other online video websites, Vimeo had large relative growth (up year on year from 213,000 to 544,000 visitors), and Liveleak increased its mobile audience by 242% to 75,000. However, the absolute growth experienced by YouTube on mobile handsets has only extended the gap between it and its competitors. A likely contributing factor for the increased popularity of video sharing websites on mobile phones is the increased distribution of smartphones in recent years. Take-up of smartphones in the UK has reached more than six in ten (61%), a 10% increase year on year (see section 4.2.5).

However, Figure 4.52 is likely to show an underestimate of total mobile visitors, as it includes access to online video websites only via a mobile browser. Smartphone apps offer an easy alternative to viewing video clips on a mobile handset, particularly as many devices automatically switch a user over to the app when accessing YouTube from the browser.

Figure 4.52   Unique audience of selected online video websites on mobile phones: March 2012-March 2014
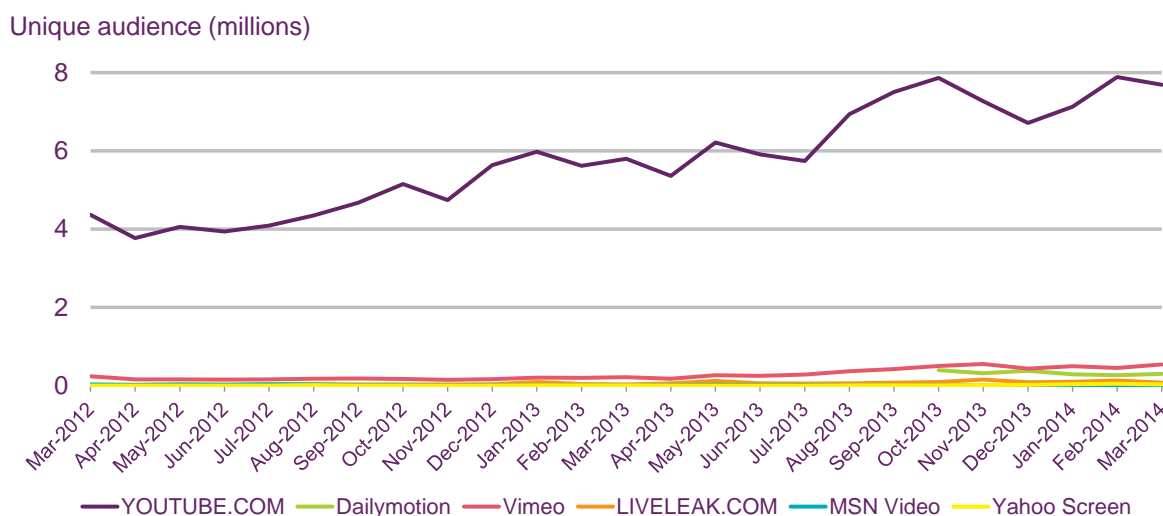
Unique audience (millions)

Source: comScore GSMA MMM, UK, browser access only, on network, March 2012 to March 2014
Note: comScore dictionary entities used were YOUTUBE.COM [M], Vimeo [P], DAILYMOTION.COM [M], Yahoo Screen [C], MSN Video [C], LIVELEAK.COM [P]

4.3.6   Online retail

eBay overtook Amazon as the most popular retail website in March 2014

eBay had the largest digital audience among retail websites, with 27.3 million visitors compared to Amazon's 26.9 million. eBay and Amazon have maintained their leading retail positions and both sit considerably ahead of the next most popular sites: Argos (11.2 million) and Tesco (10.2 million).

Year on year, eBay has had the largest absolute growth (up by almost 4 million) while Amazon experienced smaller growth of 2.5 million. In terms of largest relative growth, ASOS increased its visitors by 1.7 million (46%). None of the retailers in Figure 4.53 saw a decline in their online audience, but Asda was the only retailer not to see an increase in online visitors, holding steady at 6.6 million.

Figure 4.53   Digital audience of selected online retail websites: March 2013 and March 2014

Unique audience (millions)
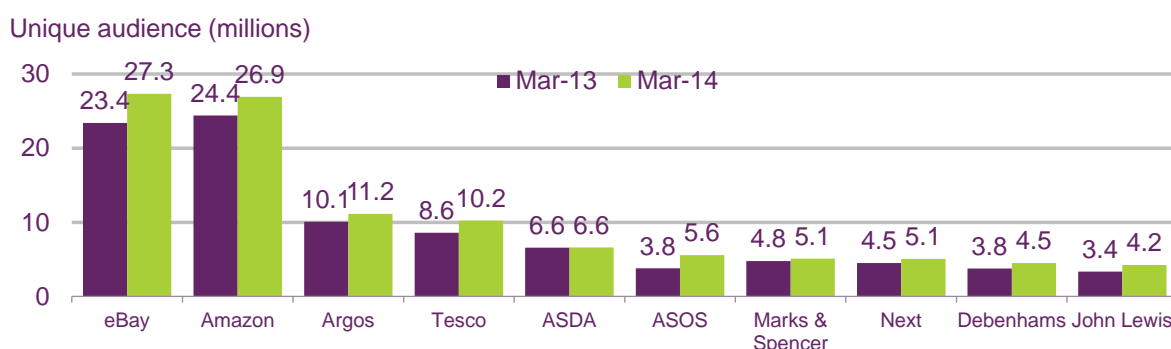
Source: comScore MMX Multi-Platform, UK, March 2013 and March 2014
MMX Multi-Platform includes laptop/desktop browsing, laptop/desktop video streams, on-network and WiFi mobile browsing and application data.
Note: Starting with July 2013 data, comScore added tablet data to the mobile data field of MMX MP. Only those entities that have been tagged as party of the census network report tablet usage data.
comScore dictionary entities used were Amazon [M], eBay Sites [M], Argos [M], TESCO.COM [M], Asda [M], MARKSANDSPENCER.COM [M], NEXT.CO.UK [M], ASOS.COM [M], DEBENHAMS.COM [M], John Lewis [M]*

eBay is the most popular online retail site on mobile devices

Despite having similar reach across the entire digital audience (57% for eBay and 56% for Amazon), the two most popular retail sites saw different patterns of access by their consumers. Visitors to Amazon were more likely than visitors to eBay to use a laptop/desktop computer, and were much less likely to access the site on a mobile device (whether through a browser or an app). Amazon had a mobile reach of 28%, six percentage points lower than eBay's mobile reach of 34%. This is likely to be explained by the popularity of the eBay app contributing to its reach across mobile audiences.

Tesco.com and ASOS.com had the same active reach across both laptop/desktop and mobile platforms (13% and 7% respectively), suggesting that their popularity among consumers was consistent across different platforms. Conversely, the remainder of the online retail websites included in Figure 4.54 were all more popular on laptops/desktops than on mobile platforms.

Figure 4.54   Active reach of online retail websites across platforms: March 2014
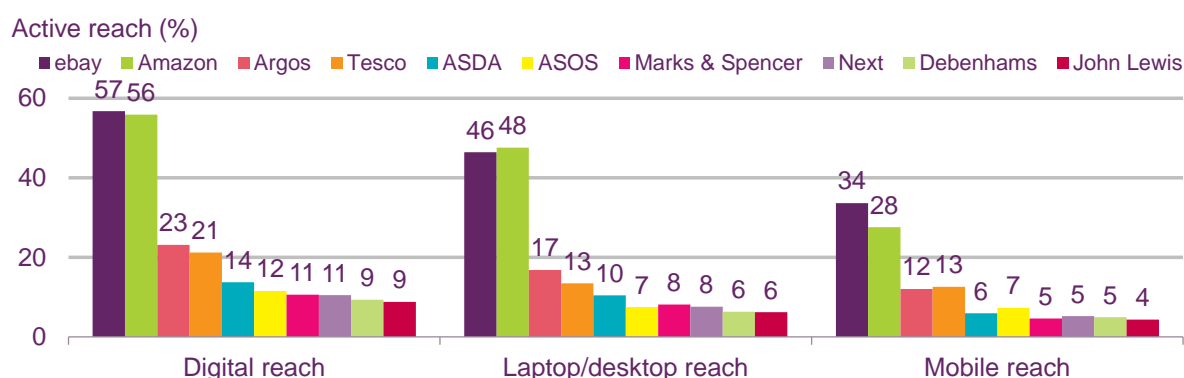
Source: comScore MMX Multi-Platform, UK, March 2014; comScore MMX, UK, home and work panel, March 2014. MMX Multi-Platform includes laptop/desktop browsing, laptop/desktop video streams, on-network and WiFi mobile browsing and application data.
Note: Starting with July 2013 data, comScore added tablet data to the mobile data field of MMX MP. Only those entities that have been tagged as part of the census network report tablet usage data. comScore dictionary entities used were Amazon [M], eBay Sites [M], Argos [M], TESCO.COM* [M], Asda [M], MARKSANDSPENCER.COM [M], NEXT.CO.UK [M], ASOS.COM [M], DEBENHAMS.COM [M], John Lewis [M]

Online retail websites have their largest unique audience around the Christmas period each year

Visits to online retailers follow a clear cyclical pattern throughout the year, with unique audiences peaking during the Christmas period, followed by a period of stability. These peaks and troughs were most pronounced for Amazon, Argos and John Lewis (Figure 4.55). In December 2013, Amazon peaked at 24.6 million visitors, Argos at 12.2 million and John Lewis at 5.8 million, and then declined sharply to 20.5 million, 7.5 million and 2.9 million respectively in February 2014.

Over the previous three years, Amazon and eBay had maintained their leading positions among the online retailers, but alternated as the most popular online website among the laptop/desktop audience. However, in March 2014 both retailers had very similar audiences of 21.5 million (Amazon) and 21.0 million (eBay).

Figure 4.55   Unique audience of selected online retailers on laptop/desktop computers: April 2011 to March 2014

Unique audience (millions)

Legend: Amazon, eBay, Argos, Tesco*, ASDA, Marks & Spencer, Next, ASOS, Debenhams, John Lewis

Source: comScore MMX, UK, home and work panel, April 2011 to March 2014;
Note: comScore dictionary entities used were Amazon [M], eBay Sites [M], Argos [M], TESCO.COM* [M], Asda [M], MARKSANDSPENCER.COM [M], NEXT.CO.UK [M], ASOS.COM [M], DEBENHAMS.COM [M], John Lewis [M]

Mobile audiences are growing for online retailers in the UK

The number of visitors to the most popular online retailers on mobile platforms have increased year on year (Figure 4.56). Although eBay had the largest audience in March 2014 (4.9 million) compared to Amazon (4.6 million), the Christmas period for Amazon took its mobile audience to a peak of 5.8 million. Argos and Tesco, as the next most popular retailers on mobile devices, have had year-on-year growth of 34% and 19% respectively, and peaked at 2.8 and 2.5 million in December 2013.

While Figure 4.56 indicates the growing unique audiences of online mobile retail websites, it does not reflect all mobile internet user behaviour. The unique audience excludes users of retailers' mobile apps, and those browsing on a WiFi connection[66]. In October 2012, the mobile audiences of eBay and Amazon websites began to follow distinctly different patterns, which can be explained by the introduction of the eBay app. The reduction in the unique audience during November and December 2012 is likely to be due to some consumers transferring their eBay browsing and purchasing habits to the new mobile app. March 2014 data from comScore GSMA MMM reported that eBay had 4.6 million mobile app users, compared to 1.4 million for Amazon[67], thereby indicating the current underestimation of eBay's mobile audience in Figure 4.56.

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[66] Mobile browsing through WiFi and mobile app use was not available in the data before July 2013
[67] eBay (mobile app) [M] unique audience: 4,589,488; Amazon (mobile app) [M] unique audience: 1,438,065 (comScore GSMA MMM, UK, application access only, on + off network, March 2014).

Figure 4.56   Mobile unique audience of selected online retailers: March 2012 to March 2014
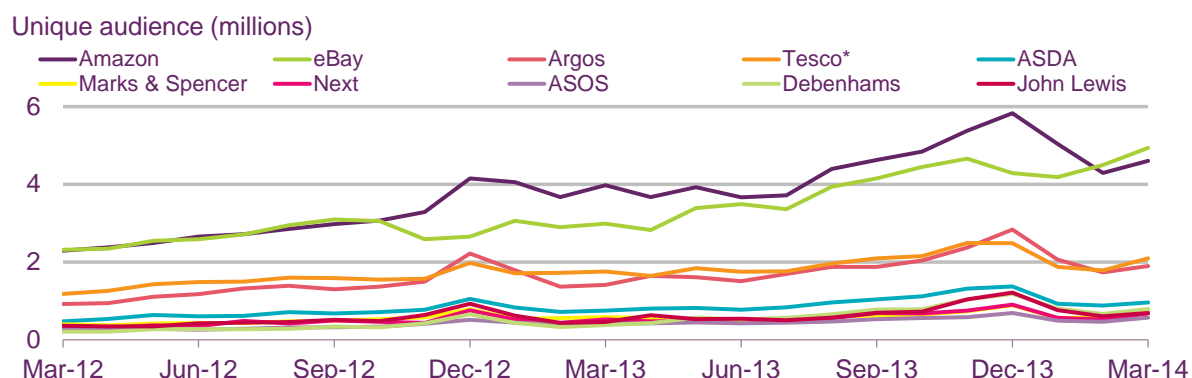
Unique audience (millions)

Amazon — eBay — Argos — Tesco* — ASDA
Marks & Spencer — Next — ASOS — Debenhams — John Lewis

Source: comScore GSMA MMM, UK, browser access only, on network, March 2012 to March 2014
Note: comScore dictionary entities used were Amazon [M], eBay Sites [M], Argos [M], TESCO.COM* [M], Asda [M], MARKSANDSPENCER.COM [M], NEXT.CO.UK [M], ASOS.COM [M], DEBENHAMS.COM [M], John Lewis [M]

One in four mobile internet users purchase goods or services using their handset

The proportion of mobile internet users who use their handset to purchase goods or services increased by four percentage points to 24% between March 2013 and March 2014. In the same period the number of mobile internet users who checked product availability on their handset also increased by three percentage points, to almost a fifth of users (19%). One in four mobile internet users (25%) found a store's location on their handset, while one in five (21%) compared product prices and researched product features.

Figure 4.57   Mobile retail activities conducted by mobile internet users, March 2013 and March 2014
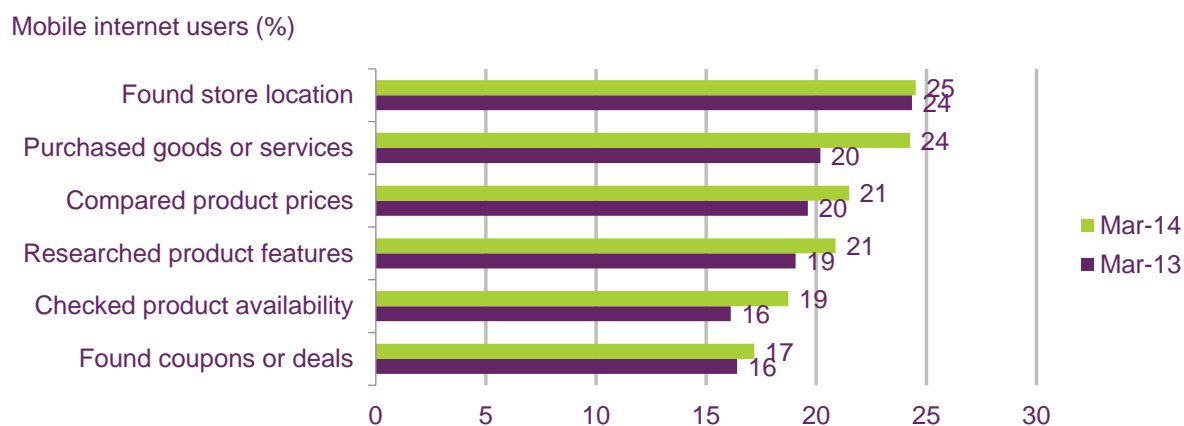
Mobile internet users (%)

Source: comScore MobiLens, UK, three-month averages ending March 2013 and March 2014
Base: mobile internet users 13+

Mobile internet shoppers are spending more money via their handsets each month

The proportion of consumers claiming to spend more than £100 a month online on their mobile increased by four percentage points to 41%. The two largest intervals in spend (£21-£50 and £51-£100) remained the same year on year, while one in ten mobile internet shoppers claimed to spend more than £300 online on their mobiles in March 2014.

Figure 4.58   Amount spent on goods and services among mobile internet shoppers, March 2013 and March 2014
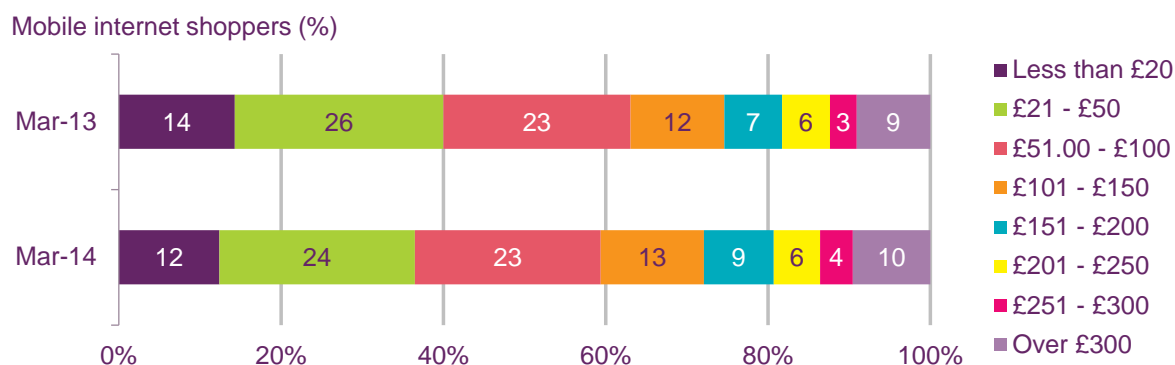
Mobile internet shoppers (%)

	Less than £20
	£21 - £50
	£51.00 - £100
	£101 - £150
	£151 - £200
	£201 - £250
	£251 - £300
	Over £300

Mar-13: 14 | 26 | 23 | 12 | 7 | 6 | 3 | 9
Mar-14: 12 | 24 | 23 | 13 | 9 | 6 | 4 | 10

Source: comScore MobiLens, UK, three-month averages ending March 2013 and March 2014
Base: mobile internet users 13+ who have purchased goods or services

4.3.7 Online news

According to Ofcom's *News Consumption in UK: 2014 Report*[68], four in ten (41%) UK adults say they use the internet for news, up by a third since 2013 (32%), and equal to physical newspapers (40%). The rise in digital news is driven by increased mobile and tablet use among younger people (16-24 year olds). They are ten times more likely than those aged 55 and over to access news on a mobile, and twice as likely to do so on a tablet.

Furthermore, this trend is likely to be accentuated by the increased take-up of smartphones (61% of UK households in 2014) and tablets (44%), which allow consumers to access news apps and websites throughout the day and while on the move.

The laptop/desktop audiences for the most popular news websites are declining

The most popular news websites among laptop and desktop audiences were The Daily Mail (10.6 million), The Guardian (10.6 million), and BBC News (10.3 million). However, the unique audience of the three leading news websites all declined in the year to March 2014. Visitors to BBC News declined the most, down by 1.3 million (11%) year on year, while The Daily Mail and The Guardian fell marginally; by 0.4 million and 0.2 million respectively.

The Telegraph website had the greatest growth in audience, up 9% to 8.9 million visitors. The Telegraph, the Mirror and the Metro were the only news sites in Figure 4.59 to have experienced laptop/desktop growth, possibly because (unlike the other popular news sources) they had not experienced as much growth on tablets and smartphones. The Sun's website experienced the largest decline: of 63% to 1.4 million visitors. This is likely to be due to the introduction of The Sun's online pay wall which was implemented in August 2013.

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[68] http://stakeholders.ofcom.org.uk/binaries/research/tv-research/news/2014/News_Report_2014.pdf

Figure 4.59 Unique audience of selected news websites on laptop/desktop computers: March 2012 to March 2014
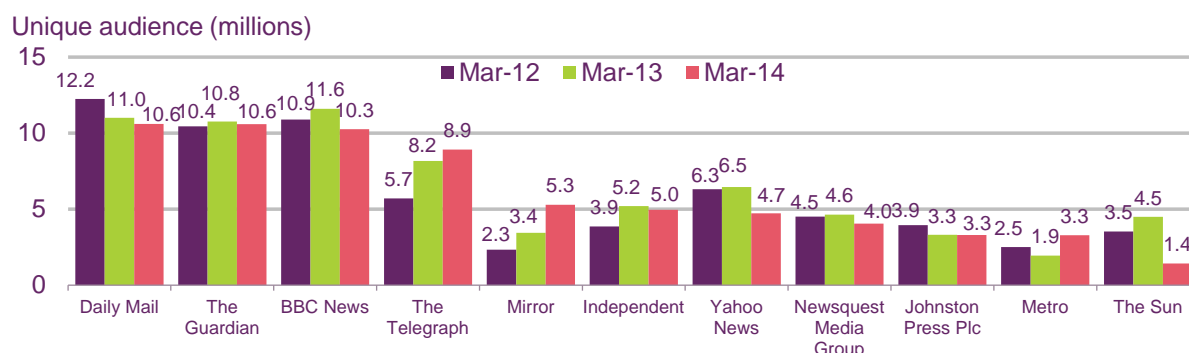
Unique audience (millions)

Source: comScore MMX, UK, home and work panel, March 2012 to March 2014
Note: comScore dictionary entities used were DAILYMAIL.CO.UK [S], BBC News [C], The Guardian [P], TELEGRAPH.CO.UK [M], MIRROR.CO.UK [C], Newsquest Media Group [M], METRO.CO.UK [M], INDEPENDENT.CO.UK [P], Johnston Press Plc [P], Yahoo News [S], HUFFINGTONPOST.CO.UK* [C], THESUN.CO.UK [C]
* Indicates that the entity has assigned traffic to certain pages in the domain to other entities

The BBC has the largest audience for mobile news

According to comScore MobiLens consumer research, the most popular news brand on mobile handsets was the BBC (14.5 million visitors). Sky (4.2 million), Mail Online (3.4 million) and The Guardian (2 million) were the next most popular mobile sources of world/national/local news.

In contrast to laptop/desktop audiences, the audiences of the leading mobile news brands all increased in the year to April 2014. The largest absolute growth in audience of an online news brand on mobile phones was for the BBC, up 1.3 million year on year, while Google had the smallest (as it remained flat year on year). The fastest growth in audience was for the Metro, which grew by 89% in the year to April 2014.

Figure 4.60 Unique audience of selected news brands on mobile for world/national/ local news: April 2012 to April 2014

Unique audience (millions)
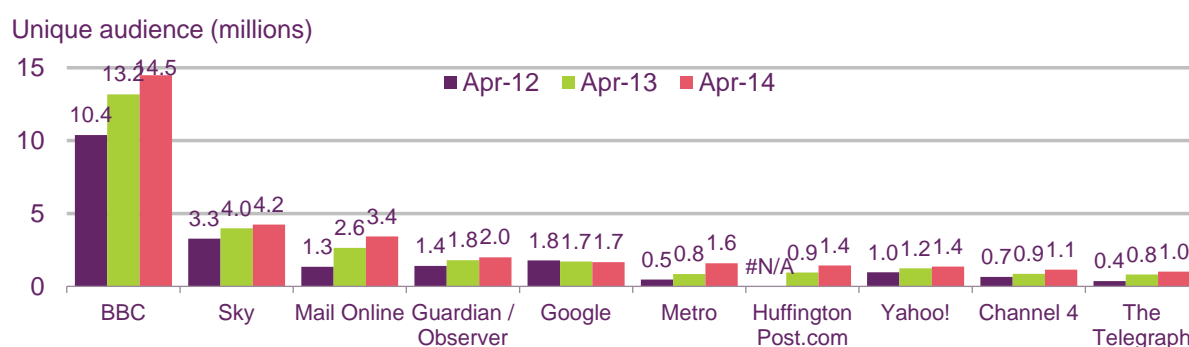
Source: comScore MobiLens, UK, three-month averages ending April 2014, April 2013 and April 2012
Base: mobile users 13+

One in five consumers access online news sources on their mobiles every day

One-fifth (20%) of mobile internet users claimed to access an online news source on their handsets almost every day in March 2014, with a further 17% claiming to do so at least once a week. Year on year, there has been a marginal increase in the percentage of consumers using their mobile phones to check online news through websites and apps (52% in March

2013; 53.5% in March 2014), and of these, the increase occurred in those accessing it every day.

Figure 4.61   Frequency of accessing news among mobile internet users, March 2013 and March 2014

Mobile internet users (%)

■ Almost every day
■ At least once a week
■ Once to three times a month
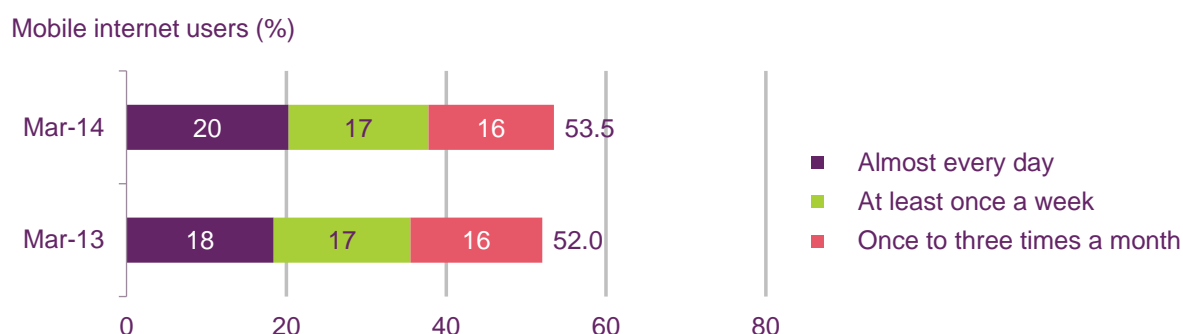
Source: comScore MobiLens, UK, 3 month averages ending March 2013 and March 2014
Base: mobile internet users 13+

The Daily Mail is the most visited online news website on a tablet

Thirteen per cent of UK adults say they use a tablet for news [69]. Figure 4.62 shows the mobile audience to online news providers on tablets. However, only websites that have been tagged for these data are included, and access through an application is not reflected. The Daily Mail had the most visitors to its website on tablets (4.2 million), followed by The Guardian (3 million) and The Telegraph (2.9 million).

Figure 4.62   Tablet audience of selected online news providers, March 2014

Unique audience (millions)
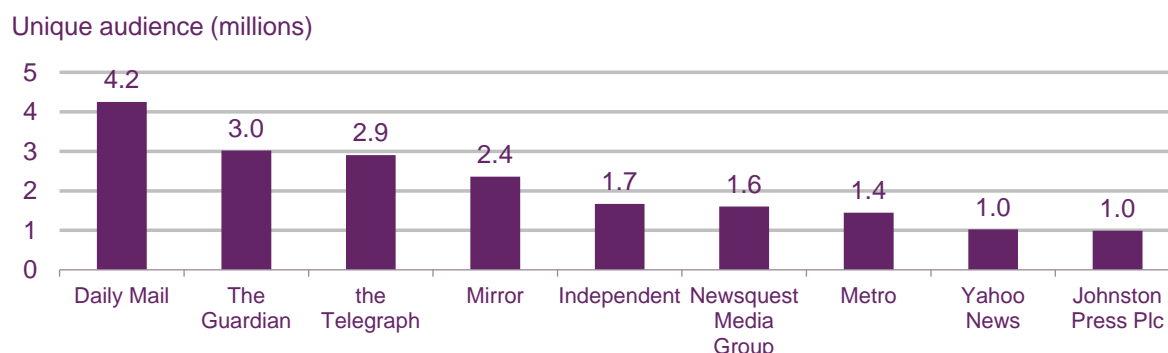
Source: comScore GSMA MMM, UK, tablet browser access only, on and off network, March 2014
Note: comScore dictionary entities used were DAILYMAIL.CO.UK [S], The Guardian [P], TELEGRAPH.CO.UK [M], MIRROR.CO.UK [C], Newsquest Media Group [M], METRO.CO.UK [M], INDEPENDENT.CO.UK [P], Johnston Press Plc [P], Yahoo News [S]
* Indicates that the entity has assigned traffic to certain pages in the domain to other entities

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[69] Ibid

The Communications Market 2014

5   Telecoms and networks

Contents

5.1 Key market developments in telecoms

5.1.1 Industry metrics and summary

Figure 5.1   UK telecoms industry key statistics

	2008	2009	2010	2011	2012	2013
Total operator-reported revenue (£bn)	41.6	41.1	40.5	39.4	39.3	38.6
Operator-reported retail revenue (£bn) (excl. CDS)	28.2	27.9	27.7	27.8	28.2	28.0
Operator-reported wholesale revenue (£bn)	10.7	10.5	10.1	8.9	8.3	7.9
Average monthly household telecoms spend (2013 prices) (£)	91.67	87.21	86.09	84.29	83.58	81.17
Fixed access and call revenue (£bn)	10.2	9.6	9.3	8.9	8.6	8.4
Fixed internet revenue (£bn)	3.2	3.3	3.2	3.4	3.7	4.0
Fixed lines (millions)	34.2	33.51	33.41	33.25	33.2	33.38
Fixed broadband connections (millions)	17.3	18.2	19.5	20.6	21.7	22.6
Superfast broadband connections (millions)	0.0	0.0	0.2	1.1	3.2	5.6
Fixed voice call minutes (billions)	141	128	123	111	103	92
Mobile retail revenues (£bn)	14.8	15.0	15.1	15.4	15.9	15.6
Mobile voice call minutes (billions)	118.6	126.6	131.2	131.5	132.3	134.1
SMS messages sent (billions)	87.0	127.6	153.9	171.7	171.9	129.9
Active mobile subscriptions (millions)	77.5	80.6	81.6	82.4	83.4	83.1

Source: Ofcom / operators
Note: CDS refers to corporate data services; connection figures are at year end.

Operator-reported telecoms revenues fell in 2013

Total UK telecoms revenues declined in 2013, falling by £0.6bn (1.7%) to £38.6bn (Figure 5.1). This fall was largely attributed to a decline of £0.4bn (5.1%) in wholesale revenues during the year, although total operator-reported retail fixed and mobile voice and data revenues also fell in 2013, down by £0.2bn (0.6%) to £28.0bn due to a £0.3bn (2.0%) fall in retail mobile revenues in comparison to 2012, and a £0.1bn fall in retail fixed voice revenues over the same period. Fixed internet revenues increased during the year, up by £0.3bn (8.0%), while corporate data service revenues were unchanged at £2.7bn.

The total number of active mobile subscriptions (excluding M2M connections) fell by 0.3 million, bringing the total to 83.1 million in 2013. The total number of residential and SME fixed broadband connections rose by 0.9 million (4.2%) to 22.6 million, while the number of connections which were classed as being superfast (i.e. that had an advertised speed of 30Mbit/s or higher) increased by 2.3 million (71.1%) to 5.6 million during the year. Average monthly household spend on telecoms services fell by £2.41 (2.9%) to £81.17 in real terms in 2013.

Fixed-originated call volumes continued to decline in 2013, falling by 11 billion minutes (10.7%) to 92 billion minutes, while mobile call volumes increased by two billion minutes (1.4%) to 134 billion minutes. The number of SMS and MMS messages fell significantly in 2013, down by 42 billion messages (24.4%) to 130 billion messages during the year. This is

likely to be related to higher use of instant messaging services such as *Whatsapp*, *iMessenger* and *BlackBerry Messenger,* and use of the messaging facilities on social networking sites.

These data are discussed in greater detail in the second and third sections of this chapter: the Telecoms Industry and the Telecoms User, which look at the telecoms sector from an industry and then a consumer perspective. First we consider four key developments in the telecoms market. These are:

- **4G take-up gains momentum.** This key market development focuses on 4G services in the UK over the last year; including operators' own estimates of population coverage, the number of consumers with 4G plans, how consumers use 4G services and how satisfied they are with different aspects of their service.

- **Availability and take-up of superfast broadband.** This key market development focuses on the increases in availability and take-up of superfast broadband and the drivers behind the changes. It examines the price premium required to upgrade to superfast services and operators' shares of subscribers.

- **Consumers' use of voice over IP services.** Here we look at consumers' take-up and use of voice over IP (VoIP) services, including how often VoIP is used, what type of calls it is used for, the devices used to make VoIP calls and what VoIP users consider the main advantages and disadvantages of using the service.

- **WiFi use inside and outside the home.** This key market development story looks at consumer use of WiFi, focusing on WiFi use outside the home. It looks at where and how frequently consumers use public WiFi services, what they use them for and their concerns regarding accessing the internet over public connections.

5.1.2 4G take-up gains momentum

4G now available with all four national MNOs

EE launched the UK's first commercial 4G service in October 2012, after securing a licence variation from Ofcom to use its existing 1800MHz spectrum to provide 4G mobile services. The auction for UK 4G spectrum concluded in February 2013, with EE, Telefonica (O2), Vodafone, Three and Niche Spectrum Ventures Ltd (a subsidiary of BT Group plc.) being awarded licences. Vodafone and Telefonica launched their 4G services in August 2013, with Three following in December 2013.

As is shown in Figure 5.2, in March 2014 EE had the largest UK 4G network footprint. EE estimated that by March 2014 its 4G services were available to 73% of the UK population based on outdoor coverage.[70] Telefonica (O2) followed them with 41% and then Vodafone at 36%. (Three has not published any population coverage figures yet, but has said that its 4G services are available in 36 large towns and cities.)[71] EE has also announced that it expects to achieve 98% 4G population coverage by the end of 2014[72], while Telefonica (whose spectrum licence includes a requirement to achieve 98% indoor population coverage by the end of 2017) and Vodafone expect to achieve 98% population coverage a year later, at the end of 2015.

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[70] Separate data provided to Ofcom by the four national MNOs shows that 73% of UK premises were in areas with outdoor 4G coverage from at least one network by June 2014.
[71] http://blog.three.co.uk/2013/12/04/4g-is-rolling-out-on-three/
[72] http://ee.co.uk/our-company/newsroom/britain-love-4g--ee-reaches-one-million-customers-at-superfast-s

EE has reported actual download speeds with 4G ranging from 8 to 10Mbit/s, with the possibility of receiving up to 40Mbit/s, allowing consumers to surf the web and download apps at faster speeds, and also to stream higher quality video content. EE has also started rolling out 'double speed' 4G using 2x20 MHz of 1800MHz spectrum (rather than the 2x 10 MHz of 1800MHz that it started using in its roll-out). This additional spectrum enables EE to offer a faster service and it claims it will have average speeds of around 20Mbit/s. EE plans to make it available across its whole network by the end of 2014.[73]

As well as the four national MNOs, Tesco Mobile, Lycamobile and Relish are now also offering 4G service to consumers. Whereas Tesco Mobile and Lycamobile provide a full cellular service (facility to make telephone calls, text and access the internet. Relish is a new service provider that provides fixed and mobile broadband to consumers within its central london 4G footprint and 3G elsewhere.

Figure 5.2   4G population coverage, by network (mobile operators' own estimates)
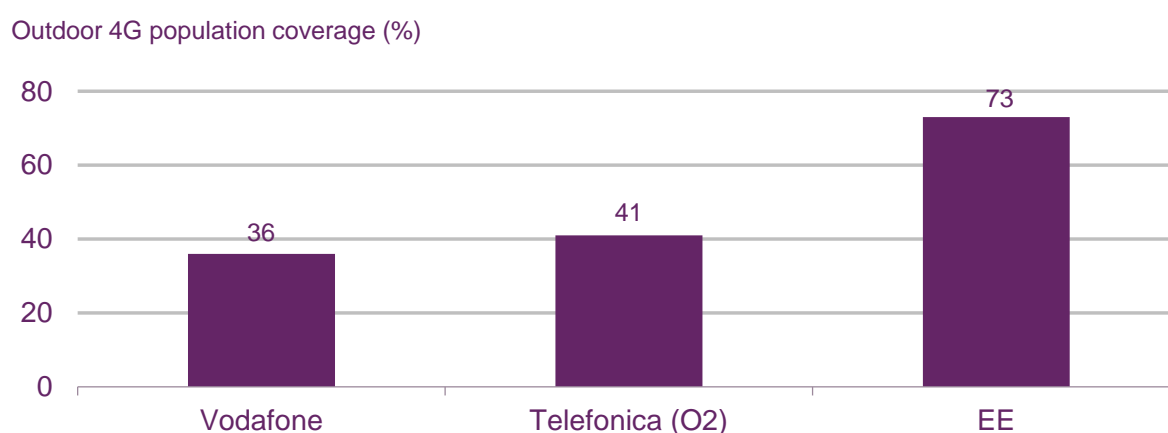
Outdoor 4G population coverage (%)

Source: http://ee.co.uk/help/mobile-and-home-connections/checking-and-improving-your-network-coverage/our-network/4g-coverage
http://www.telefonica.com/en/shareholders_investors/pdf/rdos14t1-eng.pdf
http://www.vodafone.co.uk/cs/groups/configfiles/documents/contentdocuments/vftst048992.pdf

4G subscriber levels growing at a steady rate

The earlier launch of 4G services by EE, compared to the other UK mobile providers, contributed to it having the largest number of 4G subscriptions in the UK at the end of March 2014, with 2.9 million[74] subscriptions (in May 2014 EE announced that this figure had risen to 3.6 million and it was now selling more 4G contracts than 3G contracts).[75] Telefonica revealed in early April 2014 that it had over a million users on 4G plans,[76] while in May 2014 Vodafone announced that it had 637,000[77] 4G subscriptions. Three has not announced how many of its customers are using its 4G services, although in February 2014 it said that 1.5 million[78] of its customers had a 4G-ready handset (all Three subscriptions are 4G-capable,

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[73] http://ee.co.uk/help/mobile-and-home-connections/checking-and-improving-your-network-coverage/our-network/about-4gee-double-speed
[74] http://ee.co.uk/our-company/financials/ee-results-for-the-first-quarter-to-31-March-2014
[75] http://ee.co.uk/our-company/newsroom/ee-unveils-plans-to-increase-4g-accessibility-and-transform-the-user-experience-as-4g-overtakes-3g
[76] http://news.o2.co.uk/?press-release=o2-4g-reaches-a-third-of-the-uk-population-as-network-modernisation-programme-is-unveiled
[77]
http://www.vodafone.com/content/dam/vodafone/investors/financial_results_feeds/preliminary_results_31march2014/dl_prelim2014.pdf
[78] http://blog.three.co.uk/2013/12/04/4g-is-rolling-out-on-three/

but not all subscribers are using 4G-ready devices and some of these will be in areas where Three's 4G services are not yet available).

From the figures above, we estimate that there were over six million[79] 4G mobile subscriptions in the UK at the end of March 2014, equivalent to approximately 8% of all active mobile subscriptions. This represents a significant increase compared to a year ago when EE, which was the only UK 4G provider at that time, announced that it had 318,000 4G subscriptions (end of March 2013),[80] accounting for less than 0.5% of all UK mobile subscriptions.

Ofcom research conducted in April 2014 suggested that 12% of UK adults were 4G users (Figure 5.3), although the fact that this is higher than the proportion estimated from the operator data above suggests that there may be some over-claiming among respondents.

Figure 5.3   Use of 4G services among UK adults

Proportion of respondents (%)
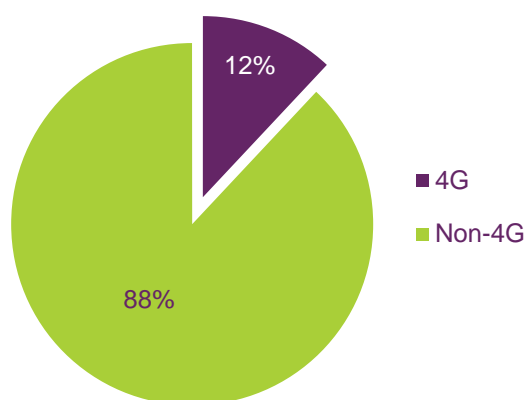
Source: Ofcom research April 2014
Base: All UK adults 16+
Question: Do you have a 4G service? This is a relatively new service that enables faster mobile internet access.

4G users use more mobile data services

The four national MNOs have suggested that consumers with 4G subscriptions tend to use more data than 3G users (in its financial results for January to March 2014, Telefonica said that, on average, its UK 4G subscriptions consumed twice as much data as its 3G subscriptions).[81] Higher data use could be partly due to the faster download speeds available on 4G.

The capability of 4G services to provide faster download speeds is reflected in higher levels of use of mobile networks by 4G users to access video content (Figure 5.4). In April 2014, 59% of 4G users said that they downloaded or streamed video content over a mobile network, compared to 41% of non-4G users. The research also suggests that 4G consumers are more likely to use their mobile to shop online, with 60% saying that they did so, compared to 43% of non-4G users. However, there were no statistically significant differences in levels of use of email, mobile apps, accessing music content and making VoIP

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[79] This figure excludes any 4G subscriptions with MVNO's.
[80] https://explore.ee.co.uk/our-company/newsroom/ee-results-for-the-first-quarter-to-31-march-2013
[81] http://www.telefonica.com/en/shareholders_investors/pdf/rdos14t1-eng.pdf

calls between 4G and non-4G users - these are all services that require relatively little data bandwidth.

Figure 5.4   4G and non-4G mobile use of mobile services

Proportion of respondents (%)

Satisfaction levels with aspects of mobile services were the same among 4G and non-4G users

Interestingly, there were no significant differences between satisfaction levels among 4G and non-4G mobile users for any of the aspects of mobile services listed in Figure 5.5, including levels of satisfaction with the price paid by the respondent for their mobile service. Initially, most 4G services were priced at a premium over non-4G services; more recently, this gap has been shrinking or, in some cases, disappeared as more providers have started to offer 4G tariffs. As noted earlier, 4G users tend to use more data than non-4G users and may therefore incur additional out-of-bundle charges. This impact may be exacerbated by the removal of tariffs offering unlimited data usage by a number of mobile providers.

Figure 5.5   Satisfaction with aspects of mobile services

Proportion of respondents (%)
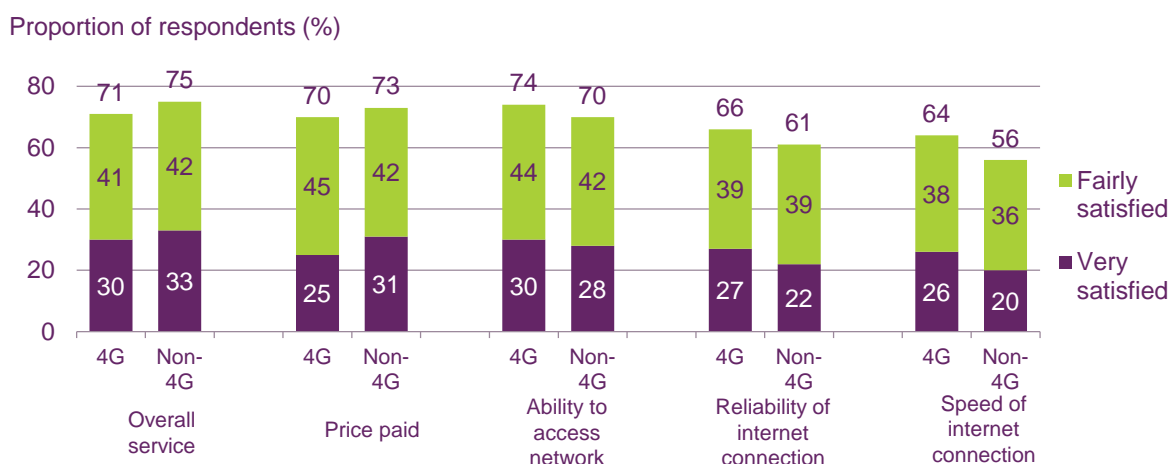
Source: Ofcom mobile coverage questionnaire
Base: All respondents with a smartphone and aware of services they receive with 4G, n=125
Question: Q22 I'm going to read out different aspects of your mobile phone service and for each one I'd like you to tell me how satisfied or dissatisfied you are with it.

5.1.3 Superfast broadband availability is growing fast

BT's fibre roll-out target was achieved in Q1 2014

In 2008, BT announced a £1.5bn programme to deploy superfast fibre optic broadband to ten million UK homes by 2012,[82] and in 2010 it revealed that it would invest an additional £1bn in fibre roll-out, with the aim of making its fibre services available to two-thirds of premises in the UK by 2015.[83]

BT Openreach's fibre deployment continued successfully through 2013 and it reached its fibre roll-out target of two-thirds of UK homes and businesses (a total of 19 million premises) in Q1 2014, a year earlier than originally planned (Figure 5.6). BT Openreach's fibre coverage increased by 14 percentage points in the year to Q1 2014, with an average of over 75,000 additional UK premises being passed each week.

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[82] http://www.btplc.com/News/ResultsPDF/q108release.pdf
[83] http://www.btplc.com/News/ResultsPDF/q410release.pdf

Figure 5.6   Premises passed by BT Openreach's fibre broadband network

Premises passed (millions)   Per cent
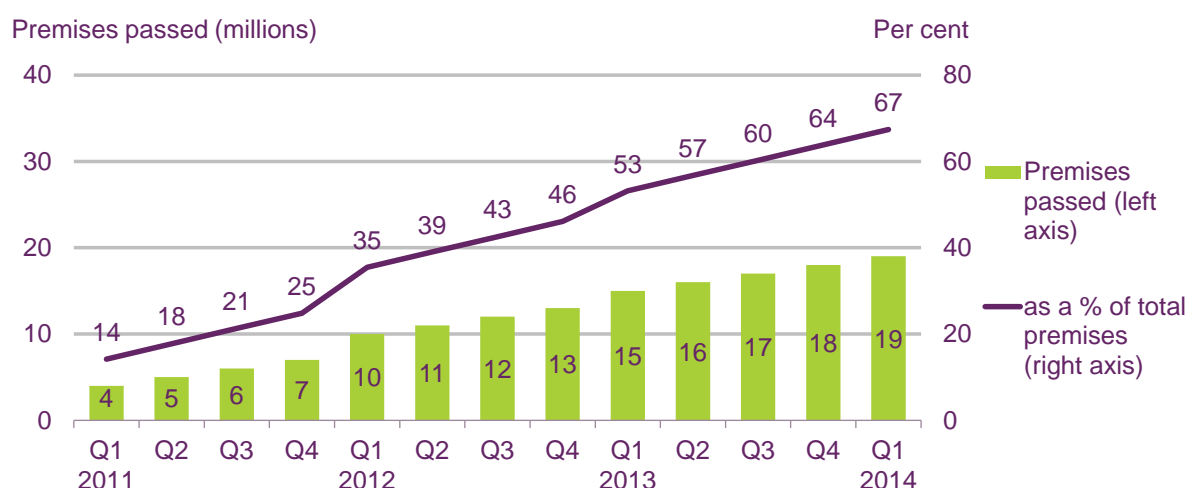
Source: BT Company Reports / Enders Analysis

Government plan is NGA coverage for 95% of the population by 2017

The Government Department for Culture, Media and Sport (DCMS) is responsible for setting the direction of the UK's Broadband Delivery Programme, and Broadband Delivery UK (BDUK) within DCMS is responsible for managing the Rural Broadband programme. BDUK aims to continue to improve the UK's broadband network, focusing on making high-speed broadband available in rural areas. In 2011 the UK Government announced plans to invest £530m to deliver superfast broadband to rural communities, reaching 90% of UK homes and businesses by 2015.

In June 2013 the Government pledged a further £250m of funding to help superfast broadband roll-out in the hardest-to-reach rural areas. It set a new target that 95% of UK premises would have superfast broadband coverage by 2017.[84]

Figure 5.7 shows that by the end of March 2014 509,000 rural premises had a superfast broadband service made available as a result of Broadband Delivery UK-supported projects, with BDUK granting a cumulative £58.6m to local authorities relating to the superfast roll-out programme. This equates to an average expenditure of around £115 per premises passed, based on BDUK expenditure up to the end of March 2014. In addition to the BDUK expenditure, local councils have made contributions to the superfast roll-out programme.

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[84] https://www.gov.uk/government/news/14-million-more-premises-to-get-superfast-broadband-after-250-million-capital-investment

Figure 5.7   Broadband performance indicator

Rural premises passed (000s)   BDUK investment (£m)
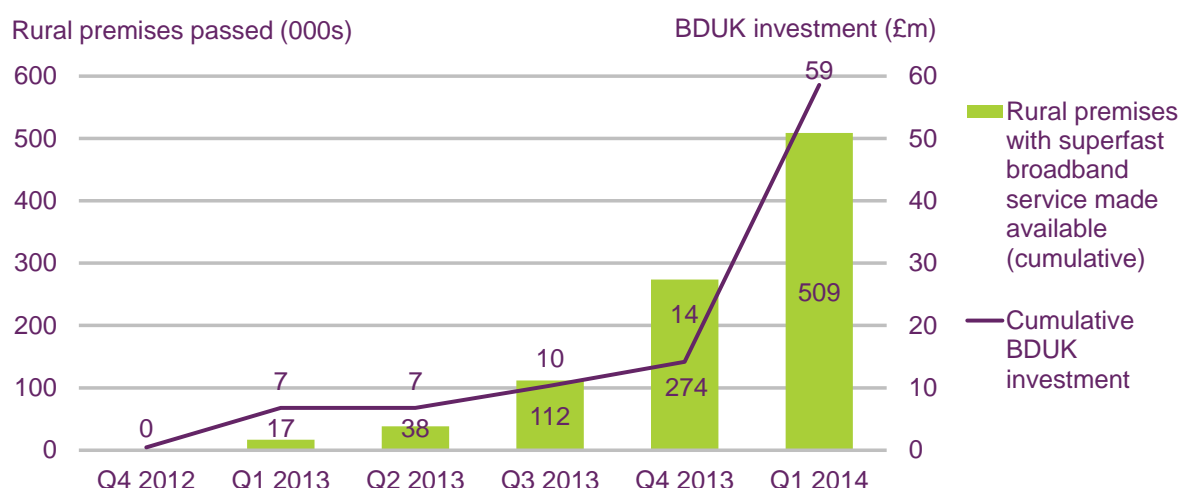
Source: Department for Culture Media and Sport – Broadband Delivery UK – May 2014

Over a quarter of the fixed broadband connections were superfast in Q1 2014

Superfast broadband services are provided over NGA networks, which use technologies such as FTTC, FTTP and DOCSIS 3.0 (in the case of cable).The number of superfast broadband connections increased by 58% to 6.1 million in the year to Q1 2014, with the proportion of all fixed broadband connections that were classed as being superfast increasing by 9.2 percentage points to 26.7% over the same period (Figure 5.8). The main driver of this increase was consumers migrating to faster packages to support an increasing number of devices in the home (smartphones, tablets, e-readers, games consoles, media players) and also the fast-growing number of services which use broadband (video and music streaming, TV and video download services, voice and video telephony services).

Figure 5.8   Take-up of superfast broadband services
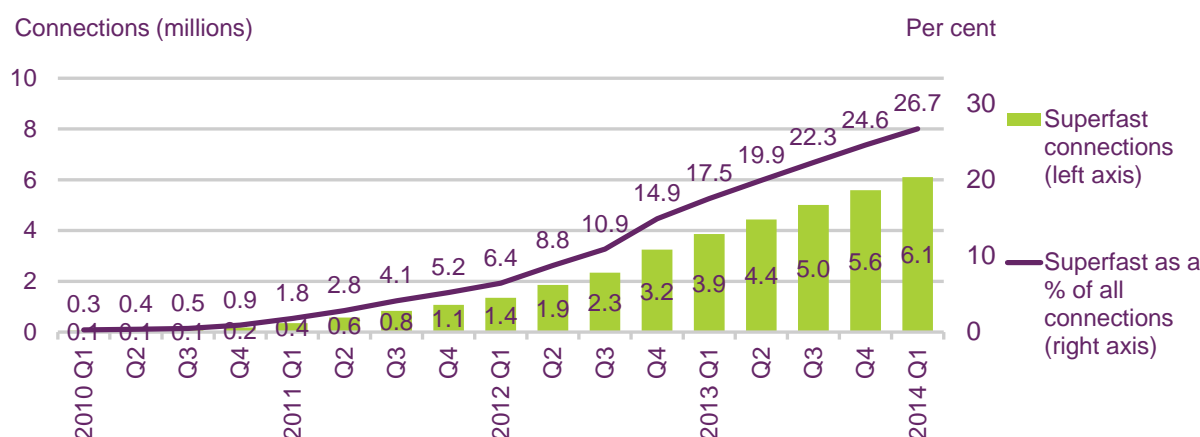
Connections (millions)   Per cent

Source: Ofcom / operator data
Note: Includes estimates where Ofcom does not receive data from operators; the 'total connections' figure used to calculate the percentages above does not include an adjustment for corporate connections, which is used elsewhere in this report.

The superfast broadband price premium remains at £5 to £10 a month

Figure 5.9 shows the difference between the cost of the lowest-priced superfast and ADSL services from the UK's largest residential fixed broadband providers. Most broadband subscriptions require a fixed line; of the large ISPs only Virgin Media offers a broadband-only

standalone service (at a higher price than if bought with a fixed voice service). Although the price of both standard and superfast services has changed since early 2013, the difference between them remains at £5 to £10 a month. Virgin Media launched a speed upgrade programme in February 2014, under which the lowest broadband package it offers is advertised as being 'up to' 50Mbit/s download speed (up from 30Mbit/s) and its fastest service is 'up to' 152Mbit/s, which is currently the fastest widely available connection in the UK.[85]

Figure 5.9   Comparison of major ISPs' superfast and current-generation broadband services

<table>
<tr><th colspan="2"></th><th>BT</th><th>Virgin Media</th><th>TalkTalk</th><th>Plusnet</th><th>Sky</th><th>EE</th></tr>
<tr><td rowspan="4">Lowest cost superfast service</td><td>Headline download speed/technology</td><td>38Mbit/s FTTC</td><td>50Mbit/s cable</td><td>38Mbit/s FTTC</td><td>38Mbit/s FTTC</td><td>38Mbit/s FTTC</td><td>38Mbit/s FTTC</td></tr>
<tr><td>Data allowance</td><td>20GB plus unlimited WiFi</td><td>Unlimited</td><td>Unlimited</td><td>40GB plus unlimited off-peak</td><td>Unlimited</td><td>Unlimited</td></tr>
<tr><td>Call allowance</td><td>Fixed weekends</td><td>Virgin mobile plus fixed weekend</td><td>Fixed on-net</td><td>Fixed weekends & on-net</td><td>Fixed weekends</td><td>Fixed weekends</td></tr>
<tr><td>Monthly cost</td><td>£15 plus line rental</td><td>£15.50 plus line rental (or stand alone at £25.00)</td><td>£13.50 plus line rental</td><td>£15.99 plus line rental</td><td>£20 plus line rental</td><td>£26 plus line rental</td></tr>
<tr><td rowspan="4">Lowest cost current generation service</td><td>Headline download speed/technology</td><td>16Mbit/s ADSL2+</td><td>n/a</td><td>16Mbit/s ADSL2+</td><td>16Mbit/s ADSL2+</td><td>A17Mbit/s ADSL2+</td><td>17Mbit/s ADSL2+</td></tr>
<tr><td>Data allowance</td><td>10GB</td><td>n/a</td><td>Unlimited</td><td>10GB plus unlimited off-peak</td><td>Unlimited</td><td>Unlimited</td></tr>
<tr><td>Call allowance</td><td>Fixed weekends</td><td>n/a</td><td>Fixed on-net</td><td>Fixed weekends & on-net</td><td>Fixed weekends</td><td>Fixed weekends</td></tr>
<tr><td>Monthly cost</td><td>£10 plus line rental</td><td>n/a</td><td>£3.50 plus line rental</td><td>£5.99 plus line rental</td><td>£10 plus line rental</td><td>£16 plus line rental</td></tr>
<tr><td colspan="2">**Additional monthly superfast cost**</td><td>**£5**</td><td>***n/a***</td><td>**£10**</td><td>**£10**</td><td>**£10**</td><td>**£10**</td></tr>
</table>

Source: Ofcom / Pure Pricing UK Broadband Pricing Briefing, April 2014
Note: Excludes Virgin Media's ADSL service as this is available only outside its cable network footprint, meaning that the two services are not substitutes for each other.

Other fibre providers have an increasing share of high-speed subscribers

Based on data from Enders Analysis, the share of high-speed subscribers to other operators had increased to 10% by Q1 2014 (Figure 5.10). This is probably the result of increased marketing activities by Sky, TalkTalk and EE. Virgin Media had the highest share of superfast broadband subscribers in Q1 2014 at 56%; although this has slowly decreased since the beginning of 2013. Over a third of all superfast broadband subscribers (35%) had BT as their ISP in Q1 2014, a three percentage point increase on the previous year.

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[85] http://about.virginmedia.com/press-release/9418/virgin-media-launches-broadband-twice-as-fast-as-the-rest

Figure 5.10 Operator share of superfast broadband subscribers

Share of subscribers (%)
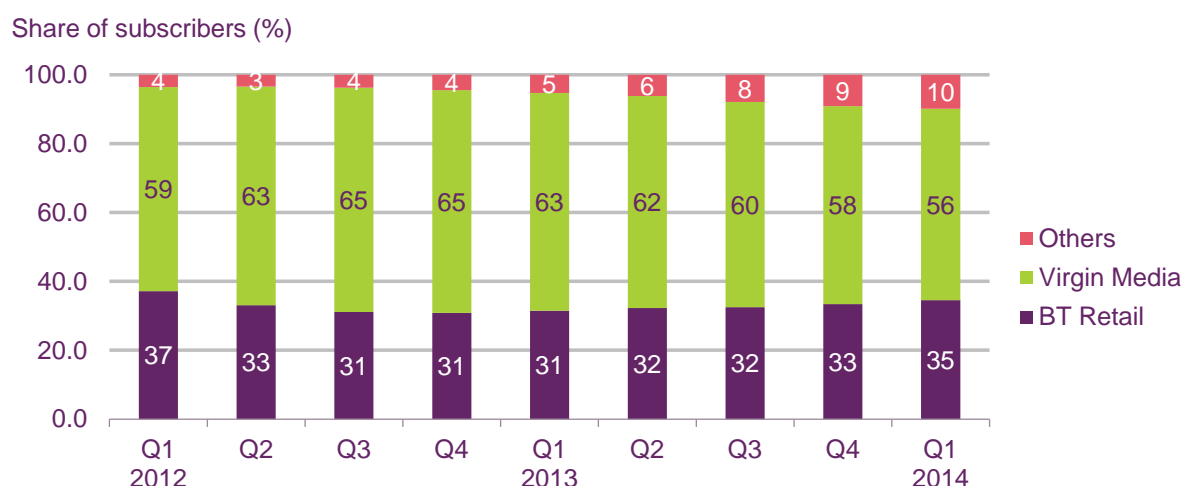
Source: Enders Analysis

5.1.4 Consumers' use of voice over IP services

Over a third of UK adults were VoIP users in Q1 2014

Traditional voice calls are carried over the PSTN network, a circuit switched network that allocates a dedicated circuit to each call. Internet protocol (IP) data networks, such as the internet, operate in a different way, splitting data into packets which are then sent individually across the network.

Voice over internet protocol (VoIP) technology allows voice and video calls to be delivered over IP networks. The main benefit to consumers of using VoIP services relates to price. As calls are routed over the open internet, VoIP providers are isolated from costs relating to running the IP network over which calls are transmitted,[86] and they are able to pass these savings on in the form of lower call charges.

Growing take-up in recent years of fixed and mobile data access services, smartphones and tablets with integrated VoIP apps has coincided with increasing use of VoIP services among UK consumers. According to Ofcom's consumer research, the proportion of adults who said that they were users of VoIP services almost tripled in the five years to Q1 2014; up from 12% to 35% (Figure 5.11).

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[86] Rather, these are incurred by the network operator and passed to the end users as part of their access charges.

Figure 5.11   Take-up of VoIP services: 2009 to 2014

Proportion of respondents (%)
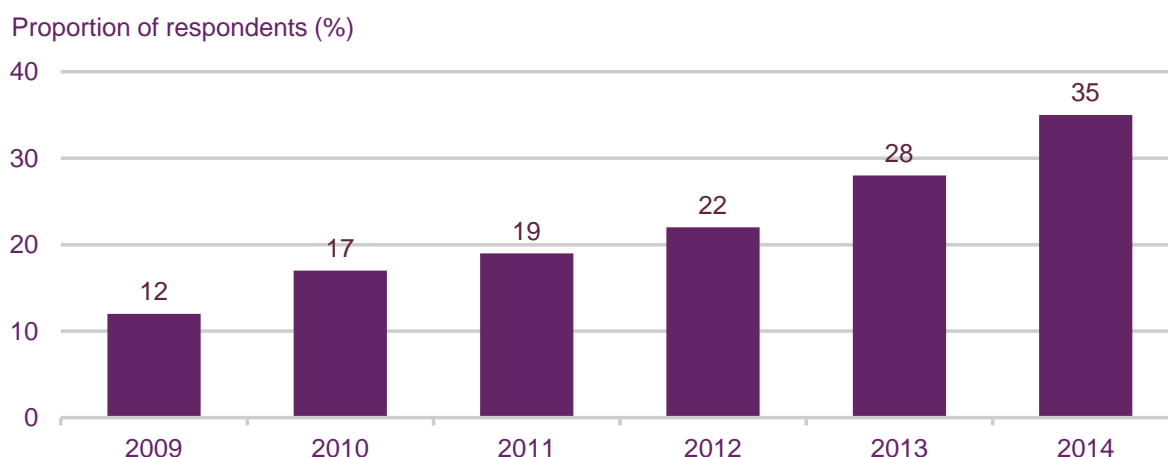
Source: Ofcom research, data as at Q1 of each year
Base: All adults
Note: Data from 2013 onwards are not comparable to those from previous years as they have been compiled on a different basis.

Use of VoIP services is higher among younger age groups

While over a third of adults claim to be users of VoIP services, use varies significantly across age groups (Figure 5.12). Ofcom research conducted in Q1 2014 shows that while use of VoIP services was higher than average among the 16-24 and 25-34 age groups (with 49% and 47% of respective respondents saying that they were current users of VoIP) it was lower than average among those aged 55-64 (26%) and 65+ (15%). It is likely that these differences are related to the differing levels of fixed broadband and smartphone take-up shown in Figure 5.68 and Figure 5.81, along with younger consumers being more likely to adopt new technologies and services.

There were also differences in the use of VoIP services among socio-economic groups, with more affluent AB consumers (among whom 48% said that they were current users of VoIP services) being more likely to use VoIP than less affluent consumers (23% of DE consumers said that they were current VoIP users). Again, this is likely to be related to differing levels of fixed broadband and smartphone take-up.

Figure 5.12   Use of VoIP, by age and socio-economic group

Proportion of respondents (%)
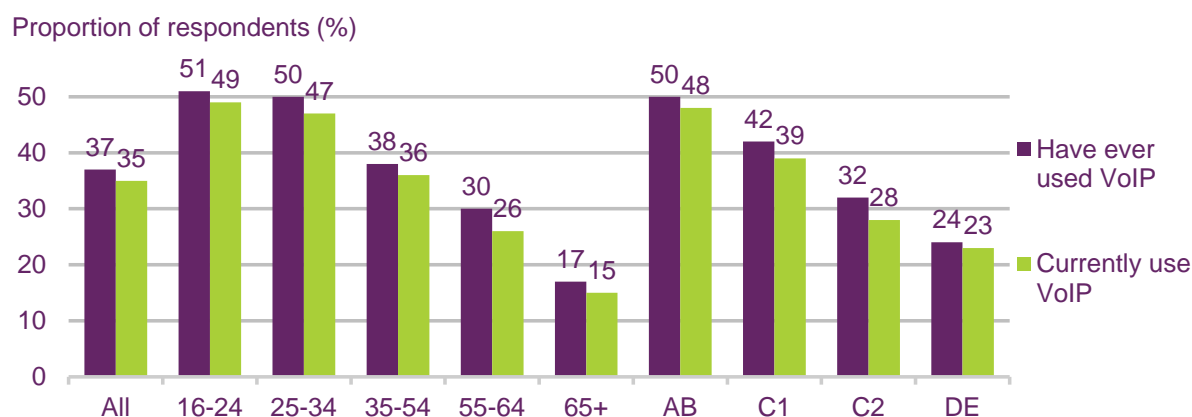
Source: Ofcom research Q1 2014
Base: All adults aged 16+

The ability to video call and lower prices are the main advantages of using VoIP

YouGov research conducted in May 2014 asked VoIP users what they believed to be the main benefits of using VoIP over traditional telecoms services (Figure 5.13). The ability to make video calls and the lower costs related to making VoIP calls were the most frequently mentioned advantages of using VoIP as an alternative to traditional methods; 61% of respondents said that an advantage of VoIP was the video, 57% said that it cost less than using their mobile phone, and 55% said that making a VoIP call cost less than using their landline.

Conversely, VoIP users said that the main disadvantages of using VoIP were that they could not use it when their internet connection was not working (55% of respondents), that calls do not always connect (33%), that call quality was not as good as a traditional fixed or mobile call (31%) and that calls could not be made during a power cut (29%).

Figure 5.13   Advantages of using VoIP over traditional methods of calling

% of all adults in the UK who use VoIP
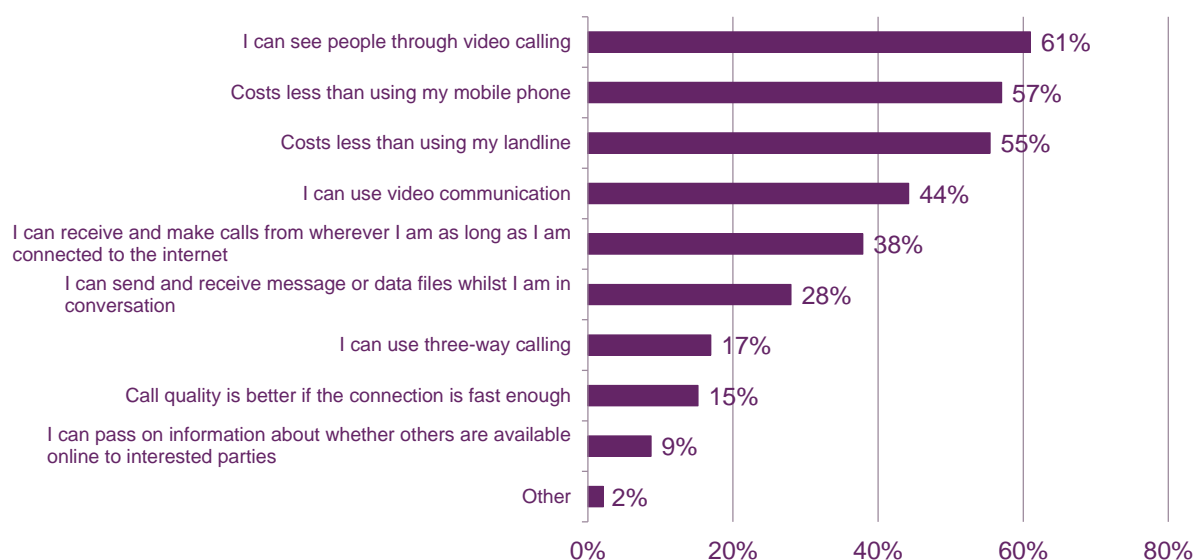
Source: YouGov online survey
Base: All adults 16+ in UK who use VoIP (398)
Question Q14. Which of these, if any, do you feel are advantages of using VoIP over traditional methods of calling? Please choose all that apply.

VoIP-to-VoIP calls are the most frequent type of calls made over VoIP connections

The research conducted by YouGov also asked VoIP users about what type of calls they made over VoIP (Figure 5.14). The most frequently-mentioned type of call made over VoIP connections was VoIP-to-VoIP calls, which were made by just under half (48%) of VoIP users; unsurprisingly, as these calls are usually free of charge and this type of calls includes video calling. A further third of VoIP users (32%) said that they used VoIP to call mobile phones, while around a fifth said that they used VoIP to call landlines in the UK and abroad (both at 23%) and overseas mobile numbers (21%).

Figure 5.14   Types of numbers called when using VoIP

% of all adults in the UK who use VoIP
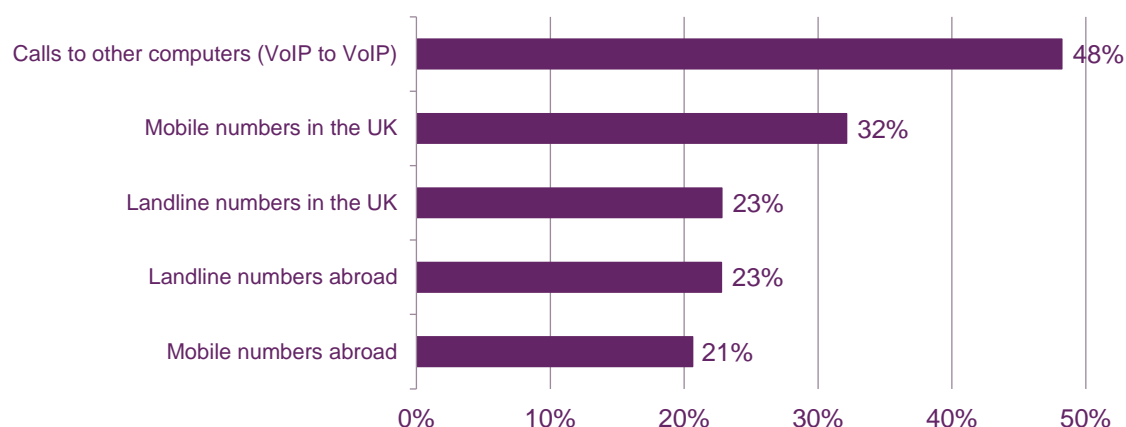
Source: YouGov online survey
Base: All adults 16+ in UK who use VoIP (398)
Question: Q7. Which type of numbers do you call using VoIP services? Please choose all that apply.

VoIP is most frequently used to contact family and friends

VoIP was most commonly used to keep in contact with family members and friends, with around half claiming to use it to contact family who live in the UK (53%), family who live abroad (46%), friends who live in the UK (45%) and just under a third (32%) using it to keep in contact with friends who live abroad (Figure 5.15). Use of VoIP to contact businesses was much lower, with less than one in ten VoIP users using it to call businesses, either in the UK (8%) or abroad (7%).

Figure 5.15   Use of VoIP

% of all adults in the UK who use VoIP

Source: YouGov online survey
Base: All adults 16+ in UK who use VoIP (398)
Question: Q6. For what purpose or purposes do you use the service or services selected in the previous question? You may choose all that apply.

The devices that are most frequently used to make VoIP calls are laptops and smartphones

Computers and smartphones were the most popular devices used for making VoIP calls, with more than half of VoIP users (55%) making VoIP calls on a laptop and just over four in

ten (42%) making calls on a smartphone (Figure 5.16). Just over a third of VoIP users (36%) said that they used a desktop computer to make VoIP calls, while more than a quarter (28%) said that they used a tablet computer. The use of a dedicated VoIP handset to make VoIP calls was low, at just 2% of those using VoIP, suggesting limited substitution away from traditional fixed and mobile voice services. A number of other devices (such as smart TVs and media players) can also be used to make VoIP calls.

Figure 5.16   Devices used to make VoIP calls

% of all adults in the UK who use VoIP
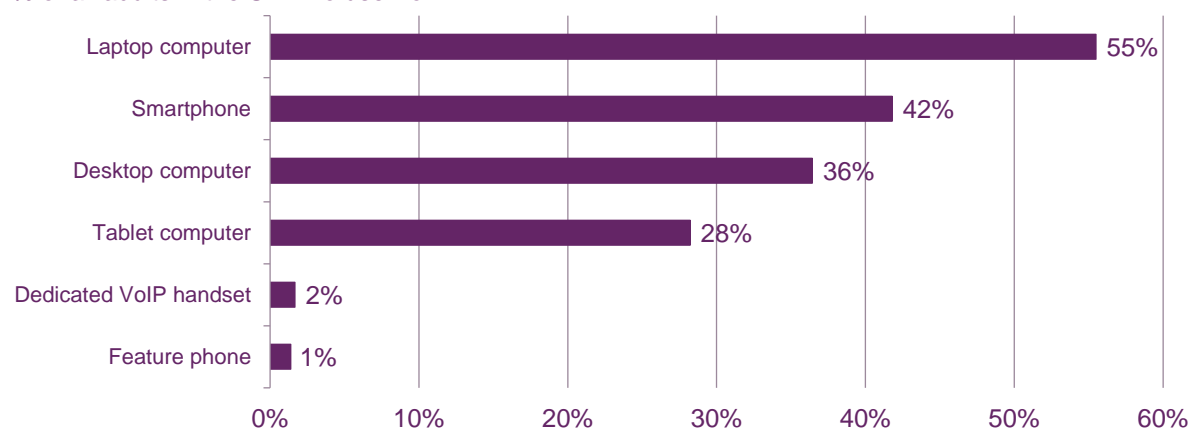
Source: YouGov online survey
Base: All adults 16+ in UK who use VoIP (398)
Question: Q10. On which of the following devices do you use VoIP services, whether for making phone calls, video calls, instant messaging and/or faxing? Please choose all that apply.

Just under half of VoIP users use it on a weekly basis

Fewer than half of VoIP users (48%) claimed to use it at least once a week, with 14% using VoIP on a daily basis and a further 9% using it almost every day (Figure 5.17). Just under a quarter of VoIP users (22%) said that they used VoIP less than once a month.

Figure 5.17   Frequency of VoIP use

% of all adults in the UK who use VoIP
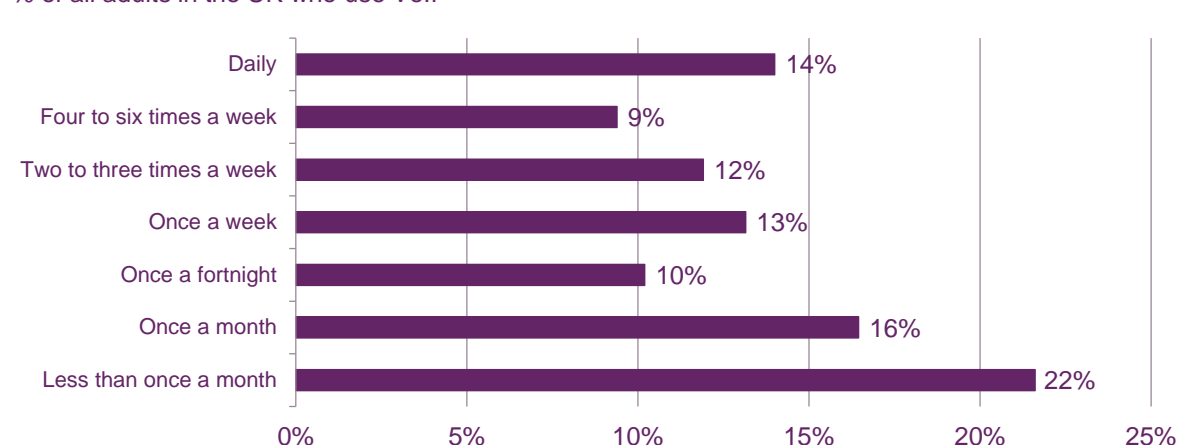
Source: YouGov online survey
Base: All adults 16+ in UK who use VoIP (398)
Question: Q8. How frequently do you use VoIP services?

316

Over a quarter of VoIP users have been using it for less than a year

The recent growth in take-up of VoIP services is reflected in the amount of time that VoIP users say they have been using VoIP services. Three-quarters (73%) of users said that they had been using VoIP services for 12 months or more, with 26% of users claiming that they had used VoIP for between three and five years, and 14% over five years (Figure 5.18). Fourteen per cent of users of VoIP said that they had been using the service for six months or less. The most likely driver behind the increased level of VoIP use is the increased take-up of smartphones and tablets with integrated VoIP apps (such as. *Facetime* and *Skype*).

Figure 5.18   Length of time VoIP has been used

% of all adults in the UK who use VoIP
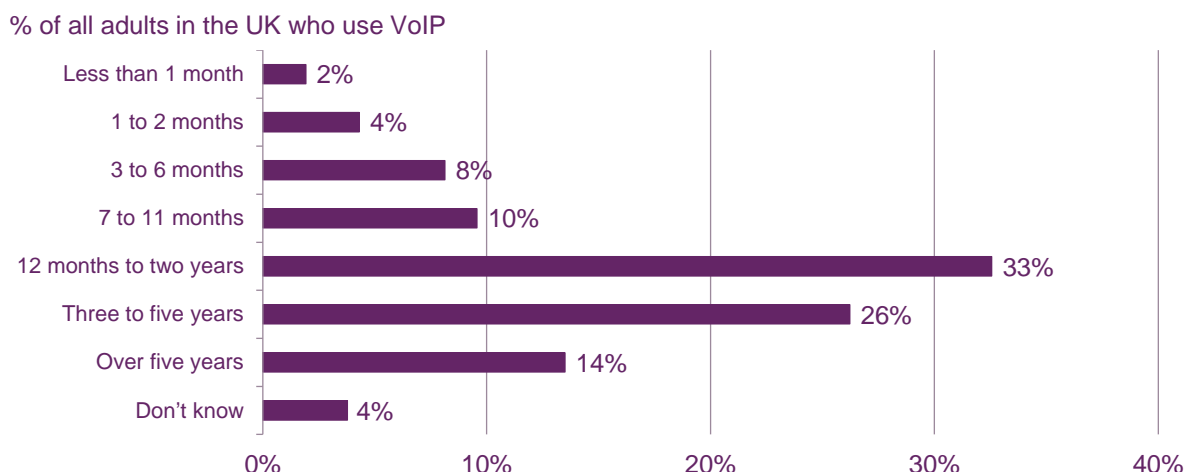
Source: YouGov online survey
Base: All adults 16+ in UK who use VoIP (398)
Question: Q9. How long have you been using VoIP services?

5.1.5 WiFi use inside and outside the home

Eight in ten adults access the internet using a WiFi connection, with most doing so at home

Research conducted by Kantar Media in March and April 2014 shows that four in five adults (81%) access the internet via WiFi, using one or more devices, with the vast majority doing so at home (Figure 5.19).

High levels of WiFi use within the home are due to widespread fixed broadband take-up, as most fixed broadband services include an ISP-provided WiFi router (Ofcom research shows that 73% of UK homes had a fixed broadband connection in Q1 2014). Trends in the use of WiFi within the home also reflect levels of fixed broadband take-up among different age groups and demographics (see Figure 5.68), with use being higher among younger and more affluent consumers (nine in ten of those aged under 55 and in the ABC1 socio-economic group were users of WiFi within the home, compared to six in ten over-55s and seven in ten of those in the C2DE socio-economic group).

Public WiFi services enable consumers to access WiFi services when outside the home, and can be found in a range of public spaces, from city-wide deployments to those located in venues such as coffee shops and fast-food restaurants. In June 2013, the main fixed and mobile operators, and Arqiva, provided around 34,000 UK public WiFi hotspots.[87] Fifteen per cent of respondents said that they used WiFi while at work or a place of study, while 14%

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[87] http://stakeholders.ofcom.org.uk/binaries/research/telecoms-research/infrastructure-report/IRU_2013.pdf - excludes BT Fon hotspots

said that they used it while travelling, and 11% when in a public place. Almost three in ten respondents (28%) said they accessed a WiFi connection while abroad, rising to almost four in ten (37%) of those under 35, and ABC1s (39%).

Figure 5.19   WiFi access in different locations, by age and socio-economic group
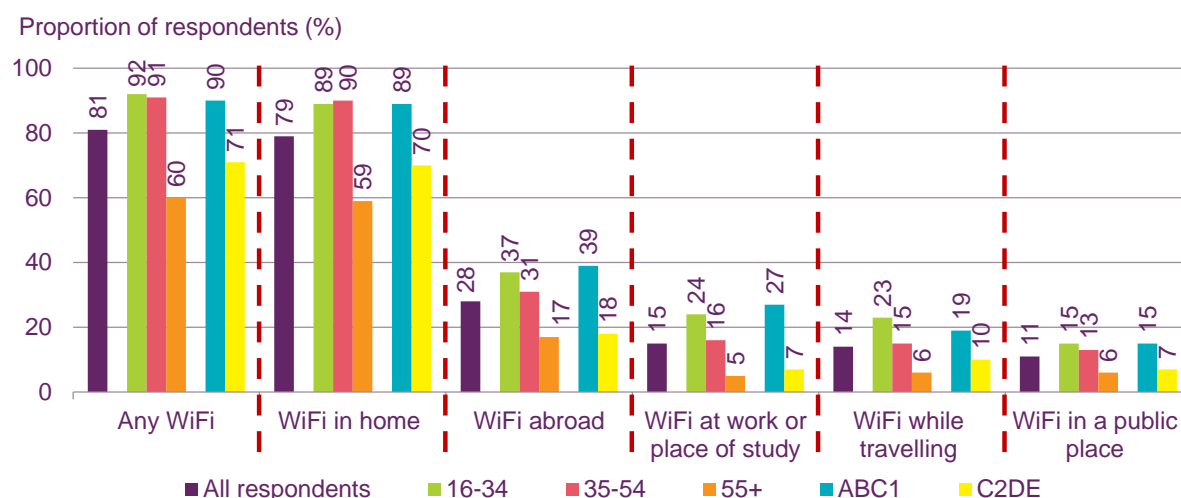
Source: Kantar Media Omnibus
Base: Q.A All adults 16+ in UK (N=2,026), Q.A2 All with internet access at work or place of study (N=349), Q.A3 All adults 16+ in UK (N=2,026)
Question: Q.A Which of the following do you currently ever use, if at all? Q.A2 Which of the following ways do you access internet in your work or place of study? / Q.A3 Do you ever use any of the following to connect to the internet when you are abroad?

Laptops and smartphones are the devices most frequently used to connect to WiFi

Across all locations, the devices that were most frequently used to connect to WiFi services by WiFi users in March/April 2014 were a laptop/netbook (64%) or a smartphone (58%). Two in five (40%) accessed WiFi services via a tablet device, a quarter (25%) used a desktop computer and just over one in ten (12%) used an eBook reader (Figure 5.20). Likewise, connecting to WiFi in the home was most commonly done via a laptop/netbook (62%) or a smartphone (52%).

Connection to WiFi outside the home was most commonly done using a smartphone, with 23% of WiFi users using a smartphone to connect to WiFi abroad, 15% while travelling, 12% in a public place and 11% at work or a place of study. One in ten WiFi users connected to WiFi when abroad using a tablet device (11%) or a laptop/netbook (9%).

Figure 5.20   Devices used to connect to WiFi in different locations

Proportion of WiFi users (%)

Legend: Smartphone, Desktop computer, Laptop/netbook, Tablet, Ebook Reader

	Smartphone	Desktop computer	Laptop/netbook	Tablet	Ebook Reader
Any location	58	25	64	40	12
Inside the home	52	24	62	38	11
Travelling	15	0	2	4	1
In a public place	12	0	2	3	0
At work or place of study	11	4	10	3	0
Abroad	23	1	9	11	2
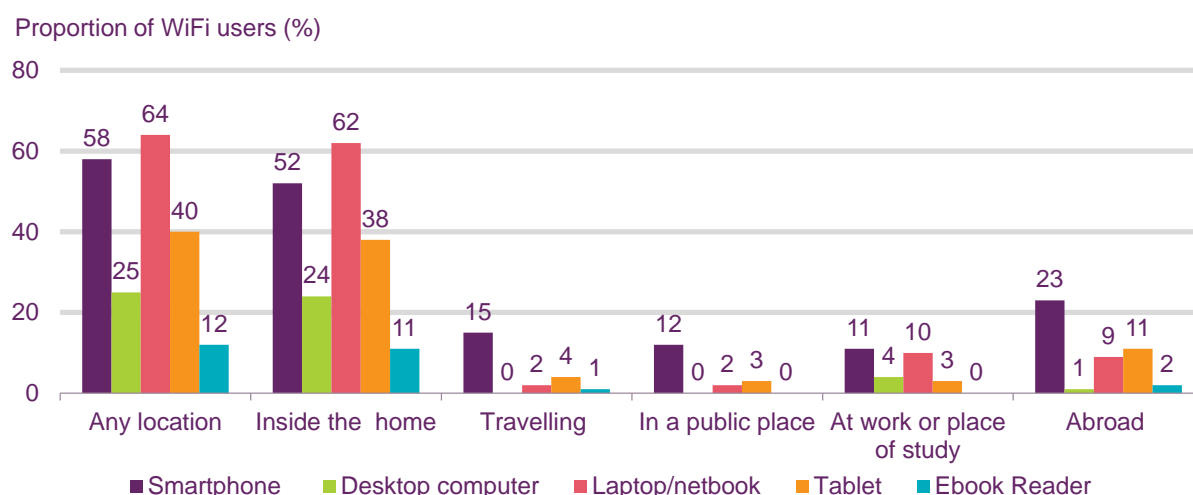
Source: Kantar Media Omnibus
Base: All who use WiFi inside the home (N=1,505), When travelling (N=264), In a public place (N=216), At work or place of study (N=248), Abroad (N=512)
Question: Q.2 Which devices do you use to connect to WiFi?

WiFi is most frequently used when inside the home, at work or at a place of study

Using WiFi in the home and at work or a place of study was largely a daily event, with 84% of those who use WiFi in the home, and 78% of those who use it at work or a place of study, doing so every day (Figure 5.21). In comparison, those who use WiFi when travelling or in a public space do so less frequently; 38% of those who use it when travelling, and 27% of those who use it in a public place, do so every day.

Figure 5.21   Frequency of WiFi use, by location

% of adults who use WiFi

Legend: Every day, Several times a week, At least once a week, At least once a month, Once every few months, Once a year or less, Don't Know

	Inside the home	When travelling	In a public place outside of the home	At work or place of study
Every day	84	38	27	78
Several times a week	7	13	23	13
At least once a week	3	14	22	4
At least once a month		9	14	4
Once every few months		13	7	
Once a year or less		9	6	2
Don't Know	2	4		

Source: Kantar Media Omnibus
Base: All who use WiFi at home (n=1,532), work (n=248) travelling (n=265) or in public (n=216), excluding abroad
Question: Q.3A How often do you use WiFi <insert location>?

WiFi access in public places predominately takes place indoors

WiFi access in a public places predominately takes place inside public buildings rather than outdoors, with 90% of WiFi users who use it in public places saying that they did so in indoor locations, compared to 43% for outdoor locations (Figure 5.22).

Cafes, bars, hotels and restaurants were the most frequently-cited public places to access WiFi, with 64% of those who access WiFi in public places saying they accessed it at cafes/bars and 41% at hotels and restaurants. Around a third of adults who access WiFi in public places said they accessed it at shops/retail outlets (35%) and about one in three said they did so inside libraries/public buildings (32%), inside airports/stations (31%) and outside in general, e.g. in the street (29%).

Figure 5.22   Public places where WiFi is used

% of adults using WiFi in public places
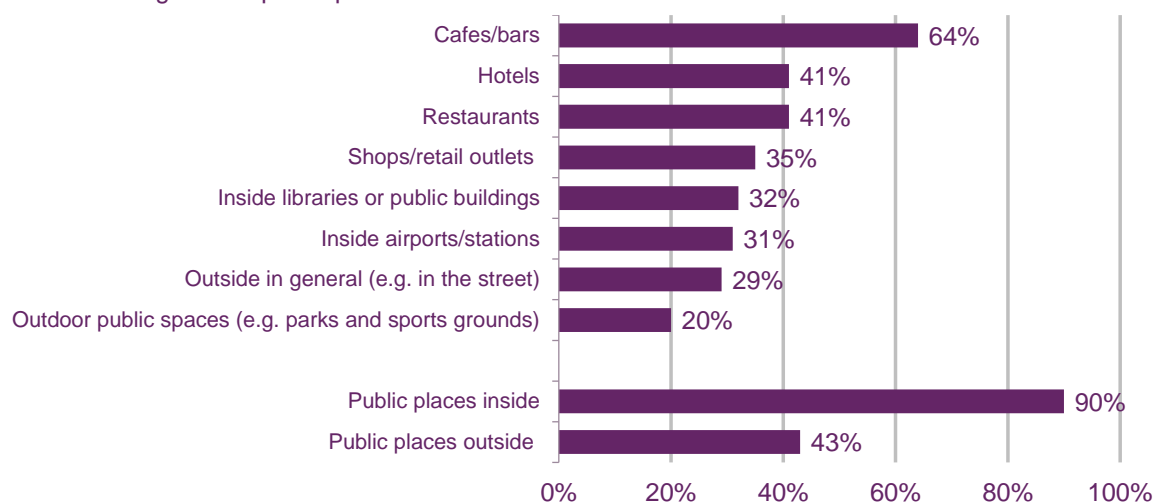
Source: Kantar Media Omnibus
Base: All who use WiFi in a public place outside the home (excluding travelling) (n=216)
Question: Q.4 In which of the following public places do you use WiFi when outside the home? This does not include travelling, transport or when you are on the move.

WiFi use outside the home tends to be for lower-bandwidth activities

Low-bandwidth activities dominated the use of WiFi outside the home, with nine in ten (89%) adults who use WiFi outside the home having carried out low-bandwidth activities, compared to four in ten (42%) adults who had carried out high-bandwidth activities (Figure 5.23). Among those who used WiFi outside the home, emailing, social networking and browsing the internet were the most frequently-cited uses, for both the 'ever used' and' 'regularly use' categories. In contrast, just 10% claimed to have ever streamed content and 6% to have ever downloaded content, via WiFi while outside the home.

Figure 5.23   Activities WiFi connections 'ever' used for outside the home

% of adults who ever use WiFi outside of the home

Activity	Regularly	Ever
Emailing	43%	60%
Social networking	41%	53%
Browsing the internet	32%	52%
Accessing maps/GPS	27%	39%
Looking up the address of a place or venue	18%	32%
Contacting people via Skype, WhatsApp, Viber etc.	17%	29%
Finding out travel information	17%	28%
Online banking	14%	27%
Shopping online	11%	24%
Downloading apps	5%	16%
Playing games online	6%	14%
Streaming films, TV programmes, video clips, music etc.	4%	10%
Downloading films, TV programmes, video clips, music etc.	%	6%
Low Bandwidth activities	82%	89%
High Bandwidth activities	24%	42%
Streaming/Downloading	5%	12%

Source: Kantar Media Omnibus
Base: All who use WiFi outside the home, while travelling or abroad (773)
Question: Q.7A Which of the following do you ever use WiFi for when you are outside the home?

Free WiFi dominates access outside the home

About three-quarters (78%) of those who use WiFi outside the home used a free WiFi connection (Figure 5.24). A quarter of those using WiFi outside the home (27%) connected via WiFi hotspots, using a service included with their mobile subscription, while one in ten (12%) connected via WiFi hotspots included with their home broadband package. Use of WiFi hotspots using a pay-as-you-go service, or with a separate on-going subscription, were both low (4%).

Figure 5.24   Types of WiFi used in public places outside the home or while travelling

% of adults who use WiFi outside the home

Type	%
Free WiFi	78%
WiFi hotspots included with your mobile contract or service	27%
WiFi hotspots included with your home broadband service	12%
WiFi hotspots using PAYG (pay as you go)	4%
WiFi hotspots with a separate ongoing subscription	4%
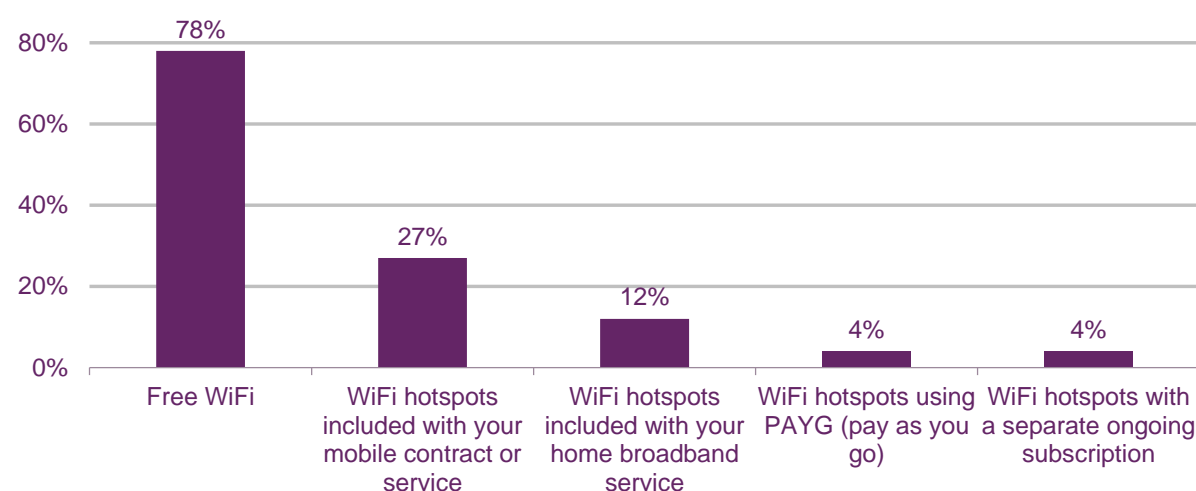
Source: Kantar Media Omnibus
Base: All who use WiFi outside the home or while travelling (N=348)
Question: Q.6A Which of the following types of WiFi do you use when you are in public places outside the home or while you are travelling?

The majority of people who use WiFi outside the home are not concerned about how secure it is

Most people who used WiFi outside the home were not concerned about how secure it was; three-quarters (77%) disagreed with the statement *"I am concerned about security when accessing WiFi outside the home"* and 75% disagreed with the statement *"There are certain things that I wouldn't access/do on the internet when connected to public WiFi"* (Figure 5.25).

Open WiFi networks

Public WiFi services are typically provided without any encryption, that would prevent eavesdropping or modification of traffic conveyed between the user's device and the internet. WiFi hotspots operating without encryption are frequently referred to as 'open' WiFi networks, and these are convenient for users as they allow any device easy connectivity without needing a password or a key in advance. A drawback of 'open' WiFi networks is that a malicious person could monitor open WiFi connectivity and, in rare cases, observe sensitive data such as users' IDs and passwords.

Levels of concern with data connection security were even lower among those who accessed data outside the home via a 3G/4G connection, with 85% disagreeing with the statement: *"I am concerned about security when accessing 3G/4G outside the home"*. In addition, 72% of those who access WiFi outside the home disagreed with the statement: *"public WiFi is less secure than my internet connection at home"*. Two-thirds (67%) of people agreed with the statement: *"I password-protect the WiFi inside my home"*.

Figure 5.25   Attitudes towards WiFi and mobile internet security

% of adults using WiFi outside the home

	Agree	Disagree
I am concerned about security when accessing WiFi outside the home	23%	77%
I am concerned about security when accessing 3G\4G outside the home	15%	85%
There are certain things that I wouldn't do on the internet using public WiFi	25%	75%
I feel public WiFi is less secure than my internet connection at home	28%	72%
I password protect the WiFi inside my home	67%	33%
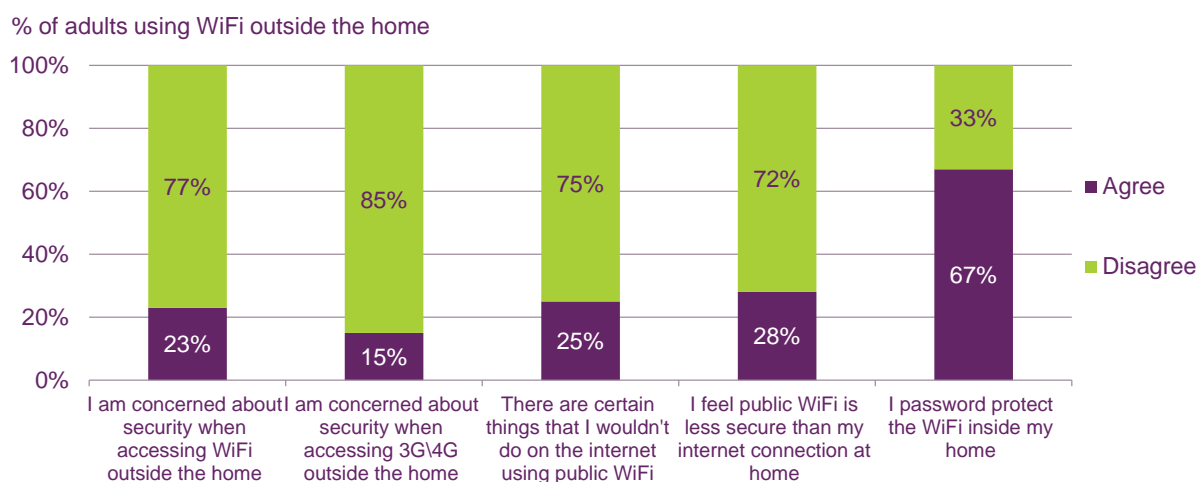
Source: Kantar Media Omnibus
Base: All who use WiFi outside the home (N=737); All who use 3G/4G outside the home (N=766); All who use WiFi at home (N=1532)
Question: Q.20 Which of the following statements apply to you?

5.2 The telecoms industry

5.2.1 Introduction

In this section of the report we examine recent trends in the telecommunications market from an industry and operator viewpoint. This section is structured as follows:

- Section 5.2.2 provides an overview of the industry in its entirety, considering recent developments in revenue growth and availability and take-up of telecom services.

- Section 5.2.3 looks at the fixed voice telephony market.

- Section 5.2.4 looks at the fixed data services market.

- Section 5.2.5 considers the markets for mobile voice and data services.

- Section 5.2.6 looks at businesses' use of voice and data telephony services in more depth.

The key findings in this section of the report are:

- **Total operator-reported telecoms revenues fell by £0.6m to £38.6bn in 2013.** The main reasons for this fall were a £0.4bn (5.1%) fall in wholesale revenues and a £0.3bn (2.0%) fall in retail mobile revenues, which were partially offset by a £0.3bn (8.0%) increase in revenues generated by fixed broadband services.

- **Total outgoing fixed and mobile voice call minutes fell by 3.9% to 226 billion minutes in 2013.** Total outgoing fixed voice call volumes fell by 10.7% to 92 billion minutes during the year, while mobile-originated call minutes increased by 1.4% to 134 billion minutes.

- **BT's share of retail fixed voice call volumes fell by 0.4 percentage points in 2013.** Over the same period, growth in the number of fixed lines provided using full LLU resulted in 'other direct' providers' share increasing by 2.9pp to 28.7%, largely at the expense of 'other indirect' operators.

- **The number of ADSL broadband connections fell for the first time in 2013.** This fall, down by 2.8% to 15.8 million, was the first recorded since these services launched in 2000, and was largely due to consumers upgrading to superfast services: during the year the number of non-cable fibre connections more than doubled, from 1.1 million to 2.3 million.

- **The total number of mobile subscriptions fell for the first time in 2013.** There were a total of 83.1 million active mobile handsets and dedicated mobile data connections at the end of 2013, a 0.4% decrease on the previous year.

- **There were 55 million UK mobile data connections at the end of 2013.** The total number of mobile data connections (including machine-to-machine) increased by 6.5 million (13.3%) during the year, with most of this increase being in the number of handsets that were used to access data services, up by 6.2 million (16.1%) to 44.5 million as a result of increasing smartphone take-up.

- **SMS use dropped by almost a quarter as users switched to alternative services.** The total volume of outgoing SMS and MMS messages fell by 42 billion

messages (24.4%) to 130 billion messages in 2013 as a result of increasing smartphone take-up and access to alternative communication methods, such as email, instant messaging and social networking sites.

- **Business markets generated £9.1bn in revenue in 2013.** This represented a fall of £0.2bn compared to 2012, which was mainly due to a £0.2bn (6.8%) fall in fixed voice revenues during the year. Revenues from corporate data services also fell during the year (down by £0.1bn), while revenues from business mobile and non-corporate business data services were both unchanged.

5.2.2 Market overview

Total operator-reported telecoms revenues fell by £0.6m in 2013

Total operator-reported UK telecoms revenues fell by £0.6bn (1.7%) to £38.6bn in 2013 (Figure 5.26).[88] The main reason for this was a £0.4bn (5.1%) fall in wholesale revenues to £7.9bn, which was largely due to declining mobile call termination revenues.

Retail mobile revenues fell for the first time in 2013, down by £0.3bn (2.0%), reflecting falling SMS use (see Figure 5.43) along with a small decline in the number of mobile connections (see Figure 5.44). Retail fixed telecoms revenues increased by £0.1bn (1.2%) to £12.4bn in 2013 as a result of growth in fixed broadband take-up and increasing average revenue per fixed broadband connection, as consumers upgraded to superfast services.[89] This increase was offset by a decline in fixed-voice revenues, which was due to falling call volumes. Corporate data service revenues fell by £0.1bn (2.0%) during the year, to £2.7bn.

Figure 5.26   Summary of UK telecoms revenues: 2008 to 2013
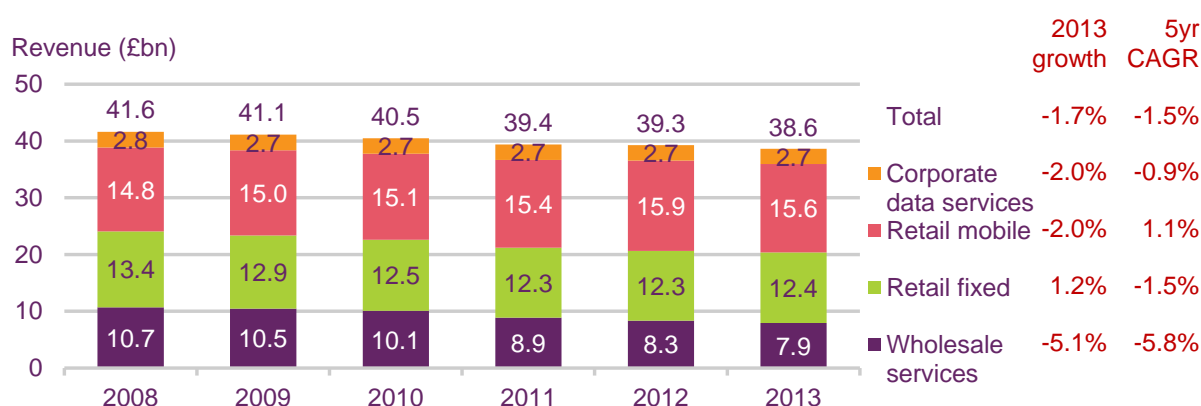
Revenue (£bn)	2008	2009	2010	2011	2012	2013		2013 growth	5yr CAGR
Total	41.6	41.1	40.5	39.4	39.3	38.6	Total	-1.7%	-1.5%
Corporate data services	2.8	2.7	2.7	2.7	2.7	2.7	Corporate data services	-2.0%	-0.9%
Retail mobile	14.8	15.0	15.1	15.4	15.9	15.6	Retail mobile	-2.0%	1.1%
Retail fixed	13.4	12.9	12.5	12.3	12.3	12.4	Retail fixed	1.2%	-1.5%
Wholesale services	10.7	10.5	10.1	8.9	8.3	7.9	Wholesale services	-5.1%	-5.8%

Source: Ofcom / operators with the exception of corporate data services, sourced from IDC.
Notes: 'Corporate data services' comprises web hosting, Ethernet, IP VPN, digital leased line and frame relay/ATM services; wholesale mobile comprises wholesale mobile voice, messaging and data services, mobile voice and SMS termination revenue and wholesale inbound roaming revenue (i.e. - revenue from overseas operators when their subscribers use UK networks).

UK retail telecoms revenues fell by £0.2bn in 2013

UK retail telecoms revenues fell by £0.2bn (0.7%) to £30.7bn in 2013 (Figure 5.27). Retail fixed voice and mobile revenues both fell during the year; the percentage fall in retail mobile

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[88] Total operator-reported revenues include both retail and wholesale revenues, and the total therefore involves an element of double-counting.
[89] Superfast fixed broadband connections are defined as those with an advertised speed of 'up to' 30Mbit/s or higher.

revenues (down by 2.0% during the year due to a £0.6bn fall in out-of bundle SMS and MMS revenues as a result of declining message volumes) was greater than that in fixed voice revenues (which fell by 1.7% to £8.4bn over the same period).

Retail fixed broadband and narrowband internet revenues increased by 8.0% in 2013 as a result of continued growth in the number of fixed broadband connections (Figure 5.38) and increasing average revenue per connection, which was largely due to the growing take-up of superfast broadband services (see Figure 5.8). Growing use of smartphones (see Figure 5.81) was reflected in a 6.9% increase in out-of-bundle mobile data revenues to £2.7bn, while mobile access and voice revenues increased by 0.9% during the year due to the migration of pre-pay customers onto post-pay services (which is, again, partly attributable to increasing smartphone use, as post-pay services enable users to spread the cost of a handset across the lifetime of the contract). The main drivers of the small fall in corporate data service revenues during the year were declining revenues from IP-VPN and digital leased-line services.

Figure 5.27   Retail telecoms revenue, by service
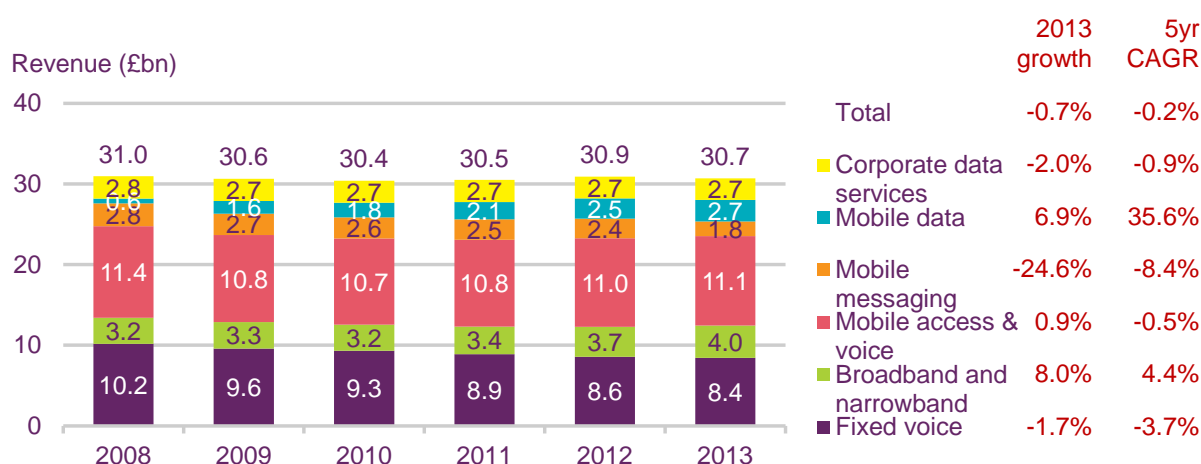
	2013 growth	5yr CAGR
Total	-0.7%	-0.2%
Corporate data services	-2.0%	-0.9%
Mobile data	6.9%	35.6%
Mobile messaging	-24.6%	-8.4%
Mobile access & voice	0.9%	-0.5%
Broadband and narrowband	8.0%	4.4%
Fixed voice	-1.7%	-3.7%

Source: Ofcom / operators, with the exception of corporate data services, sourced from IDC.
Notes: 'Corporate data services' comprises web hosting, Ethernet, IP VPN, digital leased line and frame relay/ATM services.

Total outgoing UK fixed and mobile voice call minutes fell by 3.9% in 2013

Total outgoing UK fixed and mobile voice call volumes fell by 3.9% to 226 billion minutes in 2013 (Figure 5.28). Overall, consumers in the UK made 134 billion minutes of mobile-originated calls in 2013, an increase of two billion minutes (1.4%) compared to 2012. This increase was the result of a five billion minute (4.7%) increase in post-pay call volumes during the year (which was partly offset by an 11.9% fall in pre-pay call volumes, a reflection of falling pre-pay subscription numbers, as shown in Figure 5.45).

Fixed voice call volumes continued to decline in 2013, falling by 10.7% to 92 billion minutes during the year. This decline was as a result of falling call volumes per line, as the total number of UK fixed lines increased during the year (see Figure 5.36). Overall, 59.4% of outgoing call volumes originated on mobile phones in 2013, a 3.1pp increase compared to the 56.3% of calls recorded in 2012.

Figure 5.28   Outgoing fixed and mobile voice call minutes

Billions of minutes

							2013 growth	5yr CAGR
	2008	2009	2010	2011	2012	2013		
Total	259	255	254	243	235	226	-3.9%	-2.7%
Pre-pay mobile	33	36	33	29	27	24	-11.9%	-6.6%
Post-pay mobile	85	90	98	103	105	110	4.7%	5.3%
Fixed	141	128	123	111	103	92	-10.7%	-8.2%
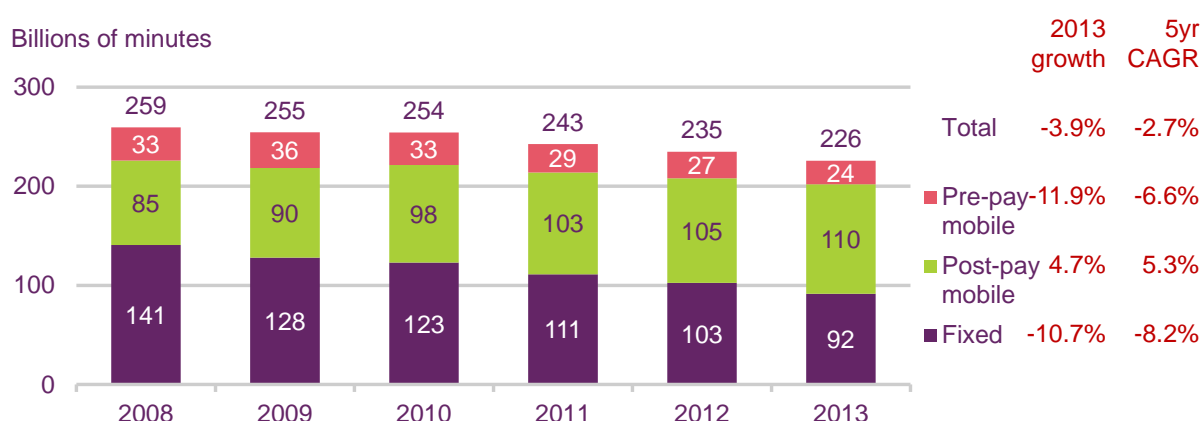
Source: Ofcom / operators

The proportion of voice connections that were mobile fell for the first time in 2013

An increase in the number of fixed lines, coupled with a fall in the number of mobile voice connections, resulted in a decline in the proportion of total voice connections that were cellular in 2013, down by 0.2 percentage points to 70.1% (Figure 5.29). This was the first such fall recorded since Oftel started to collect data from mobile providers in the mid-1990s.

Mobile voice services accounted for 56.8% of total fixed and mobile voice revenues in 2013, an increase of 0.6pp compared to 2012 (it should be noted that these figures will be overstated as reported mobile revenues also include revenues for bundled messaging and data services, not just voice). As mentioned previously, the proportion of total voice call minutes that were mobile-originated also continued to increase during the year (see Figure 5.28 for more details).

Figure 5.29   Mobile share of voice connections, revenues and volumes

Per cent

							2013 pp change	5 year pp change
	2008	2009	2010	2011	2012	2013		
Connections	68.7	69.5	69.7	69.9	70.2	70.1	-0.2	1.4
Revenues	52.5	52.9	53.4	54.8	56.3	59.4	0.6	4.3
Call volumes	45.7	49.7	51.6	54.2	56.2	56.8	3.1	13.7
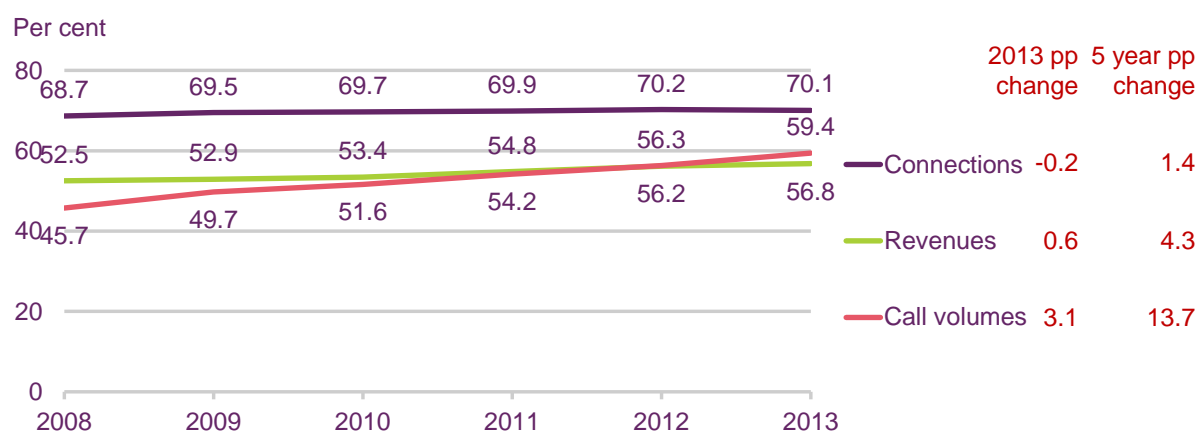
Source: Ofcom / operators
Note: Mobile voice revenues include revenues from bundled messaging and data services.

Local loop unbundling (LLU)

LLU enables operators to site their own equipment in the incumbent operator's local exchange and lease the local loop (the twisted copper cable from the exchange to the customer's premises) and, having connected the local exchange to their own network, provide either ADSL broadband or ADSL broadband and fixed voice services to end-users. LLU operators are able to benefit from economies of scale which are not available to them when purchasing wholesale ADSL services on a per-unit basis, and have greater opportunity to differentiate the services that they offer from their competitors'.

With partial LLU the unbundling operator and the incumbent share the same line, with the LLU operator providing ADSL broadband services and the incumbent providing the telephone line service. Under full LLU, the LLU operator provides both the ADSL broadband service and the telephone line service. Under this scenario the customer's relationship with the incumbent ceases.

Twenty-eight per cent of UK fixed lines were provided using LLU at the end of 2013

Local loop unbundling (LLU) has been key to the development of the UK fixed voice and broadband markets over the past decade and, by the end of 2013, 27.7% of the UK's 33.4 million fixed lines were provided using LLU, an increase of 1.2 percentage points since 2012 and an 11.6pp increase compared to 2008 (Figure 5.30). At the end of the year, 95.1% of UK premises were connected to an unbundled BT local exchange, representing a one percentage point increase since the previous year. This level of coverage had been made possible by unbundling 57% of BT's local exchanges (of which there are around 5,600).

Figure 5.30   Proportion of unbundled BT local exchanges and connected premises
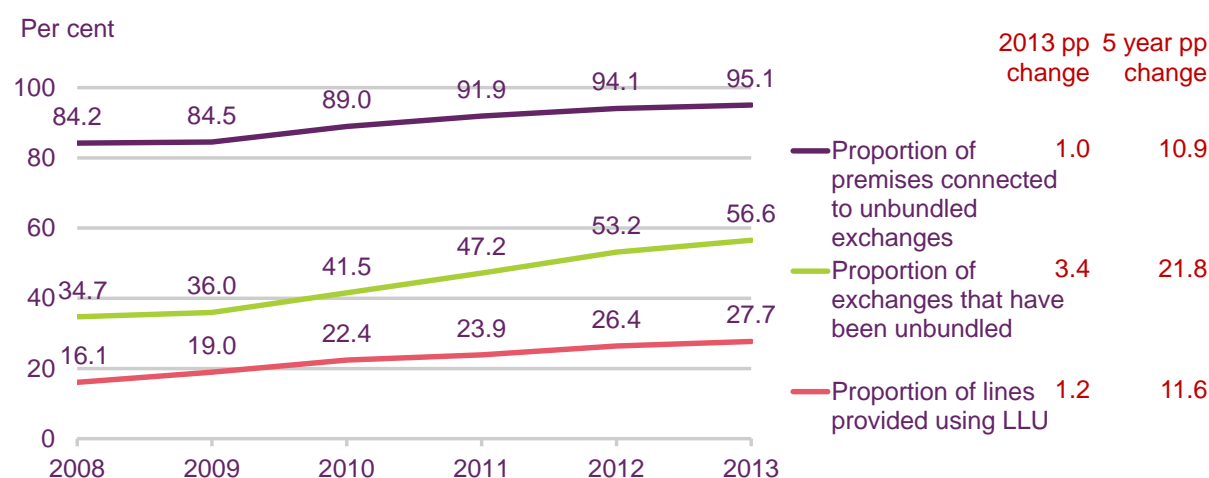
Source: Ofcom / BT

Over four in five LLU lines are used to provide bundled fixed voice and broadband services

Initially, many UK LLU providers deployed partial LLU networks. Since 2006, Sky and TalkTalk, the UK's largest LLU providers, have been deploying full LLU networks and have migrated customers onto full LLU-based services as they have added new exchanges to their full LLU networks. This strategy is reflected in Figure 5.31, which shows that the number of partial LLU lines fell by an average of 15.8% a year in the five years to 2013, compared to a 36.6% average annual increase in the number of full LLU lines. Overall, 82% of the UK's 9.2 million LLU lines were provided using full LLU at the end of 2013, compared to 29% of a total of 5.5 million lines LLU at the end of 2008.

Figure 5.31   Unbundled fixed lines
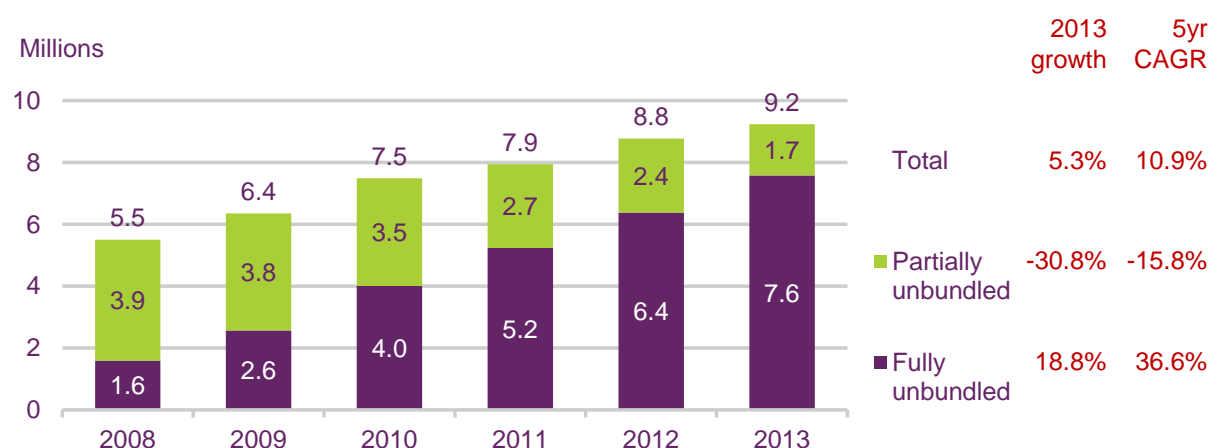
Source: BT

5.2.3 Fixed voice services

The decline in fixed voice revenues in 2013 was less than half that recorded in 2012

Fixed voice revenues continued to decline in 2013, falling by £0.1bn (1.7%) to £8.4bn during the year (Figure 5.32). This represented a halving in the rate of decline recorded in 2012, when total fixed voice revenues fell by £0.3bn (3.5%). Falling traditional fixed telephony call volumes, and a shift towards line rental services that include bundled calls, are reflected in the proportion of total voice revenues that are derived from line rental: in 2013 almost two-thirds (65.6%) of total fixed voice revenues were generated by line rental, up from 62.3% in 2012 and just over half of total revenues (51.7%) in 2008.

The slowing in the decline in fixed voice revenues is largely due to two factors. First, the total number of fixed lines increased slightly in 2013 (see Figure 5.36), and second, the price of some fixed voice services rose during the year.

Figure 5.32   Retail fixed voice revenues
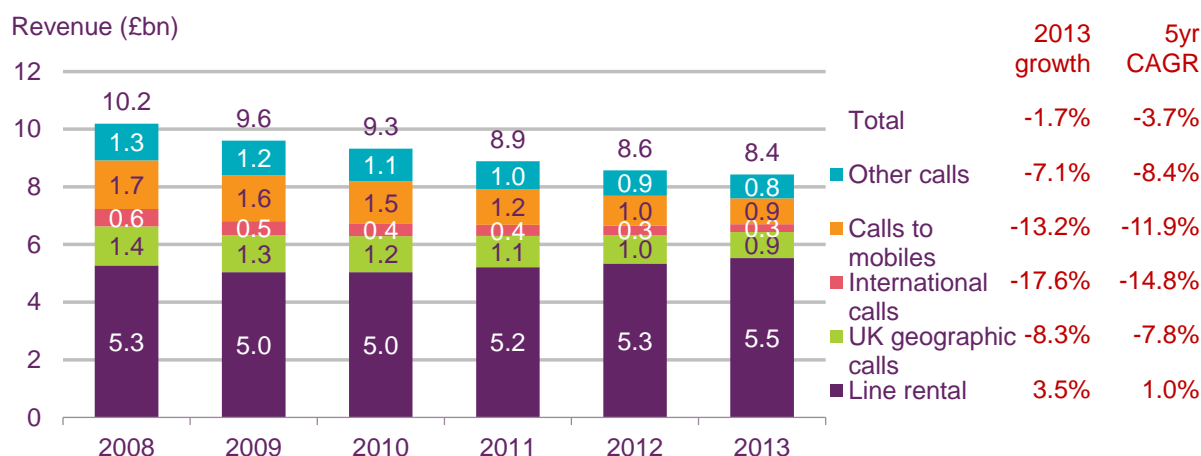
Source: Ofcom / operators

Average revenue per fixed line fell by 1.9% in 2013

Average revenue per fixed line fell by 42 pence per month (1.9%) to £21.09 in 2013, and was £3.65 per month (14.8%) lower than the £24.74 average recorded in 2008 (Figure 5.33). The main reason for falling average revenues per line is declining average use; between 2008 and 2013 average outgoing call minutes per fixed line fell by just under two hours per month, from 341 minutes to 229 minutes, while in 2013 the year-on-year decline was 28 minutes per line per month, a 10.9% fall.

Falling average use per line, and the increased popularity of line rental services which include bundled calls, were reflected in a decline in falling average out-of-bundle call spend, which fell from £11.95 per month to £7.25 per month in the five years to 2013. Over the same period, average rental revenue per line increased by 8.2%, from £12.80 to £13.85 per month.

Figure 5.33   Average monthly retail revenue per fixed line
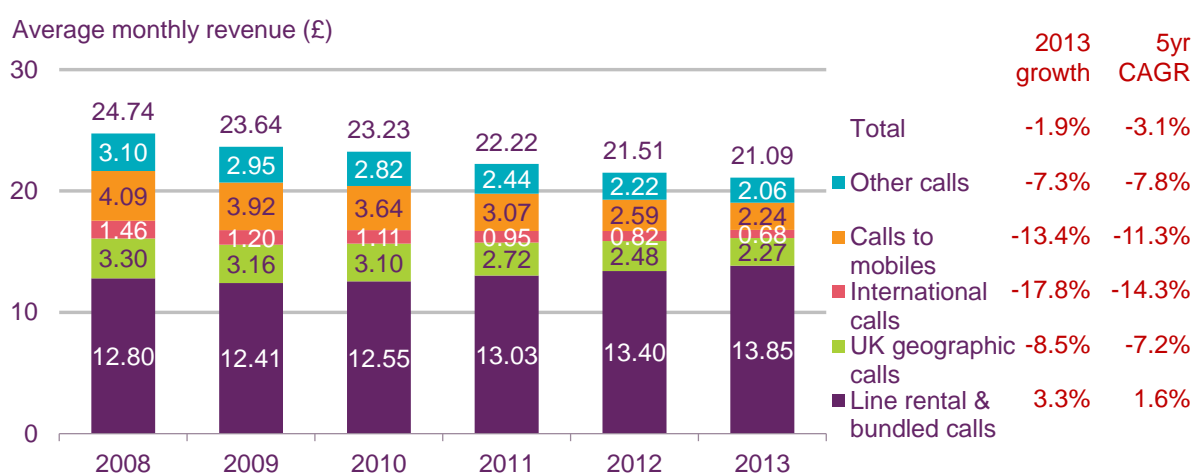
Source: Ofcom / operators

The decline in fixed voice call volumes accelerated in 2013

Call volumes from fixed lines fell by 10.7% to 91.6 million minutes in 2013 (Figure 5.34). This was a higher rate of decline than the 7.7% fall in 2012, suggesting that the rate at which consumers are substituting mobile calls and other forms of communication, such as email, instant messaging (IM) and communication via social networking sites for fixed voice calls is increasing. The largest percentage fall in outgoing fixed call volumes in 2013 was for outgoing international calls (down 16.3%), which is likely to be the result of growing use of VoIP (see Figure 5.11) and mobile phones to make international calls (some mobile providers, including Lebara and Lycamobile, market their services around low-cost international calls).

Figure 5.34 Fixed voice call volumes, by type of call

Minutes (billions)

	2013 growth	5yr CAGR
Total	-10.7%	-8.2%
Other calls	-4.2%	-9.1%
Calls to mobiles	-10.9%	-9.2%
International calls	-16.3%	-7.1%
UK geographic calls	-11.9%	-7.9%

Chart data:

Year	UK geographic calls	International calls	Calls to mobiles	Other calls	Total
2008	91.9	7.1	13.5	28.2	140.7
2009	85.1	6.7	12.3	23.7	127.9
2010	82.8	6.7	11.8	21.7	123.0
2011	74.6	6.5	10.3	19.7	111.1
2012	69.0	5.8	9.4	18.3	102.5
2013	60.8	4.9	8.4	17.5	91.6

Source: Ofcom / operators

BT's share of fixed voice call volumes fell by 0.4 percentage points in 2013

BT, whose market share was unchanged in 2012, experienced a 0.4 percentage point drop in its call volume share to 37.6% in 2013, while Virgin Media's retail fixed call volume share increased slightly during the year, up by 0.2pp to 12.6% (Figure 5.35).

Growth in the number of fixed lines provided using full LLU being has resulted in 'other direct operators' share of fixed voice call volumes increasing over recent years, and this trend continued in 2013, when 28.7% of fixed-originated voice call minutes were attributed to 'other direct' providers, a 2.9 percentage point increase since 2012. Most of this increase was at the expense of 'other indirect operators' market share, which fell by a similar amount (2.8pp), although in reality much of the shift from 'other indirect' to 'other direct' providers will be due to LLU providers migrating their off-net customers (i.e. those to whom they provided services using wholesale line rental) onto their full LLU networks. As such, the shift of call volume share from 'other indirect' to 'other direct' does not necessarily mean that there has been a significant shift in market share between fixed voice providers.

Figure 5.35 Share of retail fixed voice call volumes

Call volume share (%)

	2013 pp change	5 year pp change
Other indirect operators	-2.8	-8.5
Other direct operators	2.9	16.0
Virgin Media	0.2	-1.1
BT	-0.4	-6.4

Chart data:

Year	BT	Virgin Media	Other direct operators	Other indirect operators
2008	44.0	13.7	12.8	29.5
2009	41.7	13.5	15.0	29.8
2010	38.8	12.8	19.2	29.3
2011	37.9	12.4	22.9	26.8
2012	37.9	12.4	25.8	23.8
2013	37.6	12.6	28.7	21.1
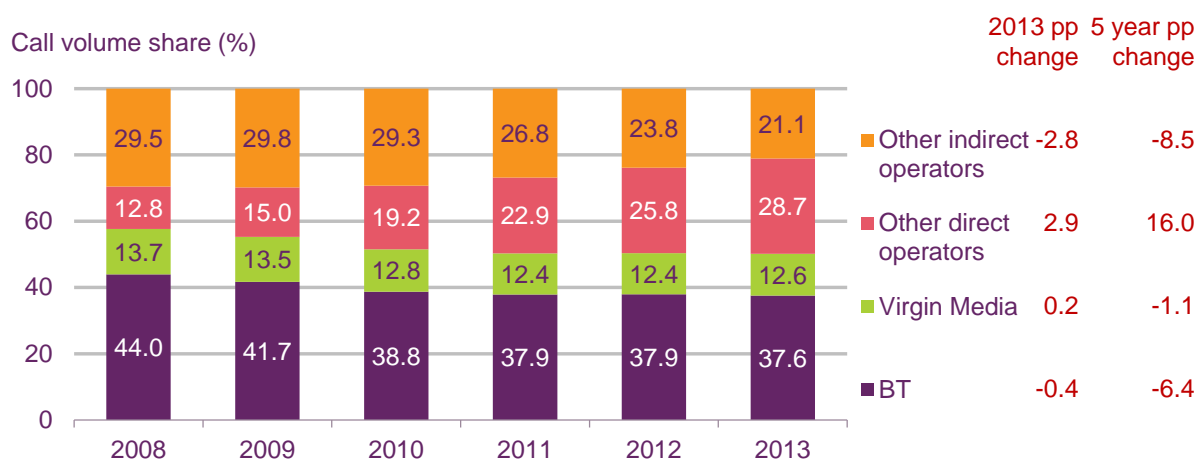
Source: Ofcom / operators
Note: Excludes non-geographic voice calls.

There was a 0.6 million increase in the number of residential fixed lines in 2013

At the end of 2013 there were 25.0 million UK residential fixed lines, a 0.6 million (2.4%) increase compared to 2012 (Figure 5.36). It is likely that this is due to the increasing number of households, and the requirement for most UK homes to have a landline in order to be able to access fixed broadband services: Virgin Media, whose cable network covers just under half of UK households, is the only large UK internet service provider (ISP) to offer a residential fixed broadband service that does not require a fixed line of any description.

The increase in the number of residential fixed lines was offset by a 0.4 million fall in the number of business PSTN lines and ISDN channels, the result of increasing use IP-based telephony (which is likely not to be fully captured here) and mobiles by business users. Overall, the total number of UK fixed lines increased by 0.2 million (0.6%) to 33.4 million during the year.

Figure 5.36   Number of fixed lines
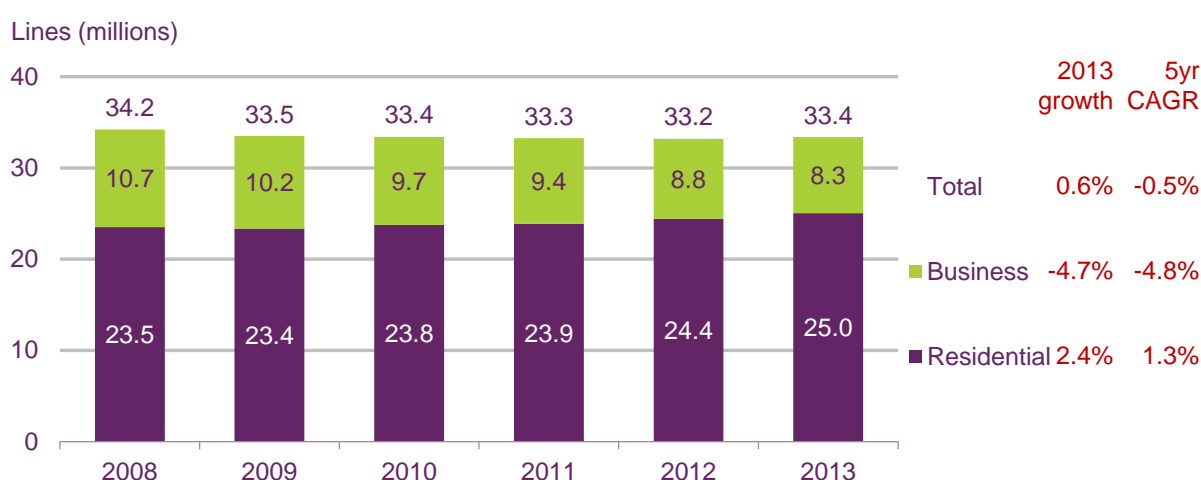
Source: Ofcom / operators

5.2.4   Fixed data services

Increasing superfast broadband take-up is driving fixed internet revenue growth

Non-corporate internet revenues totalled £4.0bn in 2013, a £0.3bn (8.0%) increase compared to 2012 (Figure 5.37). Almost all of this revenue was generated by broadband services, as estimated narrowband revenues were just £3m in 2013, a 47.8% fall compared to 2012.

There were two main factors behind increasing residential and SME fixed broadband revenues in 2013. The first of these was continued growth in the number of fixed broadband connections (see Figure 5.38 for more details), and the second, increasing take-up of superfast broadband (i.e. connections with an advertised speed of 'up to' 30Mbit/s or higher). As is shown in Figure 5.8, the number of UK fixed broadband connections that were classed as being superfast increased from 3.2 million to 5.6 million in the year to December 2013, a 72.0% increase.

Figure 5.37   Retail residential and SME fixed internet revenues

Revenue (£bn)

	2008	2009	2010	2011	2012	2013		2013 growth	5yr CAGR
Total	3.2	3.3	3.2	3.4	3.7	4.0	Total	8.0%	4.4%
Broadband	3.1	3.2	3.2	3.4	3.7	4.0	Broadband	8.0%	5.2%
Narrowband	0.1	0.1	0.1				Narrowband	-47.8%	-51.6%
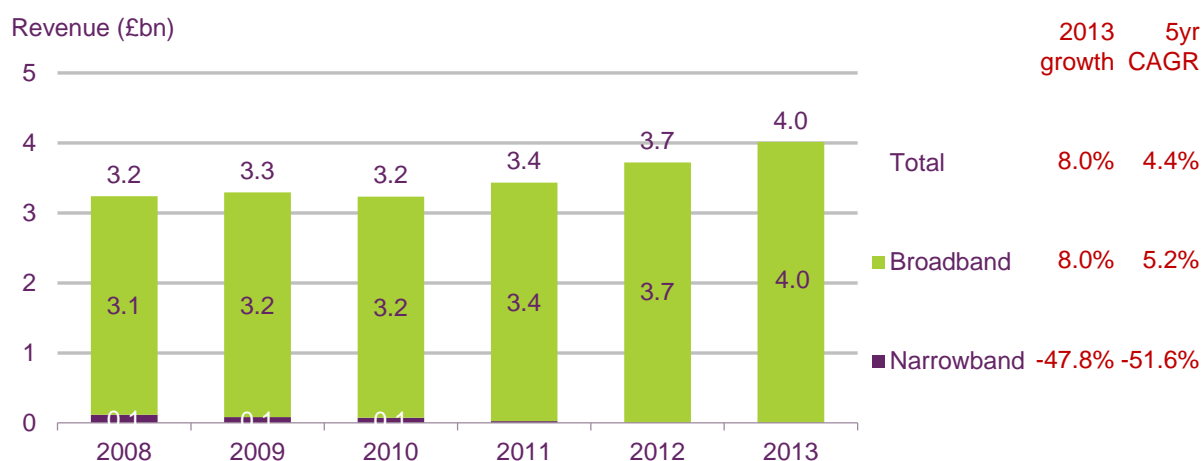
Source: Ofcom / operators

The number of ADSL broadband connections fell for the first time in 2013

At the end of 2013 there was a total of 22.6 million residential and SME UK fixed broadband connections, representing a 0.9 million (4.2%) increase since 2012 (Figure 5.38). The total number of ADSL connections fell by 2.8% to 15.8 million during the year, the first such fall since these services launched in 2000, with the main reason for this decline being consumers upgrading to superfast services - the number of fibre-based fixed broadband connections more than doubled during the year, up by 116.3% from 1.1 million to 2.3 million. The number of cable broadband connections also increased in the year to December 2013, growing by 0.1 million (2.4%) to 4.4 million. More information on superfast broadband services can be found in Section 5.1.3 of this report.

Figure 5.38   Retail residential and SME fixed broadband connections

Connections (millions)

	2008	2009	2010	2011	2012	2013		2013 growth	5yr CAGR
Total	17.3	18.2	19.5	20.6	21.7	22.6	Total	4.2%	5.5%
Others			0.1	0.4			Others	0.0%	-12.9%
Fibre					1.1	2.3	Fibre	116.3%	n/a
Cable	3.7	3.8	4.0	4.1	4.3	4.4	Cable	2.4%	3.6%
LLU-ADSL	5.5	6.4	7.5	7.9	8.8	9.2	LLU-ADSL	5.3%	10.9%
Non-LLU ADSL	8.1	8.0	7.8	8.1	7.5	6.6	Non-LLU ADSL	-12.2%	-4.0%
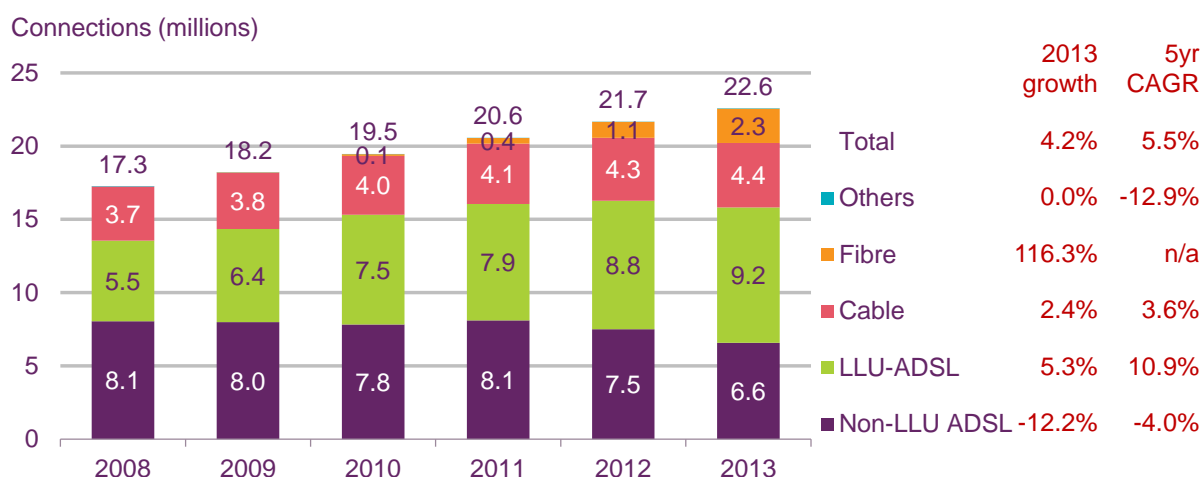
Source: Ofcom / operators

BT continued to be the UK's largest fixed broadband provider in 2013

BT maintained its position as the UK's largest provider of residential and SME fixed broadband services in 2013, with its market share having increased by one percentage point to 31% during the year (Figure 5.39). Sky and Virgin Media both had a 20% share of fixed broadband connections at the end of the 2013, with the increase in Sky's share during the

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year (up by one percentage point) being partly as a result of its purchase of Telefónica's fixed telephony and fixed broadband business in May 2013. Virgin Media and TalkTalk's market shares both fell during the year; the fall in TalkTalk's share (down by 2pp to 15%) was larger than the one percentage point fall in Virgin Media's share, down to 20%.

Figure 5.39   Retail residential and SME fixed broadband market shares

Market share (%)

	2013 pp change	5 year pp change
Others	0.3	-7.9
EE	-0.2	-2.6
TalkTalk Group	-1.8	-0.4
Virgin Media	-0.6	-2.6
Sky	1.1	9.2
BT	1.1	4.4
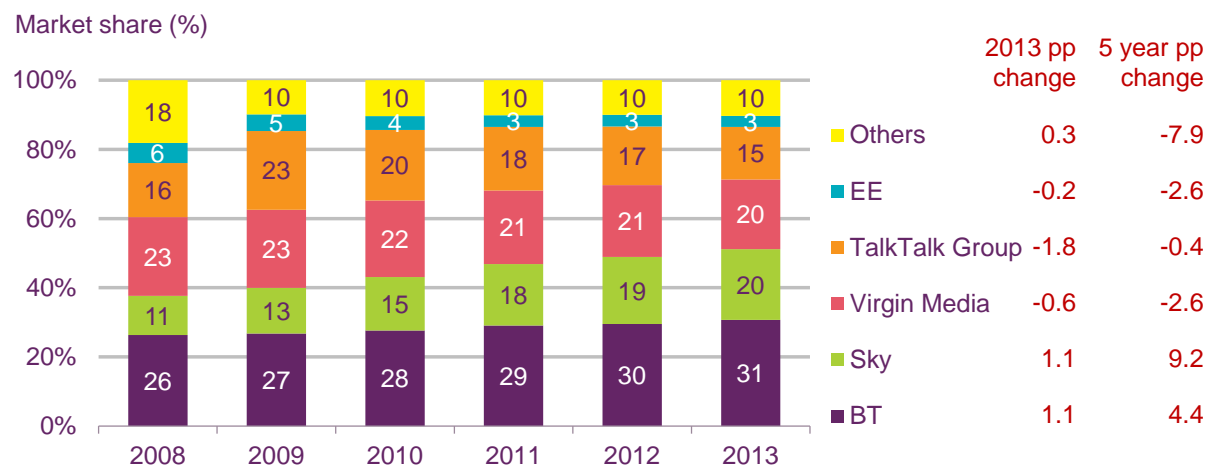
Source: Ofcom / operators

5.2.5   Mobile voice and data services

Falling SMS use resulted in a decline in retail mobile revenues in 2013

Total retail mobile revenues fell by £0.3bn (2.0%) to £15.6bn in 2013 (Figure 5.40). As is shown in Figure 5.45, the proportion of UK mobile connections that were post-pay (rather than pre-pay) increased in 2013, and this contributed both to a £0.5bn (6.9%) increase in revenues from mobile access and bundled services to £7.8bn during the year, and to a £0.4bn 10.9% fall in out-of-bundle call revenues (despite an increase in outgoing mobile call minutes during the year, as shown in Figure 5.42).

Increasing smartphone take-up (see Figure 5.81) and consumers upgrading to 4G services contributed to a 6.9% increase in out-of-bundle mobile data revenues to £2.7bn during the year, although falling SMS and MMS volumes (Figure 5.43) resulted in a £0.6bn (24.6%) decline in out-of-bundle messaging revenues, and this was the main driver of falling total retail mobile revenues in 2013.

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Figure 5.40   Mobile retail revenue, by service

	2013 growth	5yr CAGR
Total	-2.0%	1.1%
■ Out-of bundle data	6.9%	35.6%
■ Out-of-bundle messaging	-24.6%	-8.4%
■ Out-of-bundle calls	-10.9%	-8.4%
■ Access and bundled services	6.9%	4.5%
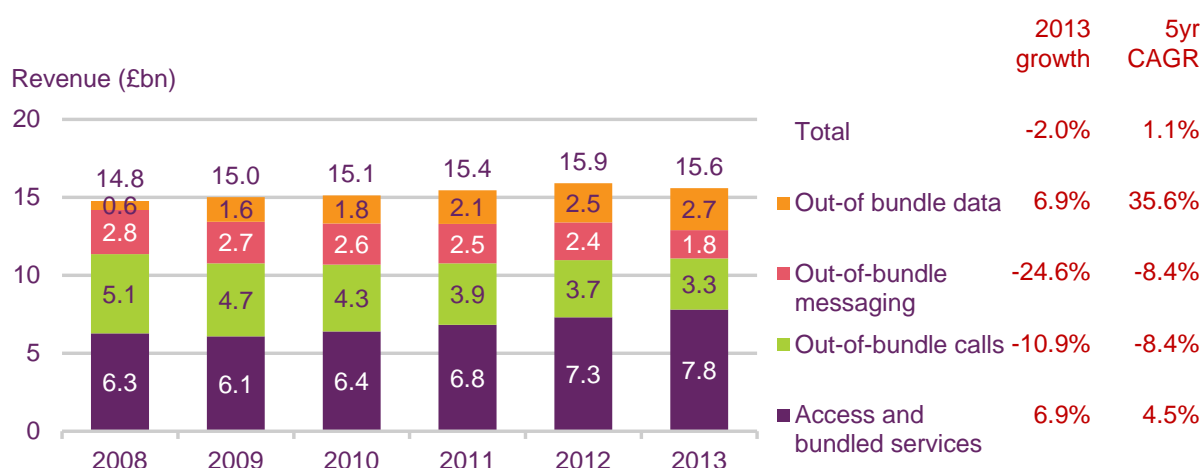
Source: Ofcom / operators

Average retail revenue per mobile subscription fell by 49 pence per month in 2013

Average monthly retail revenue per mobile subscription fell by 49 pence (3.1%) to £15.63 in 2013 (Figure 5.41). This reflected falling average revenues per user for both post-pay and pre-pay subscriptions in the year, during which the decline in average revenue per pre-pay user (down 12.3% to £5.19 per month) was greater than that for post-pay subscriptions (down 3.4% to £25.21 per month). Along with falling prices and declining SMS use, a key reason for falling average revenues among pre-pay and post-pay users is the migration of higher-use pre-pay users onto post-pay services during the year (see Figure 5.45 for more details).

Figure 5.41   Average monthly retail revenue per mobile subscription

	2013 growth	5yr CAGR
Post-pay	-3.4%	-4.7%
Blended	-3.1%	-0.8%
Pre-pay	-12.3%	-5.1%
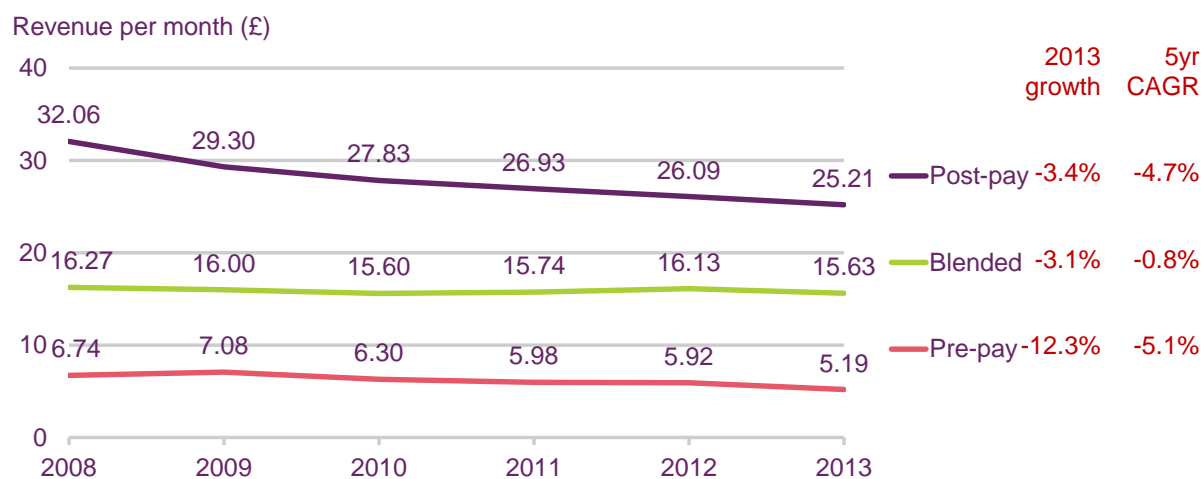
Source: Ofcom / operators
Note: 'Blended' refers to the average across all subscriptions.

Total outgoing mobile call minutes increased by 1.4% in 2013

Following a three-year period during which outgoing mobile call volumes were flat, data provided to Ofcom by the UK's mobile network operators shows that mobile call volumes increased by two billion minutes (1.4%) to 134 billion minutes in 2013 (Figure 5.42).

Calls to mobiles continued to account for the majority of outgoing mobile calls during the year (65% of the total, up from 64% in 2012), and the proportion of calls to mobiles that were to mobiles on the same network fell from 49% (i.e. 42 billion minutes out of a total of 85 billion minutes of mobile-to-mobile calls) to 46% (40 billion minutes out of 87 billion minutes) during the year. One reason for this fall is EE's launch of the 4GEE brand for its 4G mobile services in 2012, which has fragmented its customer base into three brands rather than two (Orange and T-Mobile) with calls between each brand being classed as off-net. Calls to UK geographic numbers increased by 3.0% to 32 billion minutes during the year, while call volumes to international destinations increased by 0.9% to eight billion minutes over the same period.

Figure 5.42   Outgoing mobile call minutes, by type of call
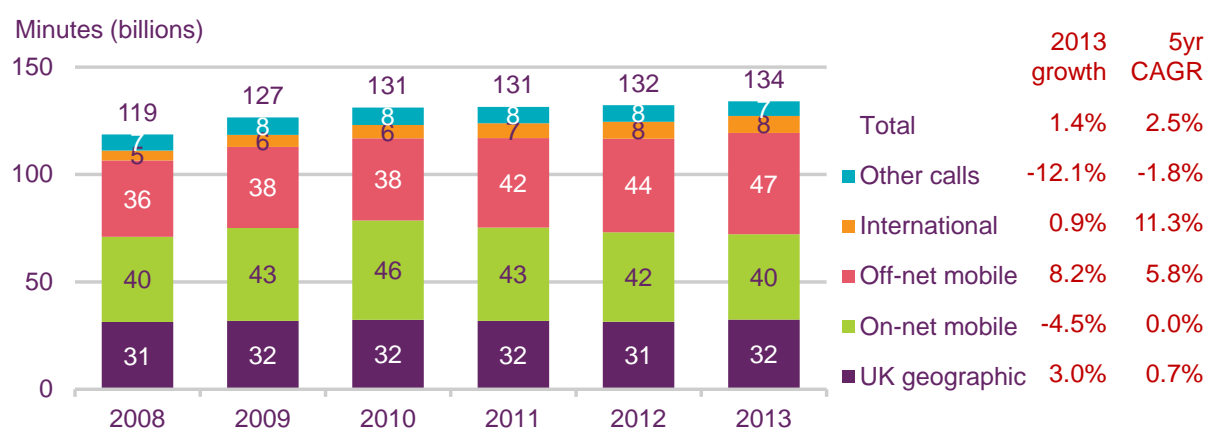
Source: Ofcom / operators

SMS use drops by almost a quarter as users switch to alternative services

The total volume of outgoing SMS and MMS messages fell by 42 billion messages (24.4%) to 130 billion messages in 2013 (Figure 5.43). This was the first time that total volumes for these message types had fallen, with the decline in use coming after message volumes had been unchanged in 2012, following a period of rapid growth. The main reason for declining message volumes is increasing smartphone take-up, as more sophisticated handsets enable mobile users to access alternative communication methods, such as email, instant messaging and the messaging services provided by handset makers and social networking sites. More details on consumers' use of messaging services on mobile phones can be found in Figure 5.83.

Figure 5.43   Outgoing SMS and MMS messages, by pre-pay and post-pay

Messages (billions)
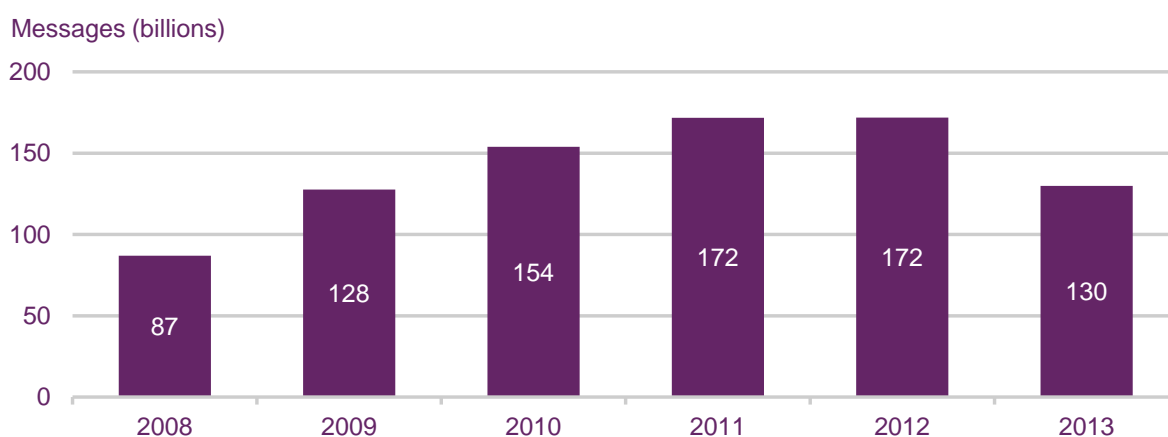
Source: Ofcom / operators

The total number of mobile subscriptions fell for the first time in 2013

At the end of 2013 there were a total of 83.1 million active mobile handset and dedicated mobile data connections (such as mobile broadband dongles and data-only SIMs, but excluding machine-to-machine, or M2M, connections). This was a fall of 0.3 million (0.4%) year on year, and was the first time that the total number of mobile connections had fallen since Oftel started to collect these data in the mid-1990s (Figure 5.44).

Both the number of mobile handset connections and the number of dedicated mobile broadband connections fell by 0.2 million during the year. The rate of decline in the number of handset connections (down 0.2% to 78.1 million) was lower than the decline in the number of dedicated mobile broadband connections (down 3.2% to 4.9 million). It should be noted that while data provided by the mobile operators shows a decline in the number of dedicated mobile broadband connections in 2013, Ofcom consumer research suggests that the proportion of adults who claimed to use such services increased in the year to Q1 2014 (see Figure 5.55).

It is likely that growth in smartphone take-up is the key factor behind both of these falls; increasing smartphone take-up means that more consumers can access data services on the move (and in some cases use their handset's data connection on a PC/laptop/tablet computer via tethering) which reduces the need for a separate mobile broadband service, and high handset prices for many smartphones (and mobile providers making pre-pay services less attractive to consumers) mean that consumers are less likely to have more than one handset subscription for personal use (although increasing take-up of mobile services by businesses will have an upward effect on the number of people using more than one mobile device).

Figure 5.44   Mobile subscriptions, by type

Subscriptions (millions)

						2013 growth	5yr CAGR
2008: 77.5 (2.6 / 74.9)	2009: 80.6 (4.1 / 76.5)	2010: 81.6 (4.9 / 76.7)	2011: 82.4 (5.2 / 77.2)	2012: 83.4 (5.1 / 78.3)	2013: 83.1 (4.9 / 78.1)		
Total						-0.4%	1.4%
■ Dedicated mobile broadband						-3.2%	14.0%
■ Mobile handset						-0.2%	0.8%

Source: Ofcom / operators
Note: Excludes M2M connections.

Fifty-six per cent of mobile connections were post-pay at the end of 2013

There are two main types of mobile service: post-pay and pre-pay. With a post-pay service the user pays a monthly fee for which they typically receive an allowance of bundled calls, messages and data, and any use outside these allowances is billed at the end of the month. With pre-pay services, the user buys credit in advance, and this is used to pay for any service use as it takes place. One development in mobile tariffs over recent years has been the emergence of pre-pay services that blur the distinction with post-pay services: top-up provides an allowance of calls, messages and data that expires after a month, and additional pre-paid credit is required for any use outside this allowance.

At the end of 2013, 56.5% of UK mobile connections were post-pay, a 4.3 percentage point increase compared to the 52.2% recorded in 2012 (Figure 5.45). Again, it is likely that increasing smartphone take-up is for a factor behind this shift, as the price of smartphone devices can run into hundreds of pounds, and post-pay tariffs enable users to spread this cost over the length of the contract, rather than having to pay it upfront. In addition, some mobile providers have made pre-pay services less attractive to consumers (by reducing handset subsidies and increasing prices) in order to migrate pre-pay users onto post-pay services, as post-pay customers typically have a higher lifetime value than pre-pay users, because they have higher average spend and are less likely to churn to other providers.

Figure 5.45   Mobile subscriptions, by pre-pay and post-pay

Subscriptions (millions)

	2013 growth	5yr CAGR
Total	-0.4%	1.4%
Post-pay	7.8%	9.3%
Pre-pay	-9.3%	-5.3%
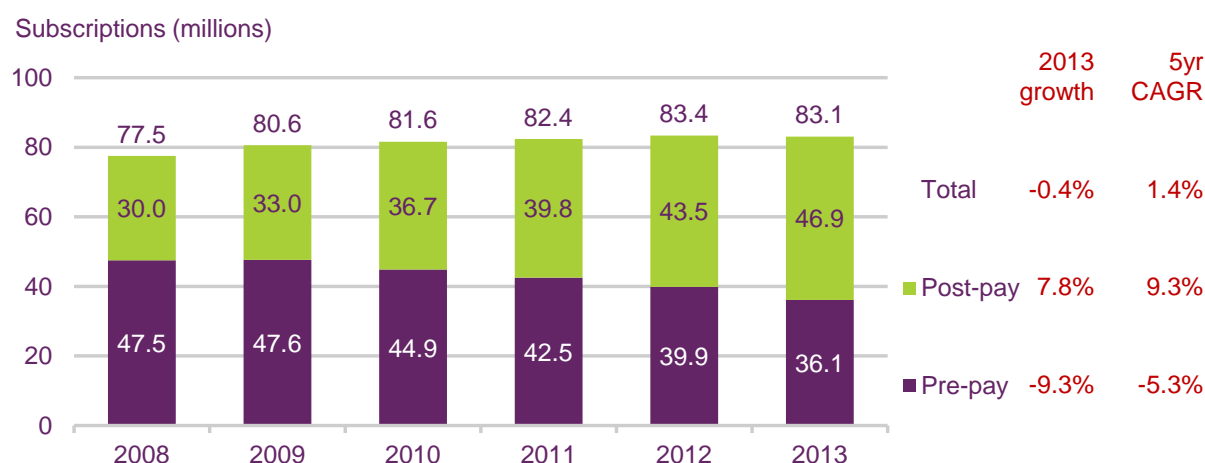
Source: Ofcom / operators
Note: Excludes M2M connections.

There were 55 million mobile data connections in the UK at the end of 2013

The total number of UK mobile data connections (which here includes M2M connections)[90] increased by 6.5 million (13.3%) to 55.0 million in the year to December 2013 (Figure 5.46). Most of this increase (6.2 million connections) was in the number of mobile handsets that were used to make a data connection (up by 16.1% to 44.5 million as a result of increasing smartphone take-up), although the number of M2M mobile connections also showed strong growth, up by 0.5 million (9.0%) to 5.6 million during the year. As mentioned previously, the number of dedicated mobile broadband data connections (such as mobile broadband dongles and data-only SIMs) fell by 3.2% during the year.

Figure 5.46   Mobile data connections, by type

Connections (millions)

	2013 growth	5yr CAGR
Total	13.3%	25.7%
M2M	9.0%	n/a
Internet on handset	16.1%	24.3%
Dedicated mobile broadband	-3.2%	14.0%
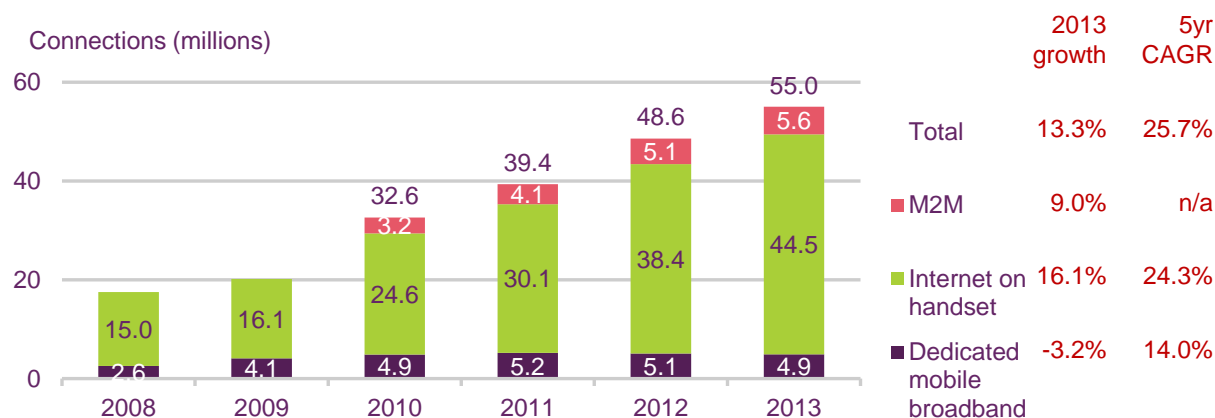
Source: Ofcom / operators
Note: Internet on handset figures are estimates based on Ofcom's market research in Q1 following the year stated.

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[90] Our definition of M2M refers to cellular communications between machines, rather than between people. It includes uses such as smart electricity meters, connected office equipment and connections with company vehicle fleets, provided directly by mobile network operators.

5.2.6 Business markets

Business markets generated £9.1bn in revenue in 2013

Total UK business telecoms revenues fell by £0.2bn (£2.6%) to £9.1bn in 2013 (Figure 5.47). Business fixed voice revenues fell by £0.2bn (6.8%) to £2.3bn during the year (driven by falling numbers of business PSTN lines and ISDN connections, as shown in Figure 5.49); this rate of decline was lower than the 9.6% fall recorded in 2012. Business mobile revenues also declined during the year, the first time that such a fall had been recorded, although the fall in 2013 was less than £0.1bn.

Total revenues from non-corporate internet connectivity and corporate data services were unchanged at £3.2bn in 2013, as a £0.1bn fall in corporate data service revenues was offset by a similar increase in non-corporate internet revenues. Overall, business markets accounted for 29.6% of total UK retail telecoms revenues in 2013, a 0.6 percentage point fall compared to 2012.

Figure 5.47   Retail business telecoms revenues, by service
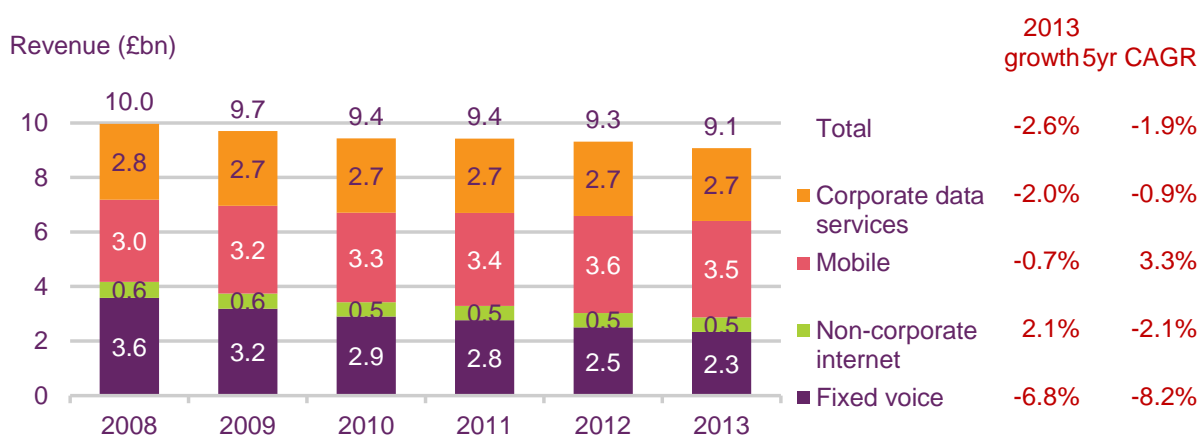
Source: Ofcom / operators, with the exception of corporate data services, sourced from IDC
Note: Fixed voice figures exclude revenues from non-geographic voice calls; corporate data services comprises web hosting, Ethernet, IP VPN, digital leased line and frame relay/ATM services.

Over half of business voice calls originated on mobile phones in 2013

The proportion of business calls that originated on mobile networks was 52.6% in 2013. This was the first year in which more than half of business call volumes were made from mobile phones (Figure 5.48). Total business call volumes fell by 3.9 billion minutes (8.1%) to 44.6 billion minutes during the year, as a result of increasing use of email and VoIP (which is not fully captured in the data below) among businesses. Both fixed and mobile call volumes fell during the year; the rate of decline in fixed-originated call volumes (down 13.0% to 21.1 billion minutes) was higher than that for mobile call volumes (down 3.2% to 23.5 billion minutes).

Figure 5.48   Business voice call minutes

Billions of minutes

	2013 growth	5yr CAGR
Total	-8.1%	-7.6%
■ Mobile	-3.2%	-4.7%
■ Fixed	-13.0%	-10.3%

Chart values:

	2008	2009	2010	2011	2012	2013
Total	66.3	59.6	57.1	52.6	48.5	44.6
Mobile	29.8	29.7	28.5	26.3	24.2	23.5
Fixed	36.5	29.9	28.6	26.3	24.3	21.1
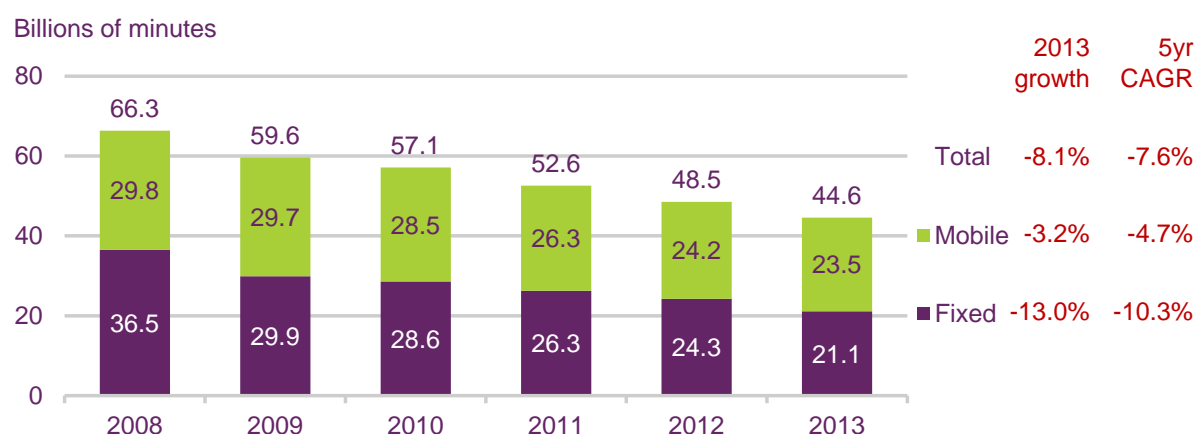
Source: Ofcom / operators
Note: Fixed call volumes exclude non-geographic voice calls.

The total number of business fixed lines fell by 0.4 million in 2013

At the end of 2013 there was a total of 8.3 million business fixed lines and ISDN channels, a fall of 0.4 million (4.7%) year on year and 2.3 million (21.8%) fewer than there had been at the end of 2008 (Figure 5.49). Falling numbers of traditional fixed lines among businesses are mainly due to increasing use of mobile voice and data and IP telephony services (VoIP connections are not fully captured in the data below). During the year, the rates of decline in the number of PSTN lines and ISDN channels were almost identical, at 4.6% and 4.7% respectively. The number of SME fixed broadband connections was unchanged during the year at 1.6 million.

Figure 5.49   Business fixed voice and SME fixed broadband connections

Lines/channels/connections (millions)

	2013 growth	5yr CAGR
PSTN lines	-4.6%	-3.3%
ISDN channels	-4.7%	-6.9%
SME broadband	-3.6%	2.5%

Chart values:

	2008	2009	2010	2011	2012	2013
PSTN lines	6.1	6.0	5.9	5.8	5.4	5.1
ISDN channels	4.6	4.2	3.7	3.6	3.4	3.2
SME broadband	1.4	1.5	1.6	1.6	1.6	1.6
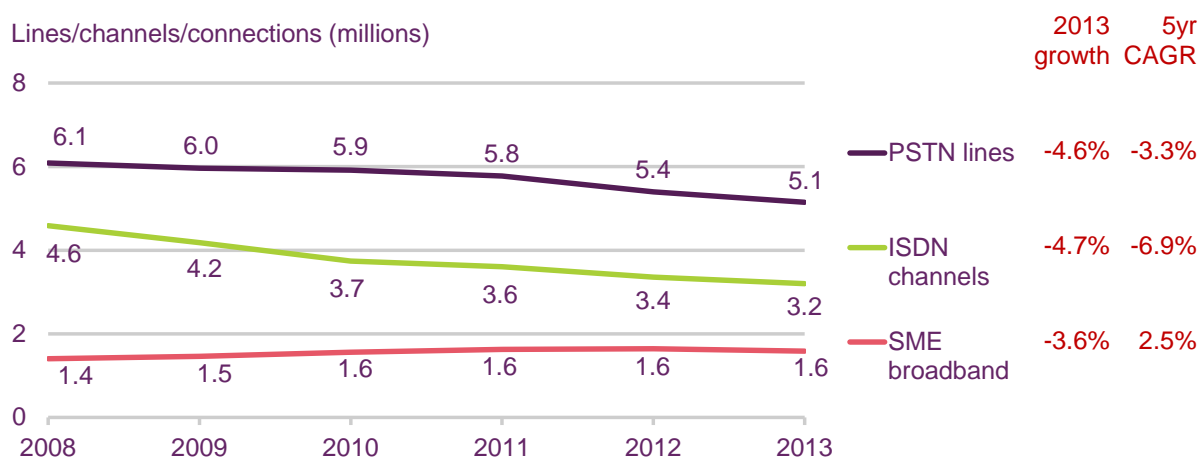
Source: Ofcom / operators
Note: PSTN lines include lines classed as 'other'.

Average revenue per business fixed line continued to decline in 2013

Declining average voice call volumes per business line in 2013 (down by 7.7% from 223 to 206 minutes per month) contributed to a 1.2% fall in average monthly revenues per business fixed line to £22.72 during the year (Figure 5.50). Average spend per line in 2013 was £4.94 per month (17.9%) less than it had been five years previously in 2008. Out-of-bundle

revenues fell for all call types during the year, ranging from a 6.5% fall in international call revenues to a 7.0% fall in calls to mobiles revenues, although these falls were partly offset by a 28-pence-per-month (1.8%) increase in average spend on line rental and bundled calls, to £15.34 per month. Line rental and bundled calls accounted for over two-thirds (67.5%) of average spend per business line in 2013, up from 65.5% in 2012.

Figure 5.50   Average monthly retail revenue per business fixed line

Average monthly revenue (£)

	2013 growth	5yr CAGR
Total	-1.2%	-3.9%
Calls to mobiles	-7.0%	-7.1%
International calls	-6.5%	-12.4%
UK geographic calls	-6.8%	-10.9%
Line rental & bundled calls	1.8%	-0.4%
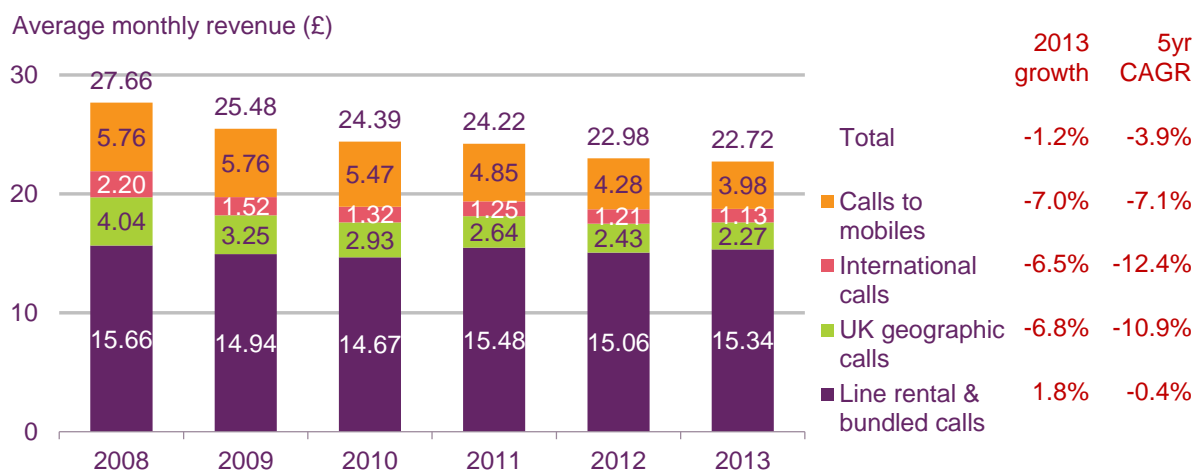
Source: Ofcom / operators
Note: Excludes revenues from non-geographic voice calls.

Business mobile revenues fell by 0.7% to £3.5bn in 2013

Retail business mobile revenues amounted to £3.5bn in 2013, a 0.7% decline compared to 2012 (Figure 5.51). Revenues from out-of-bundle data and messaging services fell by 3.3% to £1.4bn during the year; this decline was the result of falling SMS message volumes and increased bundling of data services in line rental fees. Increased service bundling with pay-monthly tariffs also contributed to a small increase in voice and bundled service revenues during the year, up by 0.9% to £2.2bn despite falling outgoing business mobile call volumes (see Figure 5.48).

Figure 5.51   Breakdown of business mobile revenues

Revenue (£bn)

	2013 growth	5yr CAGR
Total	-0.7%	3.3%
Out-of-bundle data and messaging	-3.3%	11.3%
Voice and bundled services	0.9%	-0.3%

Source: Ofcom / operators

341
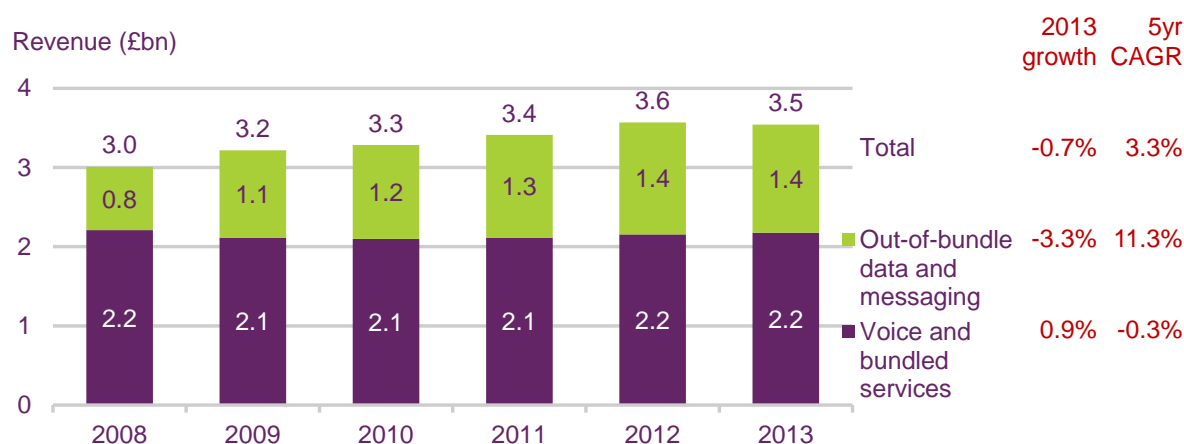
Businesses accounted for 14% of all mobile connections at the end of 2013

At the end of 2013 there were a total of 11.3 million business mobile connections (excluding the 5.6 million M2M connections shown in Figure 5.46), equivalent to 14% of all such connections (Figure 5.52). Businesses accounted for a higher proportion of dedicated mobile broadband connections than of subscriptions including voice at the end of the year: over a third of dedicated mobile broadband connections (34%) were in use by businesses at the end of 2013, compared to 12% of voice subscriptions.

Figure 5.52   Business mobile and dedicated mobile broadband connections

Connections (millions)

9.6

68.5

1.7

3.2

■ Residential

■ Business

Subscriptions including voice

Dedicated mobile broadband
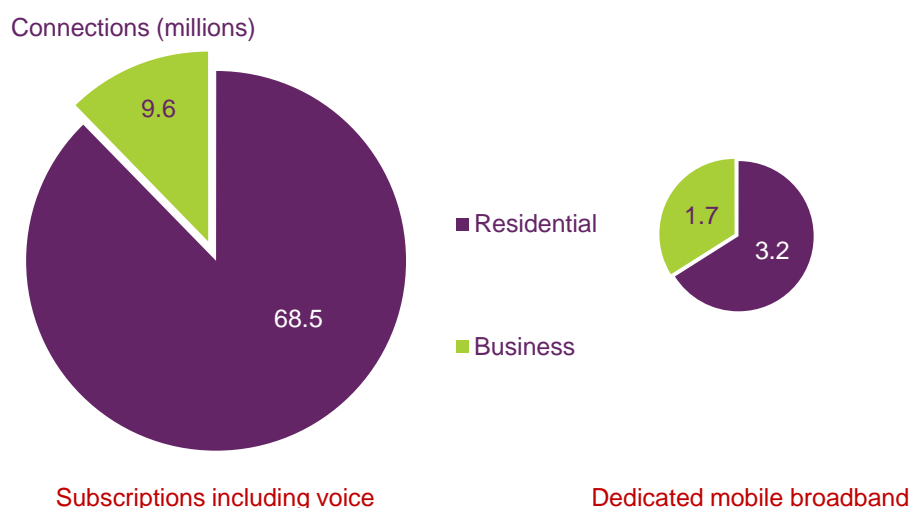
Source: Ofcom / operators
Note: Mobile broadband excludes smartphone data use.

Falling IP-VPN revenues were the main driver of declining corporate data service revenues in 2013

Data provided to Ofcom by IDC shows that total UK corporate data services revenue (i.e. spend on services that connect business sites to each other, and web hosting) fell by £0.1bn to £2.7bn in 2013 (Figure 5.53). This decrease was mainly as a result of falling IP-VPN revenues, which represent the largest portion of corporate data service revenues, although there were also declines in revenues generated by digital leased lines and frame/cell services (Ethernet and web hosting revenues both increased during the year).

Revenues from these services are in addition to the SME fixed broadband revenues shown elsewhere in this report, and are related to connectivity revenues only (i.e. they exclude revenue relating to managed services).

Figure 5.53   Breakdown of corporate data services' revenues

Revenue (£bn)

	2008	2009	2010	2011	2012	2013		2013 growth	5yr CAGR
Web hosting	0.6	0.6	0.6	0.6	0.6	0.6	Total	-2.0%	-0.9%
							Web hosting	0.6%	1.4%
Other data service revenue	2.2	2.1	2.1	2.1	2.1	2.0	Other data service revenue	-2.8%	-1.5%
Total	2.8	2.7	2.7	2.7	2.7	2.7			
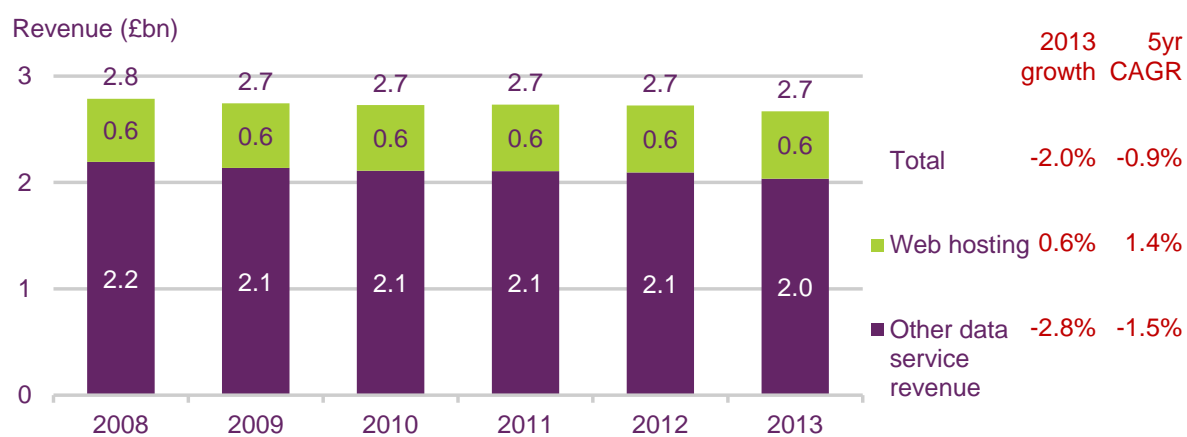
Source: IDC
Note: Remaining data services revenue comprises Ethernet, IP VPN, digital leased line and frame relay/ATM services.

5.3 The telecoms user

5.3.1 Introduction

In this section we look at the major consumer trends in the use of residential telecoms services during the five years to 2013. The analysis in this section is based on a mixture of data provided to Ofcom by telecoms providers as part of its regular data collection programmes, Ofcom consumer research and data obtained from third-party suppliers.

The section is split into five main areas:

- Market overview: general trends in take-up and spend on fixed and mobile telephony services

- Fixed voice services: fixed voice usage trends and customer experience

- Fixed broadband services: developments in fixed broadband use and customer experience

- Mobile voice services: mobile voice usage trends, price of voice services and customer experience

- Mobile data services: mobile data usage trends on mobile handsets and developments in mobile broadband services.

Key findings

The key findings of this section are as follows:

- **Average monthly household spend on telecoms services fell by 2.9% in 2013.** Average household spend on telecoms services was £81.17 a month in 2013, £2.41 less than in 2012, as a result of a fall in the average household spend on fixed voice services and on mobile voice and data services (page 346).

- **The price of a basket of residential fixed voice services increased by 1.1% in 2013, while the price of a basket of mobile services fell by 3.5%.** The average real price of a basket of residential fixed voice services was £21.30 and the real price of a basket of mobile services was £14.30 in 2013 (page 353 and page 360).

- **Three in five adults had a smartphone in Q1 2014.** Smartphone take-up increased by ten percentage points to 61% in the year to Q1 2014, with a higher than average increase among younger age groups and more affluent socio-economic groups (page 365).

- **More than four in five households had an internet connection in 2013.** Eighty-two per cent of homes had an internet connection of any description and 77% of households had a fixed broadband or a dedicated data-only mobile broadband connection in 2013 (page 347).

- **Almost three in five adults accessed the internet via a mobile handset in the year to Q1 2014.** The proportion of adults who said they personally used their mobile phone to access the internet continued to increase during the year, growing by eight percentage points to 57%, mainly due to the increasing take-up of smartphones (page 347).

- **Use of non-traditional communication services increased in the year to Q1 2014.** The proportion of adults using voice over IP (VoIP) services increased by seven percentage points to 35% and the proportion of adults using mobile instant messaging increased by 8pp to 32% in the year to Q1 2014 (page 351).

- **Almost three in five adults used data services on mobile phones in Q1 2014.** The proportion of adults who claimed to use data services on mobile phones was 57% in Q1 2014, an eight percentage point increase to the previous year, mainly due to the growth in smartphone take-up (page 366).

5.3.2 Market overview

Average monthly household spend on telecoms services fell by 2.9% in 2013

Average household spend on telecoms services (which is calculated by dividing residential telecoms service revenues by the number of UK households) was £81.17 a month in 2013, £2.41 (2.9%) less than in 2012 (Figure 5.54). This represented 3.8% of the average total household spend in 2013, unchanged from previous years. Average household spend on fixed voice services fell by 2.3% to £22.32 during the year, as a result of declining average monthly outbound fixed voice call volumes per line (see Figure 5.63).

Average household spend on mobile voice and data services fell by 5.4% to £45.65, mainly due to decreasing mobile messaging volumes (see Figure 5.79).

Average household spend on fixed internet services increased by 5.6% to £13.19 as a result of increased migration to superfast broadband services (those with a headline speed of 30Mbit/s or higher), which are generally more expensive than lower-speed broadband services.

Figure 5.54   Average household spend on telecoms services

£ per month (2013 prices) — As a % of total expenditure

	2008	2009	2010	2011	2012	2013
As a % of total expenditure	3.9%	3.9%	3.8%	3.8%	3.8%	3.8%
Total	£91.67	£87.21	£86.09	£84.29	£83.58	£81.17
Fixed internet	11.77	11.59	11.28	11.79	12.49	13.19
Mobile voice & data	52.32	49.95	49.32	48.70	48.23	45.65
Fixed voice	27.59	25.67	25.49	23.80	22.85	22.32

Source: Source: Ofcom / operators / ONS
Note: Includes estimates where Ofcom does not receive data from operators; adjusted to CPI; includes VAT.

Almost three in five adults accessed the internet via a mobile handset

There was little change in the household take-up of most telecoms services in Q1 2014 (Figure 5.55). Take-up of mobile telephony services was at 95% and take-up of fixed

telephony services was unchanged from 2013, at 84%. Eighty-two per cent of homes had an internet connection of any description and 77% of households had a fixed broadband or a dedicated data-only mobile broadband connection during the year. The proportion of households using fixed broadband services remained in line with the previous year's figure, at 73%.

The most significant changes in service take-up in the year to Q1 2014 related to mobile data services. The proportion of adults who accessed the internet or web-based services over a mobile network continued to increase during the year, growing by nine percentage points to 59%, mainly due to an 8pp increase (up to 57%) in the proportion of households accessing the internet using a mobile handset. The key driver behind this is the increasing take-up of smartphones: Ofcom research shows that 61% of adults had a smartphone in Q1 2014, a 10pp increase from the previous year (see Figure 5.81). Less than one in ten households accessed the internet using a dedicated data-only mobile broadband connection, a 3pp increase on the previous year to 8% (it is likely that the sharp falls in 2012 and 2013 may have been due to sampling errors).

Figure 5.55   Household penetration of key telecoms technologies

Proportion of households (per cent)
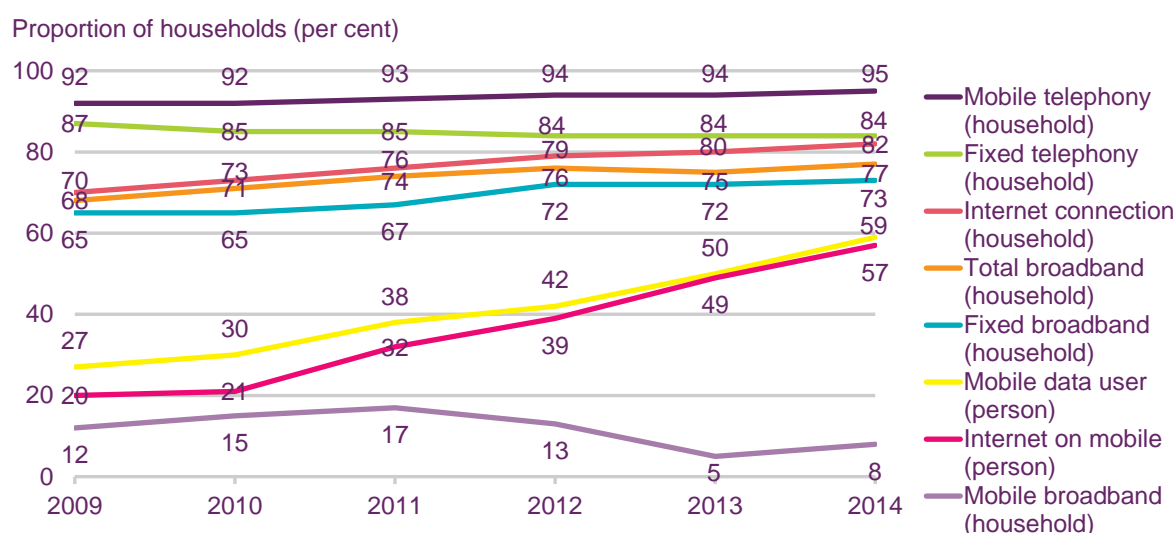
Source: Ofcom research, data as at Q1 of each year
Base: All adults aged 16+
QE1: Does your household have a PC or laptop computer? / QE2: Do you or does anyone in your household have access to the internet/ World Wide Web at home (via any device, e.g. PC, mobile phone etc.)? / QE6: Which of these methods does your household use to connect to the internet at home?

Four in five households used both fixed and mobile services in Q1 2014

The majority of UK homes (80%) used both fixed and mobile telephony services in Q1 2014, in line with the figures in the previous year (Figure 5.56). There was no significant change in the proportions of homes that were mobile-only or fixed-only, at 16% and 4% respectively in Q1 2014.

In the following analysis, **'Mobile only'** households are defined as those that have at least one mobile phone between the residents; **and** *do not* have 'a landline that can be used to make or receive calls'

Therefore this measure of mobile-only households includes a proportion (c. 30% of mobile only homes) who say they have fixed broadband services. Most fixed broadband services require a fixed line. As such these consumers may have a fixed line but no handset, and have responded on the basis that they cannot make or receive calls using their fixed line.

In the UK, at Q1 2014, the proportion of households that have only mobile access for <u>both</u> phone and internet services was 11%.

Figure 5.56   Household penetration of fixed and mobile telephony

Proportion of respondents (per cent)
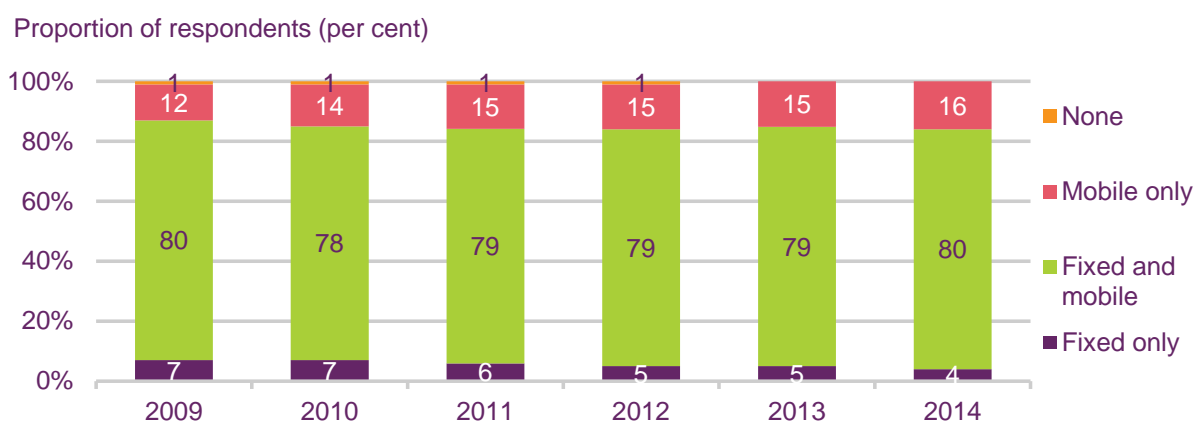
Source: Ofcom research, data as at Q1 of each year
Base: All adults aged 16+

The average cost of a fixed call minute was 24% higher than that of a mobile voice call minute in 2013

The average cost of a fixed-originated voice call was 10.3 pence per minute in 2013, 24% higher than the 8.3 pence average charge for a mobile voice call minute (Figure 5.57). While the average cost of a mobile voice call minute (including monthly access fee) has decreased by 12.9% (1.2 pence) since 2008, the average cost of a fixed voice call minute (including line rental) has increased by 29.5% (2.3 pence) over the same period.

In 2013 the average cost of a fixed voice call minute increased by 1.1 pence per minute (12.5%). The main driver behind this is the increase in fixed telephony prices (as is shown in Figure 5.62, the cost of a basket of residential fixed voice services increased in real terms in 2013). Also, average voice call volumes per line have fallen and as a result a larger proportion of the line rental cost is apportioned to each call minute. The average price of a mobile call voice minute was unchanged at 8.3 pence in 2013.

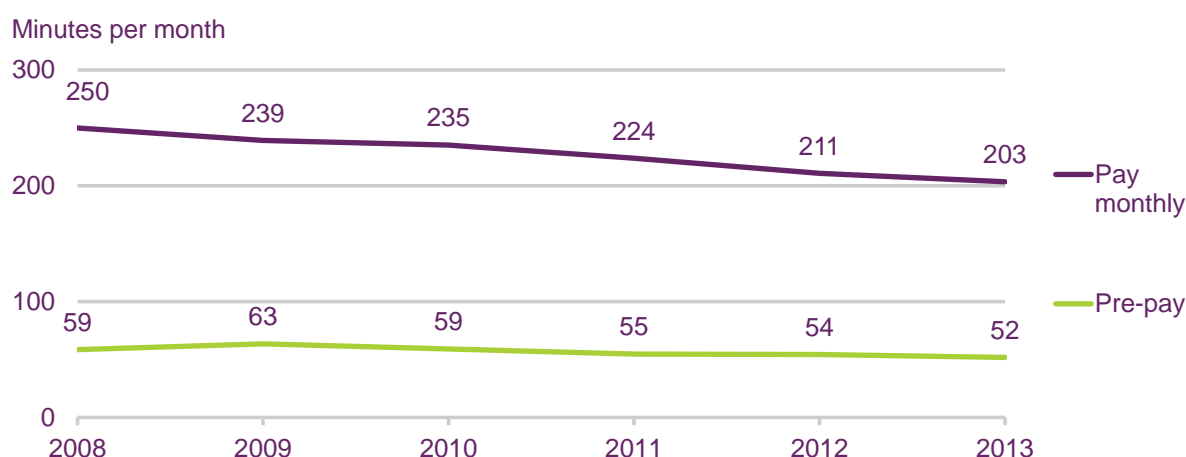**Figure 5.57   Comparison of average fixed and mobile voice call charges**
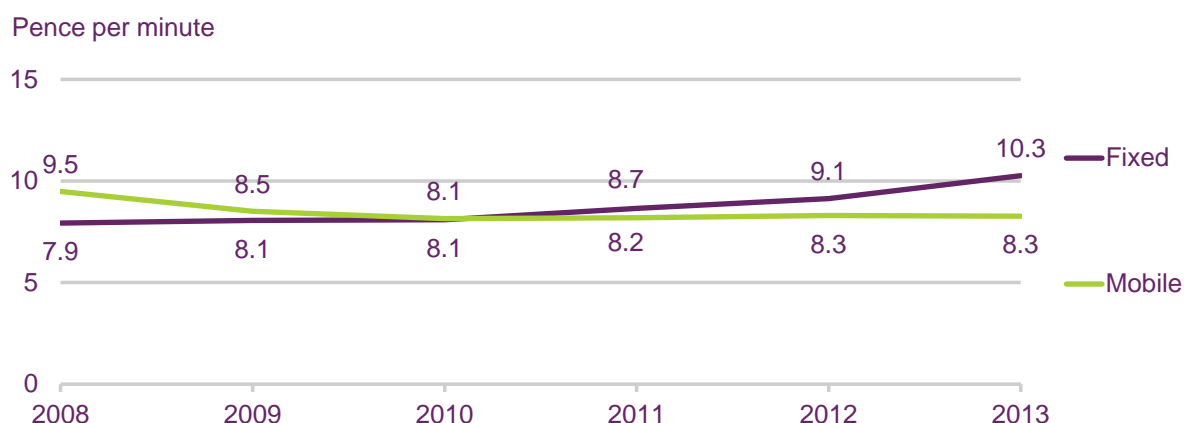
Source: Ofcom / operators

Note: Includes estimates where Ofcom does not receive data from operators; fixed calculation excludes non-geographic voice calls.

Over four in five households had access to the internet in Q1 2014

The proportion of homes which had an internet connection was 82% in Q1 2014, in line with the figures a year previously (Figure 5.58). The proportion of homes with an internet connection was higher than average among those aged 16-54 and those in the AB and C1 socio-economic groups (similar to previous years), and was lower than average among older age groups and less affluent households.

Figure 5.58   Home internet access, by age and socio-economic group
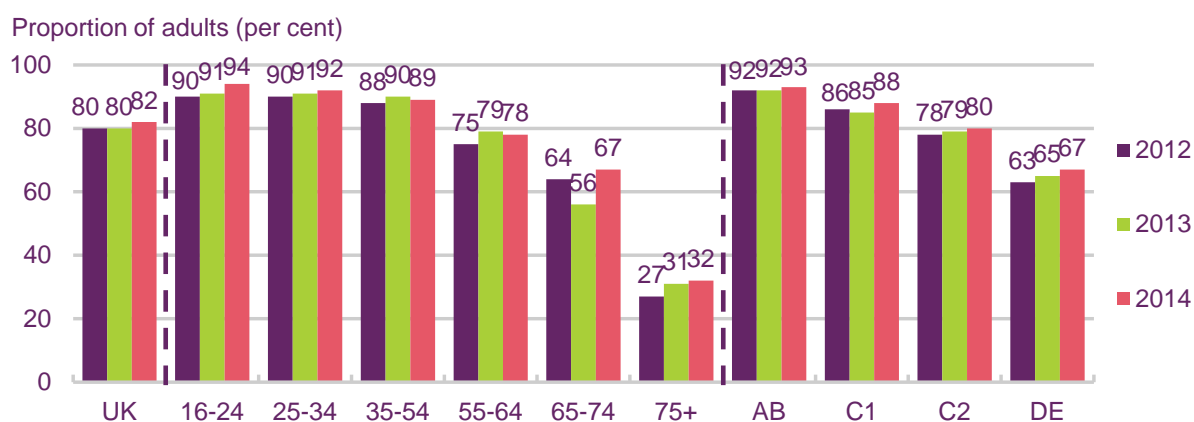
Source: Ofcom research, data as at Q1 2014
Base: All adults aged 16+
QE2: Do you or does anyone in your household have access to the internet/ World Wide Web at home?

Less than a quarter of homes did not have a broadband connection in Q1 2014

Total household broadband take-up (including both fixed broadband and dedicated mobile broadband data connections) was 77% in Q1 2014 (Figure 5.59). Almost seven in ten homes (68%) had fixed broadband service only, while 8% of the respondents said that they used mobile-only, or both fixed and mobile broadband, to access the internet at home in Q1 2014. Twenty-three per cent of households did not have a fixed broadband or a dedicated data-only mobile broadband connection in Q4 2014, a similar figure to the previous year.

Figure 5.59 Household penetration of fixed and mobile broadband

Proportion of respondents (per cent)

Total broadband take-up

	2009	2010	2011	2012	2013	2014
Total broadband take-up	68%	71%	74%	76%	75%	77%
None	32	29	26	24	25	23
Mobile only	3	6	7	5	3	4
Fixed and mobile	9	9	9	8		4
Fixed only	56	56	58	64	70	68
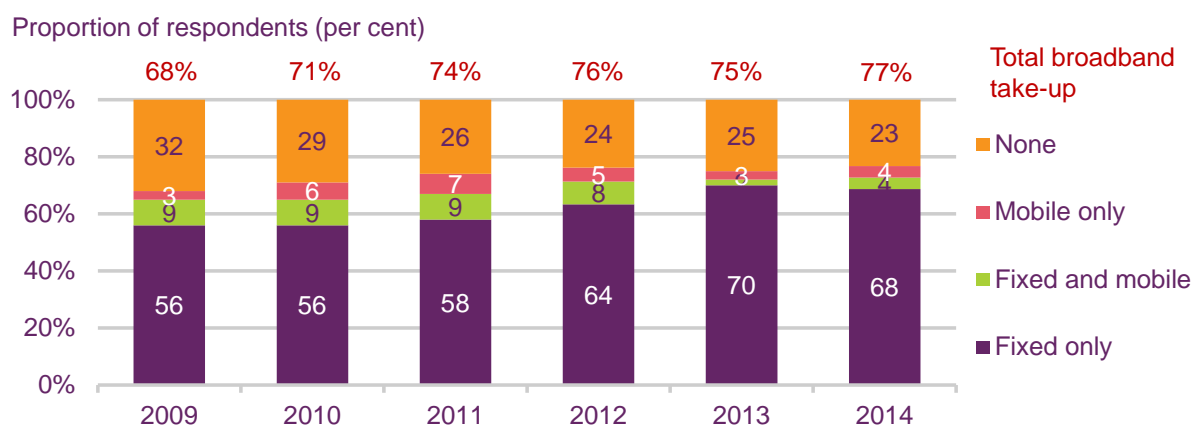
Source: Ofcom research, data as at Q1 of each year
Base: All adults aged 16+

Use of non-traditional communication services increased in the year to Q1 2014

According to Ofcom research, more than four in five adults (83%) used traditional mobile messaging services (SMS and MMS) and a similar proportion of respondents (78%) said they used email in Q1 2014 (Figure 5.60). Over half of all adults (53%) used social networking sites; this proportion has remained stable over the past three years.

Ofcom research shows significant changes in the use of non-traditional communication services in the year to Q1 2014. The proportion of adults making voice calls using VoIP services increased by seven percentage points, to 35%, and the proportion of adults using mobile instant messaging increased by 8pp to 32%. Making video calls (e.g. Facetime, Skype) also gained in popularity, the proportion of respondents who made video calls increased by 6pp to 14% in the year to Q1 2014. The drivers behind the increased use of non-traditional communication services are likely to be their lower price, as they run over data channels, their wider choice and flexibility compared to traditional voice telephony, and the increasing take-up of smartphones and tablets with easy-to-use VoIP apps (e.g. Facetime).

Further information regarding the use of VoIP services can be found in Section 5.1.4 of this report.

Figure 5.60   Use of methods of communication other than traditional voice telephony

Proportion of respondents (per cent)

Legend: 2012, 2013, 2014

	Mobile messaging	Email	Social networking sites	VoIP (voice call only)	Mobile instant messaging	Video calls
2012	80	71	52	22	17	4
2013	81	78	54	28	24	8
2014	83	78	53	35	32	14
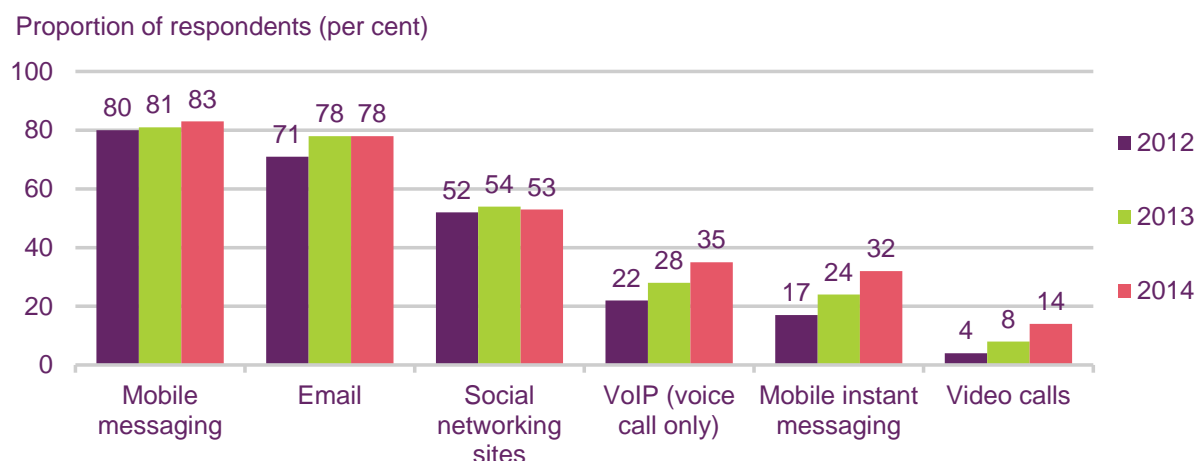
Source: Ofcom research, data as at Q1 of each year
Base: All adults aged 16+
Note: VoIP data for 2013 are not comparable to those from previous years they have been compiled on a different basis.
*QD28A Which, if any, of the following activities, other than making and receiving voice calls, do you use your mobile for? QE5A Which, if any, of these do you use the internet for? QE30 Have you or anyone in your household ever used one of these services to make voice calls using the internet at home? (answers used relate to current use)*

People spent twice as much time using mobile messaging as making mobile voice calls in 2013

On average, people spent 9 hours and 32 minutes a month making and receiving voice calls (4 hours and 29 minutes for fixed calls and 5 hours and 3 minutes for mobile calls), 10 hours and 24 minutes sending and receiving mobile messages (including SMS, MMS and instant messages) and 26 hours and 18 minutes using the internet, either on a PC/laptop or on a mobile device, in 2013 (Figure 5.61). The average time spent on fixed voice calls is declining, and fell by 9.2% year on year. The average time spent on mobile voice calls also decreased slightly in 2013; by 1.5%, as a result of a fall in the number of incoming calls to mobile. Overall time spent on voice services fell by 1.9 hours (16.8%) in the five years to 2013.

The average time spent on mobile messaging (including SMS, MMS and instant messaging) had the biggest increase in 2013, at 1 hour and 35 minutes per month (17.9%), as a result of the increasing use of mobile instant messaging (as Ofcom research shows in Figure 5.83, 34% of mobile users used instant messaging services in the year to Q1 2014, up by eight percentage points on the previous year). Ovum analysis shows that 218 billion instant messages were sent in the UK in 2013, up from 59 billion in previous year. On average, people spent more than one day a month (26 hours and 18 minutes) using the internet in 2013, either over a fixed connection on a PC/laptop or over a mobile data network. Most of this time (24 hours and 2 minutes) was over a fixed network, while people spent 2 hours and 17 minutes a month using the internet over a mobile data network.

Figure 5.61   Average monthly time per person spent using telecoms services

Hours per month

	Fixed voice	Mobile voice	Mobile messaging	Fixed internet on PC/laptop	Mobile internet
2008	6.7	4.8	3.9	17.0	
2013	4.5	5.0	9.1	24.0	2.3
Annual change	-9.2%	-1.5%	+4.3%	+0.6%	+2.2%
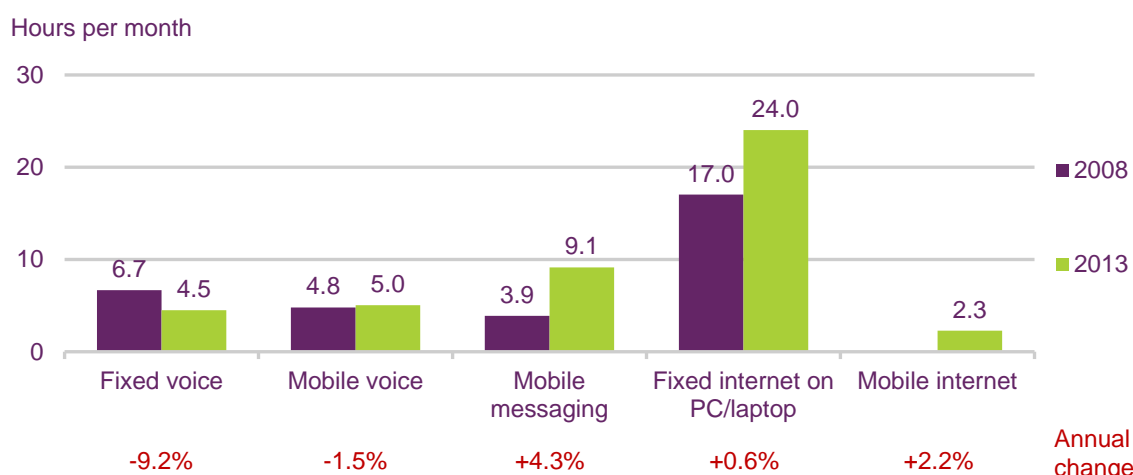
Source: Ofcom / operators / ComScore MMX, UK, home and work panel, January to December 2008 and January to December 2013 / US Census Bureau / ComScore GSMA MMM, UK, browser access only, on-network, December 2012 and December 2013
Note: Includes estimates where Ofcom does not receive data from operators; voice calls include incoming and outgoing calls; fixed voice call figures include NTS voice calls; mobile messaging figures assume an average of two minutes per SMS and MMS message and one minute per IM message; Ofcom's estimates of fixed and mobile internet use per person are based on comScore data and exclude time spent watching online video and listening to streamed music; Mobile internet use includes on-network traffic only, and excludes time spent using internet connected mobile applications or streaming.

5.3.3 Fixed voice services

The price of a basket of residential fixed voice services increased in 2013

The average real price of a basket of residential fixed voice services (comprising a fixed line and outgoing UK geographic calls, international calls and calls to mobiles at average 2013 levels, and calculated by multiplying the average fixed call volumes by the average price per minute in each year) increased by 22 pence per month (1.1%) to £21.30 in real terms in 2013 (Figure 5.62). The increase in the price of the basket was the result of a 33-pence-per-month (1.8%) increase in the retail line rental and UK geographic calls element of the basket in 2013. This has been growing since 2009, and the analysis shows a 6.6% increase during this period as a result of higher retail line rental charges and increased call bundling with line rental. Both the price of international calls and price of calls to mobiles fell during the year.

Figure 5.62   Real price of a basket of residential fixed voice services
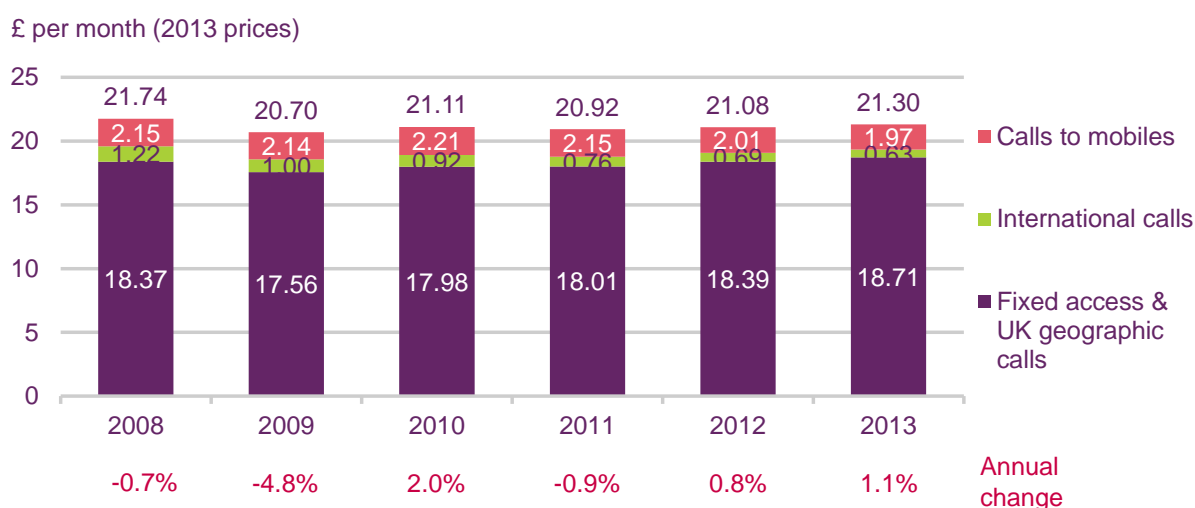
£ per month (2013 prices)

	2008	2009	2010	2011	2012	2013
Total	21.74	20.70	21.11	20.92	21.08	21.30
Calls to mobiles	2.15	2.14	2.21	2.15	2.01	1.97
International calls	1.22	1.00	0.92	0.76	0.69	0.63
Fixed access & UK geographic calls	18.37	17.56	17.98	18.01	18.39	18.71
Annual change	-0.7%	-4.8%	2.0%	-0.9%	0.8%	1.1%

Source: Ofcom / operators
Note: Includes estimates where Ofcom does not receive data from operators; excludes non-geographic voice calls; adjusted for CPI; includes VAT.

Average monthly fixed call volumes per person continued to fall in 2013

The average volume of outbound fixed voice calls per person decreased by 15 minutes per month (11.2%) to 120 minutes in 2013, a larger decline than the 12 minute (8.2%) fall experienced in the previous year (Figure 5.63). The majority of the average fall in 2013 (11 minutes per month) was due to falling call minutes to UK geographic numbers.

The volume of average calls per person fell for all call types, with the rate of decline being lowest for non-geographic voice calls, at 4.7%, and highest for outgoing international calls at 16.8%. The volume of average voice calls to mobiles has decreased over the past few years and it was 11 minutes per month in 2013, an 11.4% fall since the previous year.

Figure 5.63   Average monthly outbound fixed voice call volumes per person
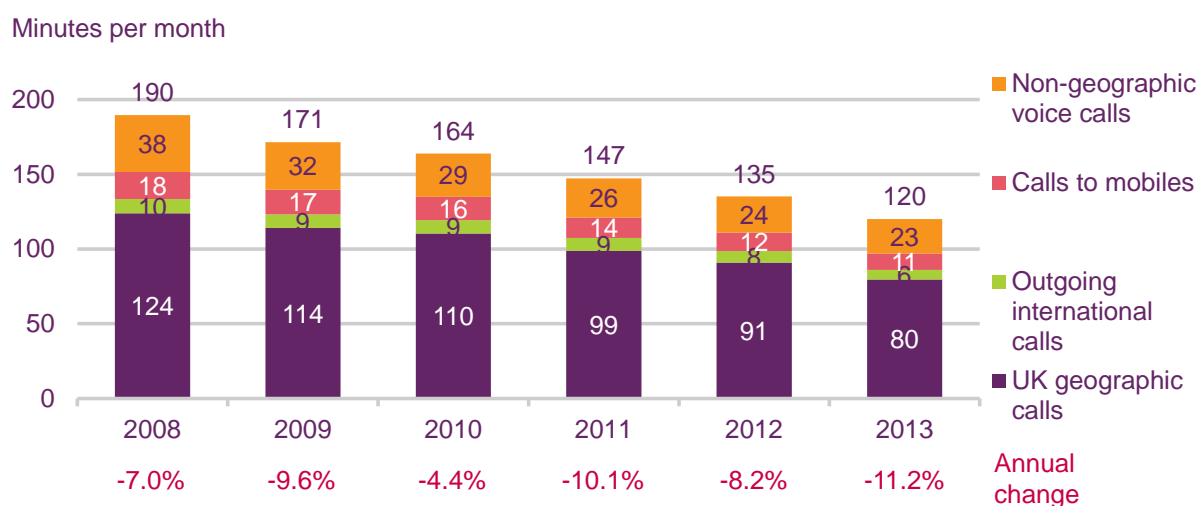
Minutes per month

	2008	2009	2010	2011	2012	2013
Total	190	171	164	147	135	120
Non-geographic voice calls	38	32	29	26	24	23
Calls to mobiles	18	17	16	14	12	11
Outgoing international calls	10	9	9	9	8	6
UK geographic calls	124	114	110	99	91	80
Annual change	-7.0%	-9.6%	-4.4%	-10.1%	-8.2%	-11.2%

Source: Ofcom / operators
Note: Includes estimates where Ofcom does not receive data from operators.

The average price of calling mobile numbers from fixed lines continued to fall in 2013

As shown in Figure 5.64, the average cost per minute of a fixed-originated call to a UK geographic number (which is calculated including the line rental fee) increased by 15.4% (10.6 pence per minute) in 2013.

The average price of calls to mobiles, and outgoing international calls, both decreased in 2013 (by 2.6% and 1.5% respectively). As the average price of a UK geographic call (excluding the line rental fee) was 1.5 pence per minute in 2013 (in line with the 2012 figure), the growing line rental fee was the driver behind the increase in the average price of a fixed-voice call minute.

Figure 5.64   Average revenue per fixed-voice call minute
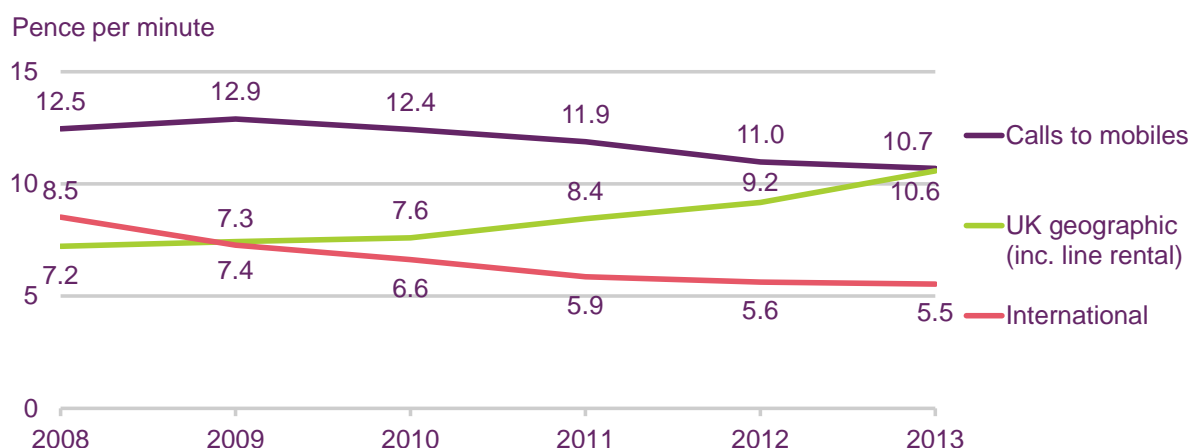
Pence per minute

Source: Ofcom / operators
Note: Includes estimates where Ofcom does not receive data from operators; UK geographic calculation includes line rental revenues; Excludes VAT.

Nine in ten residential consumers were satisfied with their fixed-line service in Q1 2014

Satisfaction with UK fixed-line services remained high, at 89% in Q1 2014 (Figure 5.65). The proportion of adults who said they were 'fairly satisfied' with their service decreased by four percentage points to 30% in the year to Q1 2014.

Figure 5.65   Residential consumer satisfaction with fixed line service overall

Proportion of all adults with service (per cent)

Source: Ofcom research, data as at Q1 of each year
Base: All adults aged 16+ with a fixed line phone
Note: Only includes those who expressed an opinion.

5.3.4 Fixed broadband services

The average monthly price of a fixed broadband connection increased by 15 pence in 2013

The average monthly price of a residential fixed broadband connection (calculated by dividing operator-reported residential fixed broadband revenues[91] by the number of connections) increased by 15 pence in real terms (0.9%), to £16.96 in 2013 (Figure 5.66). This was the third successive year in which average residential fixed broadband prices had increased.

The key driver for the increasing prices is the increasing number of consumers on superfast broadband services (i.e. those with a headline speed of 30Mbit/s or higher), which are usually more expensive than standard fixed broadband services. Data provided to Ofcom by ISPs show that the proportion of UK residential broadband connections that were superfast increased from 14% to 25% in the year to November 2013. Ofcom research also shows that the average actual download speed of a UK residential fixed broadband connection increased by 5.8Mbit/s (48%) to 17.8Mbit/s over the same period.[92] More information on the availability, take-up and use of superfast broadband services can be found in Section 5.1.3 of this report.

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[91] When reporting revenue data to Ofcom, providers allocate revenues from bundled services between the components of each bundle, and the reported fixed broadband revenues figures exclude revenues relating to fixed line rental.
[92] Ofcom - UK fixed-line broadband performance, November 2013 (http://stakeholders.ofcom.org.uk/market-data-research/other/telecoms-research/broadband-speeds/broadband-speeds-nov2013/)

Figure 5.66   Real average monthly price of a residential fixed broadband connection (in 2013 prices)
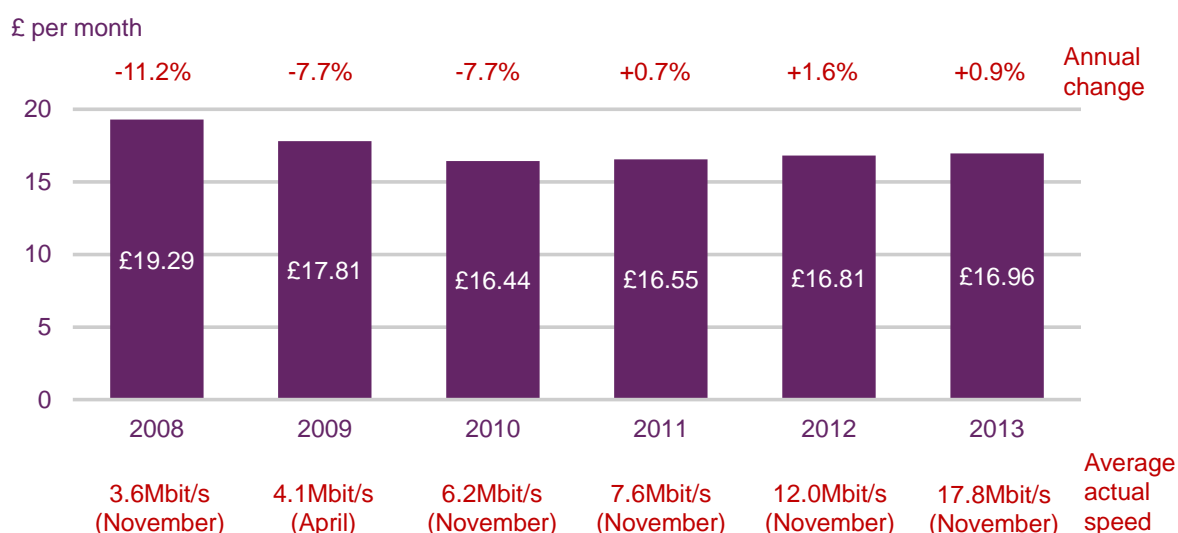
Source: Ofcom / operators
Base: Includes estimates where Ofcom does not receive data from operators; includes VAT; adjusted for CPI.

Most ISPs bundle fixed broadband with voice and TV services

Figure 5.67 shows the lowest-cost residential fixed broadband options offered by major ISPs in April 2014. Few ISPs continue to provide residential stand-alone services, and the majority of them bundled their broadband service with voice, or voice and pay-TV services.

Only Virgin Media offers a fixed broadband service that does not require a fixed line of any description.

Figure 5.67   Lowest-cost fixed broadband options from major ISPs

Provider	Fixed broadband only	Fixed broadband and fixed line	Fixed broadband and mobile	Fixed broadband, fixed line and mobile	Fixed broadband, fixed line and pay-TV
BT	-	£25.99 (£21.75)	-	-	£32.99 (£28.75)
EE	-	£31.40 (£27.00)	-	£21.40[1] (£17.00)[1]	-
Plusnet	-	£20.49	-	-	-
Sky	-	£25.40	-	-	£35.39[3]
TalkTalk	-	£19.45 (£14.00)	-	-	£24.45 (£19.00)
Virgin Media	£25.00	£31.49 (£26.17)	£25.00[2]	-	£35.99 (£30.67)

Pure Pricing UK Broadband Pricing Briefing, April 2014
Note: All tariffs exclude activation charges and promotional discounts and include VAT; all tariffs are the lowest price available; contract lengths vary; allowances for fixed-line and mobile calls, plus availability of TV channels included within packages may differ by operator and option; figures in brackets require pre-payment of twelve months' line rental; [1] plus cost of mobile tariff; [2] with SIM-only mobile plan incl. 250 minutes, unlimited texts and 1GB, [3] with NOW TV (streamed).

Fixed broadband take-up was highest among those aged 35 to 54 in Q1 2014

Total fixed broadband take-up was 73% in Q1 2014, similar to the previous year (Figure 5.68). Take-up was higher than average among the younger age groups and lower than average among over-65s (take-up was lowest among over-75s, at 30%). Take-up increased significantly in the 65-74 age group in the year to Q1 2014 (up by ten percentage points to 64%), although it is likely that this is due to a sampling error in the 2013 data. Only 4% of respondents said that they had both fixed broadband and dedicated mobile broadband connections, and this proportion was similar across all age groups.

Figure 5.68   Take-up of fixed broadband, by age

Proportion of households (per cent)
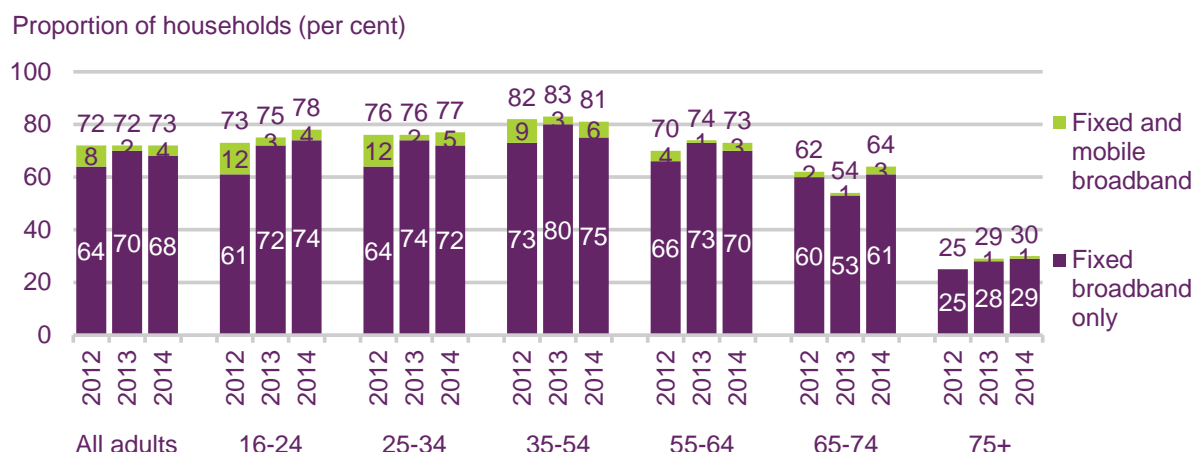
Almost half of the adults without home broadband did not think they needed it

Ofcom research shows that 46% of adults who did not have a home broadband connection in Q1 2014 did not think they needed one (Figure 5.69). This was the most frequently-cited reason given for not having home broadband.

The second most frequently-cited reason for not having home broadband connection was that the respondent did not want to own a computer (23%), while 22% believed that home broadband was too expensive, 20% said that they were too old to use internet and 15% did not believe that they had the knowledge or skills to use the internet. However, 13% said they were likely to get a home broadband connection in the next year.

Figure 5.69   Main reasons for not having a home broadband connection

Proportion of those without broadband (per cent)
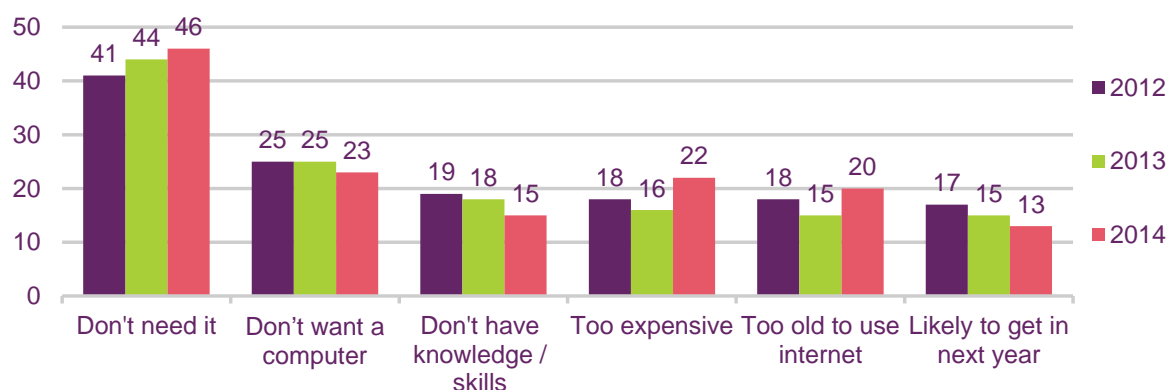
Four in five internet users access the internet at home

Eighty per cent of adults accessed the internet at home in Q1 2014, a 13 percentage point increase compared to 2009 (Figure 5.70). The next most popular locations to access the internet were at work (32%), and at someone else's house (27%), the latter having had the largest increase in the five years to Q1 2014, at 15 percentage points. Despite the increase in the proportion of homes with an internet connection, and growing smartphone take-up, the proportions of consumers accessing the internet at internet cafés and 'other' locations both increased between 2009 and 2014.

Figure 5.70   Location of internet access
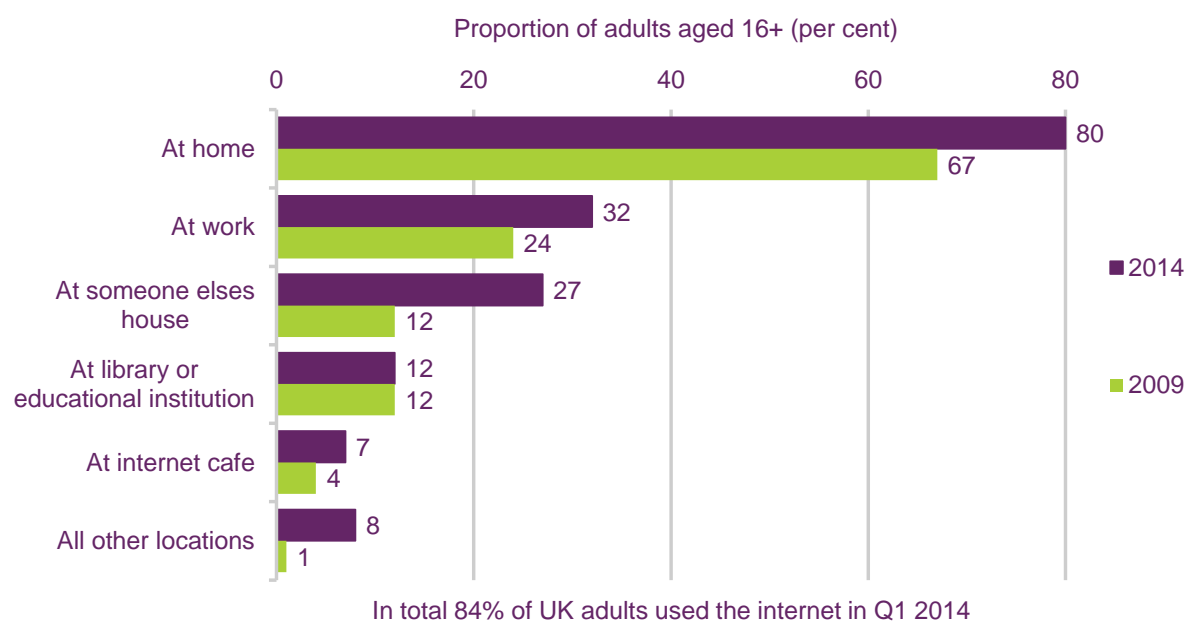
Proportion of adults aged 16+ (per cent)

In total 84% of UK adults used the internet in Q1 2014

Satisfaction with fixed broadband speed increased in the year to Q1 2014

Overall satisfaction with fixed broadband services was unchanged in the year to Q1 2014; 88% of adults with a fixed broadband connection said they were 'very' or 'fairly' satisfied with their service (Figure 5.71). The proportion of respondents who were satisfied with the speed of their fixed broadband connection was lower than for overall satisfaction, at 84% in Q1 2014.

The proportion of adults who were 'very' satisfied with the speed of their fixed broadband service increased by 6pp to 47% in the year to Q1 2014. The driver behind this is likely to be higher average connection speeds as a result of the growing take-up of superfast broadband services (as mentioned previously, Ofcom research shows that the average actual download speed of a UK residential fixed broadband connection increased from 12.0Mbit/s to 17.8Mbit/s between November 2012 and November 2013).[93]

Figure 5.71   Satisfaction with aspects of fixed broadband service

Proportion of all adults with service (per cent)
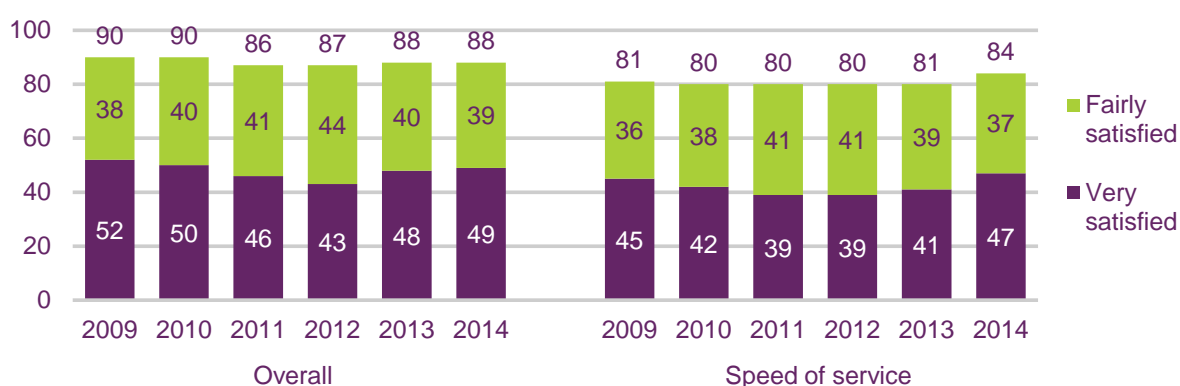
Source: Ofcom research, data as at Q1 of each year
Base: All adults aged 16+ with a fixed broadband connection
Note: Includes only those who expressed an opinion.

5.3.5 Mobile voice services

The real price of a basket of mobile services fell by 3.5% in 2013

The real price of a basket of mobile services (which is based on average use of UK geographic, on-net mobile, off-net mobile, outgoing international calls and SMS and MMS messages, and calculated by multiplying the average mobile call and SMS/MMS volumes by the average price of these services) fell by 52 pence per month (3.5%) to £14.30 in 2013 (Figure 5.72).

As there was little change in 2013 in the monthly access fee (including bundled voice, messaging and data and calls to UK landlines), at £10.12, this fall was due to a decrease in the price of metered voice calls and messaging (falling by 19.2% and 2.7% respectively). Ofcom analysis shows that the price of the basket has declined each year since 2008, with the price of metered voice calls falling by 60.7% and the cost of metered messaging by 62.0% over this period. The reason behind the fall is that post-pay contracts and pre-pay top-ups increasingly contain a large number of bundled voice minutes and SMS messages.

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[93] Ofcom - UK fixed-line broadband performance, November 2013 (http://stakeholders.ofcom.org.uk/market-data-research/other/telecoms-research/broadband-speeds/broadband-speeds-nov2013/)

Figure 5.72   Real price of a basket of mobile services

£ per month (2013 prices)
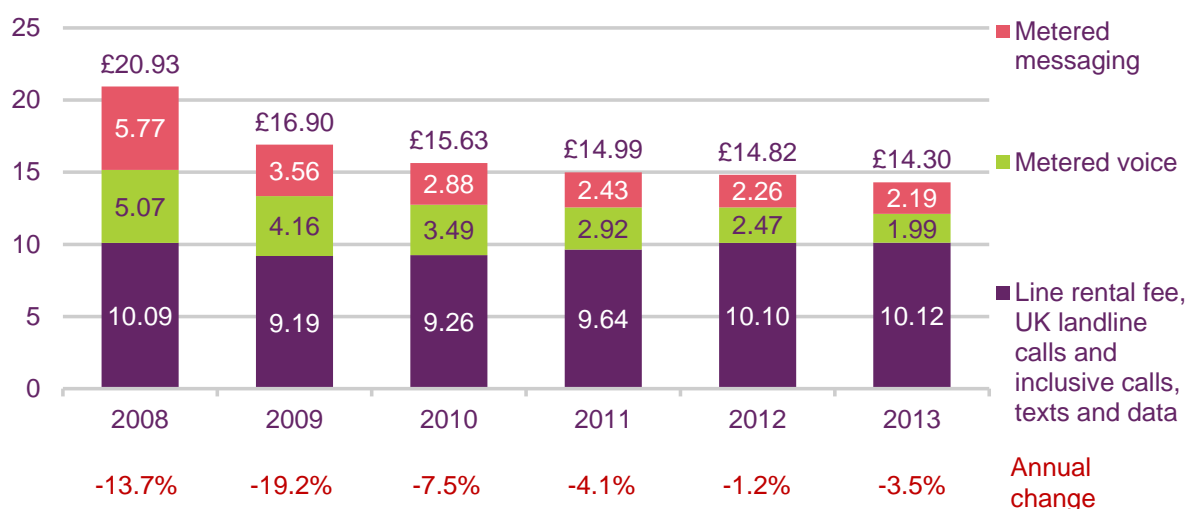
Source: Ofcom / operators
Note: Includes estimates where Ofcom does not receive data from operators; excludes non-geographic voice calls; adjusted for CPI; includes VAT.

The difference between pre-pay and post-pay mobile voice call charges increased in 2013

The average price of a post-pay voice call minute was unchanged at 8.7 pence per minute in 2013, while the average for a pre-paid voice call fell by 0.6 pence (8.4%) to 6.3 pence per minute (Figure 5.73). With this change, the difference between post-pay and pre-pay mobile voice call charges increased to 2.4 pence per minute, which is the highest it has been since 2009. It should be noted that these average call charges (particularly those for post-pay services) will be overstated as the revenues used in the calculation include those relating to handsets (where this is recovered as part of the service charge) and bundled messaging and data services.

Figure 5.73   Average per-minute mobile call charges, by customer type

Pence per minute
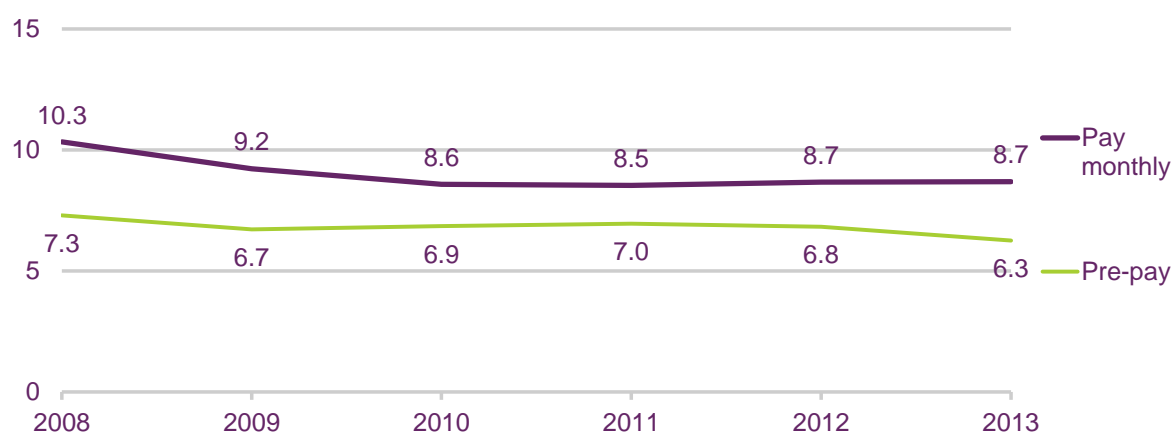
Source: Ofcom / operators
Note: Includes estimates where Ofcom does not receive data from operators; contract calculation includes rental element, which will often include a number of inclusive messages and data allowance; calculations use actual minutes of use.

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More than half of new post-pay mobile contracts cost less than £20 a month in Q1 2014

The GfK Retail and Technology sales data in Figure 5.74 show the monthly contract prices (which typically include the cost of a handset) for new post-pay mobile connection sales. Thirty-five per cent of all new post-pay mobile connections had a monthly access fee of less than £15 in Q1 2014, five percentage points higher than in the previous year and almost three times higher than five years earlier in Q1 2009.

The proportion of sales in the £15-£19.99 price bracket increased by six percentage points compared to the previous year, and with this increase, 53% of new post-pay contracts cost less than £20 a month in Q1 2014, ten percentage points higher than the previous year. The proportion of new post-pay connections with a monthly access fee of £20 or higher decreased by 22pp (from 69% to 47%) in the five years to Q1 2014.

The main reasons behind the falling monthly contract prices are falling service prices, pre-pay consumers (who tend to have lower average use than post-pay customers) migrating onto pay-monthly services and the increasing popularity of lower-cost SIM-only services.

Figure 5.74   Monthly contract prices for new post-pay mobile connections
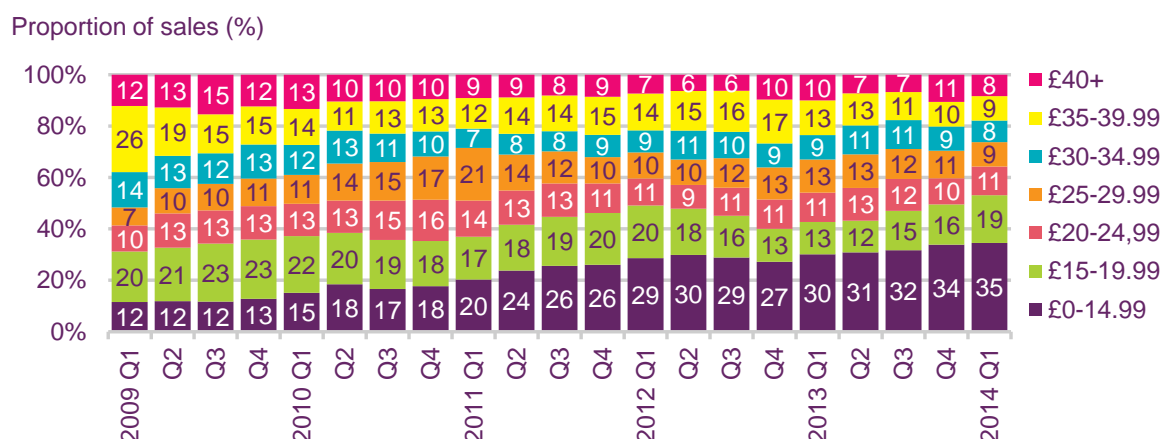
Source: GfK Retail and Technology UK Ltd, Contract Handset Acquisitions: price segments.
Note: England, Scotland and Wales only (excludes Northern Ireland); based on GfK's coverage of 95% of the consumer market; based on new post-pay connections; excludes contract renewals; only represents sales through consumer channels (excluding Apple Store and eBay).

The proportion of new mobile contracts with a minimum period of 24 months decreased in the year Q1 2014

In Figure 5.75, sales data from Gfk Retail and Technology show that three in five new post-pay mobile connections had a minimum contract period of 24 months in Q1 2014, an eight percentage point decrease compared to the previous year. Forty per cent of new post-pay contracts had a minimum contract period of 12 months or less in Q1 2014, 8pp higher than a year earlier. The major reason behind this is the fast-growing number of SIM-only contracts with shorter contract lengths. These are more cost-effective than contracts including new handsets; consumers buy a new SIM and keep their existing handset instead of buying a new, more expensive device.

Figure 5.75 Contract lengths for new post-pay mobile connections

Proportion of sales (%)
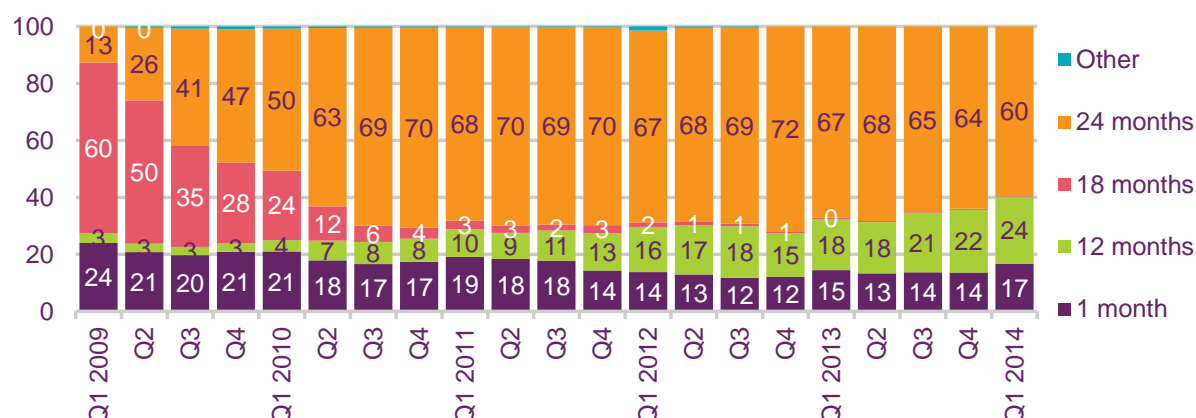
Source: GfK Retail and Technology UK Ltd, Contract Length Sales of new Mobile Connections
Note: England, Scotland and Wales only (excludes Northern Ireland); based on GfK's coverage of 95% of the consumer market; based on new post-pay connections; excludes contract renewals; only represents sales through consumer channels (excluding Apple Store and eBay).

Younger age groups and less affluent families were more likely to live in mobile-only households in Q1 2014

There was little change in the total household penetration of fixed and mobile telephony in the year to Q1 2014, when four in five households used both, and 16% of households were mobile-only (Figure 5.76).

Younger consumers (aged 16-24 and 25-34) and less affluent households (in the DE socio-economic group) were more likely to use a mobile as their sole form of telephony. The reasons behind this are that younger people are higher users of mobile technology, renting or moving house more frequently (less likely to commit to the household purchase of a fixed line), and households in the DE socio-economic group are less likely to commit to landline contracts and so choose to live in a mobile-only home.

The proportion of fixed-only households was higher than average among older age groups in Q1 2014; they are more likely to prefer using traditional forms of communication.

Figure 5.76 Household penetration of fixed and mobile telephony, by socio-economic group and age

Proportion of respondents (per cent)
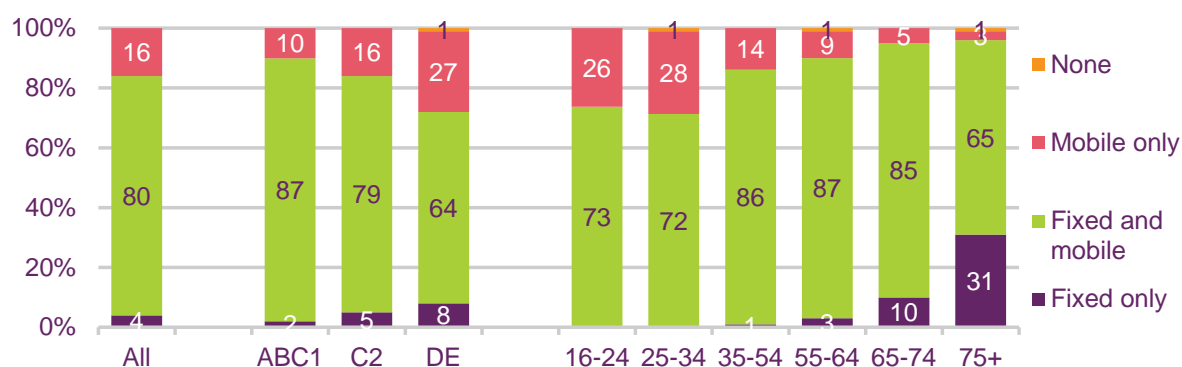
Source: Ofcom research, data as at Q1 of each year
Note: All adults aged 16+

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Average monthly mobile voice call volume was 176 minutes per person in 2013

There was little change in the average monthly outbound mobile voice minutes per person in the three years to 2013; consumers in the UK made an average of 176 minutes of outgoing mobile calls per month in 2013 (Figure 5.77). While average on-net call minutes per person have been decreasing since 2010, down to 52 minutes per month from 62 minutes in 2010 (a 15.4% fall), off-net calls increased by 21.3% (11 minutes per month) over the same period.

Figure 5.77   Average monthly outbound mobile voice minutes per person
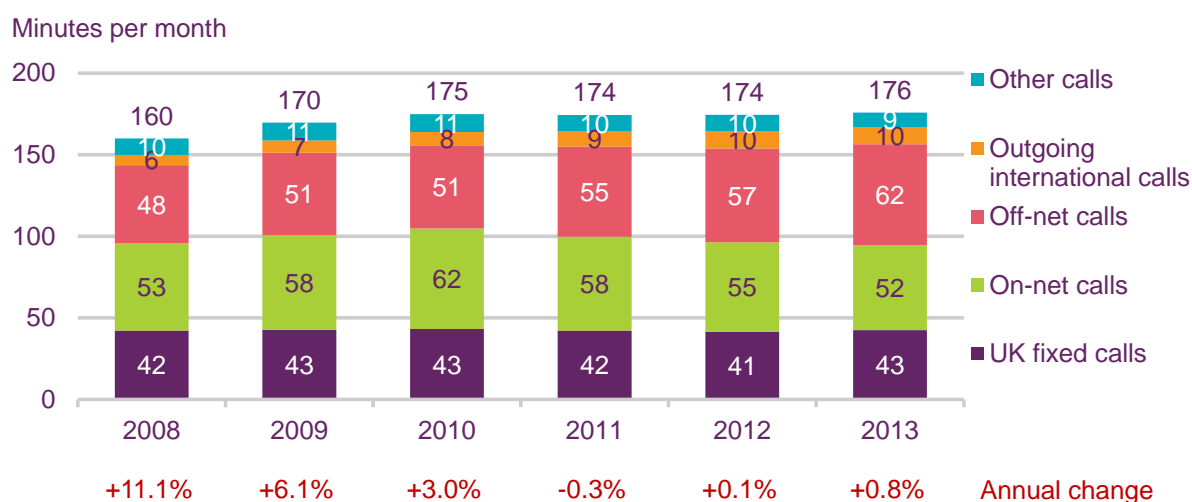
Source: Ofcom / operators
Note: Includes estimates where Ofcom does not receive data from operators; calculation excludes mobile broadband connections.

Average monthly mobile call minutes continued to fall for both pre-pay and post-pay customers in 2013

On average, post-pay customers made 203 minutes of outgoing calls per month in 2013, almost four times higher than the 52 minutes per month made by pre-pay customers (Figure 5.78). Average monthly outbound mobile call minutes decreased for both pre-pay and post-pay customers. While the rate of decline was 3.4% (7.3 minutes per month) for post-pay subscriptions, pre-pay customers made 4.5% fewer calls (2.4 minutes per month) than in the previous year. The reason behind the declining trend is likely to be the migration of high-user pre-pay consumers to post-pay subscriptions, which leads to a decline in the average monthly outbound mobile call minutes for both contract types.

Figure 5.78   Average monthly outbound mobile call minutes, by subscription type

Minutes per month

Source: Ofcom / operators
Note: Includes estimates where Ofcom does not receive data from operators; calculation excludes mobile broadband connections.

Average monthly mobile messaging volumes per person fell by a quarter in 2013

The average monthly volume of text and picture messages sent per person fell significantly, by 24.8% (56 messages per month) in 2013 and, at 170 messages per month, was below the 2009 level (Figure 5.79). This fall was mainly the result of the increasing take-up of smartphones (see Figure 5.81) which allow the use of alternative methods to send text-based messages and share pictures, including email, instant messaging (IM) services (such as *WhatsApp* and *iMessage*) and social networking sites. Over-the-top (OTT) messaging has gradually started displacing SMS as consumers (especially younger age groups) want the choice and flexibility that IM provides; it has a user-friendly interface and more options than traditional SMS. Ovum analysis shows that 208 billion instant messages were sent in the UK in 2013, up from 59 billion the previous year. The average monthly use of MMS services stayed low, at one message per person, in line with previous years.

Figure 5.79   Average monthly mobile messaging volumes per person

Messages per month

Source: Ofcom / operators
Note: Includes estimates where Ofcom does not receive data from operators.

Satisfaction with mobile services remained high in Q1 2014

Overall satisfaction levels with mobile services remained high in Q1 2014, when 93% of mobile users said that they were 'very' or 'fairly' satisfied with their mobile service (Figure 5.80). Satisfaction with accessing the network was lower than overall satisfaction, at 87%, in line with the figure recorded the previous year.

Figure 5.80   Satisfaction with aspects of mobile service

Proportion of all adults with service (per cent)
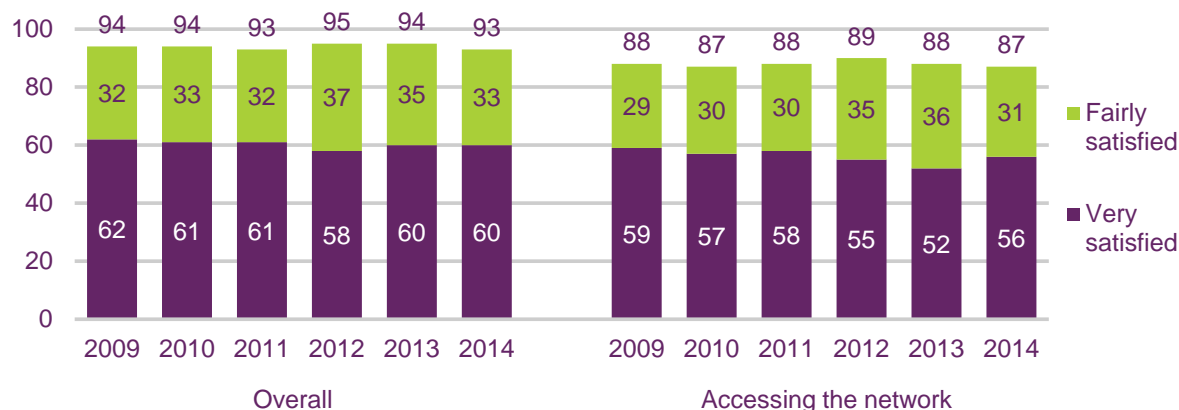
Source: Ofcom research
Base: All adults aged 16+ with a mobile phone
Note: Includes only those who expressed an opinion.

5.3.6 Mobile data services

Three in five adults had a smartphone in Q1 2014

Smartphone take-up increased by ten percentage points to 61% in the year to Q1 2014 (Figure 5.81). Ofcom research shows an increase across all age groups and socio-economic groups. The proportion of adults with smartphones is higher than average in younger age groups, at 88% among 16-24s and 84% among 25-34s (both up by 11pp year on year) and 72% in the 35-54 age group (up by 12pp). Smartphone take-up is also higher than average in the more affluent socio-economic groups; 70% in AB and 68% in C1 (both up by ten percentage points year on year).

Figure 5.81   Smartphone take-up, by age and socio-economic group

Proportion of adults (%)
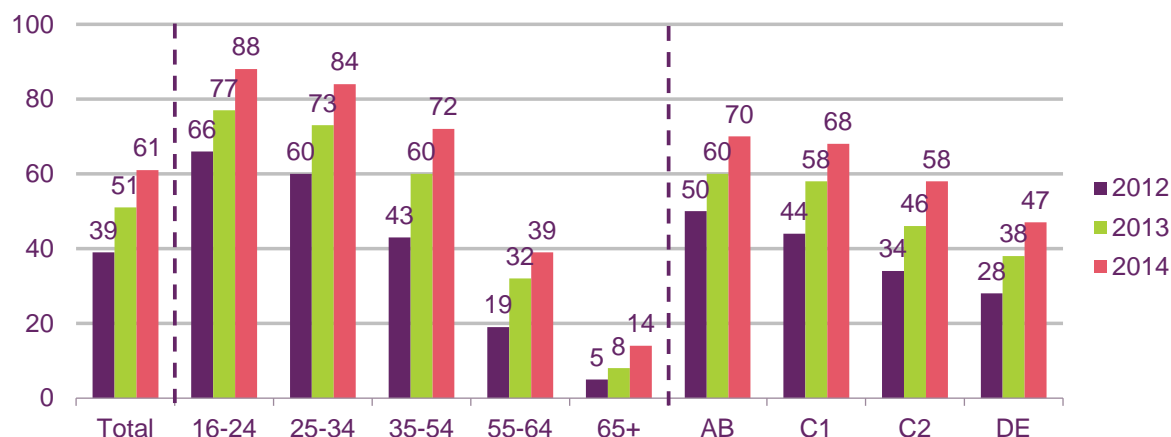
Source: Ofcom research, data as at Q1 of each year
Base: All adults 16+

Almost three in five adults used data services on mobile phones in Q1 2014

Ofcom research shows that 57% of adults claimed to use data services on a mobile phone in Q1 2014, an eight percentage point increase on the previous year (Figure 5.82). All age groups and socio-economic groups had an increase in the year to Q1 2014. The highest proportion was among younger age groups, with 86% of people aged 16-24 and 81% of people aged 25-34 using data services on mobile devices. The proportion of data users was also higher among the more affluent socio-economic groups (67% among the AB group and 64% in the C1 group). The main driver of increasing internet use on mobile handsets is the growth in smartphone take-up (see Figure 5.81)

Figure 5.82   Use of data services on mobile phones, by age and socio-economic group

Proportion of adults (%)
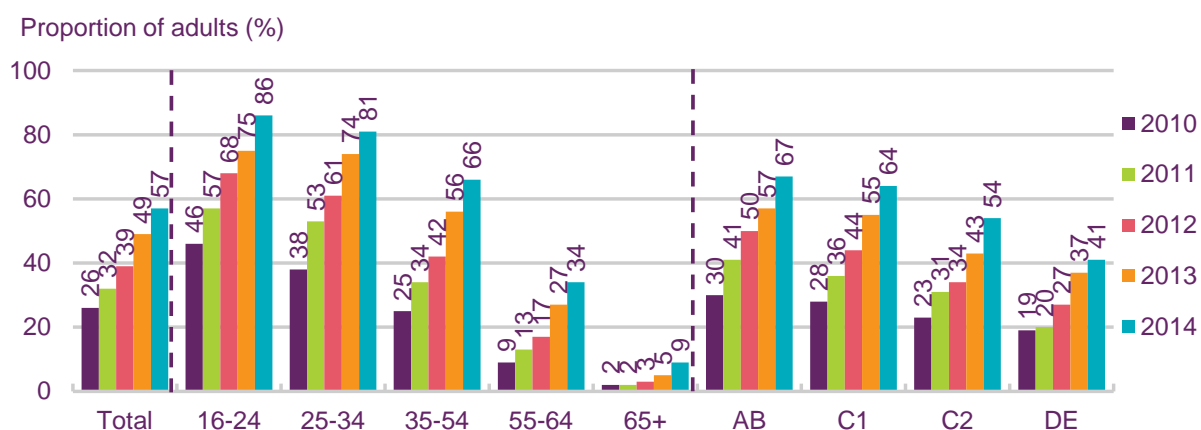
Source: Ofcom research, data as at Q1 of each year
Base: All adults 16+
Note: Internet use includes accessing the internet, downloading and streaming content, connecting using WiFi and using VoIP.
QD28A: Which if any, of the following activities, other than making and receiving voice calls, do you use your mobile for?

Use of mobile data services continued increasing in the year Q1 2014

Ofcom research shows that the proportions of mobile users who accessed websites, used email services, downloaded apps and used instant messaging as their communication method all increased in the year to Q1 2014, with the key driver behind these increases being growth in smartphone take-up (Figure 5.83).

More than half of mobile users (52%) said that they browsed the internet on their mobile phone in Q1 2014, a five percentage point increase compared to Q1 2013, while 45% of mobile users sent or received emails, up by 9pp points over the same period.

The proportion of mobile users who downloaded apps or used instant messaging both almost doubled in the last two years, up to 35% and 34% respectively.

Figure 5.83   Use of mobile data services among mobile users

Proportion of mobile users using service (per cent)
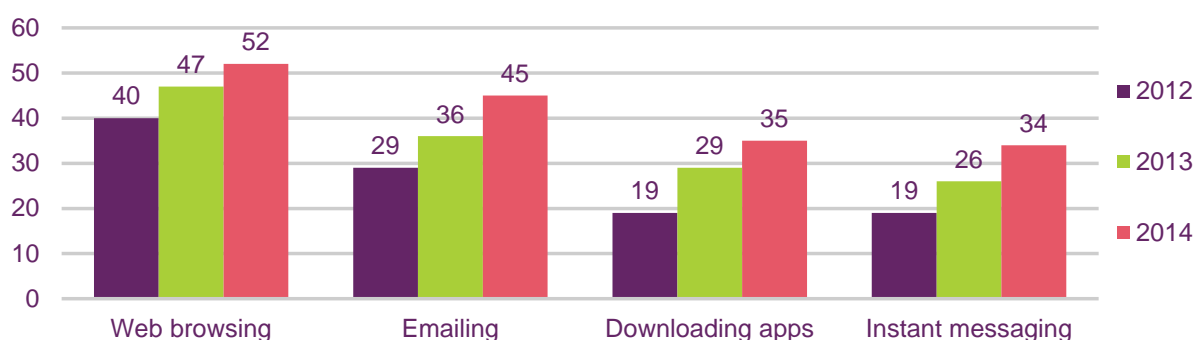
Source: Ofcom research, data as at Q1 of each year
Base: All mobile users aged 16+
QD9A: Which if any of the following activities, other than making and receiving voice calls, do you use your mobile for?

Two-thirds of people access the internet on their mobile phone, equally inside and outside the home

Ofcom research shows that 65% of adults said they accessed the internet on their mobile phone equally inside and outside the home, while 24% accessed the internet always or mainly in the home and 10% always or mainly outside the home (Figure 5.84).

Figure 5.84   Location of internet access using a mobile handset
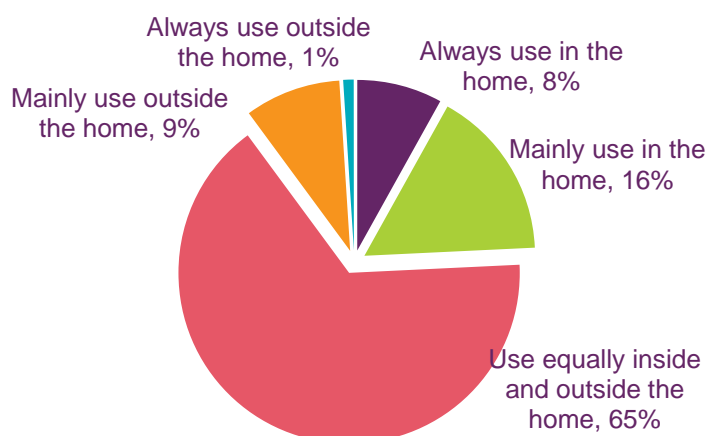
Source: Ofcom research, Q1 2014
Base: All adults aged 16+ who access the internet on their mobile phone

Less than one in ten adults said they used dedicated mobile broadband data services in Q1 2014

Ofcom research shows that 8% of adults said they used a dedicated mobile broadband data connection (i.e. a dongle or data-only SIM) in Q1 2014 (Figure 5.85). Half of these (4% of all adults) used mobile broadband only, while the other half said they used mobile broadband as well as fixed broadband. Take-up of mobile broadband was higher among those in younger age groups (above average for age group 16-24, at 9%, and for age groups 25-34 and 35-54, both at 10%) and in more affluent socio-economic groups (9% both in AB and C1).

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Figure 5.85 Take-up of dedicated mobile broadband, by age, socio-economic group and housing type

Proportion of respondents (per cent)
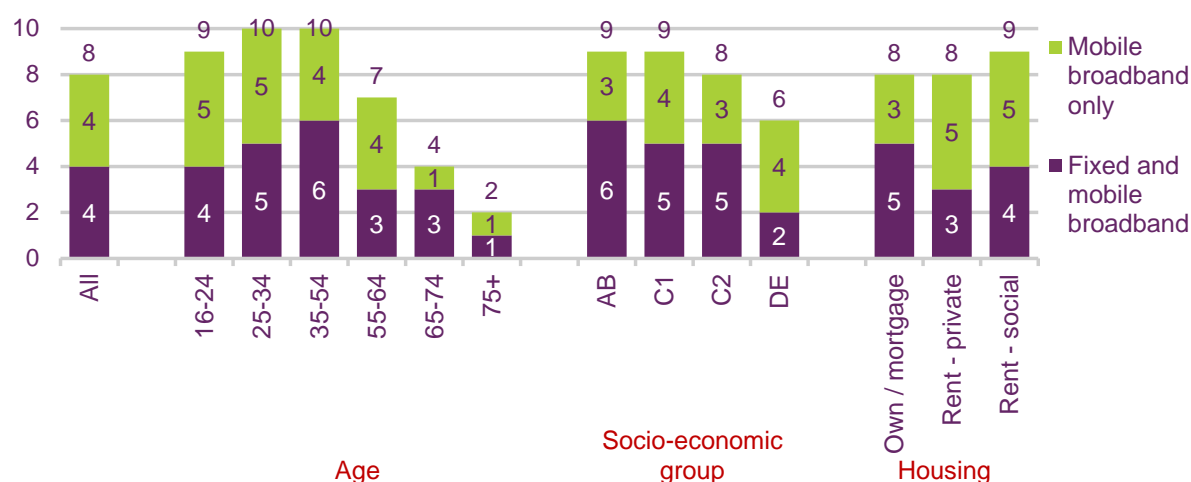
A quarter of adults who use mobile broadband outside the home used it when travelling

Ofcom research suggests that more than half the mentions of locations where respondents used their dedicated mobile broadband service were indoors, with 22% of total mentions being for use in indoor public spaces, 17% for 'at someone else's house' and 14% at work. Twenty-one per cent of mentions of locations where dedicated mobile data services were used were 'outdoors', while the most frequently-mentioned location (accounting for 26% of all mentions) was 'when travelling' (Figure 5.86).

Figure 5.86 Location of mobile broadband use outside the home

Proportion of total mentions (per cent)

Satisfaction with mobile broadband services remained high in Q1 2014

Satisfaction levels with mobile broadband services remained high at 88% in Q1 2014 (Figure 5.87). Two in five adults living in a household with a mobile broadband service said they were 'very' satisfied with their mobile broadband service. Satisfaction with the speed of mobile broadband services was at 81% in Q1 2014.

Figure 5.87   Satisfaction with aspects of mobile broadband services

Proportion of households with mobile broadband (per cent)
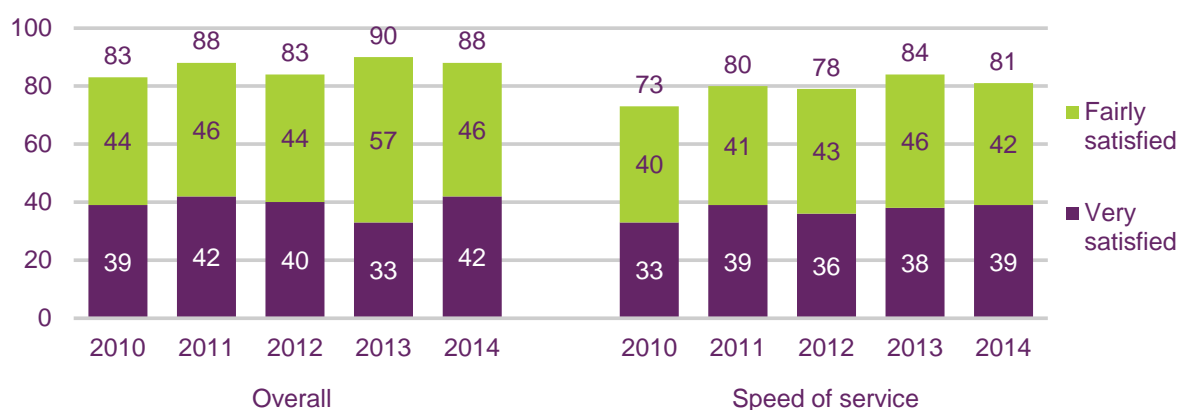
Source: Ofcom research
Base: Those in a household with mobile broadband
Note: Includes only those who expressed an opinion

The Communications Market 2014

6   Post

Contents

6.1 Key market developments in post

6.1.1 Industry metrics and summary

Figure 6.1   UK postal industry: key metrics

UK postal services industry	2008	2009	2010	2011	2012	2013
Addressed mail volumes	20.6bn	18.7bn	17.5bn	16.7bn	15.5bn	14.8bn
Addressed mail revenues	£7.0bn	£6.8bn	£6.7bn	£6.9bn	£7.3bn	£7.5bn
Proportion of access mail in total mail	25%	33%	40%	43%	46%	49%
Letter volumes delivered by operators other than Royal Mail	n/a	11.8m	11.3m	8.5m	18.0m	56.1m
Direct mail share of total advertising spend	n/a	17.8%	15.9%	14.9%	14.5%	14.1%

Source: Royal Mail Regulatory Financial Statements, Royal Mail Wholesale, Royal Mail Group Annual Reports, AA/Warc, Nielsen. Revenue figures are nominal. Note: Royal Mail calendar year volume figures are derived from Ofcom calculations based on financial year figures in Royal Mail's Regulatory Statements and unaudited submissions to Ofcom, and are therefore not directly comparable with Royal Mail's published accounts. Royal Mail figures relate to the "Reported Business". Other operators' end-to-end included in 'Total mail' since 2009. Prior data are not comparable. Figures are nominal.

6.1.2 Introduction

This section explores trends in consumers' use of post over the past year, using data from Ofcom's Residential Postal Tracker to show how the use of mail has developed over the past year, and how consumers send and receive mail throughout the year. The key findings are:

- **Consumers' use of post peaks at Christmas.** During November and December 2013, the volume of post sent by residential customers peaked at just over 16 items. Between June and October residential customers sent an average of 4.6 items.

- **Although the number of letters and cards sent by residential customers has fallen year on year, the number of parcels sent has stayed the same.** Parcels make up around a fifth of the total amount of post that residential customers send.

- **Although the majority of consumers use Royal Mail to send letters and parcels, Royal Mail is not used exclusively.** In Q1 2013, 45% of residential customers claimed to have used a provider other than Royal Mail to send post, falling to 32% in Q4 2013. Almost nine in ten consumers used Royal Mail to send letters or parcels in each quarter of 2013.

6.1.3 Residential customers' use of post through the year

Consumers' use of post peaks during Christmas

Figure 6.2 shows the average number of items of post sent by consumers between June 2012 and February 2014, detailing the year-on-year changes in how consumers use post. It shows that although the average number of items sent per month by consumers has fallen year on year, there is still a significant increase in the amount of post sent during November and December.

Between June and October 2012, residential customers sent an average of 6.3 items. For the same period in 2013, this had fallen to 4.6 items. During November and December, however, the volume of post sent by residential customers remained broadly the same, peaking at just over 16 items in December of each year, as the tradition of sending Christmas cards appears to remain strong in the UK.

Figure 6.2   Total items of post sent per month: June 2012 to February 2014
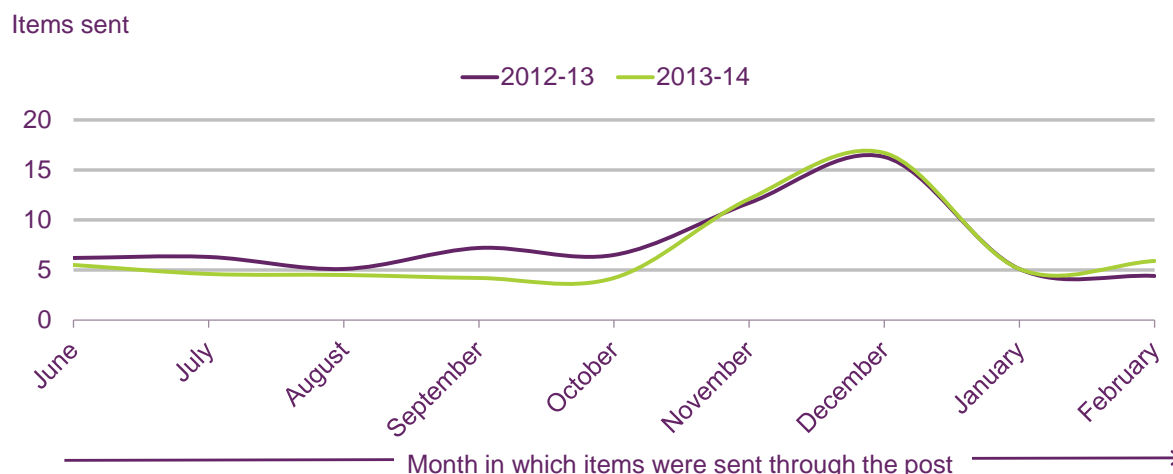
Items sent

Source: Ofcom research, Q2 2013-Q1 2014
QC1. Approximately how many items of post – including letters, cards and parcels – have you personally sent in the past month?

Although the number of letters and cards sent by residential customers has fallen year on year, the number of parcels sent has stayed the same

Splitting out the type of mail sent by residential customers into letters and parcels shows that, although the amount of letters and cards sent has fallen year on year, the number of parcels sent has remained the same. Parcels make up around a fifth of the total amount of post that residential customers send.

Although there has been a yearly increase in the average number of parcels sent in November and December, the proportion of parcels in the total amount of post sent by residential consumers falls to 10% in these months. This is due to the larger increase in the amount of cards and letters sent at this time of year.

Figure 6.3   Letters, cards and parcels sent per month: June 2012 to February 2014

Number of letters and cards sent
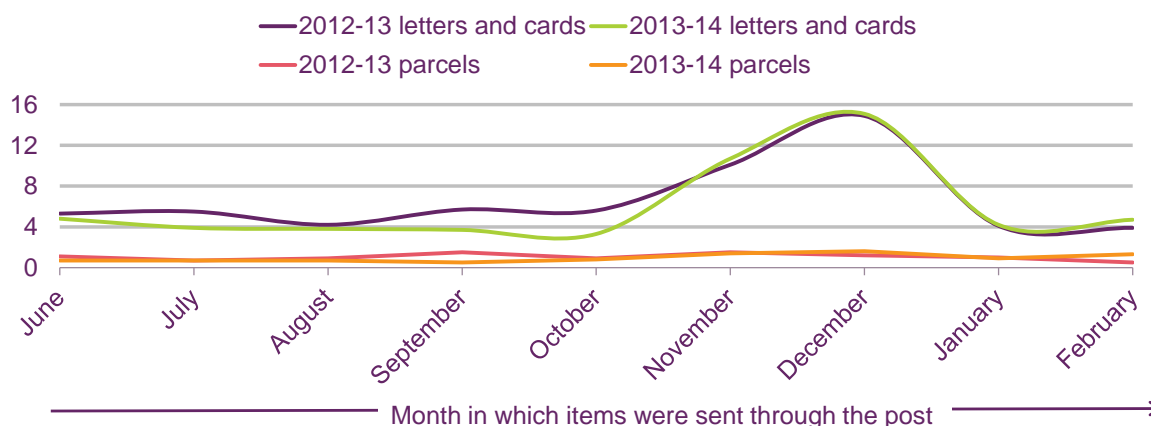
Month in which items were sent through the post

Source: Ofcom research, Q2 2013-Q1 2014
QC1. Approximately how many items of post – including letters, cards and parcels – have you personally sent in the past month?
QC2. And how many of these items sent in the past month were parcels rather than letters or cards?

Although the majority of consumers use Royal Mail to send letters and parcels, Royal Mail is not used exclusively

Throughout the year, a high proportion of consumers have used Royal Mail to send letters or parcels, with almost nine in ten consumers having used Royal Mail in each quarter of 2013. Parcelforce Worldwide, also owned by Royal Mail Group, was also used by a significant number of consumers, although the proportion claiming to use this service has fallen over the year (Figure 6.4).

In Q1 2013, 45% of residential customers claimed to have used a provider other than Royal Mail to send post, falling to 32% in Q4 2013. The most-used companies are detailed in Figure 6.5.

Figure 6.4   Companies used by residential customers to send post
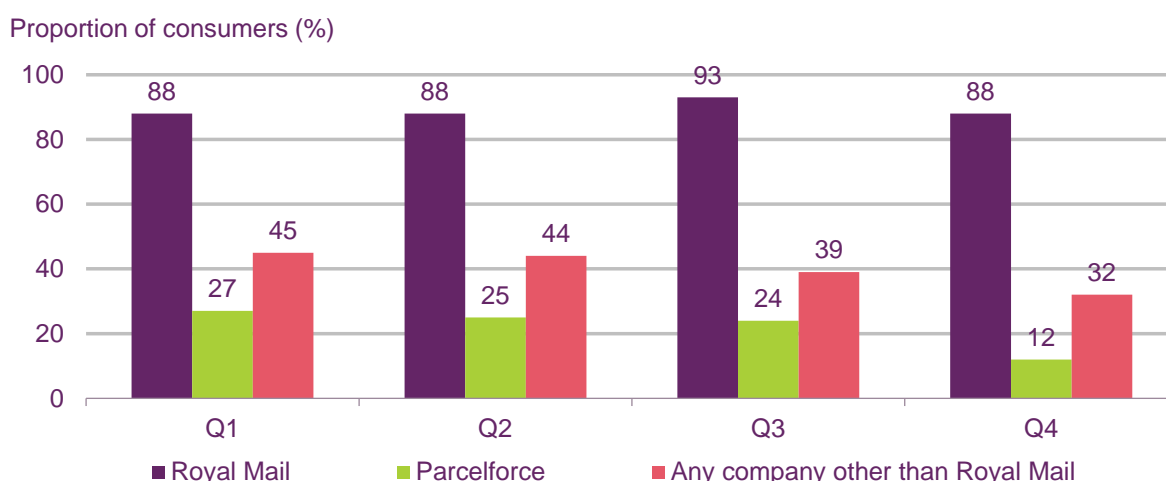
Proportion of consumers (%)

Royal Mail — Q1: 88, Q2: 88, Q3: 93, Q4: 88
Parcelforce — Q1: 27, Q2: 25, Q3: 24, Q4: 12
Any company other than Royal Mail — Q1: 45, Q2: 44, Q3: 39, Q4: 32

■ Royal Mail   ■ Parcelforce   ■ Any company other than Royal Mail

Source: Ofcom research, 2013
Q: Which, if any, of these companies have you used to send a packet, parcel or letter? Please think about your personal use rather than any use as part of a business.
Base: all respondents

DHL is the company other than Royal Mail or Parcelforce that is most likely to be used by residential customers to send post

Of the operators other than Royal Mail or Parcelforce, DHL was the company most likely to be used by consumers to send post. At least one in ten residential customers had sent an item with DHL in each quarter of 2013. It is possible that the higher use of DHL is due its high-street presence in branches of stationery shops such as Ryman, Staples and WHSmith. FedEx and City Link were the next most-used services, and this may be due to their presence on parcel aggregation websites such as Parcel Monkey and Parcel2Go.

Figure 6.5   Companies other than Royal Mail used by residential customers to send post
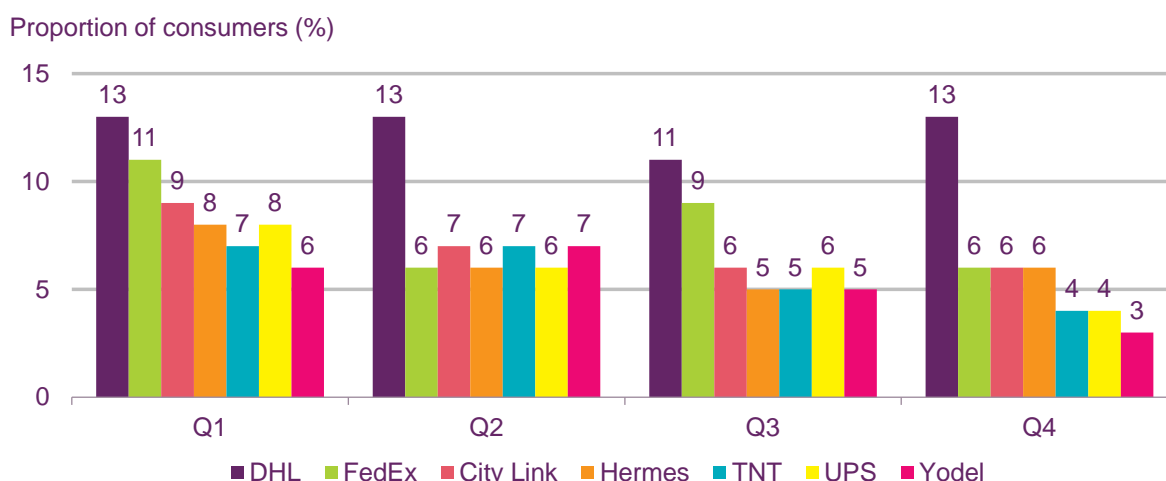
Proportion of consumers (%)

DHL — Q1: 13, Q2: 13, Q3: 11, Q4: 13
FedEx — Q1: 11, Q2: 6, Q3: 9, Q4: 6
City Link — Q1: 9, Q2: 7, Q3: 6, Q4: 6
Hermes — Q1: 8, Q2: 6, Q3: 5, Q4: 6
TNT — Q1: 7, Q2: 7, Q3: 5, Q4: 4
UPS — Q1: 8, Q2: 6, Q3: 6, Q4: 4
Yodel — Q1: 6, Q2: 7, Q3: 5, Q4: 3

■ DHL   ■ FedEx   ■ City Link   ■ Hermes   ■ TNT   ■ UPS   ■ Yodel

Source: Ofcom research, 2013
Q:Which, if any, of these companies have you used to send a packet, parcel or letter? Please think about your personal use rather than any use as part of a business.
Base: all respondents

Residential consumers receive more post at Christmas, but this peak is falling

While consumers claim to have sent the same amount of letters and cards in November and December 2013 as they did in the same period in 2012, the number of items that they received in this period has fallen since last year. In 2012, consumers received an average of 10.3 items per week in these months; in 2013 this had fallen to 8.5 items per week.

The year-on-year increase in the number of items received in February and March 2014 appears counter to the overall trend of volume decline observed in recent years.

Figure 6.6   Letters and cards received per week: July 2012 to March 2014

Number of letters and cards received in past week

Source: Ofcom research, Q2 2013-Q1 2014
QD1. Approximately how many items of post – including letters, cards and parcels – have you personally received in the past week?
QD2. And how many of these items received in the past week were parcels?

6.2 The post industry

6.2.1 Introduction

This section explores some of the significant developments and trends in the UK postal market. It includes information on volumes, revenues, access and end-to-end competition, and stamp prices. It also gives a brief overview of the applications of mail and how mail fits into some of the wider sectors that may affect the demand for mail.

Key points in this section include:

- **Mail revenue increased for the third consecutive year.** Mail revenue grew by 2.9% in 2013 to reach £7.5bn. Royal Mail increased its revenue by 2.8% to £7.3bn, with 80% of this coming from its end-to-end retail products. Revenue from access operations increased, both for Royal Mail and for the access operators.

- **Addressed mail volumes fell by 5.0% in 2013.** Mail volume fell from 15.5 billion items to 14.8 billion items in 2013. There are now 5.8 billion fewer items in the market than in 2008.

- **Access mail volumes declined for the first time in 2013.** For the first time since its introduction in 2004, the volume of access mail declined, falling by 0.6%. In 2013, 49% of mail volume came from access agreements.

- **Operators other than Royal Mail delivered 56 million letters in 2013.** This is more than triple the amount of items delivered in 2012, and a more than six-fold increase on 2011. It represents less than 0.4% of total addressed mail.

- **The value of online retail in the UK reached £91bn in 2013.** The value of online retail in the UK grew by 16.4% year on year in 2013. Since 2008, the value of online retail in the UK has more than doubled.

- **Two-thirds of UK online retail orders were fulfilled using economy delivery services.** Economy services are the most likely service type to be used to fulfil online shopping orders, with 67% of deliveries sent through economy services in 2013.

6.2.2 Mail revenues

Mail revenue increased for the third consecutive year

Mail revenue grew by 2.9% in 2013 to reach £7.5bn. As in previous years, Royal Mail's revenue accounted for the majority of mail revenues. Royal Mail increased its revenue by 2.8% to £7.3bn, with 80% of this coming from its end-to-end retail products. Price increases, including the introduction of size-based pricing for small parcels in April 2012, are responsible for much of the increase in revenue. The Royal Mail figures here represent the "reported business" and include Royal Mail letters and parcels carried through Royal Mail's core parcel network, but not those carried by Royal Mail's express parcels operator Parcelforce.

Revenue from access operations, where operators other than Royal Mail collect, sort and transport mail from bulk senders before handing it to Royal Mail for final delivery, increased for Royal Mail and for the access operators. Price rises for these products meant that Royal Mail grew its access revenues by 3.7% to £1.5bn. Access operators also increased their revenues for these products by 3.8% to £163m, despite a small decline in total access volumes.

End-to-end revenue, which is not shown on the chart but is included in the total, more than doubled in 2013. Despite the large proportional increase, this type of competition still represents a very small part of the mail sector, with revenues rising from £6.2m to £11.3m (0.15%). This increase is predominantly due to TNT Post UK's roll-out of delivery services, as discussed in section 6.2.4.

Figure 6.7   Mail revenue: 2008-2013
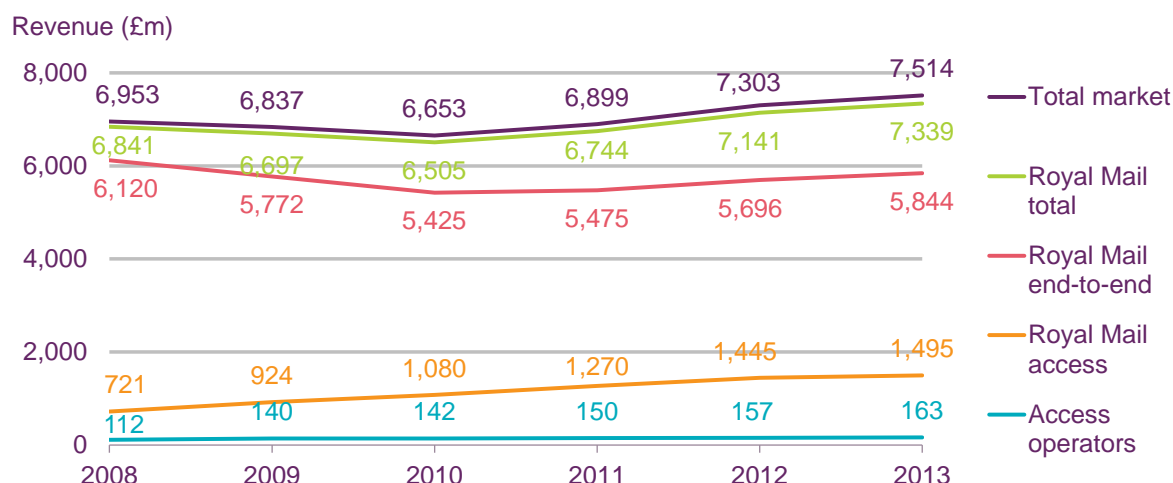
Revenue (£m)

Source: Royal Mail Regulatory Financial Statements, Royal Mail Wholesale, operator returns to Ofcom, Ofcom estimates. Royal Mail calendar year volume figures are derived from Ofcom calculations based on financial year figures in Royal Mail's Regulatory Statements and unaudited submissions to Ofcom, and are therefore not directly comparable with Royal Mail's published accounts. Royal Mail figures relate to the "Reported Business". Royal Mail end-to-end refers to Royal Mail total mail volumes excepting access. Other operators' end-to-end included in 'Total mail' since 2009. Prior data are not comparable. Figures are nominal.

6.2.3 Mail volumes

Addressed mail volumes fell by 5.0% in 2013

Mail volume fell from 15.5 billion items to 14.8 billion items in 2013 as electronic substitution continued to contribute to structural decline; there were 5.8 billion fewer items in the market than in 2008. Access volumes also fell for the first time in 2013, declining by 0.6% to 7.2 billion items.

The volume of mail handled end-to-end by Royal Mail fell by 9.4% to 7.5 billion items, while the number items delivered by other operators more than tripled to 56 million. Although this is a large proportional increase, it represents less than 0.4% of total volumes. End-to-end operators are discussed in more detail in section 6.2.4.

Figure 6.8   Mail volumes: 2008-2013
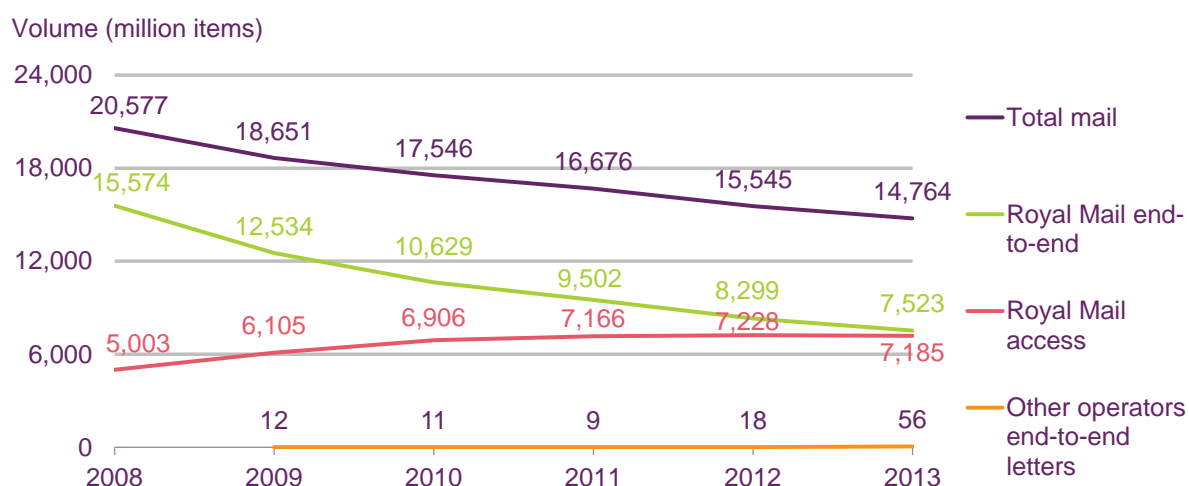
Volume (million items)

Source: Royal Mail Regulatory Financial Statements, Royal Mail Wholesale, operator returns to Ofcom, Ofcom estimates. Royal Mail calendar year volume figures are derived from Ofcom calculations based on financial year figures in Royal Mail's Regulatory Statements and unaudited submissions to Ofcom, and are therefore not directly comparable with Royal Mail's published accounts. Royal Mail figures relate to the "Reported Business". Royal Mail end-to-end refers to Royal Mail total mail volumes, excepting access. Other operators' end-to-end letters included in 'Total mail' since 2009. Prior data are not comparable.

6.2.4 Addressed letters competition

Within the postal sector, there are two main forms of competition: end-to-end and access.

Access competition is where the operator collects mail from the customer, sorts it and then transports it to Royal Mail's inward mail centres, where it is handed over to Royal Mail for delivery. Royal Mail is subject to a regulatory condition to continue to offer access to its inward mail centres for letters and large letters. This enables other operators to offer letter postal services to larger business customers without setting up a delivery network. Access has been the predominant form of competition in the UK since the first access contract was signed in 2004.

End-to-end competition is where an operator other than Royal Mail undertakes the entire process of collecting, sorting and delivering mail to the intended recipients.

Access mail volumes declined for the first time in 2013

For the first time since its introduction in 2004, the volume of access mail declined, falling by 0.6%. But this decline was at a slower rate than the decline in total mail volumes, so the proportion of access mail continued to rise. In 2013, 49% of mail volume came from access agreements.

The slight decline in access mail represents the maturity of this market; those senders who are able and willing to send their mail using access products are already doing so. Much of access mail is comprised of transactional mail sent from businesses to consumers, and as consumers switch from paper statements for banking and utility bills to electronic alternatives, volumes are likely to continue to fall. PricewaterhouseCoopers has found that

financial institutions have already made the easier electronic substitutions; therefore substitution of the remainder is likely to be slower.[94]

Although there are a number of operators handling access mail, the majority of the volumes are handled by two companies, TNT Post UK and UK Mail.

Figure 6.9   Proportion of access in total mail: 2008-2013

Year on year growth rate of access volumes

| 39.1% | 20.3% | 14.8% | 2.2% | 0.8% | -0.6% |

Proportion of access in total mail volume

| 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| 25% | 33% | 40% | 43% | 46% | 49% |
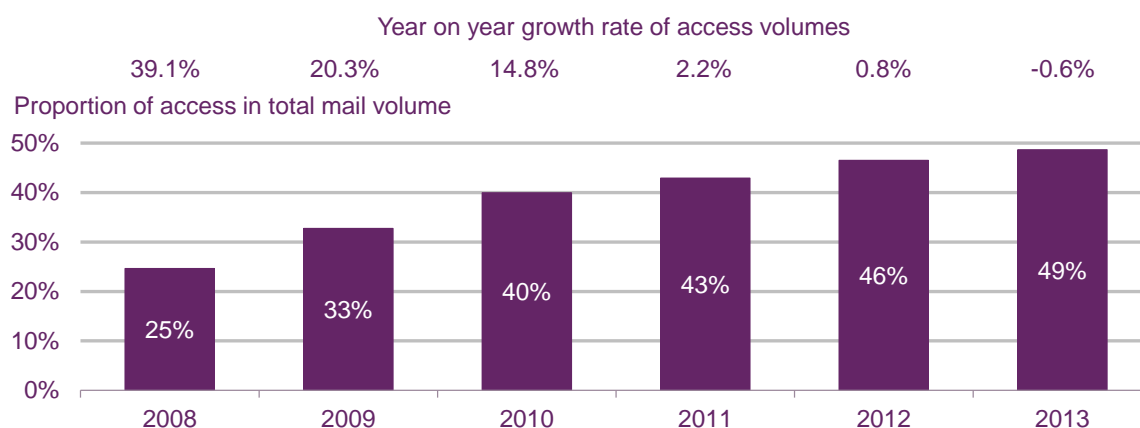
Source: Royal Mail Wholesale, Royal Mail Regulatory Financial Statements, Operators' returns, Ofcom estimates

Operators other than Royal Mail delivered 56 million letters in 2013

Operators other than Royal Mail delivered 56 million letters entirely through their own networks in 2013. This is more than three times the number of items delivered in 2012, and a more than six-fold increase on 2011. Nevertheless, it represents less than 0.4% of total addressed mail.

Much of the increase in delivered volumes is due to TNT Post UK, which began trialling the delivery of letters in west London in April 2012. Since this trial, TNT Post UK increased the size of the area within London in which it delivers to cover central, west and south-west London. TNT Post UK also started delivering letters in Manchester in November 2013. Across the UK, TNT Post UK delivers to 1.2 million households and businesses from 23 delivery units[95].

Other smaller-scale end-to-end operators also increased their volumes in 2013. London Letterbox Marketing, which operates an addressed and unaddressed mail network across the UK capital, greatly increased the volume of addressed mail it delivered. London Letterbox Marketing delivers mail for local councils and other large public bodies as well as high-street businesses. CFH Docmail Ltd, a downstream access, hybrid mail[96] and print company, which has launched delivery services in Bristol, Bath and Edinburgh, also saw a significant increase in its delivered volumes.

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[94] PricewaterhouseCoopers, *The Outlook for UK Mail Volumes to 2023*, 15 July 2013
[95] "Delivery unit" is a term used by TNT Post UK to refer to its physical facilities that are used as a base for its delivery operations.
Post NL, *Annual Report 2013*, 24 February 2014
[96] Hybrid mail is mail which is delivered through a combination of electronic and physical means. Typically, the mail will be created and transmitted electronically, before being printed and delivered close to the intended destination.

Figure 6.10 Other operators' end-to-end letter volumes: 2009-2013

Volume (million items)
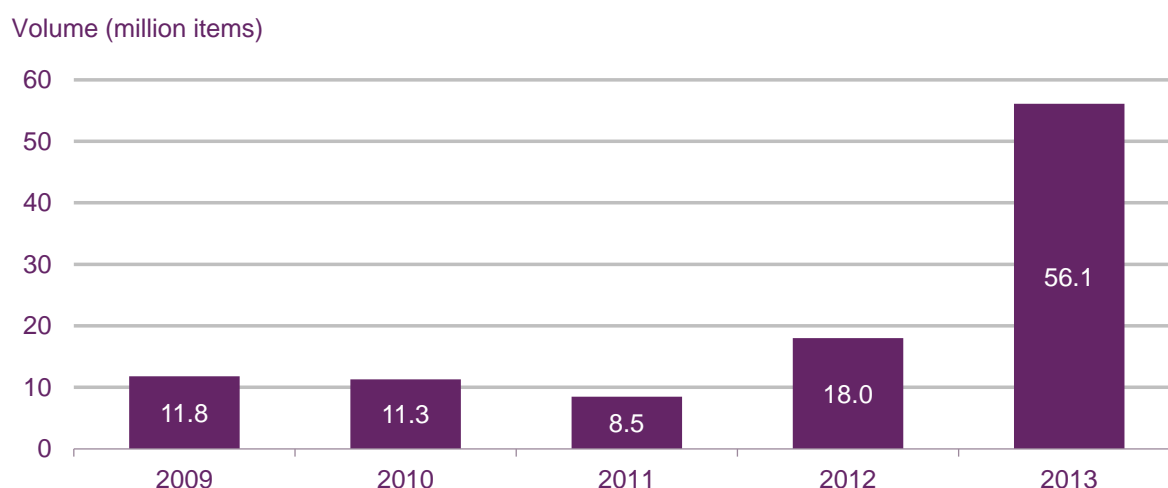
Source: Ofcom analysis of operators' returns

6.2.5 Applications of mail

Almost half of total mail volume is transactional

The main applications of mail, as set out in Figure 6.11, are transactional (such as bank statements and invoices), accounting for 49% of total mail; and direct mail, which accounts for 28%. Parcels, publishing and social mail (such as greetings cards and invitations) make up the remainder.

The proportion of each type of mail in total mail has remained relatively unchanged over the past five years as volumes have declined, with the exception of the growth in parcels, driven by online retail (Figure 6.14). Almost half of all mail, as estimated by PricewaterhouseCoopers, is transactional. The vast majority of this transactional mail originates from businesses. Across all types of mail, 92% of mail in the UK is sent by businesses.[97]

Figure 6.11 Mail volumes, by type: 2008–2013

Proportion of type of mail in total volume (%)
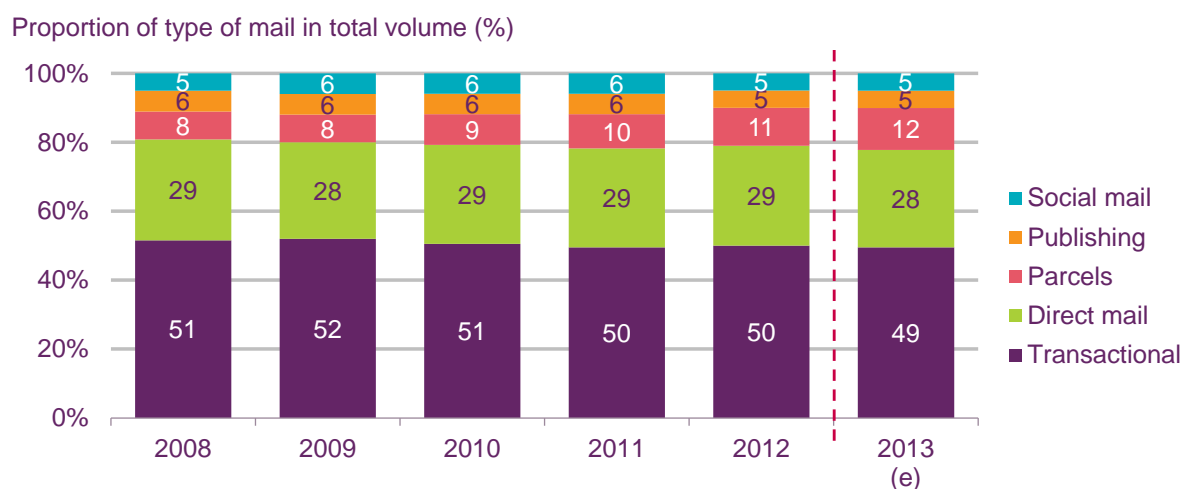
Source: PricewaterhouseCoopers, The Outlook for UK Mail Volumes to 2023, July 2013
Note: 2013 is PwC estimate.

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[97] WIK-Consult, *Main Developments in the Postal Sector (2010-2013): Country Reports*, August 2013

The remainder of this section gives a brief overview of the relationship between the postal sector and other sectors: advertising, online retail and publishing.

Advertisers spent £1.5bn on direct mail advertising in 2013

In 2013, £1.5bn was spent on direct mail advertising, a 5.1% decline on 2012. These figures represent spend on post, and the production of direct mail. Over the five-year period 2009-2013, spend on direct mail has fallen by 17.1%.

The proportion of total advertising spend accounted for by direct mail has also fallen each year. In 2011, direct mail accounted for 17.8% of total advertising spend. By 2013, this had fallen by 3.7pp to 14.1%, as internet and mobile advertising take an increasing share of this market. This is discussed further in section 4, but please note that the direct mail advertising spend figures in Figure 6.12 are calculated according to a different methodology to the figures in section 4.

Figure 6.12   UK direct mail advertising spend and share of total advertising: 2009-2013
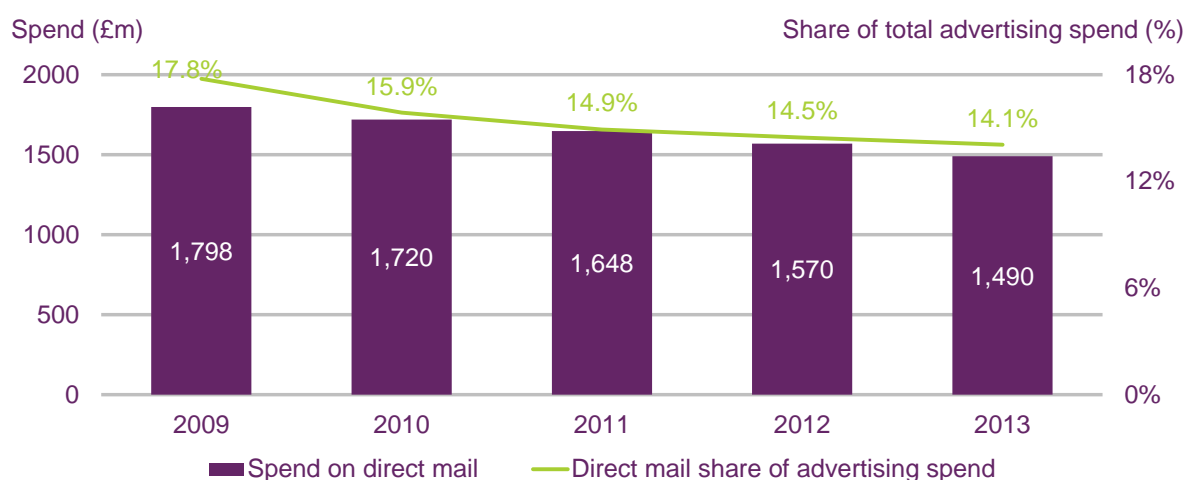
Source: AA/Warc Advertising Expenditure report / Nielsen. Figures are nominal.

Spend from the retail sector accounts for the largest proportion of direct mail spend

The retail sector accounted for 28.7% of direct mail spend in 2013. As in each year since 2009, it accounted for more spending on direct mail than any other sector. However, its share has fallen by 2.9pp since 2009.

The most notable shift in share of direct mail advertising expenditure has been in the industrial sector, whose share has increased from 8.1% in 2011 to 12.6% in 2013. This includes the telecoms sector, which increased its spend on direct mail by 40% to £135.5m between 2009 and 2011.

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Figure 6.13   Share of direct mail expenditure, by sector: 2009-2013

Share of spend (%)

	Retail	Financial	Government	Services	Industrial	Durables	Consumables
2009	31.6%	20.5%	16.2%				
2010	31.8%	21.2%	16.8%				
2011	31.3%	20.2%	18.4%				
2012	29.3%	19.2%	17.4%				
2013	28.7%	20.1%	17.6%				
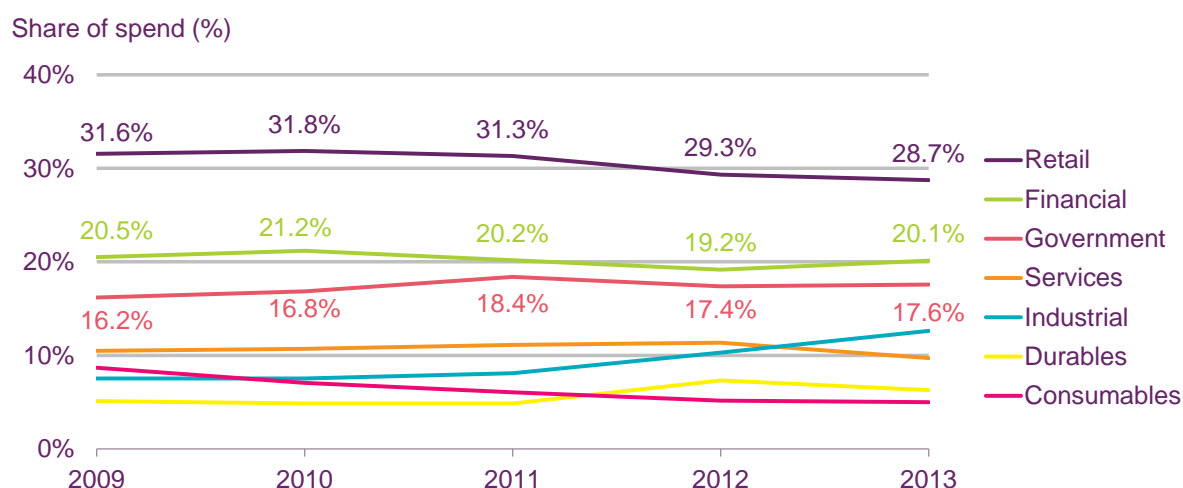
Source: AA/Warc Expenditure report / Nielsen

The value of online retail in the UK reached £91bn in 2013

According to the Interactive Retail in Media Group, the value of online retail in the UK grew by 16.4% year on year in 2013, and is now worth £91bn. Since 2008, the value of online retail in the UK has more than doubled. Consumer research in the 2013 suite of Communications Market Reports indicated that convenience, speed and saving money were key motivations for shopping online.

As items can be fulfilled electronically as well as physically, the value of online retail does not directly translate into growth in parcel volume and revenue. However, it is clear that increased online shopping is leading to growth in parcel deliveries. In Royal Mail's *Full Year 2013-14 Results*, it predicts a 4.5% to 5.5% increase in 2014-15 for business-to-consumer and consumer-originated parcels as a result of online shopping.

Figure 6.14   Value of the UK e-retail market: 2008-2013

Value (£ billion)

2008	2009	2010	2011	2012	2013
43.8	49.8	58.8	68.0	78.2	91.0
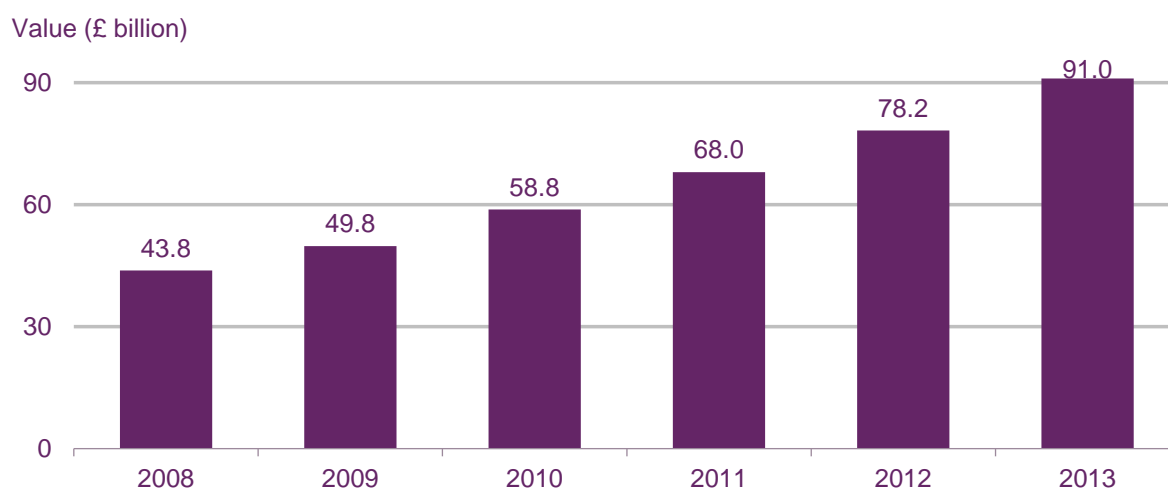
Source: Interactive Media in Retail Group, January 2014

Two-thirds of UK online retail orders for physical goods were fulfilled using economy delivery services

Economy services[98] are the most likely service type to be used to fulfil online shopping orders, with 67% of deliveries sent through economy services in 2013. This is an increase of ten percentage points on 2012, when 57% of deliveries were sent through economy services. The increase in economy services has been at the expense of specified-time services.

The use of economy services is probably due to consumers opting for free delivery from online retailers, and avoiding the additional costs associated with next-day and specified-time delivery.

Figure 6.15   Proportion of service types used for the fulfilment of online retail: 2012 and 2013

Proportion of parcels (%)
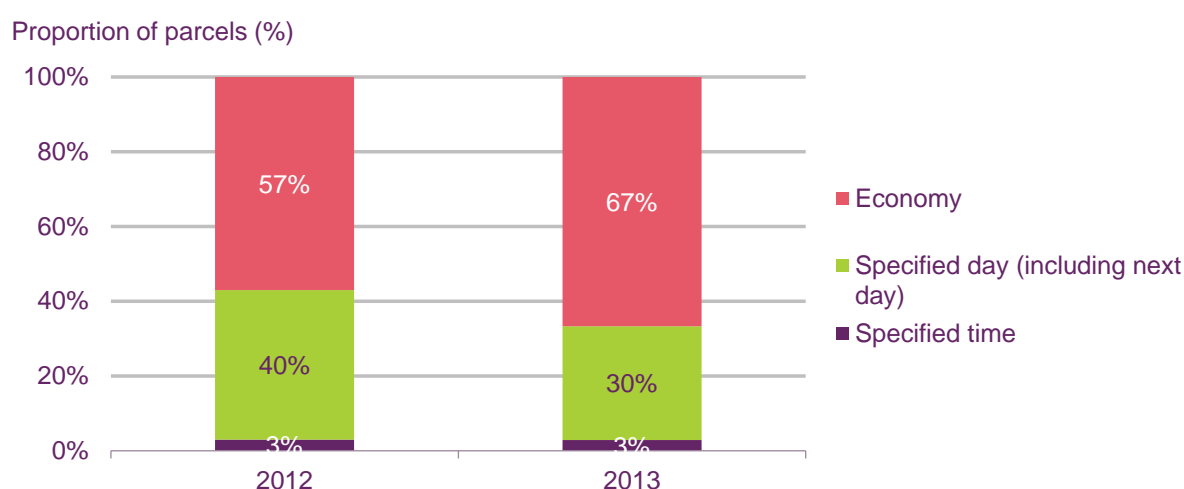
Source: Ofcom analysis of IMRG / Metapack Delivery Index, January 2012-December 2013.
Note: Specified time includes: AM, PM, before 10am, evening and school run. Specified day includes same day and next day. Proportions rebased to exclude international.

Consumer magazine subscription volumes, typically fulfilled by mail, are declining

Although net average circulation for consumer magazines had held up between 2008 and 2012, with a slight increase in 2011, between 2012 and 2013 subscription circulation of consumer magazines fell by 10.6%. The share of circulation accounted for by subscriptions remained broadly stable between 2008 and 2013, suggesting that the fall in subscription volumes is broadly in line with trends in total magazine circulation.

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[98] "Economy services" here refers to parcel products without the additional features of specified day or specified time. These services may include other features (such as tracking) but it is likely that they will be 'deferred' as opposed to 'express' services.

Figure 6.16   Magazine subscription circulation: 2008-2013

Average subscription circulation (thousands)   Share of total circulation (%)

	2008	2009	2010	2011	2012	2013
Subscription circulation	6,112	6,046	6,148	6,229	6,110	5,462
Share of total circulation	14.7%	14.9%	14.7%	15.1%	15.4%	14.9%
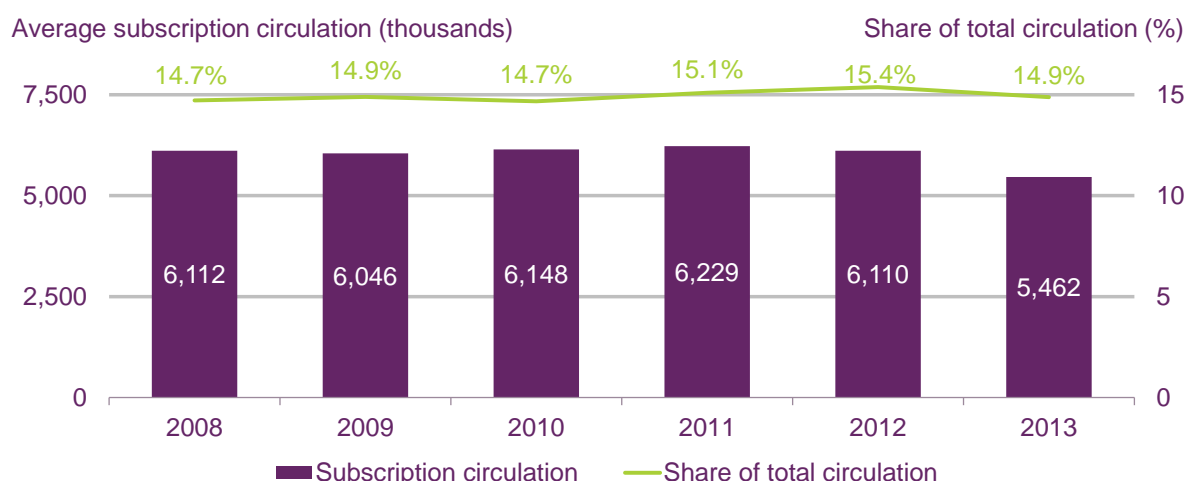
Source: Mediatel/ABC, 6-monthly net average circulation and subscription sales, physical copies only

6.2.6   Stamp prices

After a year of no change, stamp prices increased in April 2014

With the exception of 2013, the price for sending individual letters and postcards has increased each year since 2004. The largest increases in stamp prices took place in 2012 when First and Second Class stamps each increased by 14p. This was due to Royal Mail taking advantage of the greater commercial freedoms afforded to it under the regulatory framework implemented by Ofcom in March 2012.

In April 2014, Royal Mail increased the price of First Class stamps by 2p to 62p and Second Class stamps by 3p to 53p. Prices for sending Large Letters also increased, with the lowest price points for First Class letters rising by 3p to 90p, and the lowest price point for Second Class Large Letters rising by 4p to 73p.

Figure 6.17   First and Second Class stamp prices
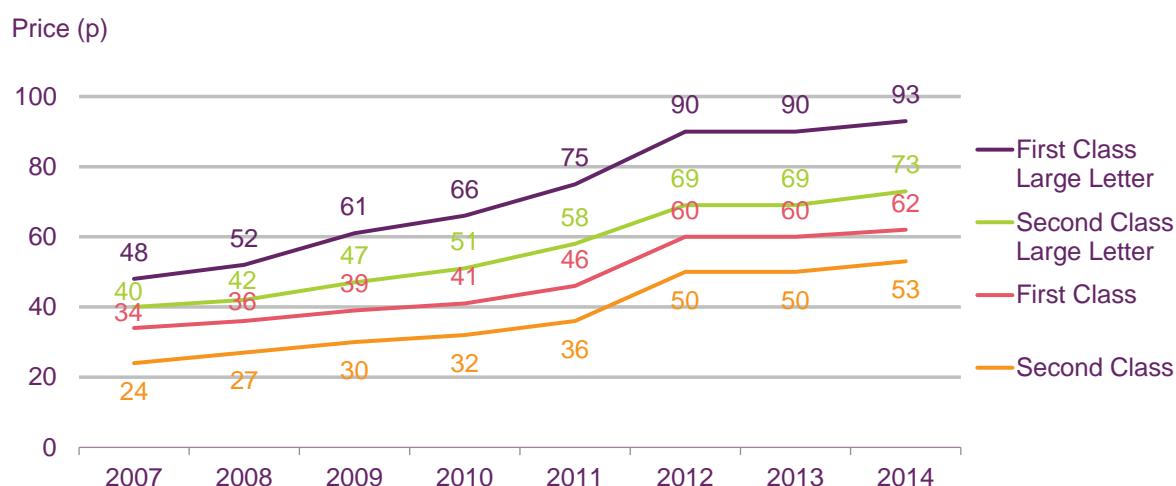
Price (p)

Source: Royal Mail. Figures are nominal. Prices refer to Royal Mail First and Second Class Standard and Large Letter list prices for letters up to 100g.

6.3 Post and the residential consumer

6.3.1 Introduction

This section presents some of the key highlights from our continuous research into consumers' use of, and attitudes towards, postal services in the UK. The data presented here are sourced primarily from Ofcom's Residential Postal Tracker, which has been running since July 2012.

The research included here covers the 12 months from April 2013 to March 2014. As fieldwork for the Residential Postal Tracker began in July 2012, there are no historical data to provide year-on-year comparisons, although time-series analysis is included where appropriate.

Key points in this section include:

Older people send the most items of post per month. The average number of items sent per month increases with age, with those aged 55+ sending an average of 8.4 items per month. This falls to 4.3 items each month among those aged 16-34.

Consumers are more likely to send personal mail than any other category of post. The incidence of sending personal mail increases by age, with 63% of 16-34s, 70% of 35-34s and 79% of those aged 55+ sending this type of post.

Among those who are sending less post than two years ago, email is the most common replacement for post. Eight in ten (80%) of 16-34s who are sending less post than two years ago claim to have replaced post with email. This age group are also more likely to be using a range of alternative electronic communication methods as a replacement for post, with four in ten (38%) using SMS and one-third using voice calls on mobile phones (36%) or social networking (32%), and one in ten (12%) using instant messaging.

One-fifth (20%) of all adults had not received an item of post in the past week. Those aged 16-34 were more likely to have received no post at all in the past week, with three in ten (29%) claiming this. For the 12 months ending Q1 2014, the average number of items received in the past week was 8.7.

Half of all consumers claim to have received their parcels exclusively from Royal Mail. Half of all respondents who had received a parcel said their parcels had been delivered exclusively by Royal Mail; a further fifth had received parcels from Royal Mail and at least one other operator.

Awareness of the correct price of a First Class stamp increases with age. Just over one-third of adults were able to state the price of a First Class stamp correctly when asked, rising to four in ten (39%) of those aged 55+.

Six in ten consumers love to send and receive letters and cards. As with the use of post, consumers' attitudes to post also differ by age. Six in ten adults agree with the statement "I love to send and receive letters and cards".

Two-thirds (66%) of consumers consider themselves reliant on post as a way of communicating. There is little variation in this across the age groups – in all cases, at least six in ten say that they are either "very reliant" or "fairly reliant".

6.3.2 Sending post

Eight in ten adults claim to send post at least monthly

The majority of adults (80%) say that have sent post in the past month, with two in five (40%) sending five items or more. The average number of items sent each month is 6.7, but this falls to 4.3 items each month among those aged 16-34, as shown in Figure 6.18.

The younger demographic is also less likely to have sent post, with three in ten (29%) saying that they have not sent a single item in the past month. The average number of items sent per month increases with age, with those aged 55+ sending an average of 8.4 items. Almost half (48%) of this demographic had sent at least five items in the past month.

Figure 6.18   Number of items sent per month
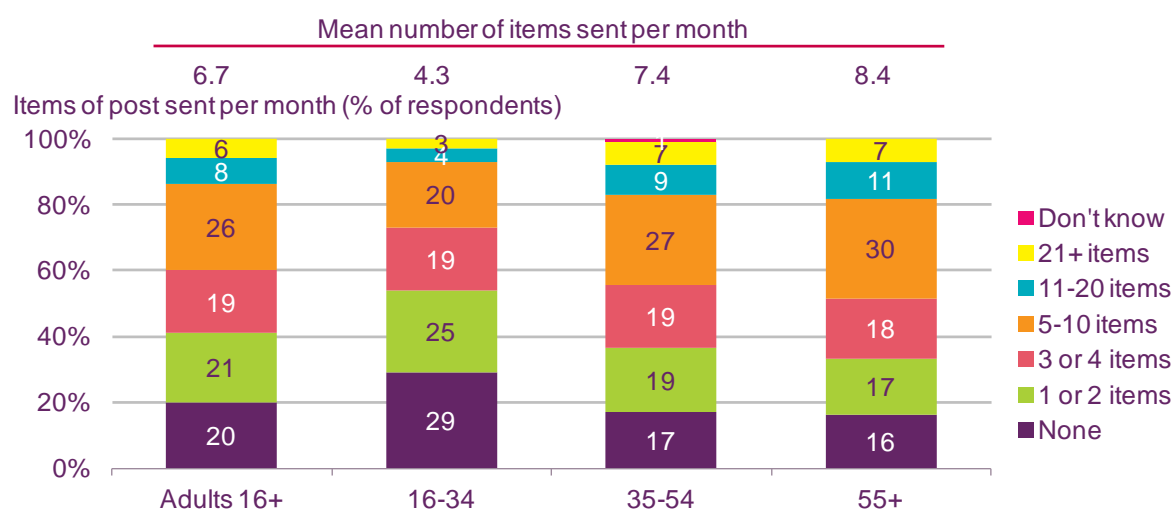
Source: Ofcom Residential Postal Tracker, Q2 2013-Q1 2014
Base: All respondents (n = 4823 adults 16+, 1294 16-34, 1617 35-54, 1912 55+)
QC1. Approximately how many items of post – including letters, cards and parcels – have you personally sent in the last month?

The number of parcels sent per month is similar across the ages

The majority (70%) of adults claimed not to have sent any parcels in the past month. Although they sent a higher total number of items than other age groups, people aged 55+ were slightly less likely to have sent a parcel. There were no significant differences in the average number of parcels sent per month across the age groups (Figure 6.19).

Figure 6.19   Number of parcels sent per month
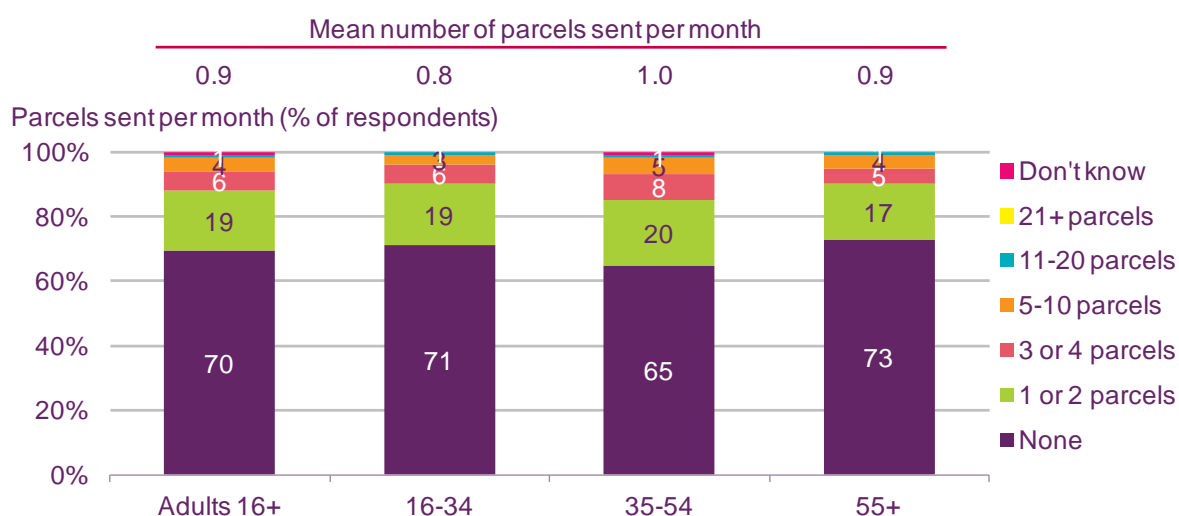
Mean number of parcels sent per month

| 0.9 | 0.8 | 1.0 | 0.9 |

Parcels sent per month (% of respondents)

Legend:
- Don't know
- 21+ parcels
- 11-20 parcels
- 5-10 parcels
- 3 or 4 parcels
- 1 or 2 parcels
- None

	Adults 16+	16-34	35-54	55+
1 or 2 parcels	19	19	20	17
3 or 4 parcels	6	5	8	5
None	70	71	65	73

Source: Ofcom Residential Postal Tracker, Q2 2013-Q1 2014
Base: All respondents (n = 4823 adults 16+, 1294 16-34, 1617 35-54, 1912 55+)
QC2. And how many of these items sent in the last month were parcels rather than letters or cards?

Consumers are more likely to send personal mail than any other category of post

Among those adults who had sent an item of post in the past month, personal mail was the most likely category to have been sent. The incidence of sending personal mail increases by age, with 63% of 16-34s, 70% of 35-34s and 79% of those aged 55+ having sent this type of post.

People aged 35-54 were the most likely to have sent formal mail, with 63% sending this category of mail in the past month. The proportion of 16-34s and 55+s sending formal mail was broadly similar. As also shown in Figure 6.19, older consumers were less likely to send parcels.

Figure 6.20   Categories of mail sent in the past month
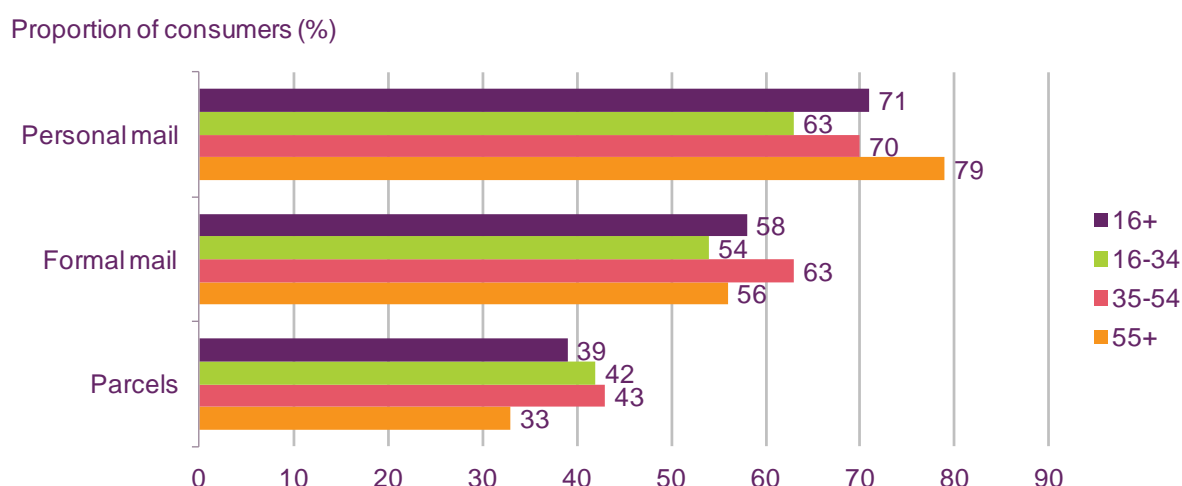
Proportion of consumers (%)

	16+	16-34	35-54	55+
Personal mail	71	63	70	79
Formal mail	58	54	63	56
Parcels	39	42	43	33

Source: Ofcom Residential Postal Tracker, Q2 2013-Q1 2014
Base: All who have personally sent any items of post in the last month (n = 3817 adults 16+, 899 16-34, 1357 35-54, 1561 55+) QC5. Which of these types of mail would you say you have personally sent in the last month by post? (multicode)

All age groups are more likely to send invitations, greetings cards or postcards than formal letters or bill payments

Looking more specifically at the types of mail that people send, Figure 6.21 shows that invitations, greetings cards and postcards are the types most commonly sent. More than half (54%) of adults had sent these in the past month. This is particularly driven by the older age groups, with six in ten (62%) of those aged 55+ having used post for this purpose in the past month.

Figure 6.21   Types of mail sent in the past month
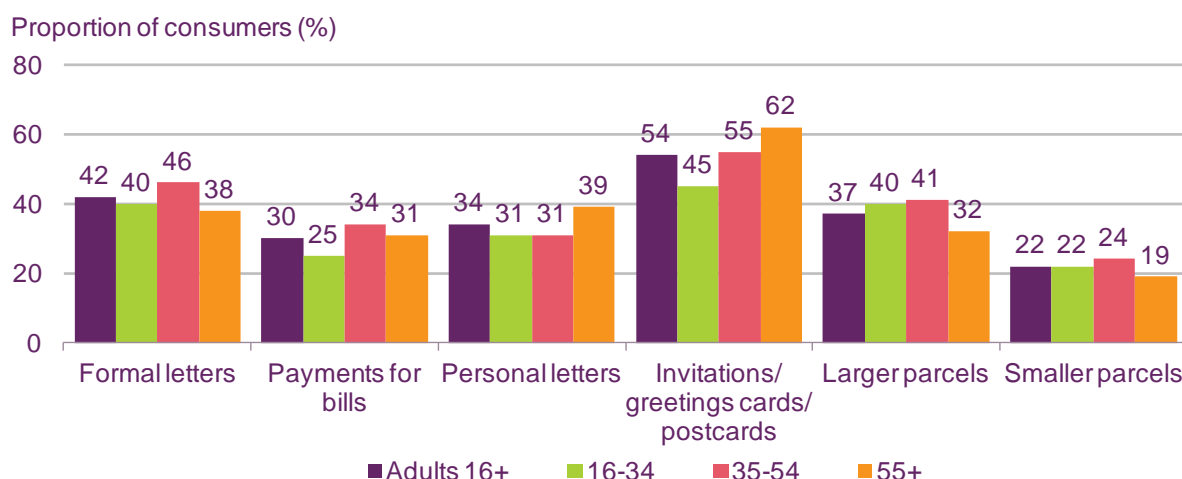
Proportion of consumers (%)

Source: Ofcom Residential Postal Tracker, Q2 2013-Q1 2014
Base: All who have personally sent any items of post in the last month (n = 3817 adults 16+, 899 16-34, 1357 35-54, 1561 55+) QC5. Which of these types of mail would you say you have personally sent in the last month by post? (multicode)

More 16-34s say they send more post now than they did two years ago – fewer say they are sending less

One-fifth (22%) of those aged 16-34 said that they are sending more post now than they did two years ago, with 14% saying that they are sending less. This is the only age group in which we see this result, and is possibly due to factors connected to the life stage. People in this age group are likely to have sent very little or no mail when they were younger, but as they start interacting with businesses and institutions for education, accommodation, employment and financial reasons, the amount of post that they send will increase. This is also a broad cohort, capturing a range of life stages, including mandatory school attendance and, potentially, becoming a parent and/or purchasing a property. As a result, the drivers for increased mail use are difficult to determine. Our research shows that younger people who are sending more mail now than two years ago are likely to be sending formal letters to businesses and individuals, rather than any other type of mail.

Figure 6.22   Percentage of respondents reporting an increasing or decreasing amount of post sent in the past two years
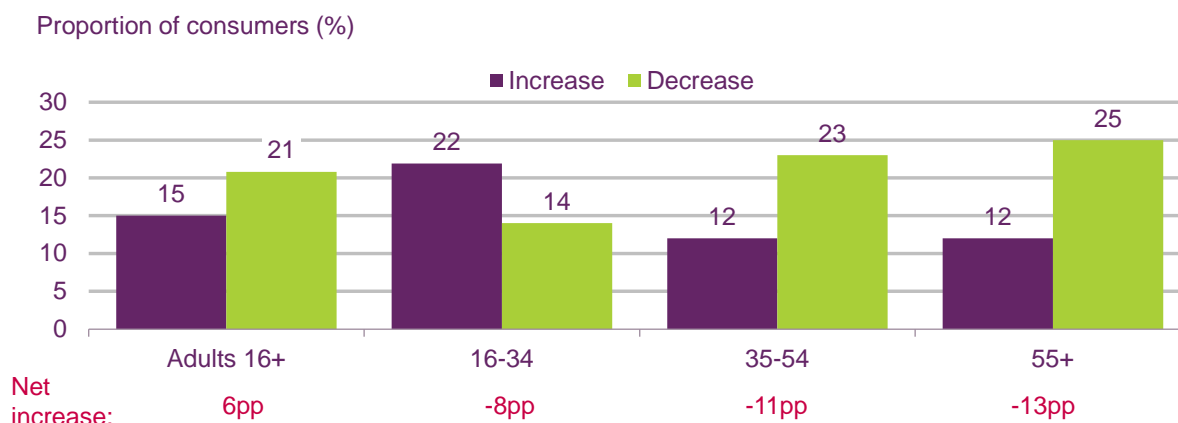
Proportion of consumers (%)

Source: Ofcom Residential Postal Tracker, Q2 2013-Q1 2014
Base: All respondents (n = 4823 adults 16+, 1294 16-34, 1617 35-54, 1912 55+)
QC10. Compared with two years ago, would you say that the number of items you send through the post has... increased greatly, increased slightly, stayed the same, decreased slightly, decreased greatly?

Among those who are sending less post than two years ago, email is the most common replacement for post

Eight in ten (80%) of those aged 16-34 who are sending less post than two years ago claim to have replaced post with email. This age group are also more likely to be using a range of alternative electronic communication methods as a replacement for post, with four in ten (38%) using SMS and one-third using voice calls on mobile phones (36%) or social networking (32%), and one in ten (12%) using instant messaging.

Those aged 35-54 are as likely to have replaced post with email as the 16-34s, but their use of multiple electronic substitutes is lower. Among those aged 55+ who are sending less post than two years ago, the use of email is significantly lower than for all adults, and the use of landline telephones the highest across all of the age groups.

Figure 6.23   Methods of communication being used instead of post

Proportion of consumers (%)
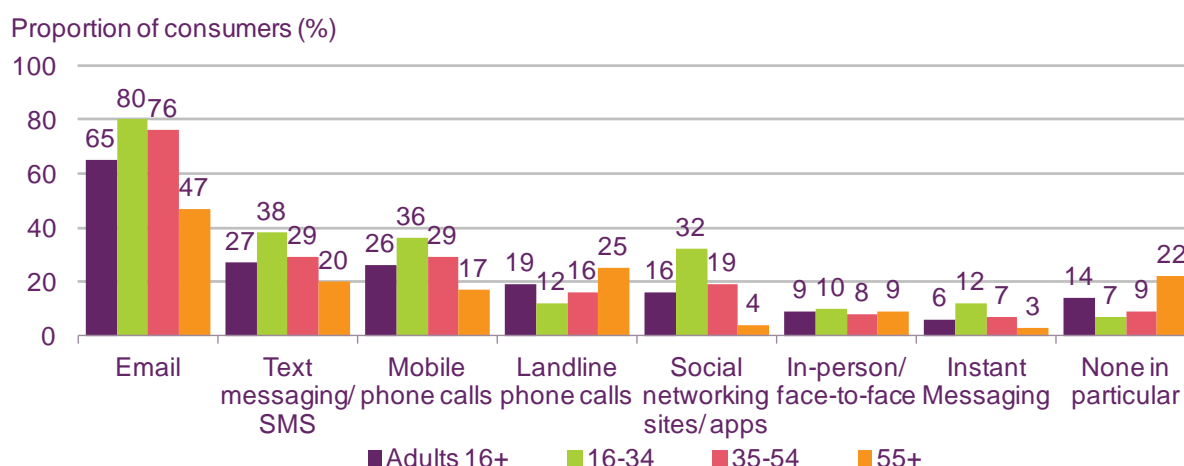
Source: Ofcom Residential Postal Tracker, Q2 2013-Q1 2014
Base: All who say that the number of items sent by post has decreased, compared to two years ago
(n = 1030 adults 16+, 180 16-34, 368 35-54, 482 55+)
QC13. As your use of post has decreased compared with two years ago, which, if any, of these other
forms of communication are you using more instead of post? (multicode)

6.3.3 Receiving post

One fifth (20%) of all adults had not received an item of post in the past week

People in the UK receive more post than they send, as the majority of mail in the UK is sent
by businesses. For the 12 months ending Q1 2014, the average number of items received in
the past week was 8.7 (Figure 6.24), while the average number of items sent per month was
6.7 (Figure 6.18). Older age groups received more post than those aged 16-34.

Those aged 16-34 were also more likely to have received no post at all in the past week,
with three in ten (29%) claiming this. Almost half (48%) of those aged 55+ had received at
least five items, compared to a quarter (27%) of those aged 16-34.

Figure 6.24   Number of items received per week
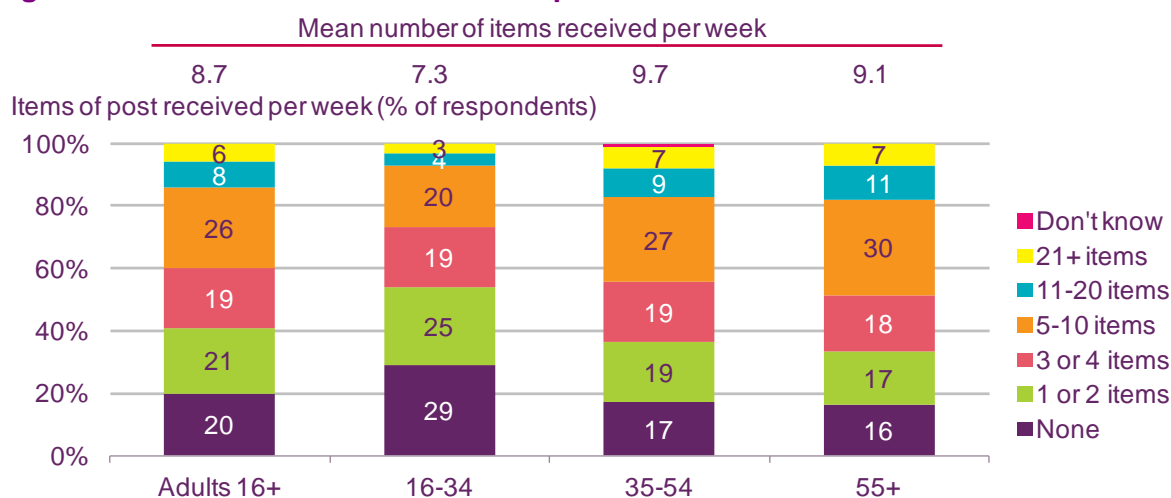
Source: Ofcom Residential Postal Tracker, Q2 2013-Q1 2014
Base: All respondents (n = 4823 adults 16+, 1294 16-34, 1617 35-54, 1912 55+)
QD1. Approximately how many items of post – including letters, cards and parcels – have you
personally received in the last week?

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Those aged 55+ are less likely to have received a parcel in the past week

Three-quarters (74%) of those aged 55+ reported not receiving any parcels in the past week, higher than the two-thirds of all adults who had done so. Those aged 16-34 were the most likely to have received one or two parcels in the past week (25%). In Q1 2014, Ofcom's Technology Tracker survey indicated that those aged 55+ are less likely than all adults to do online shopping.[99]

Figure 6.25   Number of parcels received per week
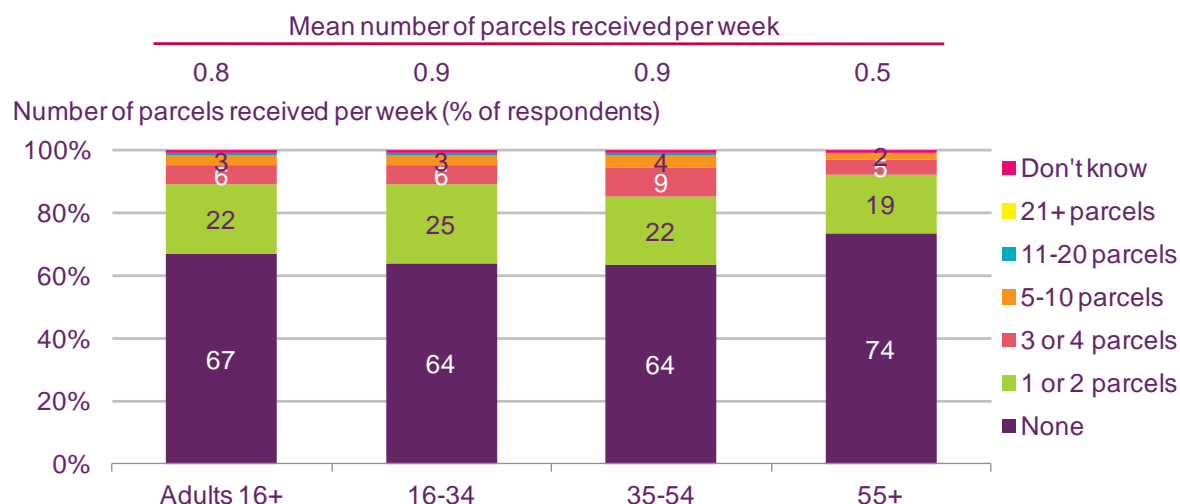
Source: Ofcom Residential Postal Tracker, Q2 2013-Q1 2014
Base: All respondents (n = 4823 adults 16+, 1294 16-34, 1617 35-54, 1912 55+)
QD2. And how many of these items received in the last week were parcels rather than letters or cards?

Half of all consumers claim to have received their parcels exclusively from Royal Mail

Of those who had received a parcel in the past week, the most likely company to have delivered their parcel was Royal Mail. Half of all respondents receiving parcels said they had had their parcels delivered exclusively by Royal Mail; a further fifth (21%) had received parcels from Royal Mail and at least one other operator. Of the operators other than Royal Mail, 9% of consumers reported taking a delivery from Parcelforce, 8% from Hermes and 7% from City Link. (Figure 6.26)

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[99] 34% of those aged 16-34 and 35% of those aged 35-54 had used their internet connection to buy goods or services in the past week, compared to 19% of those aged 55+.

Figure 6.26   Proportion of consumers reporting delivery of parcels, by company

Company parcels delivered by (% of all who have received a parcel in the past week)
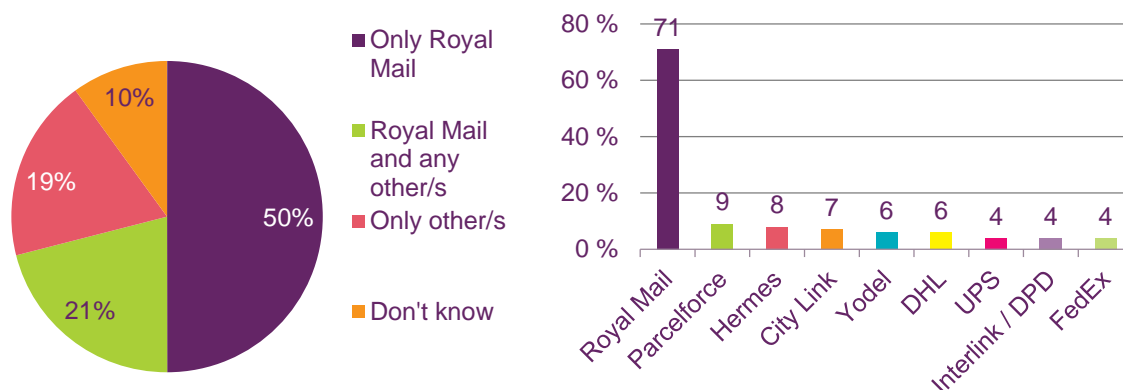
Source: Ofcom Residential Postal Tracker, Q4 2013-Q1 2014
Base: All who have received a parcel in the last week (n = 796 adults 16+)
QD17. Thinking of the parcels that you have received in the last week, which of these companies delivered the parcels? (multicode)
Chart shows companies mentioned by more than 1% of those receiving any parcels in the past week

Those aged 16-34 were less likely to have received direct mail

Transactional mail is the category of mail received most frequently by consumers, across all ages, with eight in ten (82%) claiming to have received it in the past week. This rises to 87% among those aged 35-54.

The group least likely to have received direct mail in the past week are the 16-34s, although more than half of this group said they had received some. Those aged 35-54 were more likely to have received at least one parcel, with 44% claiming to have done so.

Four in ten adults had received a parcel in the past week. Fewer over-55s than other age groups claimed to have received a parcel, with three in ten (31%) of this group having done so.

Figure 6.27   Categories of mail received in the past week
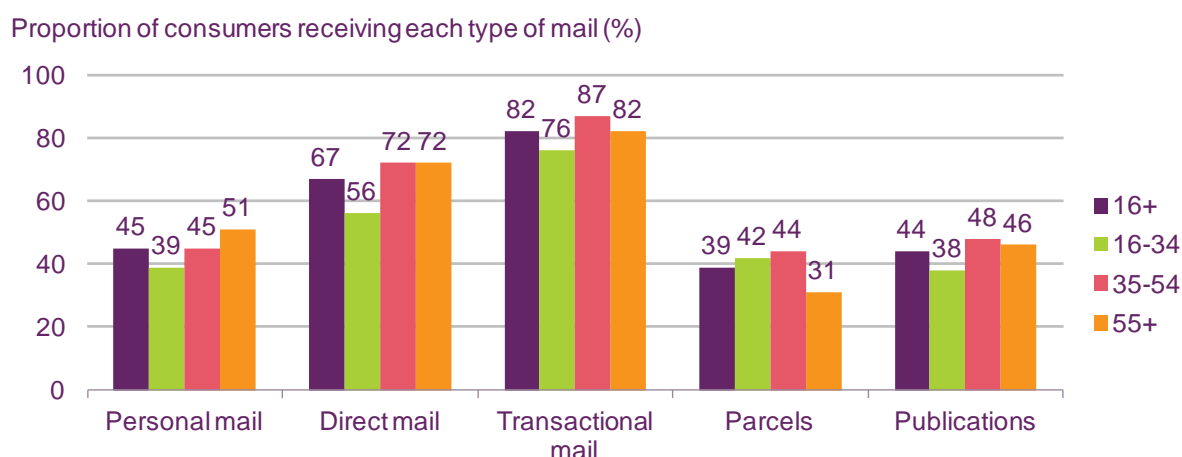
Proportion of consumers receiving each type of mail (%)

Legend: 16+, 16-34, 35-54, 55+

Category	16+	16-34	35-54	55+
Personal mail	45	39	45	51
Direct mail	67	56	72	72
Transactional mail	82	76	87	82
Parcels	39	42	44	31
Publications	44	38	48	46

Source: Ofcom Residential Postal Tracker, Q2 2013-Q1 2014
Base: All respondents (n = 4823 adults 16+, 1294 16-34, 1617 35-54, 1912 55+)
QD4. Please think about items that are addressed to you personally rather than leaflets or charity collection envelopes or bags that may come through your letterbox. Which of these types of items would you say you have personally received through the post in the last month? (multicode)

Eight in ten (82%) of all adults had received a bill or statement through the post

The majority of adults (82%) had received at least one bill, statement or invoice through the post in the past week – more than any other type of mail. Over half (53%) of adults had received a standard circular, and a similar amount had received other types of addressed marketing mail.

People were more likely to have received larger parcels (32%) than smaller parcels (24%), with subscription magazines the least likely type of mail to have been received (17%).

Figure 6.28   Types of mail received in the past week

Proportion of respondents who have received each type of mail (%)

Type	%
Bills/ invoices/ statements	82
Standard circulars	53
Letters from organisations you know	48
Addressed direct mail	46
Catalogues/ brochures	38
Larger parcels	32
Invitations/ greetings cards	32
Smaller parcels	24
Personal letters	24
Subscription magazines	17

Source: Ofcom Residential Postal Tracker, Q2 2013-Q1 2014
Base: All respondents (n = 4823 adults 16+, 1294 16-34, 1617 35-54, 1912 55+)
QD4. Please think about items that are addressed to you personally rather than leaflets or charity collection envelopes or bags that may come through your letterbox. Which of these types of items would you say you have personally received through the post in the last month? (multicode)

6.3.4 Awareness and perception of the cost of posting letters

Awareness of the correct price of a First Class stamp increases with age

Just over one-third of adults were able to correctly state the price of a First Class stamp when asked, rising to one in four (39%) of those aged 55+. Those aged 16-34 were the least likely to state the correct price of a First Class stamp, with one in four (39%) saying that they don't know.

Across all of the age groups, people were more likely to estimate a price lower than the actual price than to estimate an incorrect higher price.

Figure 6.29   Awareness of the price of a First Class stamp
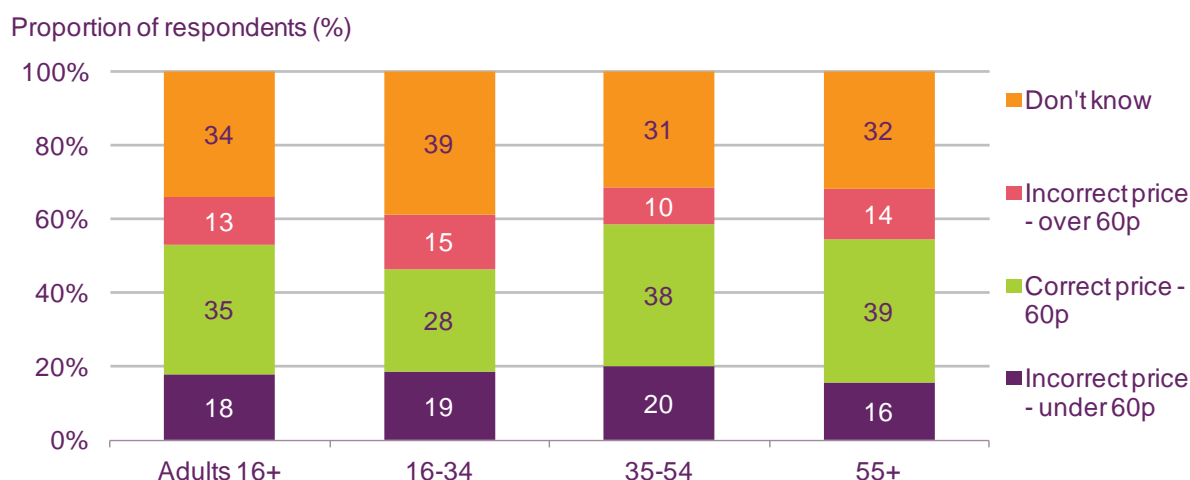
Proportion of respondents (%)

Source: Ofcom Residential Postal Tracker, Q2 2013-Q1 2014
Base: All respondents (n = 4823 adults 16+, 1294 16-34, 1617 35-54, 1912 55+)
QF1. As far as you know, how much does it currently cost to send a standard letter by first class using a stamp? (single code) Note: Our research was conducted before April 2014, when the price of a First Class stamp increased from 60p to 62p.

Three in ten (29%) of those aged 55+ were aware of the price of a Second Class stamp

Awareness of the price of a Second Class stamp was lower than awareness of the price of a First Class stamp, although the likelihood of knowing the correct price by age also increased by age.

Of all adults, just over one-fifth (22%) knew the correct price of a Second Class stamp, with half (49%) saying that they didn't know the price. Of those who guessed an incorrect price, people were more likely to understate the price than overstate it.

Figure 6.30 Awareness of the price of a Second Class stamp
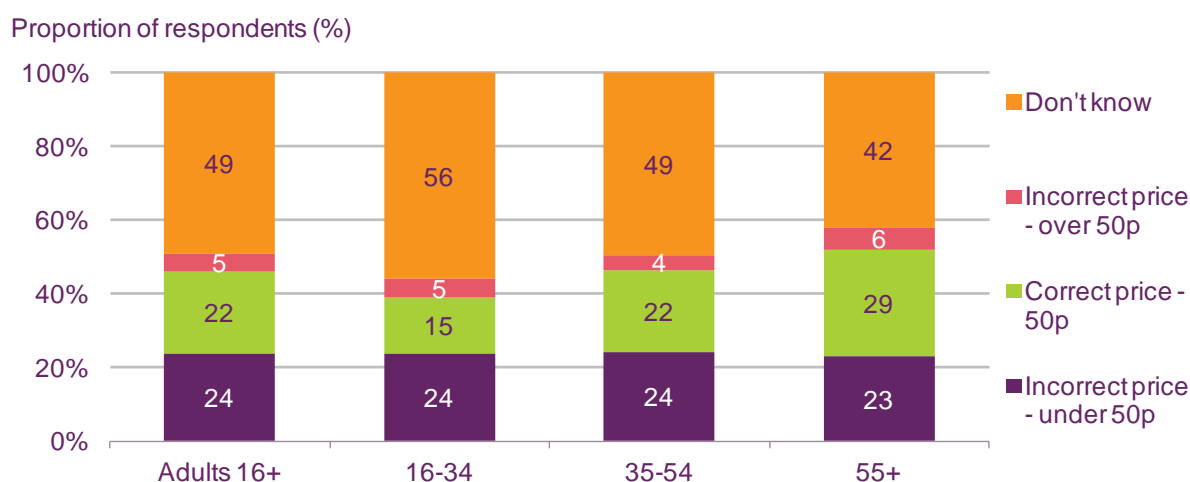
Proportion of respondents (%)

	Adults 16+	16-34	35-54	55+
Don't know	49	56	49	42
Incorrect price - over 50p	5	5	4	6
Correct price - 50p	22	15	22	29
Incorrect price - under 50p	24	24	24	23

Source: Ofcom Residential Postal Tracker, Q2 2013-Q1 2014
Base: All respondents (n = 4823 adults 16+, 1294 16-34, 1617 35-54, 1912 55+)
QF1. As far as you know, how much does it currently cost to send a standard letter by second class using a stamp? (single code) Note: Our research was conducted before April 2014, when the price of a Second Class stamp increased from 50p to 53p.

Over half of consumers consider a First Class stamp to be good value for money

More consumers consider First Class stamps than Second Class stamps to be good value for money (54% vs.46%). The faster delivery time and small price differential between the two products is likely to be the reason for this difference.

Three in ten (29%) consumers said that they thought First Class stamps were poor value for money, a similar proportion to those who perceived Second Class stamps to be poor value for money (32%).

Figure 6.31 Perception of value for money of First and Second Class stamps
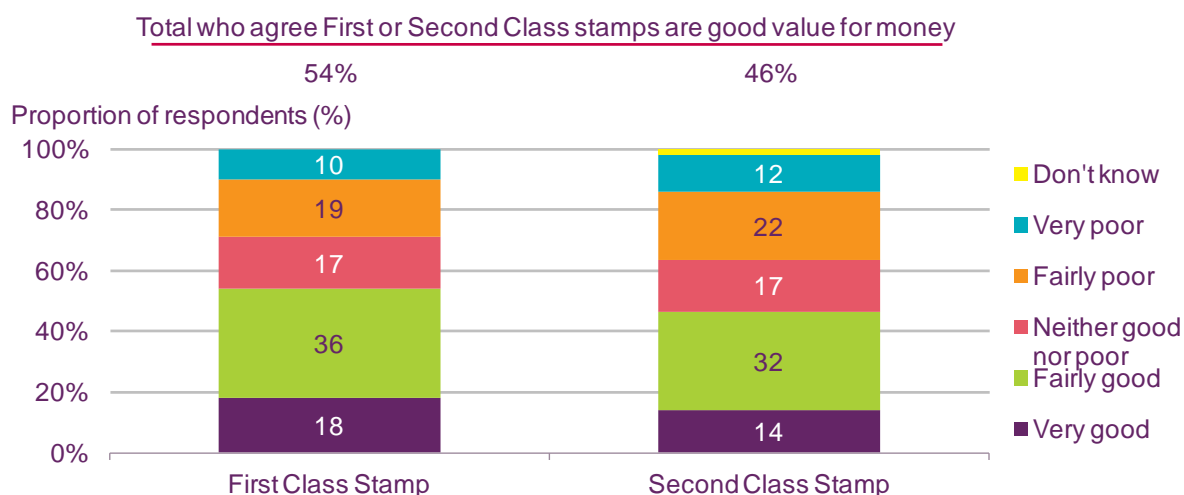
Total who agree First or Second Class stamps are good value for money

54%　　　　　　46%

Proportion of respondents (%)

	First Class Stamp	Second Class Stamp
Don't know		
Very poor	10	12
Fairly poor	19	22
Neither good nor poor	17	17
Fairly good	36	32
Very good	18	14

Source: Ofcom Residential Postal Tracker, Q2 2013-Q1 2014
Base: All respondents (n = 4823 adults 16+)
QF3/4. It currently costs 60p/50p to send a standard letter First/ Second Class within the UK. How would you rate the Royal Mail's First/ Second Class service in terms of value for money? (single code)

6.3.5 Attitudes to post

Six in ten consumers love to send and receive letters and cards

As with their use of post, consumers' attitudes to post differ by age. Six in ten adults agree with the statement "I love to send and receive letters and cards". The proportion of 16-34s agreeing with this statement was lower, at 53%, while among over-55s, seven in ten (69%) agreed.

The difference in attitude is particularly notable when electronic methods of communication are considered alongside post; 71% of 16-34s agreed that "I prefer to send emails rather than letters…", while a third (33%) of those aged 55+ agreed with this statement.

Figure 6.32   Attitudes to post: proportion of consumers agreeing with each statement

	Adults 16+	16-34	35-54	55+
I love to send and receive letters and cards	60	53	59	69
I prefer to send letters or emails to companies rather than make a phone call, so that I have a written record	61	63	65	56
I prefer to send emails rather than letters whenever possible	55	71	61	33
I only use post if there is no alternative	40	49	41	31
I send fewer letters by post now due to the cost	27	24	28	29
I would feel cut off from society if I can't send or don't receive post	53	45	51	64
I only send my mail First Class if it needs to get there the next day	48	44	44	56
I trust Second Class post to get there in a reasonable timeframe	62	61	58	69

Source: Ofcom Residential Postal Tracker, Q2 2013-Q1 2014
Base: All respondents (n = 4823 adults 16+, 1294 16-34, 1617 35-54, 1912 55+)
QH2A-H. Agreement with statements about sending/ receiving post

Two-thirds (66%) of consumers consider themselves reliant on post as a way of communicating

Post is still viewed as a key form of communication, with two-thirds of adults claiming to be reliant on it. There is little variation in this by age – in all age groups, at least six in ten say that they are either "very reliant" or "fairly reliant". However, a greater proportion of those aged 55+ say that they are "very reliant", compared to 16-34s (32% vs.19%).

Figure 6.33   Reliance on post as a way of communicating
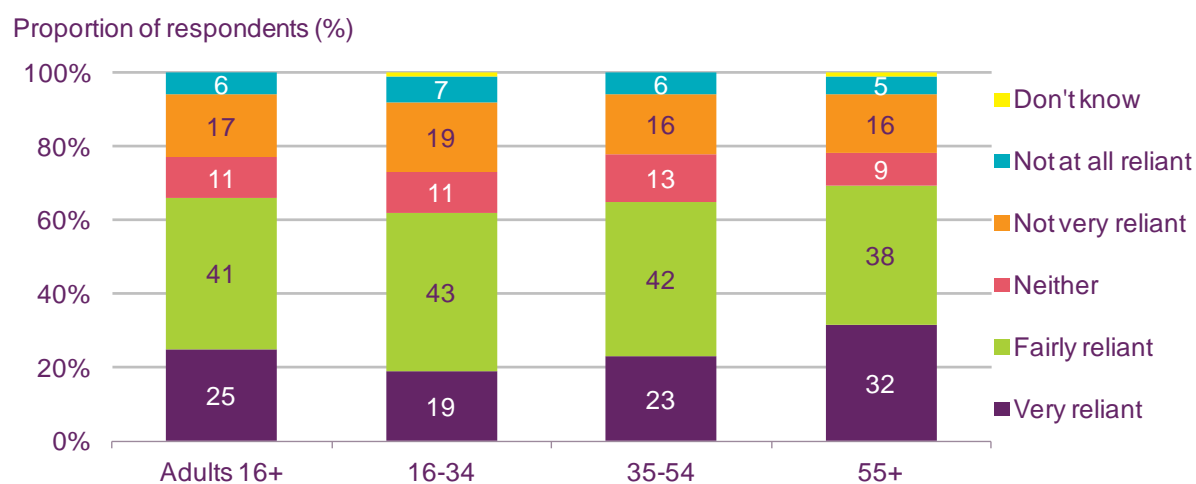
Proportion of respondents (%)

	Adults 16+	16-34	35-54	55+
Not at all reliant	6	7	6	5
Not very reliant	17	19	16	16
Neither	11	11	13	9
Fairly reliant	41	43	42	38
Very reliant	25	19	23	32

Legend: Don't know, Not at all reliant, Not very reliant, Neither, Fairly reliant, Very reliant

Source: Ofcom Residential Postal Tracker, Q2 2013-Q1 2014
Base: All respondents (n = 4823 adults 16+, 1294 16-34, 1617 35-54, 1912 55+)
QE1. How reliant would you say you are on post as a way of communicating? (single code)

The Communications Market 2014

7   Glossary and Table of Figures

Glossary

2.5G In mobile telephony, 2.5G protocols extend 2G systems to provide additional features such as packet-switched connections (GPRS) and higher-speed data communications.

2G Second generation of mobile telephony systems. Uses digital transmission to support voice, low-speed data communications, and short messaging services.

3.5G Refers to evolutionary upgrades to 3G services, starting in 2005-2006, that provide significantly enhanced performance. High Speed Downlink Packet Access is expected to become the most popular 3.5G technology (see HSDPA).

3DTV Three-dimensional television. A television viewing system whereby a 3D effect is created for the viewer. The 3D image is generated using red and blue colour tints on two overlaid images intended for left and right eye. Some forms of 3D TV can involve the viewer wearing glasses (stereoscopic) but more advanced systems do not require glasses (auto-stereoscopic).

3G LTE See LTE

3G Third generation of mobile systems. Provides high-speed data transmission and supports multimedia applications such as full-motion video, video-conferencing and internet access, alongside conventional voice services.

4G The fourth generation of mobile phone mobile communication technology standards, which provides faster mobile data speeds than the 3G standards that it succeeds.

802.11 see Wireless LANs (WiFi)

Access Allowing other companies operating in the postal market, or other users of postal services, to use Royal Mail's facilities for the partial provision of a postal service.

Access network An electronic communications network which connects end-users to a service provider; running from the end-user's premises to a local access node and supporting the provision of access-based services. It is sometimes referred to as the 'local loop' or 'last mile'.

Active audience – the total number of people who visited any website or used any internet connected application at least once in a given month.

ADSL Asymmetric digital subscriber line. A digital technology that allows the use of a standard telephone line to provide high-speed data communications. Allows higher speeds in one direction (towards the customer) than the other.

ADSL2+ A technology which extends the maximum theoretical downstream data speed of ADSL from 8Mbit/s to 24Mbit/s/

ADSL Max BT's range of commercial ADSL services.

ADS-RSLs Audio distribution systems restricted service licences. These licences are issued for broadcast radio services using spectrum outside the 'traditional' broadcast bands (i.e. FM and AM). Typically offering commentary and other information for attendees within a stadium or venue on specially-designed radio receivers for sale at the event (as they do not use standard broadcast frequencies).

Alternative operator Refers to service providers, usually in telecoms, other than the incumbent (or established) operator/s (see incumbent operator/s).

AM Amplitude modulation. Type of modulation produced by varying the strength of a radio signal. This type of modulation is used by broadcasters in three frequency bands: medium frequency (MF, also known as medium wave (MW)); low frequency (LF, also known as long wave (LW)), and high frequency ((HF, also known as short wave (SW)). The term AM is also used to refer to the medium frequency band (see MF, below).

ARPU Average revenue per user. A measurement used by pay-television or mobile companies to indicate the average monthly revenue earned from a subscriber.

Asynchronous Transfer Mode (ATM) A networking technology designed to handle high data volumes and low-latency content such as real-time voice and video.

ATT Analogue terrestrial television. The television broadcast standard that all television industries launched with. Most countries in this study are planning to phase out ATT in the next ten years.

BARB Broadcasters Audience Research Board. The pan-industry body that measures television viewing.

Bit-rates The rate at which digital information is carried within a specified communication channel.

BitTorrent A peer-to-peer file sharing protocol which uses 'trackers' on websites to index content and is used by a number of BitTorrent clients to download and upload content.

Blog Short for weblog. A weblog is a journal (or newsletter) that is frequently updated and intended for general public consumption. Blogs generally represent the personality of the author or the website.

Bluetooth Wireless standard for short-range radio communications between a variety of devices such as PCs, headsets, printers, mobile phones, and PDAs.

Broadband A service or connection generally defined as being 'always on' and providing a bandwidth greater than narrowband.

Bulk mail High volumes of mail sent in one posting, typically of the same format and weight and often sorted to a predetermined level before being handed to the operator

CAGR Compound Annual Growth Rate. The average annual growth rate over a specified period of time. It is used to indicate the investment yield at the end of a specified period of time. The mathematical formula used to calculate CAGR = (present value/base value)^(1/#of years) – 1

Catch-up TV Usually refers to a services that allow consumers to watch or listen to content on a non-linear basis after the initial broadcast.

Communications Act Communications Act 2003, which came into force in July 2003.

'Connected' TV A television that is broadband-enabled to allow viewers to access internet content.

Contention ratio An indication of the number of customers who share the capacity available in an ISP's broadband network. Figures of 50:1 for residential broadband connections and 20:1 for business are typical).

CPS Carrier pre-selection. The facility offered to customers which allows them to opt for certain defined classes of call to be carried by an operator, selected in advance and with whom they have a contract. CPS does not require the customer to dial a routing prefix or use a dialler box.

DAB Digital audio broadcasting. A set of internationally-accepted standards for the technology by which terrestrial digital radio multiplex services are broadcast in the UK.

Data packet In networking, the smallest unit of information transmitted as a discrete entity from one node on the network to another.

DCMS Department for Culture, Media and Sport

Delivery office A facility serving a defined geographical area where postal packets are prepared for final delivery

Digital audience The active audience across laptop/desktop computers and mobile phones.

Digital Britain The government report, published in June 2009, outlining a 'strategic vision for ensuring that the UK is at the leading edge of the global digital economy'.

Digital switchover The process of switching over the analogue television or radio broadcasting system to digital.

Direct mail Addressed advertising mail

DMB Digital mobile broadcasting. A variant of the DAB digital radio standard for mobile TV services, and an alternative to DVB-H (see DVB, below).

Dongle A physical device, attached to a PC's USB port, which adds hardware capabilities.

Downstream access Access to Royal Mail's postal network at an inward mail centre or at any point in the postal chain after that.

Downstream The activities of inward sortation and delivery.

DRM Digital rights management. The technology that controls access and use of digital content.

DSL Digital subscriber line. A family of technologies generally referred to as DSL, or xDSL, capable of transforming ordinary phone lines (also known as 'twisted copper pairs') into high-speed digital lines, capable of supporting advanced services such as fast internet access and video on demand. ADSL, HDSL (high data rate digital subscriber line) and VDSL (very high data rate digital subscriber line) are all variants of xDSL).

DTR See DVR

DTT Digital terrestrial television. The television technology that carries the Freeview service.

DVB Digital Video Broadcasting. A set of internationally-accepted open standards for digital broadcasting, including standards for distribution by satellite, cable, radio and hand-held devices (the latter known as DVB-H). The DVB Project develops the standards.

DVB-T2. The latest digital terrestrial transmission technology developed by DVB. The technology is being used to facilitate the introduction of HDTV on DTT in the UK. DVB-S2 (satellite) and DVB-C2 (cable) are also available.

DVD Digital versatile disc. A high-capacity CD-size disc for carrying audio-visual content. Initially available as read-only, but recordable formats are now available.

DVR Digital video recorder (also known as 'personal video recorder' and 'digital television recorder'). A digital TV set-top box including a hard disk drive which allows the user to record, pause and rewind live TV.

End-to-end Operators other than Royal Mail that provide a full postal service from collection to delivery

EPG Electronic programme guide. A programme schedule, typically broadcast alongside digital television or radio services, to provide information on the content and scheduling of current and future programmes.

E-reader An electronic, portable device capable of downloading and displaying text such as digital books or newspapers.

E-retail Distance shopping, using online services to order and pay for goods

EST Electronic sell through. For the purposes of this report electronic sell-through is audio visual content that is purchased and a copy permanently kept, ie not rented.

Feature phone A low-end mobile phone that has less computing ability than a smartphone, but more capability than the most basic handsets.

Fibre-to-the-building A form of fibre-optic communication delivery in which an optical fibre is run directly onto the customer's premises.

Fibre-to-the-cabinet Access network consisting of optical fibre extending from the access node to the street cabinet. The street cabinet is usually located only a few hundred metres from the subscriber premises. The remaining segment of the access network from the cabinet to the customer is usually a copper pair but could use another technology, such as wireless.

Fibre-to-the-home A form of fibre optic communication delivery in which the optical signal reaches the end user's living or office space.

Fibre-to-the-premise A form of fibre-optic communication delivery in which an optical fibre is run directly onto the customer's premises.

First-run acquisitions A ready-made programme bought by a broadcaster from another rights holder and broadcast for the first time in the UK during the reference year.

First-run originations Programmes commissioned by or for a licensed public service channel with a view to their first showing on television in the United Kingdom in the reference year.

FM Frequency modulation. Type of modulation produced by varying the frequency of a radio carrier in response to the signal to be transmitted. This is the type of modulation used by broadcasters in part of the VHF (Very High Frequency) band, known as VHF Band 2.

Format The type of programme service broadcast by radio stations. Also, the part of a radio station's licence which describes the programme service.

Frame relay A wide area network technology which is used to provide a continuous, dedicated connection between sites without the need for a leased line.

Free-to-air Broadcast content that people can watch or listen to without having to pay a subscription.

Fulfilment mail Requested goods including tickets, brochures, packets and parcels

GDP Gross Domestic Product.

GPRS General packet radio service, a packet data service provided over 2.5G mobile networks.

GPS The GPS (global positioning system) is a 'constellation' of 24 well-spaced satellites that orbit the Earth and make it possible for people with ground receivers to pinpoint their geographic location.

GSM Global standard for mobile telephony, the standard used for 2G mobile systems.

HDTV High-definition television. A technology that provides viewers with better quality, high-resolution pictures.

Headline connection speed The theoretical maximum data speed that can be achieved by a given broadband. A number of factors, such as the quality and length of the physical line from the exchange to the customer, mean that a given customer may not experience this headline speed in practice.

HSPA Jointly, downlink and uplink mobile broadband technologies are referred to as HSPA (High Speed Packet Access) services.

Hyper-local website An online news or content services pertaining to a town, village, single postcode or other small geographically-defined community.

IDTV Integrated digital television set. A television set that includes a digital tuner (as well as analogue) and therefore does not require an additional set-top box to receive digital television. IDTVs are most commonly capable of receiving DTT but also digital satellite (Freesat).

Incumbent operator/s An incumbent operator usually refers to a market's established provider/s and in the case of the UK fixed market this is BT and Kingston Communications.

International roaming A service offered by mobile operators that allows customers to use their phone abroad. The home operator has agreements with foreign operators that allow customers to make and receive calls, send and pick up text messages, and use some of the other mobile services (such as access to voicemail or topping-up credit on pre-pay phones). The exact services available and the charges for their use vary between operators.

Internet A global network of networks, using a common set of standards (e.g. internet protocol), accessed by users with a computer via a service provider.

Internet-enabled mobile phone A mobile phone which allows its user to access the internet via in-built access technology such as GPRS or WCDMA.

Internet-enabled TV An umbrella term covering any television set connected to the internet via a third-party device, such as a set-top box, a games console or a laptop/PC.

Internet property A full domain (i.e. felmont.com), pages (i.e. sports.felmont.com/tennis), applications or online services under common ownership or majority ownership for a single legal entity.

IP (internet protocol) The packet data protocol used for routing and carrying messages across the internet and similar networks.

IPTV Internet protocol television. The term used for television and/or video signals that are delivered to subscribers or viewers using internet protocol (IP), the technology that is also used to access the internet. Typically used in the context of streamed linear and on-demand content, but also sometimes for downloaded video clips.

ISDN Integrated services digital networks. A standard developed to cover a range of voice, data, and image services intended to provide end-to-end, simultaneous handling of voice and data on a single link and network.

ISP Internet service provider. A company that provides access to the internet.

ITC Independent Television Commission, one of the regulators replaced by Ofcom in 2003

ITV All references to ITV1 should be read as including STV, UTV and Channel Television.

ITV licensees ITV Broadcasting Limited, STV, UTV and Channel Television.

LAN (Local area network) A network for communication between computers covering a local area, like a home or an office.

Large letter This refers to Royal Mail's definition Large Letter. A Large Letter is any item larger than a Letter and up to 353mm in length, 250mm in width and 25mm in thickness, with a maximum weight of 750g.

L-Band A range of frequencies within which an allocation has been made in much of the world for broadcasting (1452 to 1492 MHz), generally by satellite, but in Europe for terrestrial digital sound broadcasting in the range 1452 to 1480 MHz. Some DAB digital radio receivers can tune to this range.

Leased line A transmission facility which is leased by an end user from a public carrier, and which is dedicated to that user's traffic.

LLU (local loop unbundling) LLU is the process where the incumbent operators (in the UK it is BT and Kingston Communications) make their local network (the lines that run from customers premises to the telephone exchange) available to other communications providers. The process requires the competitor to deploy its own equipment in the incumbent's local exchange and to establish a backhaul connection between this equipment and its core network.

Local loop The access network connection between the customer's premises and the local PSTN exchange, usually a loop comprised of two copper wires.

L-RSL See also S-RSLs – Long Term Restricted Service Licences. L-RSLs are a means of providing a radio service for a non-resident population within a defined establishment such as hospital patients and staff, students on a campus, or army personnel. They are available

on demand, provided they meet the licensing criteria and that a suitable frequency is available. Licences are renewable after the initial five-year term.

LTE (Long-term evolution). Part of the development of 4G mobile systems that started with 2G and 3G networks.

Machine to machine (M2M) – wired and wireless technologies that allow systems to communicate with each other.

Mail centre A facility serving a geographical area used for the sortation of postal packets

Micro-blogging short form blogging, where posts are typically small elements of content such as short sentences, individual images or video links.

MMS Multimedia Messaging Service. The next generation of mobile messaging services, adding photos, pictures and audio to text messages.

MNO Mobile Network Operator, a provider which owns a cellular mobile network.

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

Modem sync speed The data rate at which a broadband network negotiates with a modem and the maximum data rate that a particular broadband service can support.

MP3 (MPEG-1 Audio Layer-3) A standard technology and format for compressing a sound sequence into a very small file (about one-twelfth the size of the original file) while preserving the original level of sound quality when it is played.

MP3 player A device that is able to store and play back MP3 files.

MPEG Moving Picture Experts Group. A set of international standards for compression and transmission of digital audio-visual content. Most digital television services in the UK use MPEG2, but MPEG4 offers greater efficiency and is likely to be used for new services including TV over DSL and high-definition TV.

Multichannel In the UK, this refers to the provision or receipt of television services other than the main five channels (BBC One and Two, ITV1, Channel 4/S4C, Five) plus local analogue services. 'Multichannel homes' comprise all those with digital terrestrial TV, satellite TV, digital cable or analogue cable, or TV over broadband. Also used as a noun to refer to a channel only available on digital platforms (or analogue cable).

Multiplex A device that sends multiple signals or streams of information on a carrier at the same time in the form of a single, complex signal. The separate signals are then recovered at the receiving end.

MVNO An organisation which provides mobile telephony services to its customers, but does not have allocation of spectrum or its own wireless network.

MW See MF and AM above.

Narrowband A service or connection providing data speeds up to 128kbit/s, such as via an analogue telephone line, or via ISD.

Near video on demand (NVoD), a service based on a linear schedule that is regularly repeated on multiple channels, usually at 15-minute intervals, so that viewers are never more than 15 minutes away from the start of the next transmission.

Net neutrality The principle that all traffic on the internet should be treated equally, regardless of content, site or platform.

Next-generation access networks (NGA) New or upgraded access networks that will allow substantial improvements in broadband speeds. This can be based on a number of technologies including cable, fixed wireless and mobile. Most often used to refer to networks using fibre optic technology.

Next-generation core networks (NGN) Internet protocol-based core networks which can support a variety of existing and new services, typically replacing multiple, single service legacy networks

Non-linear Content that is delivered 'on demand' as opposed to linear, broadcast content.

Oftel Office of Telecommunications, whose functions transferred to Ofcom on 29 December 2003.

'Over-the-top' video Refers to audio-visual content delivered on the 'open' internet rather than over a managed IPTV architecture.

Pact Producers Alliance for Cinema and Television, the UK trade association for independent film, television, animation and interactive media companies.

Pay-per-view A service offering single viewings of a specific film, programme or event, provided to consumers for a one-off fee.

PDA Personal Digital Assistant.

Peak time The period during which: a radio station broadcasts its breakfast show and, on weekdays only, also its afternoon drive-time show; a television station broadcasts its early- and mid-evening schedule, typically used by Ofcom to refer to the period between 18:00 and 22:30 each day (including weekends).

Peer-to-peer (P2P) distribution The process of directly transferring information, services or products between users or devices that operate on the same hierarchical level.

Pipeline Stages involved in the production and distribution process of a good or service from the initiation of the process to the delivery of the final product. In postal services the pipeline refers to the stages from collection to delivery of a postal item.

Podcasting A way for digital audio files to be published on the internet, and then downloaded onto computers and transferred to portable digital audio players.

Postal packets A letter, parcel, packet or other article transmissable by post

PSB Public service broadcasting, or public service broadcaster. The Communications Act in the UK defines the PSBs as including the BBC, ITV1 (including GMTV1), Channel 4, Five and S4C.

PSTN Public switched telephone network. The network that manages circuit-switched fixed-line telephone systems.

Publications Regularly produced publications such as periodicals and magazines

'Pull' VOD A video-on-demand system where content is delivered in real time to the viewers. The approach is usually favoured on platforms that have a high-speed return path, such as cable or IPTV

'Push' VOD A video-on-demand system where content is downloaded to the hard disk of a set-top box rather than streamed in real time via a wired network. The approach is usually favoured on platforms that do not have a high-speed return path, such as satellite or terrestrial.

PVR See DVR

RAJAR Radio Joint Audience Research – the pan-industry body which measures radio listening.

Registered items A service of conveying postal packets from one place to another by post which provides for the registration of the packets in connection with their conveyance by post and for the payment of an amount determined by the person providing the service in the event of the theft or loss or damage to the packets

Repeats All programmes not meeting the definition of first-run origination or first-run acquisition.

Royal Mail Wholesale A business unit within Royal Mail Group that negotiates with any postal operator or user who applies for access to Royal Mail Group's postal network.

RSL Restricted service licence. A radio licence serving a single site (e.g. a hospital or university campus) or serving a wider area on a temporary basis (e.g. for festivals and events).

Service bundling (or multi-play) A marketing term describing the packaging together of different communications services by organisations that traditionally only offered one or two of those services.

Service provider A provider of electronic communications services to third parties, whether over its own network or otherwise.

Share (radio) Proportion of total listener hours, expressed as a percentage, attributable to one station within that station's total survey area.

Share (TV) Proportion of total TV viewing to a particular channel over a specified time, expressed as a percentage of total hours of viewing.

SIM (Subscriber Identity Module) A SIM or SIM card is a small flat electronic chip that identifies a mobile customer and the mobile operator. A mobile phone must have a SIM card inserted before it can be used.

SIM-only A mobile contract that is sold without a handset.

Simulcasting The broadcasting of a television or radio programme service on more than one transmission technology (e.g. FM and MW, DAB and FM, analogue and digital terrestrial television, digital terrestrial and satellite).

Smart glasses

1. A wearable computer that displays information in the wearer's field of vision and may support speech interaction. Much of the information is retrieved via a mobile network internet connection, although this link may require use of a mobile phone connected wirelessly to the glasses. Typical applications include mapping and directions, phone call initiation and answering, and taking photographs and videos.

2. A secondary category of smart glasses, designed for use by people with visual impairments, using sensors to provide higher-contrast display of objects in front of the wearer.

Smartphone A mobile phone that offers more advanced computing ability and connectivity than a contemporary basic 'feature phone'.

Smart TV A standalone television set with inbuilt internet functionality.

Smartwatch A wearable computer that provides features in addition to those to be expected of a watch. Typically they are connected wirelessly to a mobile phone and display incoming messages, call status and provide some degree of control over the phone, including call answering and control of audio playback. Other features can include motion sensors, cameras and GPS.

SME Small to medium-sized enterprise. A company with fewer than 250 employees.

SMS Short Messaging Service, usually used to refer to mobile text messaging (see text message below).

Social networking site (SNS) A website that allows users to join communities and interact with friends or to others that share common interests.

Socio-economic group (SEG) A social classification, classifying the population into social grades, usually on the basis of the Market Research Society occupational groupings (MRS, 1991). The groups are defined as follows.

A. Professionals such as doctors, solicitors or dentists, chartered people like architects; fully qualified people with a large degree of responsibility such as senior civil servants, senior business executives and high ranking grades within the armed forces. Retired people, previously grade A, and their widows.

B. People with very senior jobs such as university lecturers, heads of local government departments, middle management in business organisations, bank managers, police inspectors, and upper grades in the armed forces.

C1. All others doing non-manual jobs, including nurses, technicians, pharmacists, salesmen, publicans, clerical workers, police sergeants and middle ranks of the armed forces.

C2. Skilled manual workers, foremen, manual workers with special qualifications such as lorry drivers, security officers and lower grades of the armed forces.

D. Semi-skilled and unskilled manual workers, including labourers and those serving apprenticeships. Machine minders, farm labourers, lab assistants and postmen.

E. Those on the lowest levels of subsistence including all those dependent upon the state long-term. Casual workers and those without a regular income.

S-RSLs Short-term restricted service licences (S-RSLs) are issued for temporary local radio stations which usually serve a very localised coverage area, such as an education campus, a sports event, or a music or religious festival site. These licences are also used for temporary trials of community stations, sometimes to gauge interest before applying for a five-year community licence.

Streaming content Audio or video files sent in compressed form over the internet and consumed by the user as they arrive. Streaming is different to downloading, where content is saved on the user's hard disk before the user accesses it.

Superfast broadband Sometimes known as next-generation broadband, super-fast broadband delivers headline download speeds of at least 30Mbit/s.

Tablet computer A mobile computer which is included within a single panel with a touchscreen.

Telecommunications, or 'telecoms' Conveyance over distance of speech, music and other sounds, visual images or signals by electric, magnetic or electro-magnetic means.

Text message A short text-only communication sent between mobile devices.

Time-shifting The broadcasting of a television service on more than one channel with a specified delay (typically an hour), to provide more than one opportunity for viewers to watch the service. Alternatively, the recording of programmes by viewers (using DVRs, recordable DVDs or VCRs) to watch at another time.

Transactional mail Business mail usually sent on a regular scheduled basis, often used in financial transactions, including statements, invoices and credit card bills

Transmitter A device which amplifies an electrical signal at a frequency to be converted, by means of an aerial, into an electromagnetic wave (or radio wave). The term is commonly used to include other, attached devices, which impose a more simple signal onto the frequency, which is then sent as a radio wave. The term is sometimes also used to include the cable and aerial system referred to above, and indeed the whole electrical, electronic and physical system at the site of the transmitter.

TSA Total survey area. The coverage area within which a radio station's audience is measured by RAJAR.

TV over DSL/TV over broadband A technology that allows viewers to access TV content – either in a linear programme schedule, or on demand – using internet protocol via broadband services, either on a PC or (via a set-top box) on a TV set.

TVWF Television Without Frontiers. A range of provisions designed to achieve coordination of the legal, regulatory and administrative frameworks of European Union member states with respect to television broadcasting, adopted by the European Council in 1989 and amended in 1997. TVWF was replaced by the Audio Visual Media Services (AVMS) Directive in December 2007.

UKOM UK Online Measurement. A media industry measurement of UK consumers' online activity, specified by UKOM Ltd and delivered by comScore.

UKPIL UK Parcels, International and Letters is a division of Royal Mail Group which comprises parcels, international and media & unaddressed mail services

UMA Unlicensed Mobile Access, a technology that provides roaming between GSM and 802.11 WiFi

UMTS Universal mobile telecommunications system. The 3G mobile technologies most commonly used in the UK and Europe.

Unaddressed mail Also known as door-to-door and door drops, unaddressed mail is advertising mail with no specified recipient, usually distributed to all households within a targeted geographical area

Unbundled A local exchange that has been subject to local loop unbundling (LLU).

Unique audience The number of different people visiting a website or using an application.

Usage caps Monthly limits on the amount of data which broadband users can download, imposed by some ISPs.

UWB Ultra-wideband A technology developed to transfer large amounts of data wirelessly over short distances, typically less than ten metres.

VCR Video cassette recorder.

VHF Very High Frequency The part of the spectrum between 30 MHz and 300 MHz. FM radio is broadcast on part of this band (87.6 MHz to 107.9 MHz) and DAB digital radio is broadcast on another (Band III: 217.5 MHz to 230 MHz in the UK, and over a wider range, but shared with TV services, elsewhere in Europe).

VOD Video-on-demand A service or technology that enables TV viewers to watch programmes or films whenever they choose to, not restricted by a linear schedule (also see 'push' VOD and 'pull' VOD.

VoIP Voice over Internet Protocol. A technology that allows users to send calls using internet protocol, using either the public internet or private IP networks.

WAP Wireless application protocol.

Web 2.0 A perceived 'second generation' of web-based communities and hosted services - such as social networking sites and wikis, which facilitate collaboration and sharing between users.

Widget Widgets are small chunks of code embedded on desktops, web pages, mobile phones and TVs to enable content to be distributed.

WiFi hotspot A public location which provides access to the internet using WiFi technology.

WiMAX A wireless MAN (metropolitan area network) technology, based on the 802.16 standard. Available for both fixed and mobile data applications.

Wireless LAN or WiFi (Wireless fidelity) Short-range wireless technologies using any type of 802.11 standard such as 802.11b or 802.11a. These technologies allow an over-the-air connection between a wireless client and a base station, or between two wireless clients.

WLR (Wholesale line rental) A regulatory instrument requiring the operator of local access lines to make this service available to competing providers at a wholesale price.

XHTML (Extensible HTML) A mark-up language for Web pages from the W3C. XHTML combines HTML and XML into a single format (HTML 4.0 and XML 1.0).

Table of Figures