Communications Market Report: Scotland

Research Document

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Introduction

This is Ofcom's seventh annual review of communication markets in Scotland, offering an overview of the take-up and use of communications services across the nation.

In last year's review we reported that Scotland was falling behind the rest of the UK in communications activity, particularly in the take-up of broadband. This year's report paints a different picture, with some evidence that Scotland is now on more of a level footing with the other nations in the UK.

Broadband take-up has risen seven percentage points since last year, and while still below the overall UK figure, Scotland is now on a par with both Wales and Northern Ireland. Smartphone take-up remains below the UK average, but in Scotland last year the rate of growth outstripped that of the UK as a whole, with the increase most marked in urban areas. There were similar signs of catch-up in the use of mobile phones to access the internet – the rate of increase between Q1 2011 and Q1 2012 was rapid, with the proportion increasing from 21% to 31%. This has been accompanied by a sharp and significant increase in use of social networking sites in Scotland.

The report also provides evidence that people in Scotland put a high value on their communications devices. Consumers in Scotland said that they were less likely to cut spend on communications services compared to other areas of spending. Consumers there were also much more satisfied than they were last year with the speed of their fixed broadband service. This year, satisfaction has increased significantly by 12 percentage points, returning to the same level of satisfaction as in 2009.

In terms of broadcasting, the 2012 report illustrates the continuing trend of increased network production in Scotland, with first-run productions accounting for 4.9% of UK first-run expenditure.

For the first time we provide research on the postal market, following the responsibilities given to Ofcom in the Postal Services Act 2011. In Scotland, fewer consumers (51%) claim to send items of post regularly than the UK average of 58%. This year we also report in greater depth on the factors underlying the low level of broadband take-up in Glasgow, which was evident in last year's *Communications Market Report*.

Contents

Setting the scene

Key facts about Scotland

Figure	Scotland	UK
Population	5.222m (mid-2010 estimate)	62.262m (mid-2010 estimate)
Age profile	Population aged <16: 17.5% Population aged 65+: 16.8%	Population aged <16: 18.6% Population aged 65+: 16.6%
Population Density	67 per sq km	257 people per sq km
Language[1]	92,400 people aged 3 and over (1.9 per cent of the population) had some Gaelic language ability in 2001.	n/a
Unemployment	8.0% of the working age population	8.3% of the working age population
Income and expenditure	Weekly household income: £669 Weekly household expenditure: £447	Weekly household income: £699 Weekly household expenditure: £466

Source: Office for National Statistics: Region and Country Profiles, Key Statistics - February 2012; Office for National Statistics: Family Spending 2011 edition.
[1]*2001 Census; Gaelic Report*

A note on our survey research

We conducted a face-to-face survey of 3,772 respondents aged 16+ in the UK, with 449 interviews conducted in Scotland. Quotas were set and weighting applied to ensure that the sample was representative of the population of Scotland in terms of age, gender, socio-economic group and geographic location.

Fieldwork took place in January and February 2012.

Respondents were defined as urban if they lived in a settlement with a population of 2000 or more, and rural if they lived in areas with smaller populations.

The survey sample in Scotland has error margins of approximately +/- 3-4% at the 95% confidence level. In urban and rural areas, survey error margins are approximately +/-4-6%.

In addition to the survey data, this report refers to information from a range of other sources, including data provided to Ofcom by stakeholders.

Tables summarising the data collected in our survey are published on Ofcom's website.

1 Scotland's communications market

1.1 Introduction and key findings for Scotland

Introduction

This section sets out a selection of the key facts and figures relating to communications markets across Scotland in 2012, comparing and contrasting between nations and highlighting changes that have taken place in the past year.

Key findings for Scotland

Communications services during the economic downturn

- **People in Scotland say they are less likely to cut back on spending on communications services (47%) if forced to make savings,** compared to the UK average of around half (52%) of adults.

- **When asked to choose which communication service they would cut, people in Scotland are most likely to select pay-TV services (16%) or mobile phone calls/texts (16%).** This is in line with the UK average.

- **Around half of adults in Scotland (54%) say they more likely to put off purchasing a mobile phone** and carry on using the old one to save money. This is similar to the UK average.

TV and audio-visual content

- **People in Scotland watch more television than the UK average**. In 2011 the average time spent watching TV per day was 4.5 hours in Scotland, compared to 4 hours per day for the UK as a whole.

- **Satellite and DTT television remain the most widely-used platforms in Scotland**. Satellite television take-up on the main TV set increased by five percentage points year on year, to stand at 44% of TV homes in Scotland. It has higher penetration in rural areas of Scotland (54%), where cable services have lower availability.

- **Almost half (47%) of homes in Scotland claim to have HDTV channels**, five percentage points above the UK average of 42%. HDTV take-up is particularly high in Scotland's rural areas, where over half (53%) of homes claim to have HDTV channels. The higher take-up in Scotland's rural areas is likely to be related to the greater use of satellite television.

- **Four per cent of TV households in Scotland own a smart TV**, on par with the UK average of 5%.

- **Spend on first-run originated programming for Scotland by the BBC and STV has declined** over a five-year period by 24%. This compares to the UK average 30% decrease by the BBC and ITV1/STV/UTV combined.

- **Awareness of BBC ALBA has increased since its move onto Freeview in June 2011.** Research shows that weekly reach amongst the Gaelic community averaged

76% between September and November 2011, while among the Scotland-wide population, weekly reach averaged 12.4% during the same period. This represents 510,000 viewers, well above the number of Gaelic speakers in Scotland.

Radio and audio content

- **Adults in Scotland listen to the least radio per week.** Average weekly radio listening among adults in Scotland in 2011 stood at 21.4 hours, the lowest across all of the UK nations.

- **Adults in Scotland are more likely to listen to commercial radio.** Local and national commercial stations accounted for 53% of listening share, the highest in all the UK nations and 10pp higher than the UK average.

Internet and web-based content

- **Broadband take-up[1] in Scotland increased to 68%.** The rise was driven by increased take-up of both fixed (increasing from 57% to 64%) and mobile (increasing from 9% to 12%) broadband between Q1 2011 and Q1 2012.

- **Only one in three (33%) households in Scotland earning less than £17.5k per year have broadband internet access, i**n contrast to the rest of the UK where more than half (56%) of the equivalent households have taken up broadband.

- **Eleven per cent of households in Scotland own a tablet computer, on par with the UK average.**

Broadband take-up in Glasgow

- **Total broadband take-up[2] in Scotland reached levels comparable with Northern Ireland and Wales in Q1 2012.** Past *Communications Market* reports have revealed low broadband take-up in the Greater Glasgow area, although this year take-up in this area has increased from 50% to 60%. We undertook further analysis to explore take-up in the city of Glasgow.

- **In 2011, 50% of adults in the city of Glasgow had fixed broadband,** according to the British Population Survey (January to September 2011 fieldwork)**.** This was the lowest take-up of all the Great Britain (GB) cities we analysed, as well lower than the GB average of 76%[3].

- **The demographic profile of Glasgow explains only in part the lower fixed broadband take-up.** Fifty-nine per cent of people in Glasgow are classified as 'hard-pressed'. This compares to the GB average of 22%. However, a comparison of take-up by age and socio-economic group with the GB average shows that demographic differences are not sufficient to explain in full the lower take-up in Glasgow.

- **Broadband take-up in Glasgow is lower than expected among those in C2 and DE households when compared to the Great Britain average.** Forty-seven per cent of those in C2 households have fixed broadband, compared to the GB average

[1] Broadband is defined here as fixed and/or mobile broadband.
[2] Total broadband is defined here as fixed and/or mobile broadband, sourced from Ofcom's technology tracker.
[3] As reported by the British Population Survey January to September 2011.

of 72%. Thirty six per cent of people in DE households have fixed broadband in Glasgow city, against the GB average of 56%.

Telecoms and networks

- **Satisfaction with the speed of fixed broadband services increased significantly in Scotland in the year to Q1 2012.** Eighty-five per cent of fixed broadband users were happy with the speed of their service in Q1 2012, up from 73% a year previously.
- **The proportion of people in Scotland who used a mobile handset to access the internet increased in the year to Q1 2012.** Thirty-one per cent of people in Scotland said that they used a mobile phone to access the web in Q1 2012, up from 21% a year previously, although this was still lower than the UK average of 39%. Over the same period smartphone penetration in Scotland rose from 21% to 32%.
- **Household fibre-to-the-cabinet availability in Scotland was the lowest among the UK nations in March 2012, at 10%.** This was 21 percentage points lower than the UK average (31%).
- **Forty-two per cent of homes in Scotland could access superfast broadband services by March 2012.** This was the second lowest proportion across the UK nations after Wales, where 34% of homes were able to access these services.
- **Post-pay contracts became the most common way to purchase mobile services in Scotland in the year to Q1 2012**. In line with the overall UK trend, many pre-pay mobile phone users in Scotland are migrating onto monthly contracts, and in the year to Q1 2012 the proportion of connections that were pre-pay fell to 44%, lower than the proportion that were pay-monthly contracts.

Post

- **People in Scotland send the lowest average number of letters and cards per month.** Adults in Scotland claim to send and average of 2.5 letters and cards per month, lower than the UK average of 3.1.
- **Almost half of consumers in Scotland use First Class stamps all the time.** This is despite the fact that only a minority say their mail has to arrive the next day, with 16% saying that all of their mail needs to arrive the next day and 22% saying that most of it does.
- **Adults in Scotland are more likely than those in other UK nations to send emails rather than letters.** Four in ten adults in Scotland agree that they prefer to send emails rather than letters whenever possible, which is a slightly higher proportion than agree with this across the UK (38%) and a much higher proportion than in Wales (27%) and Northern Ireland (30%).

Media literacy

- **People in Scotland are more likely to miss TV than other communications services.** When asked which medium they would miss the most, half of all adults in Scotland (49%) say television, as with the UK overall (46%). Around one in five adults in Scotland say they would miss their mobile phone the most (18%), with slightly fewer (13%) saying they would miss using the internet via a computer/ laptop.
- **Compared to all UK internet users, those in Scotland are less likely to have suffered negative online experiences in the last 12 months (52% vs. 66%).**

1.2 Fast facts for Scotland

Figure 1.1 Fast facts for Scotland

	UK	England	Scotland	Wales	Northern Ireland	UK urban	UK Rural	Scotland urban	Scotland rural
Digital TV take-up among TV homes	98 ↑+2	97	99	99	91[-]	97 ↑+2	98 ↑+4	99	98
Broadband take-up	76	78	68[-] ↑+7	68[-]	69[-]	76	77	67[-] ↑+7	76 ↑+8
Mobile broadband take-up	13	13	12	16	7[-]	13	10	11	17
Mobile phone take-up	92	93	85[-]	92 ↑+5	93	92	92	84[-]	89
Use mobile to access internet	39 ↑+7	40 ↑+6	31[-] ↑+10	39 ↑+14	35 ↑+6	39 ↑+5	35 ↑+12	30[-] ↑+9	32[-] ↑+7
Smartphone take-up	39 ↑+12	40 ↑+11	32[-] ↑+14	39 ↑+14	34 ↑+13	39 ↑+12	37 ↑+10	33 ↑+16	32[-] ↑+9
Fixed landline take-up	84	85	82	80	84	83	91[+]	81	87
Households taking bundles	57 ↑+4	58 ↑+4	47[-]	47[-]	51[-] ↑+5	57 ↑+3	56 ↑+11	45[-]	57 ↑+16
DAB ownership amongst radio listeners	38	40	29[-]	29[-]	22[-]	38	41	27[-]	39 ↑+7
Smart TV ownership among TV homes	5	5	4	3	4	5	4	4	4
Tablet computer take-up	11 ↑+9	11 ↑+9	11 ↑+10	8 ↑+6	9 ↑+7	11 ↑+9	11 ↑+9	11 ↑+10	10 ↑+7
E-reader take-up (personal use)	10 ↑+7	10 ↑+7	8 ↑+6	13 ↑+10	8 ↑+5	11 ↑+8	15[+] ↑+12	8 ↑+7	11 ↑+8
Fixed telephony availability	100	100	100	100	100				
Fixed broadband availability[1]	99.98	100.0	99.87	100.00	100.00				
LLU availability[2]	92	93	84	88	79				
Cable broadband availability[3]	44	47	35	23	29				
FTTC broadband availability[4]	31	33	10	17	87				
Superfast broadband availability[5]	60	62	42	34	94				
2G mobile availability[6]	99.7	99.8	99.2	99.2	98.7				
3G mobile availability[7]	99.1	99.7	97.0	97.6	88.3				
DTT availability[8]	97	98	99	98	66				
TV consumption (hours per day)[9]	4.0	3.6-4.5	4.5	4.4	4.2				
Radio consumption (hours per day)	3.2	3.2	3.1	3.3	3.2				

Key: [+]Figure is significantly higher than UK average; [-]Figure is significantly lower than UK average;
↑+xx *Figures has risen significantly by xx percentage points since 2011*

Source: Ofcom research Q1 2012, BARB, RAJAR, Industry data.
Base: All adults aged 16+ (+ (n = 3772 UK, 513 Wales, 2251 England, 500 Scotland, 508 Northern Ireland, 2731 UK urban, 1041 UK rural, 1963 England urban, 288 England rural, 264 Scotland urban, 236 Scotland rural, 249 Wales urban, 264 Wales rural, 255 Northern Ireland urban, 253 Northern Ireland rural)
Notes: BARB data based on all individuals (aged 4+). PSBs = BBC One, BBC Two, ITV1, C4, Five. RAJAR data based on all adults (aged 16+). PSBs = all BBC radio. National data based on TSA's of BBC Radio stations of respective nations.
1. Proportion of premises able to receive ADSL broadband services based on data reported by BT
2. Proportion of households connected to an LLU-enabled exchange
3. Proportion of households passed by Virgin Media's broadband-enabled network; excludes homes where Virgin Media is not also able to provide fixed voice and pay-TV cable services.
4. Ofcom estimate of the proportion of households able to receive FTTC services
5. Ofcom estimate of the proportion of households able to receive superfast broadband services
6. Proportion of premises that have outdoor 2G mobile coverage from at least one operator
7. Proportion of premises that have outdoor 3G mobile coverage from at least one operator
8. Availability of 17 services. Ofcom estimates.
9. These figures are based on the share of viewing to the main five PSB channels only. It is not possible to provide a single figure for 'England' so instead a range is displayed reflecting the regions with the highest and lowest figures respectively.

1.3 Scotland's communications market and the economy

Introduction

Since the last *Communications Market Report* was published in August 2011, the UK economy has officially fallen back into recession. This section explores the impact on attitudes towards spending on communications services in the context of the economic downturn. It summarises the findings of an omnibus survey commissioned in February/ March 2012[4].

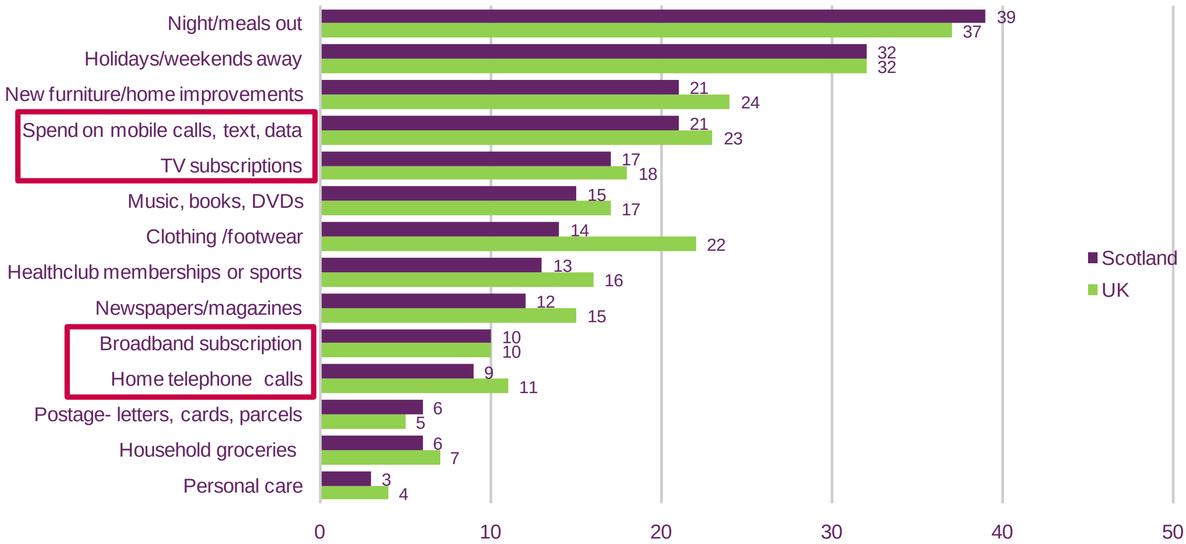
Consumers in Scotland say they are less willing to cut back spending on communication services, compared to other expenses

Our research shows that consumers value communications services more than other items, as the economic downturn continues.

Figure 1.2 shows that if forced to reduce spending, consumers in Scotland are more likely to cut back on items such as nights out (39%) or holidays/weekends away (32%), than on communications services. This compares to 21% saying they would cut back spending on mobile phone calls, texts and data.

[4] The research was carried out among 2124 UK adults aged 16+ in a face-to-face survey.

Figure 1.2 Items and services where consumers would be most likely to cut their spending



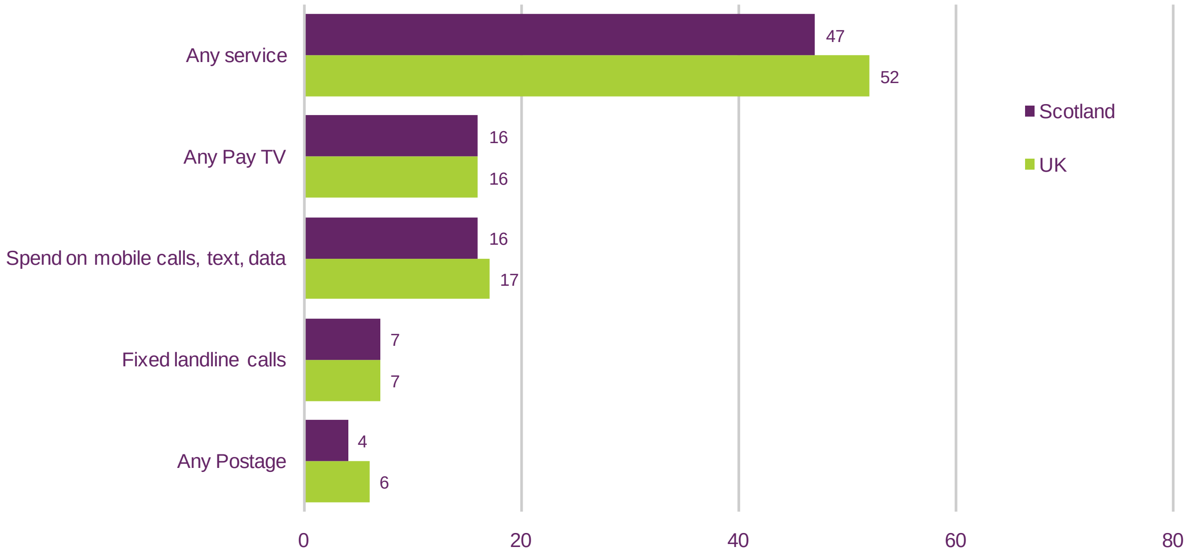
Source: Ofcom Attitudes toward spending research, 2012
Base: All adults aged 16+ (n=2124 UK, 1726 England, 182 Scotland, 99 Wales, and 117 Northern Ireland)
Q: If you were forced to cut back spending, which of the following items/services would you be likely to spend less on? (Multichoice)

Fewer people in Scotland say they would cut spending on communications services if they were forced to, compared to the UK average

When asked whether they would make cuts on any communications services, 47% of people in Scotland said they would. This is lower than the UK average of 52%. It is also lower than in all the other nations.

People in Scotland are most likely to cut spending on pay TV and on mobile telephone calls, text and data than on other communication services. Sixteen per cent say they would cut spending on each of these in Scotland, the same as the UK average.

Figure 1.3 Single most likely communications service to cut spending on



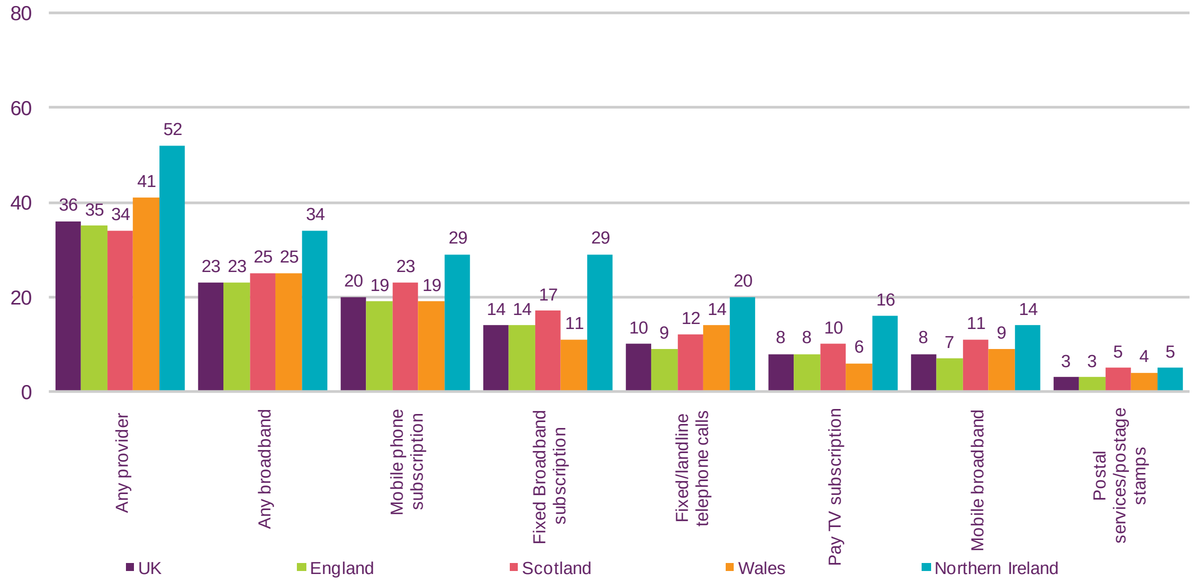
Source: Ofcom Attitudes toward spending research, 2012
Base: All adults who have a named service (n=2059 UK, 1662 England, 181 Scotland, 99 Wales, and 117 Northern Ireland)
Q: And which ONE of the following services would you be MOST LIKELY to cut back spending on? (Single choice)

Around one third of people in Scotland say they are likely to shop around for communication services

Around a third (34%) of people in Scotland say they are more likely to shop around for communication services than a year ago. This is in line with the UK average (36%).

They are most likely to shop around for broadband services (25%), and mobile phone services (23%), also similar to the UK averages of 23% and 20% respectively.

Figure 1.4 Services consumers are more likely to shop around for than a year ago



Q12: And which of the following are you MORE LIKELY to shop around for than you were 12 months ago? (Multi choice)
Source: Ofcom Attitudes toward spending research, 2012
Base: All adults aged 16+ (n=2124 UK, 1726 England, 182 Scotland, 99 Wales, and 117 Northern Ireland)

Consumers in Scotland say they are less likely to make changes in spending on communications services than the UK average

Consumers were asked about how their attitudes to spending on communication services may have changed in the economic downturn.

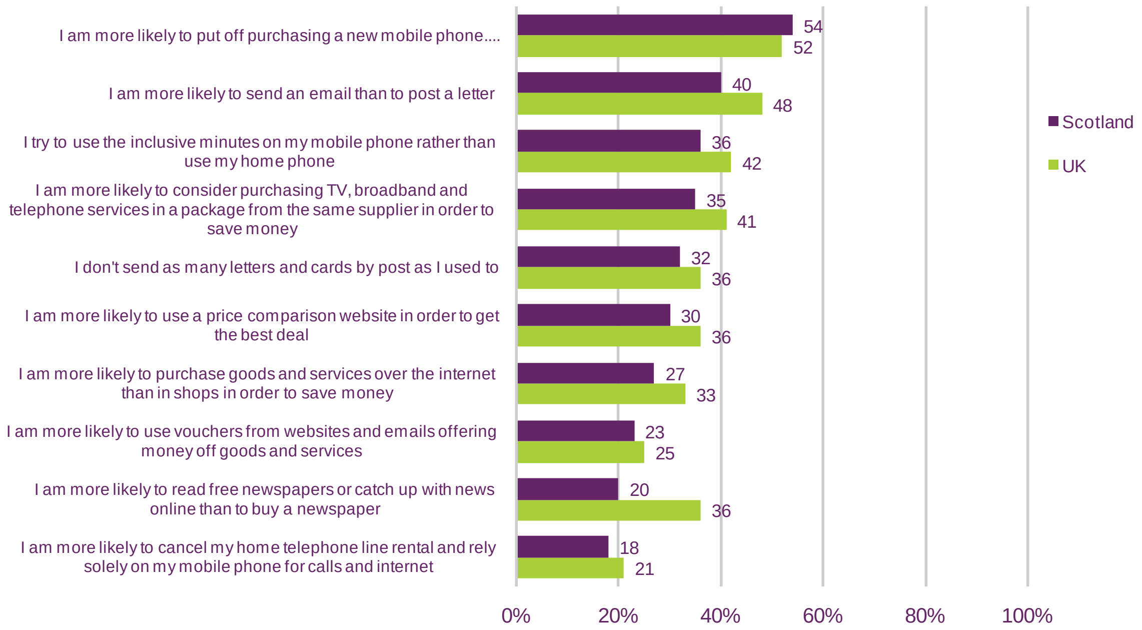
Just over half (54%) of people in Scotland are likely to put off buying a new mobile phone and will continue to use their old handset. This is broadly the same as the UK average (52%).

But overall, people in Scotland are less likely to say they have made (or intend to make) changes in spending on communications services, compared to the other nations in the UK and the UK average.

For example, around one third (32%) of consumers now send fewer cards and letters than they used to, and 40% would now send an email rather than post a letter, lower than the UK averages of 36% and 48% respectively.

About one third (36%) try to use the inclusive minutes on their mobile rather than use their home phone. This is lower than the UK average of 42%.

Figure 1.5 Consumers' attitude to spending on communication services in the economic downturn

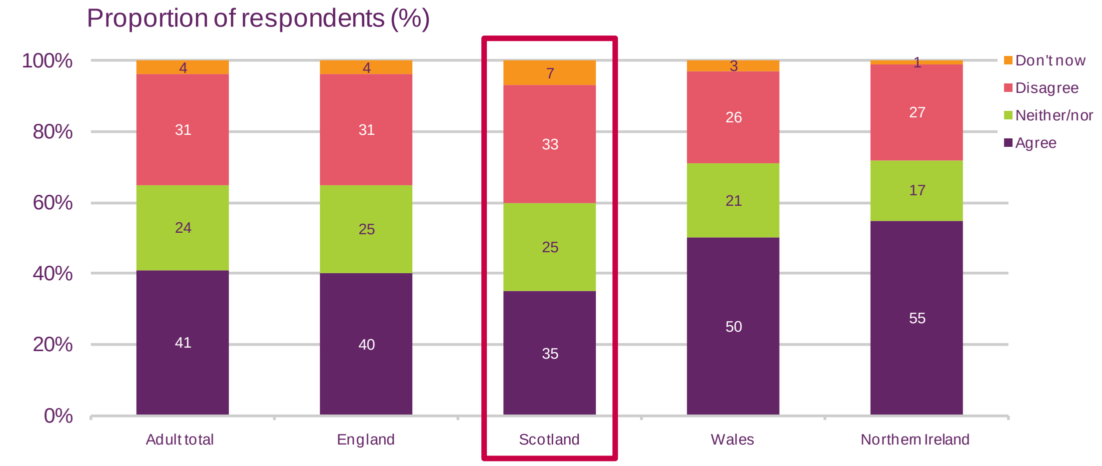


Q: Here are some things other people have said about how the economic down turn has changed their spending on TV, broadband, mobile and land telephone services. Please tell me to what extent you agree or disagree with the following statements
Source: Ofcom Attitudes toward spending research, 2012
Base: Adults in Scotland 16+ n = 182

People in Scotland say they are less likely to consider taking communications services as a bundle to save money than in the UK overall

Thirty five per cent (35%) of consumers in Scotland agree that they would consider taking bundled communications services from the same supplier in order to save money. This is lower than in the UK overall (41%) and is the lowest likelihood for bundled services across the nations.

Figure 1.6 Consumers' agreement/disagreement that they are more/ likely to take communications services in a bundle



Source: Ofcom Attitudes to spending omnibus research, 2012
Base: total sample (n=2124) England (n= 1726), Scotland (n=182), Wales (n=99), Northern Ireland, (n=117)
Q: Please tell me the extent you agree or disagree with....' I'm more likely to consider purchasing TV, broadband, and phone services in a package from the same supplier as it offers better value for money'

1.4 Analysis of fixed broadband take-up in Glasgow

Introduction

In last year's report we found that broadband take-up in Scotland was lower than in any other UK nation. This year, we have found that Scotland has closed the gap (see section 4.1), and now has broadband take-up at a similar level to that found in Wales and Northern Ireland (based on quarter 1 2012 data).

Last year we also highlighted that broadband take-up was particularly low in the Greater Glasgow area (at 50%[5]). In order to be able to explore this in more detail Ofcom has undertaken analysis of broadband take-up in the city of Glasgow using the British Population Survey[6] (BPS) January to September 2011 fieldwork.

Methodology

The British Population Survey asks consumers about internet and fixed broadband take-up and comprises around 2,000 face-to-face, in-home interviews with adults (aged 15+) every week, allowing detailed regional and sub-demographic analysis. It covers Great Britain.

Using data from the British Population Survey (BPS), January to September 2011, analysis was undertaken on cities where the sample size was over 350 individuals. The total GB sample was 62,669 and the sample size in Glasgow was 594.

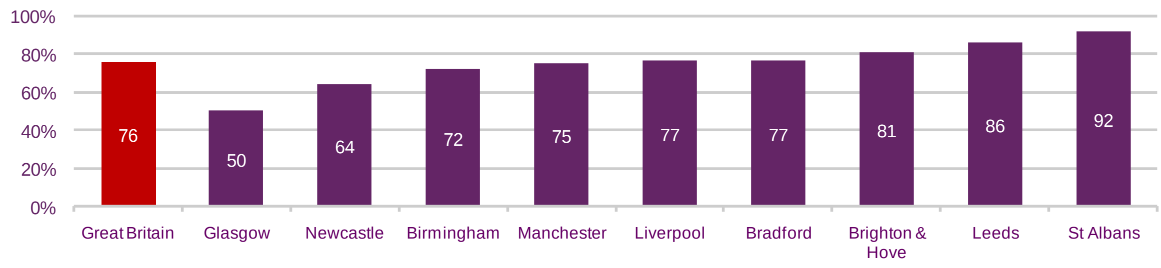
The analysis confirms Glasgow's low fixed broadband take-up

As the *Communications Market Report* highlighted in 2011 and 2010, broadband take-up is relatively low in Glasgow. Figure 1.7 shows that 50% of adults in the city of Glasgow have

[5] According to Ofcom's technology tracker Q1 2012, broadband take-up in Greater Glasgow has increased to 60% this year.
[6] British Population Survey http://www.thebps.co.uk/index.php

fixed broadband, compared to the GB average (as reported by the BPS for this period) of 76%. Fixed broadband take-up in Glasgow was, by some distance, the lowest of all of the cities we analysed.

Figure 1.7 Fixed broadband take-up, by city



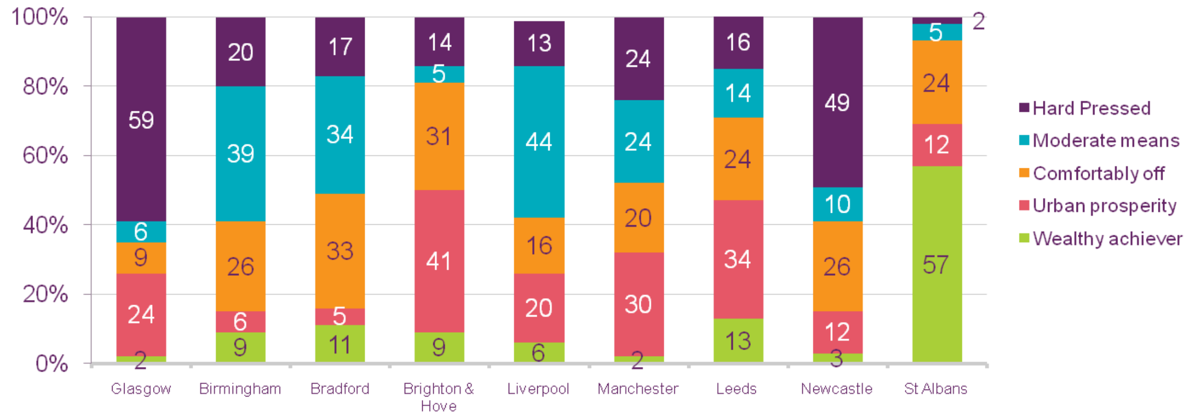
Source: British Population Survey, January-September 2011. Base: GB adults aged 15+, (n = 62,669 GB, 594 Glasgow)

Demographic differences go some way to explaining Glasgow's low fixed broadband take-up

We have applied CACI classifications[7] to the BPS data (Figure 1.8) to show that Glasgow's population is not typical of other cities in the UK. Six in ten (59%) adults in the Glasgow sample are classified as 'hard-pressed' by CACI.

This partly explains the lower level of broadband take-up, as we know from previous research[8] that those on low incomes are less likely to have broadband connections at home.

Figure 1.8 City demographic profile comparisons



Source: Ofcom analysis based on British Population Survey and CACI classifications, January-September 2011. Base: GB adults aged 15+, (n = 62,669 GB, 594 Glasgow)

But demographic differences alone are not sufficient to explain Glasgow's low fixed broadband take-up

Broadband take-up in Glasgow is lower than average among all age groups (Figure 1.9), so regardless of the age profile of the population of Glasgow, we would expect to see lower

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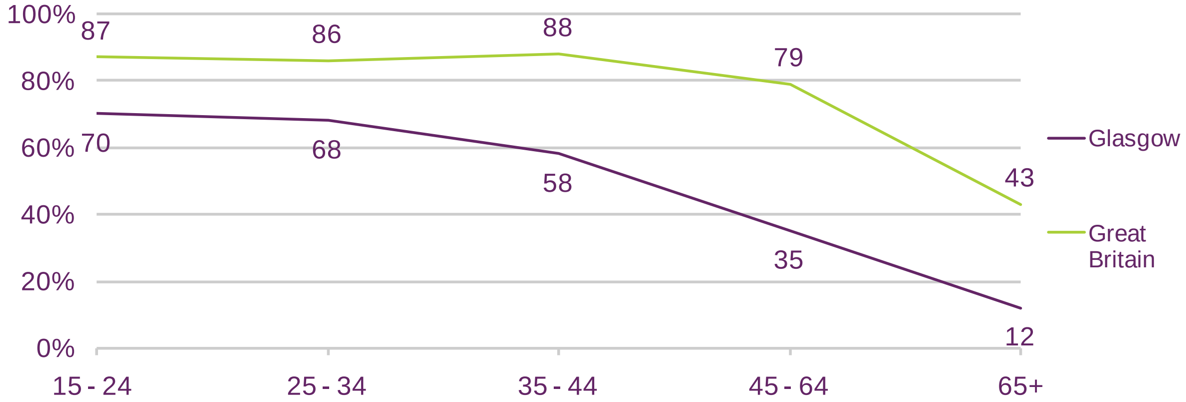
[7] http://www.caci.co.uk/639.aspx. CACI combines life-geographic and demographic information to categorise areas according to the attitudes and life-styles of the people living there.

[8] http://stakeholders.ofcom.org.uk/market-data-research/market-data/communications-market-reports/cmr11/scotland/4.2

broadband take-up. Among the 45-64 year old population, broadband take-up in Glasgow appears to be particularly low relative to the GB figure (35% compared to 79% GB average).

Figure 1.9 Fixed broadband take-up, by age group



Source: British Population Survey, January-September 2011. Base: GB adults aged 15+, (n = 62,669 GB, 594 Glasgow)

Figure 1.10 shows that broadband take-up is also lower than average among all socio-economic groups in Glasgow. The difference is most marked among the C2 social group, where the average take-up of fixed broadband is 47% compared to the GB average of 72%.

Figure 1.10 Fixed broadband take-up, by socio-economic group

Source: British Population Survey, January-September 2011. Base: GB adults aged 15+, (n = 62,669 GB, 594 Glasgow)

This analysis confirms the lower take-up of fixed broadband in Glasgow compared to the GB average. Demographic differences go some way to explain lower take-up, but there is also direct evidence that Glaswegians are less likely to have broadband than the GB average, regardless of age and socio-economic group, with particularly low levels of take-up among 35-64 years olds and the C2 socio-economic group[9].

[9] For other research on offline consumers in Glasgow, see the Communications Consumer Panel a report (2012) http://www.communicationsconsumerpanel.org.uk/Bridging%20the%20gap%20and%20cover.pdf

2 Television and audio-visual content

2.1 Recent developments in Scotland

Scottish Government

In October 2011 the Scottish Government published its final progress report on the Scottish Broadcasting Commission[10]. The report noted the improvement in network production levels in Scotland but also said that much still needed to be done to realise the vision of the Scottish Broadcasting Commission.

BBC Scotland

In 2011, BBC Scotland television network output continued to grow and the broadcaster reported that it had exceeded its 2016 target level of 8.6% network spend, set by the Director General and the BBC Trust[11]. The BBC also announced the relocation of *Waterloo Road* to Scotland; a move seen as not only further strengthening a key independent production company in Glasgow, but also creating ongoing local employment opportunities. The *Waterloo Road* relocation is estimated to have the potential to generate in excess of £20m in direct investment over two years and support around 200 new jobs within the creative sector. These and similar developments are establishing BBC Scotland as a centre of excellence for network production across a range of genres. The BBC stated that under Delivering Quality First, BBC Scotland could shed up to 120 posts by the end of the current Charter, as part of a drive to cut its budget by 16%. There will be some reduction in content but the BBC has pledged to safeguard that output which is most valued by its audiences.

STV

STV has continued the roll-out of STV Local. This network of local sites, online and on mobile, covered 45% of the Scottish population by local authority area by the end of 2011. There are now over 20 sites across seven local authority areas. The launch of STV Local has created employment opportunities across Scotland, with the editorial team now standing at 25. In May 2012, STV launched city sites for Glasgow and Edinburgh, providing content to consumers in addition to its locally-focused on-air content. STV launched its first Android app in August 2011, providing news, sports, entertainment and weather. By the end of 2011, the STV News app accounted for over 50% of all news traffic. This was closely followed by the launch of the STV Player on Android devices, making this service now available via computer, smartphones and PS3. STV Productions has evolved from being an ITV-centric provider and in 2011 produced programmes for Channel 4, ITV1, ITV2 and BBC2. BBC2 was STV Production's largest customer, due the continued success of *Antiques Road Trip,* which has recently been re-commissioned for its 5th and 6th series, and a second celebrity version.

Channel 4

Channel 4 continued with its commitment to digital, games and online commissions in Scotland; in 2011 3.6% of its online spend was in Scotland.[12] It described its standout successes as Chunk Digital's *The Bank Job* online game, and Realise Digital's microsite support of the documentary *Sri Lanka's Killing Fields*. Channel 4 also created a new editorial position, Commissioning Editor for Games, based in its Glasgow office. Its

[10] http://www.scotland.gov.uk/Resource/Doc/127313/0121552.pdf
[11] http://www.bbc.co.uk/scotland/aboutus/dqf_in_scotland.shtml
[12] C4 data provided to Ofcom.

commitment in 2011/12 to independent feature film development and production in Scotland was illustrated by Peter Mullan's *NEDS* and Jonathan Glazer's *Under The Skin*, starring Scarlett Johannson.

Local TV

The UK government aims to license the first local TV stations from summer 2012, with ten to 21 local services by 2015. Ofcom will be responsible for running the licensing process and has proposed initial sites – including Glasgow and Edinburgh - where it considers there is the potential to support local TV services. Looking further ahead, Aberdeen, Dundee, Inverness and Ayr are included in a further 24 areas where licences could be made available.

Meanwhile, URTV developed its online network of hyper-local news channels, providing a mix of content to communities along the west coast of Scotland. Its first service was launched in Helensburgh, and in March 2012 Fife/Tay TV launched the first of its online TV pilots.

Independent production

In January 2012, Scottish Enterprise published *Market Assessment of the Broadcast and Television Production Sector in Scotland 2010/11* by EKOS Limited[13]. This 'state of the industry' report provides an update to a baseline study of the scale and performance of the sector, conducted in 2007 on behalf of the Scottish Broadcasting Commission. There were some encouraging signs, including an overall increase in total employment and in the total value of production activity in Scotland. But the report also highlighted that opportunities were not evenly distributed, and reiterated a number of known problems such as access to commissioners, downward pressure on production budgets and talent attraction and retention – all hallmarks of regional production centres.

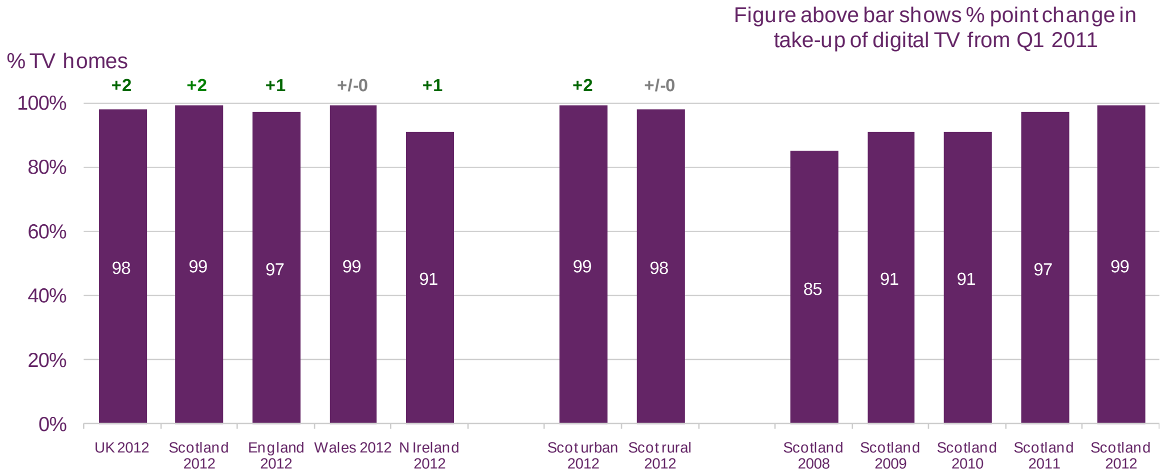
2.2 Digital television take-up in Scotland

Digital switchover completed in Scotland

Virtually every TV household in Scotland (99%) now claims to be receiving digital television (Figure 2.1). Digital switchover in Scotland was completed last year.

13 http://www.scottish-enterprise.com/~/media/SE/Resources/Documents/ABC/Broadcast%20and%20TV%20Market%20Assessment%20Final%20Report%202012.ashx

Figure 2.1 Digital television take-up in Scotland

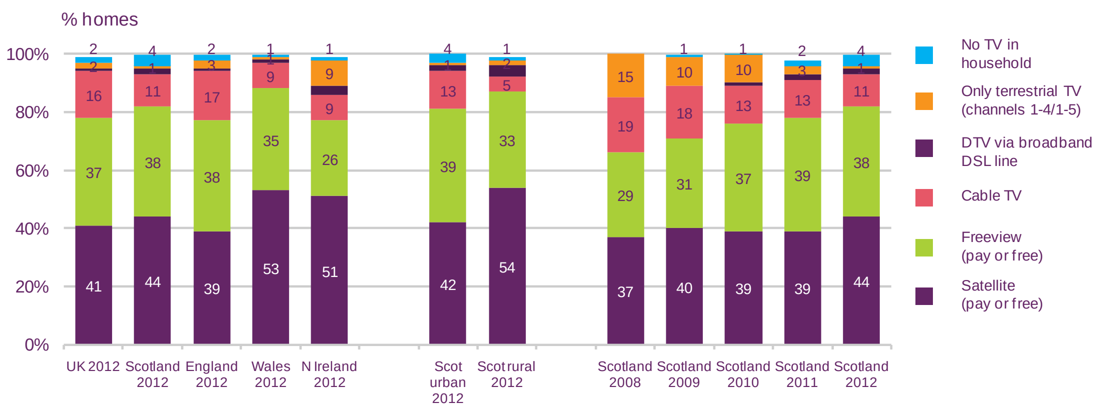


Source: Ofcom research, Q1 2012
Base: All adults aged 16+ with a TV in household (n = 3713 UK, 489 Scotland, 2214 England, 508 Wales, 502 Northern Ireland, 254 Scotland urban, 235 Scotland rural, 916 Scotland 2008, 1002 Scotland 2009, 1452 Scotland 2010, 479 Scotland 2011, 489 Scotland 2012)
Question. Which, if any, of these types of television does your household use at the moment?

Satellite and DTT remain the most widely-used platforms

Satellite and DTT remain the most widely-used platforms on main TV sets in Scotland. Since the beginning of last year, the proportion of TV homes using satellite TV on their main set has increased by five percentage points, to stand at 44%. Satellite television has higher penetration in rural areas of Scotland, where cable services have lower availability.

Figure 2.2 Main set TV share in Scotland, by platform



Source: Ofcom research, Q1 2012
Base: All adults aged 16+ (n = 3772 UK, 500 Scotland, 2251 England, 513 Wales, 508 Northern Ireland, 264 Scotland urban, 236 Scotland rural, 925 Scotland 2008, 1014 Scotland 2009, 1468 Scotland 2010, 487 Scotland 2011, 500 Scotland 2012)
Question. Which, if any, of these types of television does your household use at the moment?

2.3 Smart TV and HDTV adoption

Scotland has the highest proportion of HDTV homes in the UK

Almost half (47%) of households in Scotland claim to have HDTV channels, five percentage points above the UK average of 42% (Figure 2.3).

HDTV take-up is particularly high in Scotland's rural areas, where over half (53%) of households claim to have HDTV channels. The higher take-up in Scotland's rural areas is likely to be related to the greater use of satellite television (Figure 2.2).

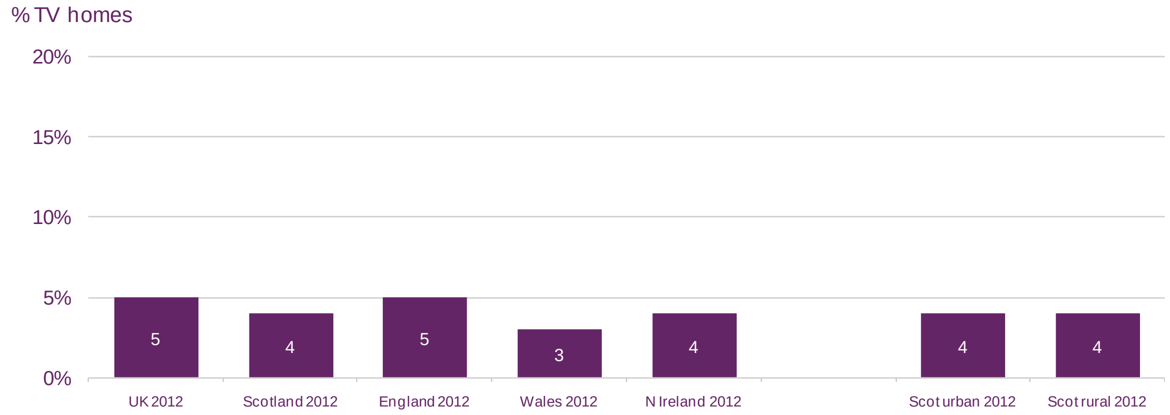
Figure 2.3 Proportion of homes in Scotland with HD-ready TV sets and HDTV

Source: Ofcom research, Q1 2012
Base: All adults aged 16+ (n = 3772 UK, 500 Scotland, 2251 England, 513 Wales, 508 Northern Ireland, 264 Scotland urban, 236 Scotland rural, 925 Scotland 2008, 1014 Scotland 2009, 1468 Scotland 2010, 487 Scotland 2011, 500 Scotland 2012)
Question. Is the main TV in your household an HDTV set or HD ready?/ QH54. For the main TV set, does your household have an HD TV service – from either Sky, Virgin Media, Freesat or Freeview?

Four per cent of adults in Scotland have a smart TV

A small proportion (4%) of homes in Scotland claim to have purchased a smart TV with an integrated internet connection (Figure 2.4). Smart TV ownership in Scotland is at a similar level to the UK average (5%).

Figure 2.4 Smart TV take-up in Scotland



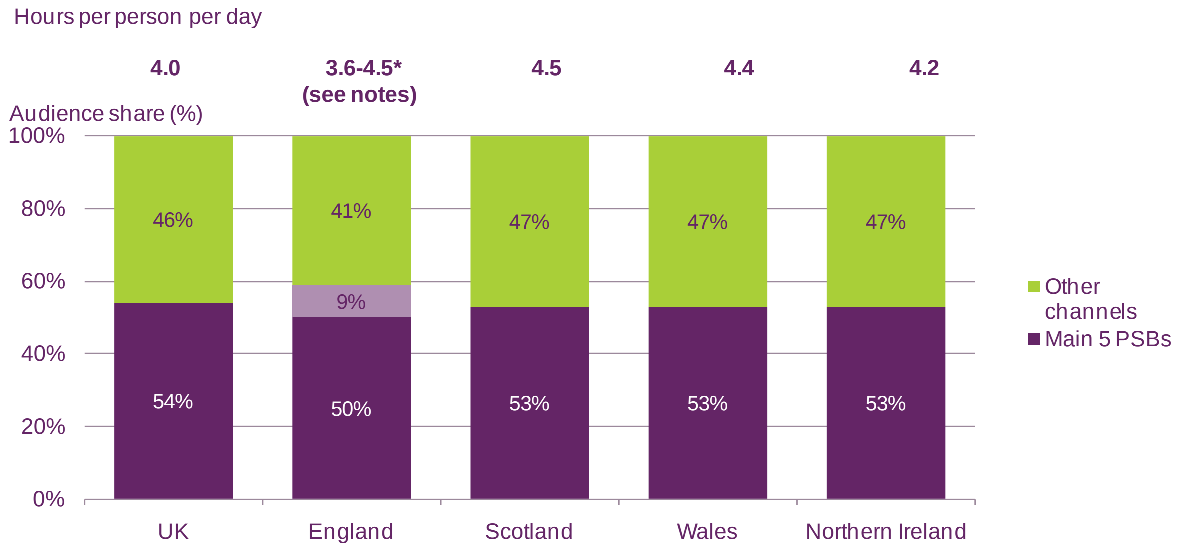
Source: Ofcom research, Q1 2012
Base: All adults aged 16+ with a TV in household (n = 3713 UK, 489 Scotland, 2214 England, 508 Wales, 502 Northern Ireland, 254 Scotland urban, 235 Scotland rural)
Question. Are any of your TV sets "Smart TVs"? These are new types of TV that are connected to the internet and can stream video directly onto your television screen, without the need for a computer, set-top box or games console

2.4 Broadcast television viewing

People in Scotland spend 4.5 hours per day watching TV

In 2011, people in Scotland spent 4.5 hours per day watching television, slightly higher than the UK average of 4.0 hours (Figure 2.5).

Figure 2.5 Average hours of daily TV viewing, by nation: 2011

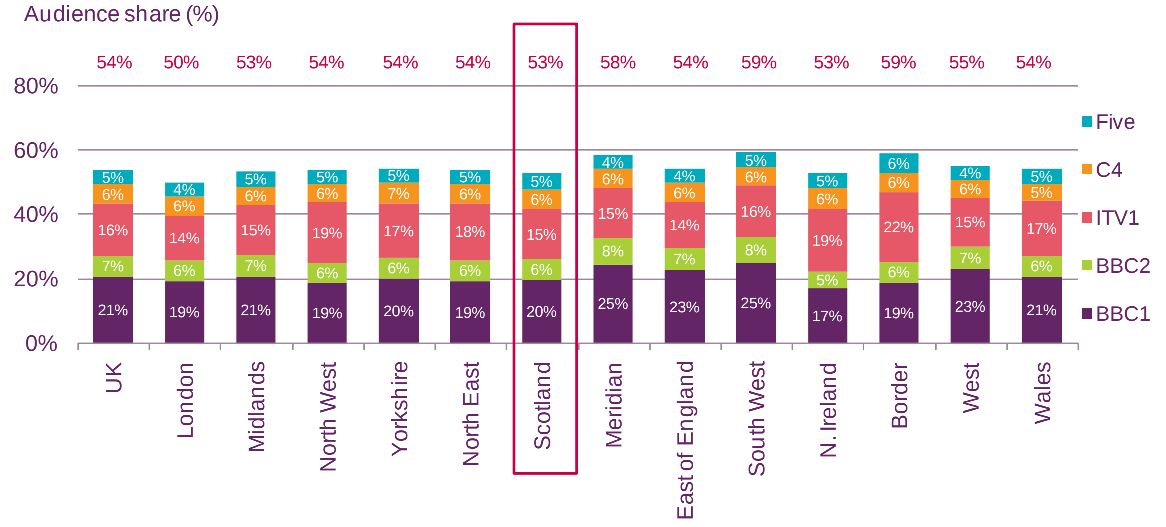


Source: TV = BARB. Based on all individuals (aged 4+). PSBs = BBC One, BBC Two, ITV1, C4, Five.
**Notes: It is not possible to provide a single figure for 'England' so instead the PSB share is described as a range reflecting the regions with the highest (North East – 59%) and lowest (West – 50%) figures respectively.*

Over half (53%) of all viewing is to the five main PSB channels

In 2011, the five main PSB channels accounted for a combined 53% share of total TV viewing in Scotland, comparable to that in the other nations and just lower than the average 54% share across the UK.

Figure 2.6 Share of the five main PSB channels, all homes: 2011

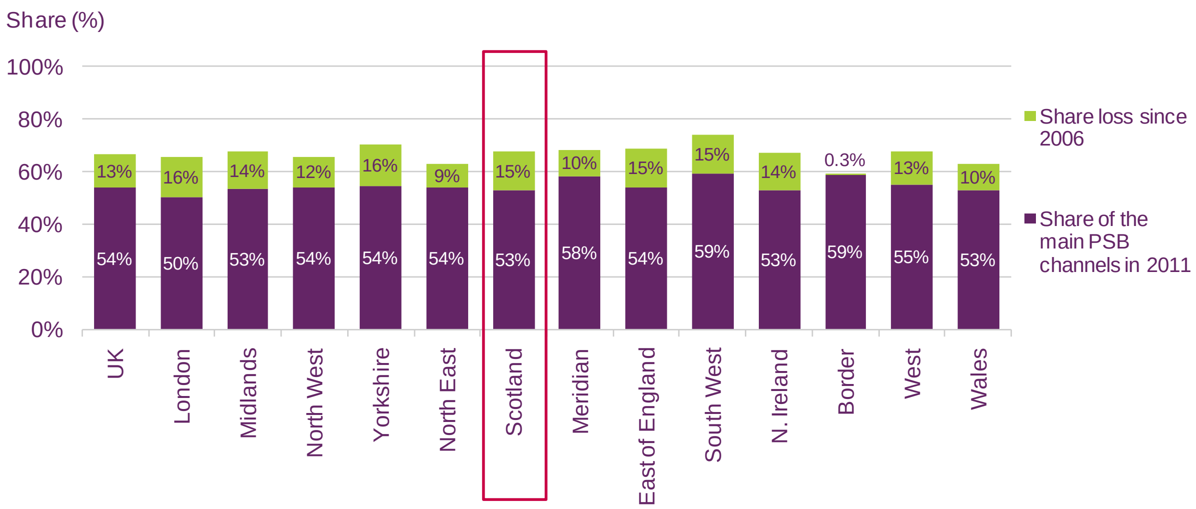


Source: BARB, all individuals (4+)

The combined share of the five main PSB channels declined by 15 percentage points to 53% in Scotland

Between 2006 and 2011, there was a 15 percentage point reduction in the combined share of the five main PSB channels in Scotland (to 53% in 2011). This reduction was slightly more than the average decrease across the UK (13pp) and higher than in the other nations.

Figure 2.7 Reduction in combined share of the five main PSB channels, all homes: 2006 and 2011

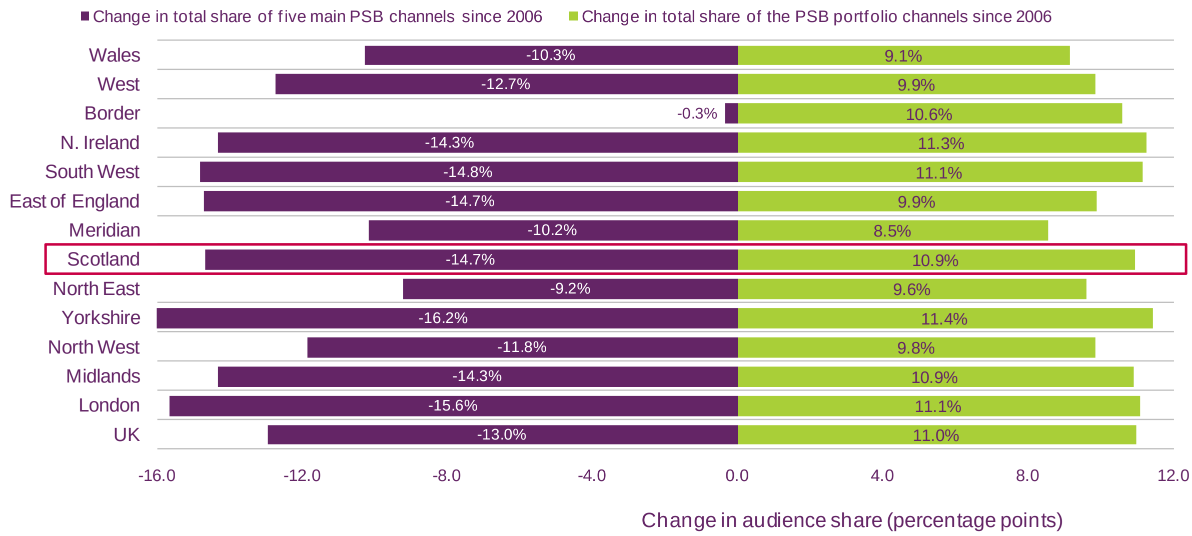


Source: BARB, all individuals(4+).
Note: In 2010 a new BARB panel was introduced, including the re-defining of boundaries. Therefore, pre- and post-panel change data should be compared with caution.

The PSB channels' total combined share decreased by 3.8 percentage points between 2006 and 2011; higher than the UK average net loss of 2.0 points

From 2006 to 2011, the five main PSB channels experienced a 14.7 percentage point decrease in their combined share of total TV viewing (compared to the UK average decrease of 13.0%). This was offset to some degree by a 10.9 percentage point increase (UK average 11.0 pp) in the combined viewing share of their portfolio channels, resulting in a net loss overall of 3.8 pp in their total combined channel share, more than the UK average net loss of 2.0pp and greater than that experienced in the other nations.

Figure 2.8 Net change in the audience share of the five main PSB channels and their portfolio channels, all homes: 2006 - 2011



Source: BARB, all individuals (4+).
Notes: i) 'PSB portfolio channels' includes all the main PSB's multichannel channels (except for the five terrestrial channels).
ii) In 2010 a new BARB panel was introduced, including the re-defining of boundaries. Therefore, pre- and post-panel change data should be compared with caution.

BBC One's and STV's early evening news bulletins attracted greater share in Scotland than in the UK

In 2011, BBC One's early-evening regional news bulletin attracted an average 30% share of TV viewing in Scotland – marginally higher than the UK at 28%. STV's counterpart bulletin attracted a lower average share (25%) than BBC One's, although considerably higher than the Channel 3 UK average (18%).

Figure 2.9 BBC One and ITV1/STV/UTV/ITV Wales early-evening news bulletin shares, all homes: 2011

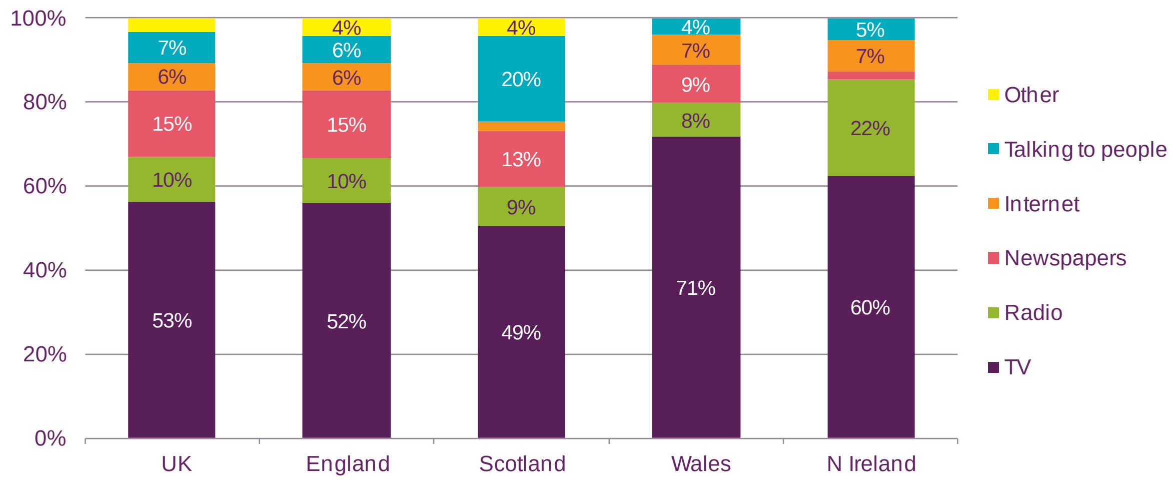
Source: BARB, all individuals (4+)
Note: Based on regional news programmes, start time 17:55-18:35, 10mins+ duration, BBC1 and ITV1, weekdays

Around half of all adults in Scotland use TV as their main source of local news

In 2011, 49% of adults in Scotland stated TV as their main source of local news, lower than the UK average of 53% and lower than across all other nations. Talking to people was the second most-stated; at 20% significantly higher than the UK average of 7% (where it was fourth most-mentioned) and higher than in all other nations. The internet was mentioned by just 2% in Scotland, significantly lower than in the other nations and the UK average of 6%.

Figure 2.10 Main sources of local news for each nation

'Can you tell me what, if anything, is your main source of news about what is going on in your own local area'

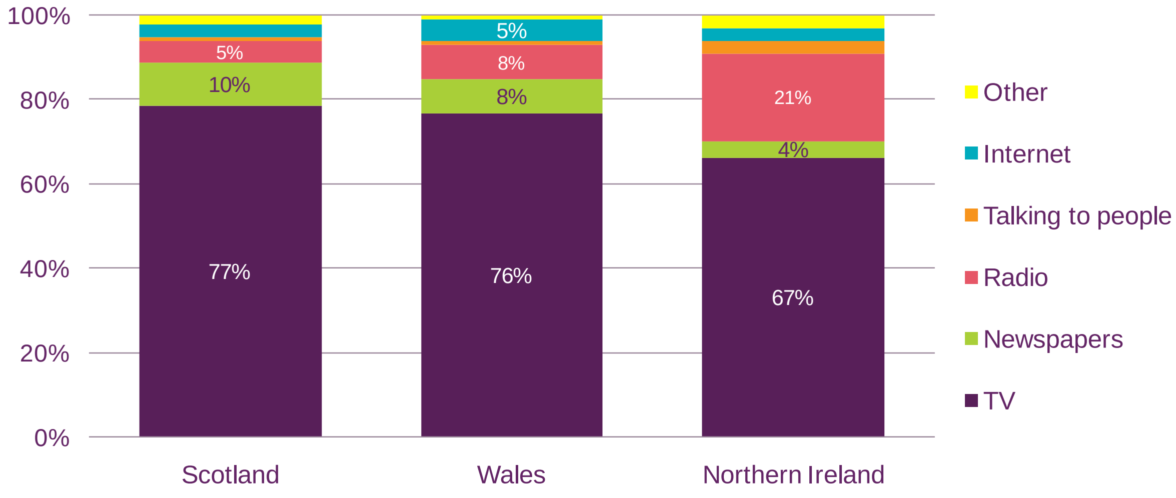


Source: Ofcom media tracker 2011.
Base: All adults; England (1,369); Scotland (172); Wales (107); Northern Ireland (106).
Only responses ≥ 4% labelled

In 2011, adults in Scotland were most likely to say that television was their main source of news about their nation; at 77%, marginally higher than 76% in Wales and 67% in Northern Ireland. They were also most likely to choose newspapers – 10% compared to 8% in Wales and 4% in Northern Ireland.

Figure 2.11 Main source of nations' news for each nation

'Can you tell me what, if anything, is your *main* source of news about what is going on in [Scotland, Wales, Northern Ireland]?'



Source: Ofcom media tracker 2011.
Base: All adults in Scotland (172); Wales (107); Northern Ireland (106).
Only responses ≥ 4% labelled

2.5 TV programming for viewers in Scotland

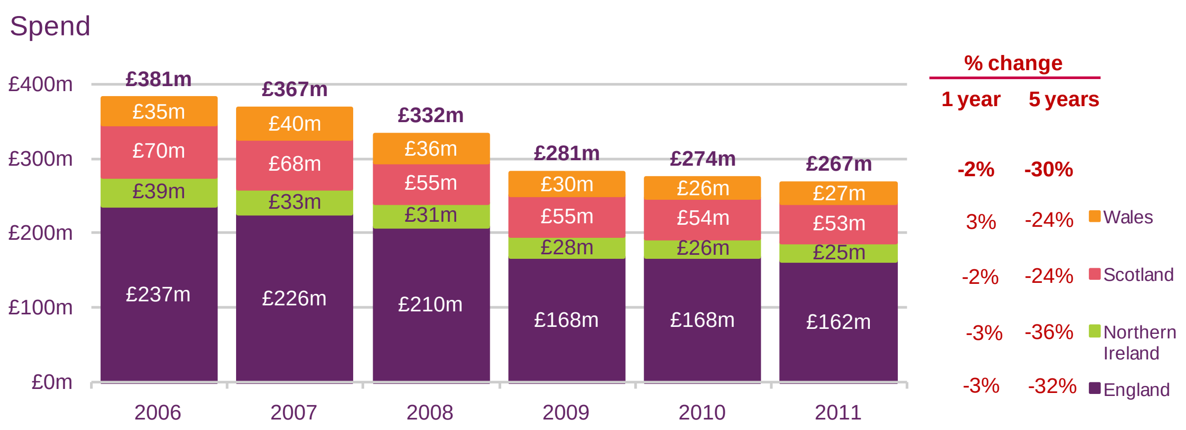
The following section outlines spend and hours of programming for viewers in Scotland, Wales, Northern Ireland, and the English regions provided by the BBC and STV/UTV/ITV. The figures exclude Gaelic and Welsh language programming but includes some spend on Irish language programming by the BBC. For information on BBC ALBA, see section 2.6.

Spend on first-run originated content in Scotland is down slightly year on year

£267m was spent by the BBC and ITV/STV/UTV on producing first-run originated programmes specifically for viewers in Wales, Scotland, Northern Ireland and the English regions in 2011, down by £7m (or 2%) since 2010 and down by 30% since 2006.

Year-on-year spend by PSBs on first-run originated programming for viewers in Scotland was down 2% to £53m; over five years, spend has decreased by 24% (£17m), making Scotland, along with Wales, one of the least affected nations over that period.

Figure 2.12 Spend on first-run originated nations/regions' output by the BBC/ITV/STV/UTV



Source: Broadcasters. All figures expressed in 2011 prices.
Note: Spend data for first-run originations only. Spend excludes Gaelic and Welsh language programming but includes some spend on Irish language programming by the BBC. This does not account for spend on BBC ALBA or BBC spend on S4C output. For information on BBC Alba, please see Figure 2.17.

Total spend on nations programming in Scotland was £55m in 2011

Turning to total spend on nations programming, the BBC and STV's spend on non-news/non-current affairs for viewers in Scotland has increased by 2% since 2010 and in 2011 was in line with the UK average. Over the five-year period Scotland's spend on non-news/non-current affairs was also the least affected: the UK had an average decline of 43% compared to a 27% decline in Scotland.

Over a five-year period, spend on news decreased by 20% against a 22% decline for the UK as a whole. Current affairs increased by 5% to £5m, compared to the UK average decrease of 26% on the genre over the same period.

Figure 2.13 Change in total spend on nations and regions output, by genre and nation: 2006 - 2011

	UK		England		N. Ireland		Scotland		Wales	
	1yr (%)	5yr (%)	1yr (%)	5yr (%)	1yr (%)	5yr (%)	1yr (%)	5yr (%)	1yr (%)	5yr (%)
Current Affairs	-13%	-26%	-13%	-31%	-23%	-36%	-8%	5%	-13%	-26%
News	-3%	-22%	-4%	-23%	-4%	-25%	-3%	-20%	2%	-3%
Non-news/non-current affairs	2%	-43%	-16%	-88%	2%	-42%	2%	-27%	7%	-35%
Total Spend in 2011	£272m		£165m		£25m		£55m		£27m	

	UK		England		N. Ireland		Scotland		Wales	
	1yr	5yr	1yr	5yr	1yr	5yr	1yr	5yr	1yr	5yr
Change in Spend	-3%	-29%	-5%	-30%	-3%	-36%	-1%	-23%	3%	-24%

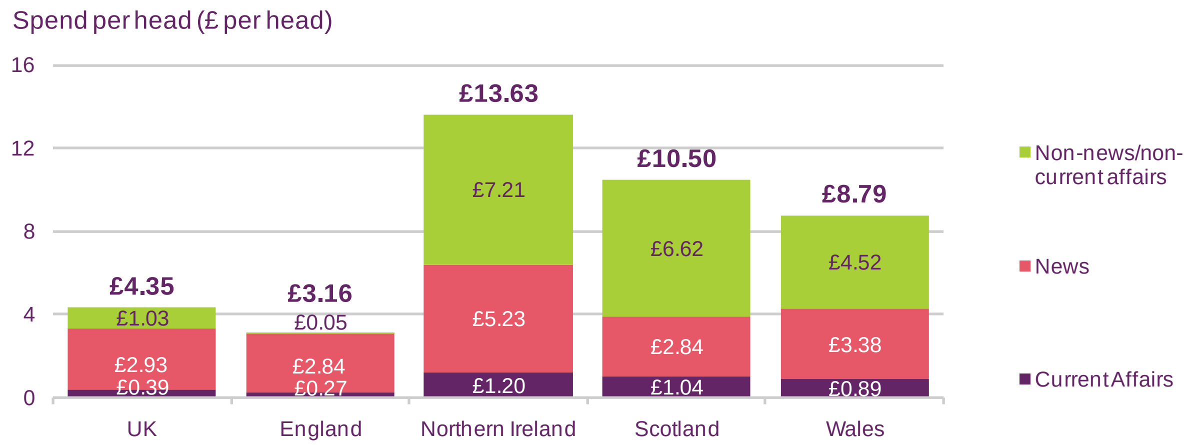
Source: Broadcasters. All figures expressed in 2011 prices.
Note: Spend excludes Gaelic and Welsh language programming but includes some spend on Irish-language programming by the BBC. This does not account for spend on BBC ALBA or BBC spend on S4C output.

Expenditure per head of population was down slightly year on year in Scotland

Expenditure per head of population on programming for people in Scotland was down by 1%, from £10.61 in 2010 to £10.50 in 2011.

Scotland's spend per head on non-news/non-current affairs increased by 1% over the year to £6.62; the only genre category to have shown a year-on-year increase in Scotland. It accounted for 63% of 2011's total spend per head for Scotland.

Figure 2.14 Total spend per head by the BBC/ITV1/STV/UTV on nations/regions output



Source: PSB returns. Spend excludes Gaelic and Welsh language programming but includes some spend on Irish language programming by the BBC. All figures expressed in 2011 prices. This does not account for spend on BBC ALBA or BBC spend on S4C output.

Total first-run originated hours for Scotland increases year on year

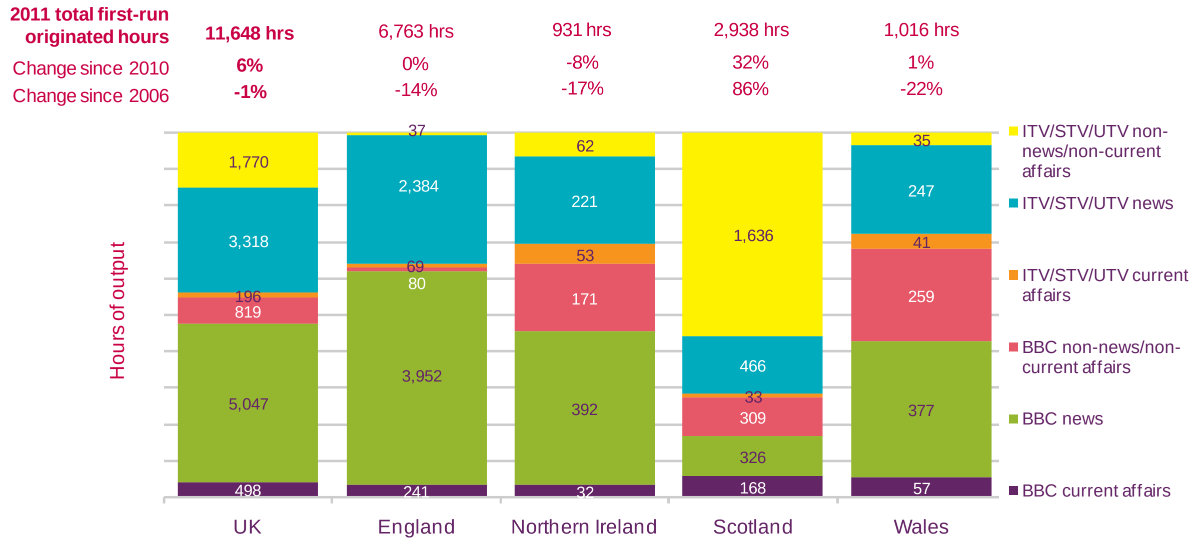
The BBC and ITV1/STV/UTV produced a total of 11,648 hours of first-run originated programming for the English regions, Scotland, Wales and Northern Ireland in 2011, up 6% (or 651 hours) on 2010, and showing minimal change since 2006 (down 1%).

The number of first-run originated hours produced specifically for viewers in Scotland was up by 86%; from 2006 to 2,938 hours. This is the highest relative increase across the four nations. Over one year, the number of first-run originated hours increased by 32% compared to the UK-wide average increase of 6%.

The number of STV first-run originated hours for non-news/non-current affairs in Scotland was up by 75% since 2010. This large increase, especially when compared to the other two genres and BBC hours, is probably because STV opted out of some networked content on Channel 3. The jump in hours is largely attributed to increased output of *The Nightshift* on STV.

Note: For comparison purposes Figure 2.15 does not take account of first-run originated BBC ALBA programming hours funded by the BBC. In 2011 this amounted to 218 hours, bringing the BBC's total first-run originated output for Scotland to 1,021 hours.

Figure 2.15 Hours of first-run originated nations/regions output, by genre and broadcaster: 2011



Source: PSB returns
Note: Hours data for first-run originations only. Hours excludes Gaelic and Welsh language programming but includes some spend on Irish language programming by the BBC. This does not include hours for BBC ALBA or BBC hours on S4C output.

Cost per hour on total nations' output decreases by 59% since 2006 for Scotland

When analysing the cost of making programmes for the nations, cost-per-hour calculations show that England, Northern Ireland and Scotland produced programmes more cost-effectively in 2011 than in 2006.

Over the five-year period, Scotland's cost per hour decreased by 59% compared to the UK average reduction of 29%.

Scotland's average cost per hour also decreased year on year by 21%; from £21,000 per hour in 2010 to £17,000 per hour in 2011, giving Scotland the lowest cost per hour across the nations.

Figure 2.16 Cost per hour of total nations and regions output, by nation: 2006 – 2011

Source: Broadcasters. All figures expressed in 2011 prices.
Note: Spend excludes Gaelic and Welsh language programming but includes some spend on Irish language programming by the BBC. This does not include hours or spend on BBC ALBA or BBC hours and spend on S4C output.

2.6 Gaelic language programming

BBC ALBA

BBC ALBA is the Gaelic-language service backed by the BBC and MG ALBA, launched in September 2008.

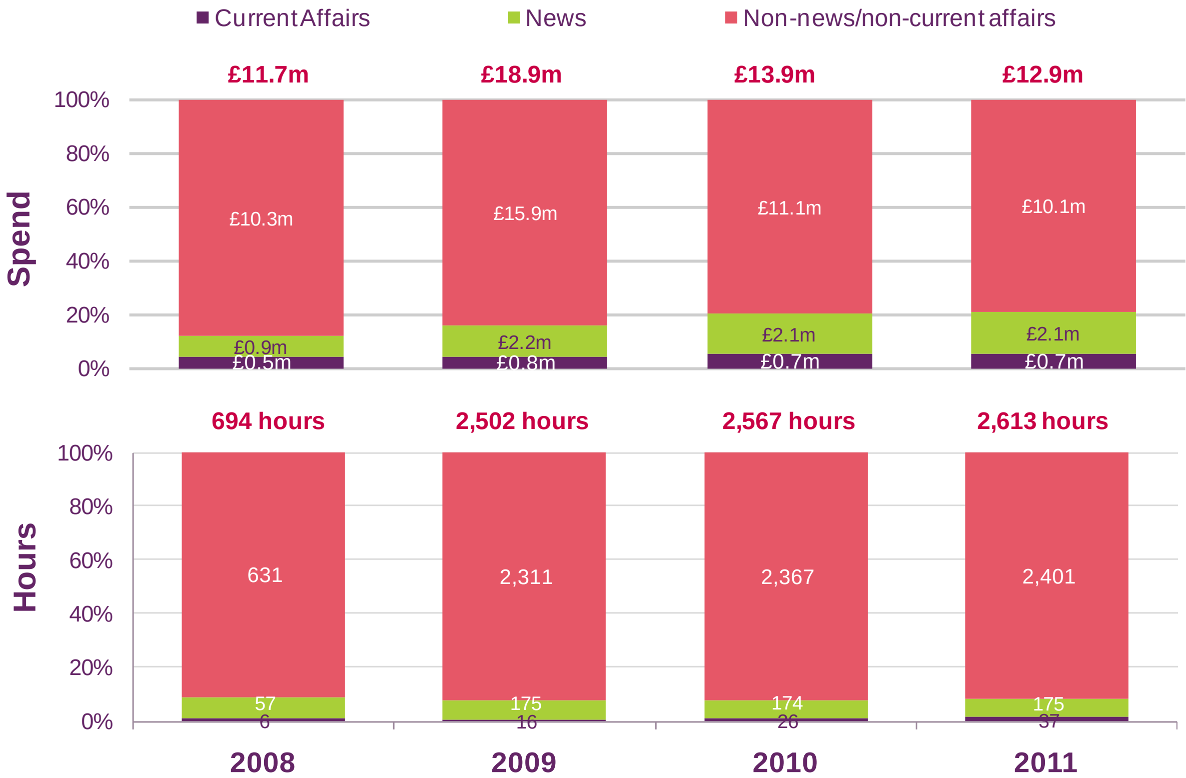
Figure 2.17 shows that £13m was spent on total programming output for BBC ALBA in 2011. Ninety-nine per cent of the £13m was spent on first-run originations.

All three genre categories experienced a year-on-year decrease in spend, although the most notable reduction was in non-news/non-current affairs, down by 9%.

In 2011 BBC ALBA broadcast 2,613 hours in total, a 2% increase on 2010. Of these, 24% (619 hours) were originations. Of the 619 hours, 218 hours were funded by the BBC and 399 hours by MG ALBA[14].

[14] NB – these hours do not sum to 619 hours exactly due to rounding up/down and small amount of jointly funded programming.

Figure 2.17 BBC ALBA total hours and spend: 2008-2011



Source: BBC, total hours and spend by the BBC and MG ALBA. All figures expressed in 2011 prices.

Research showed that awareness of the channel has increased since its move on to Freeview in June 2011[15]. Weekly reach among the Gaelic community averaged 76% between September and November 2011, while among the Scotland-wide population, weekly reach averaged 12.4% during the same period. This represents 510,000 viewers, well above the number of Gaelic speakers in Scotland.

2.7 PSB television quota compliance

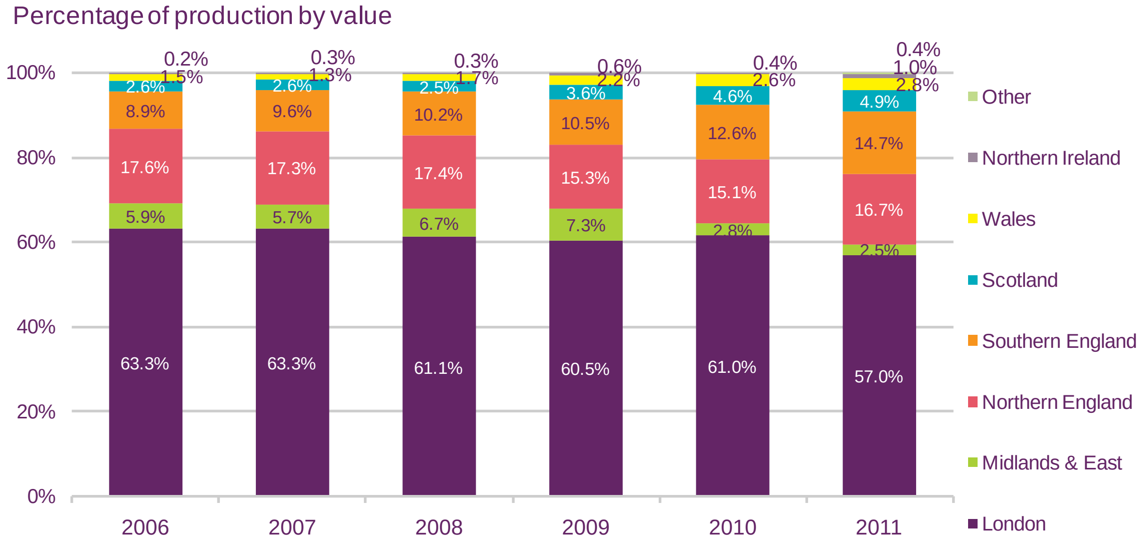
Expenditure on first-run programming produced in Scotland increased in 2011

Figure 2.18 illustrates the distribution of spend on qualifying first-run originated network content in 2011 by the five main PSB channels. Fifty-seven per cent of qualifying expenditure was devoted to productions made within the M25 - down from 61% in 2010. A further 16.7% of first-run spending was captured by producers based in the North of England and 14.7% in Southern England.

In Scotland, first-run productions by the five main PSB channels accounted for 4.9% of expenditure of originated network programming, up from 4.6% in 2010. In Wales, the figure rose from 2.6% to 2.8% in 2011. In Northern Ireland, the figure increased from 0.4% of total spending on first-runs to 1%.

[15] Sources: Leirsinn and TNS for BBC ALBA

Figure 2.18 Expenditure on network programming: 2006-2011

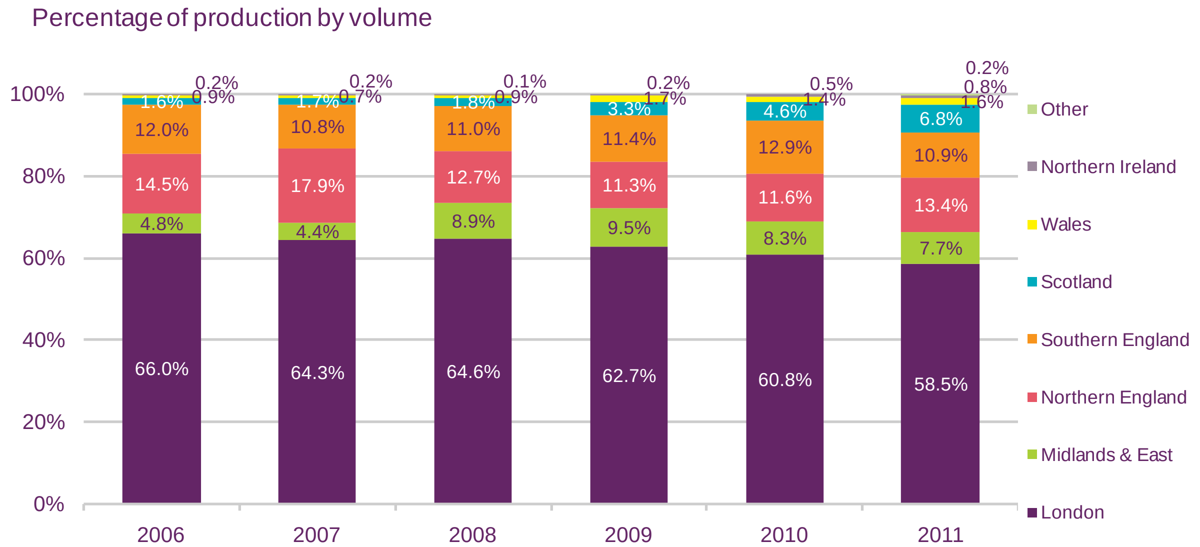


Source: Ofcom/broadcasters.
Note: A new category 'Other' has been created for regional productions from London producers which do not meet both 70% of spend and 50% of talent in any one particular macro region' See http://stakeholders.ofcom.org.uk/broadcasting/guidance/programme-guidance/reg_prod/on Ofcom website for further details.

In terms of volume, 58.5% of first-run network programmes in 2011 were produced within the M25, down from 60.8% in 2010. A further 13.4% was produced in Northern England, 10.9% in Southern England and 7.7% in the Midlands and East.

Producers in Scotland delivered 6.8% of all first-run hours in 2011, up from 4.6% in 2010, while the comparable figure for Wales was 1.6% (up from 1.4% in 2010). First-run hours produced in Northern Ireland increased to 0.8% in 2011 (Figure 2.19).

Figure 2.19 Volume of network programming: 2006-2011



Source: Ofcom/broadcasters.
Note: A new category 'Other' has been created for regional productions from London producers which do not meet both 70% of spend and 50% of talent in any one particular macro region' See http://stakeholders.ofcom.org.uk/broadcasting/guidance/programme-guidance/reg_prod/on Ofcom website for further details.

3 Radio and audio content

3.1 Recent developments in Scotland

Commercial radio

In November 2011 Ofcom approved Global Radio Holdings Ltd's request to change Capital FM Scotland's format requirements to "a rhythmic-based music-led service for 15-29 year-olds supplemented with news, information and entertainment". This was on the basis that the change would not result in a narrowing of listener choice, and that Capital FM Scotland would continue to offer a distinctive service in the central Scotland market.

A request from Original FM Aberdeen Ltd to change the format of Original 106 (Aberdeen) was also approved by Ofcom in December 2011, subject to one amendment. The new format is designed to appeal in particular to 35-39 year old male listeners and includes 24-hour news.

GMG Radio rebranded 96.3 Rock Radio as 96.3 Real XS. GMG described the impact of rebranding as providing a "much stronger commercial proposition" to advertisers in Scotland and greater brand strength and awareness for its rock music station. Real Radio's collaboration with STV to produce the *Scotland's Greatest Album* programme was the first collaboration of its kind for the radio station, involving a joint, simulcast production linked with social and traditional media.

Community radio

In October 2011 Ofcom extended Leith FM's licence by five years to March 2017. In March 2012 the station relaunched as 98.8 Castle FM, and in April completed a £10,000 project to build new studios at its Leith premises.

Ofcom has conducted a round of licensing for community radio in Scotland, attracting 19 applications. Services were proposed for many different parts of the country including the Outer Hebrides, Edinburgh, Glasgow, East Lothian and Fort William.

Community and small ILR stations across Scotland formally constitute the Scottish Community Broadcasting Network (SCBN). Stations choosing to join pay an annual membership fee, and share good practice and programme-making experience. Network stations attended a reception at the Scottish Parliament in March 2012. Future plans include developing a Scottish radio news service for SCBN stations.

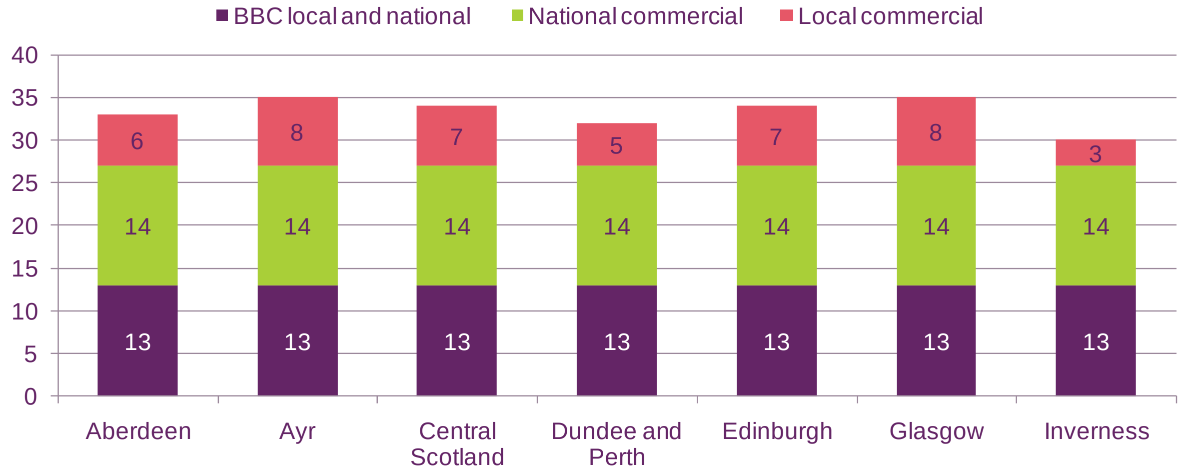
In 2011 the Scottish Government commissioned research into the community radio sector in Scotland, which it published in March 2012[16]. The research provides an overview of community radio generally, focusing on the Scottish sector. Most station managers surveyed said they would consider sharing premises, equipment and resources with other stations or with arts, community, education or voluntary organisations. The research showed that community radio stations in Scotland do collaborate with each other and, to some extent, with professional broadcasters, but concluded that such links should be consolidated and improved.

[16] http://www.scotland.gov.uk/Publications/2012/03/9142/1

3.2 Radio service availability

Across Scotland, digital radio listeners in the Glasgow and Ayr areas have the greatest DAB choice, with 35 stations. This includes the 13 networked and national BBC services, the 14 services available on the national Digital One multiplex and eight local commercial stations. Station choice is lowest in Inverness, with three local commercial stations available on DAB. (Figure 3.1)

Figure 3.1 Availability of DAB stations in Scotland, by area



Source: Ofcom, April 2012
Note: This chart shows the maximum number of stations available in each area; local variations along with reception issues mean that listeners may not be able to access all of these

In addition to these digital services, there are 38 commercial analogue stations and 18 community radio stations currently broadcasting in Scotland. (Figure 3.2)

Figure 3.2 Number of community radio stations on air: 2006- 2012

	2006	2007	2008	2009	2010	2011	2012
England	29	72	95	126	146	160	159
UK	36	90	123	163	184	199	197

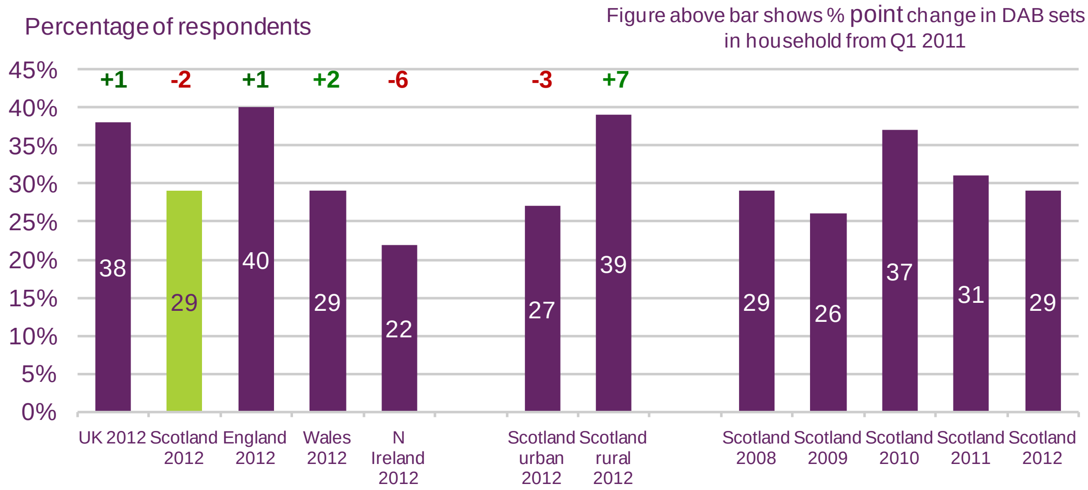
Source: Ofcom, April 2012

3.3 Digital radio set ownership

Three in ten adults in Scotland have a digital radio set

Digital radio set ownership in Scotland remains unchanged this year, with three in ten adults (29%) who listen to the radio reporting that they have a DAB radio set at home. The two percentage point fall compared to 2011 is not statistically significant. (Figure 3.3)

Figure 3.3 Ownership of DAB digital radios



Source: Ofcom research, Q1 2012 Base: All adults aged 16+ who listen to radio (n = 2963 UK, 364 Scotland, 1790 England, 405 Wales, 404 Northern Ireland, 200 Scotland urban, 164 Scotland rural, 766 Scotland 2008, 780 Scotland 2009, 1034 Scotland 2010, 357 Scotland 2011, 364 Scotland 2012) Question. You said earlier that you have (NUMBER) radio sets in your home that someone in the household listens to in most weeks. How many of these radio sets are digital radios? Note: Remaining percentages are Don't know responses. Data in 2011 based on those who listen to radio and have any radio sets in the household that someone listens to in most weeks.

3.4 Patterns of listening to audio content

Average weekly listening hours in Scotland are lower than in other nations

Among adults in Scotland, average weekly radio listening stood at 21.4 hours, the lowest across all of the UK nations. Radio services reached 87.3% of the adult population, again the lowest across all of the UK nations and 3.8 percentage points lower than the UK average of 91.1%. (Figure 3.4)

Figure 3.4 Average weekly reach and listening hours: year to Q4 2011

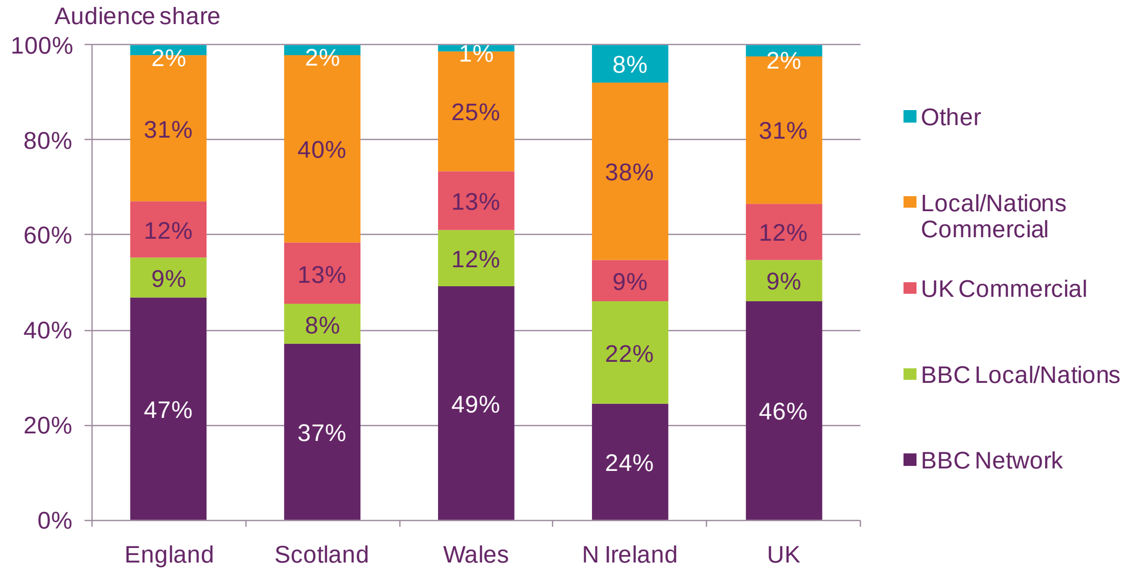
	England	Scotland	Wales	Northern Ireland	UK TOTAL
Average weekly listening	22.5 hours	21.4 hours	23.2 hours	22.0 hours	22.5 hours
Reach	91.1%	87.3%	93.2%	90.1%	91%

Source: RAJAR, All adults (15+), year ended Q4 2011. Reach is defined as a percentage of the respective adult population who listen to a station for at least five consecutive minutes in the course of an average week

Local commercial radio stations are more popular in Scotland than in other nations

In 2011, local commercial stations accounted for 40% of total radio listening hours in Scotland, a higher share for this sector than in any other UK nation (the UK average was 31%). National commercial stations attracted a 13% market share, slightly higher than the UK average of 12%. As would be expected with a high market share of commercial stations, BBC stations accounted for 45% of market share in Scotland, lower than in any of the other nations and lower than the UK average of 55%. (Figure 3.5)

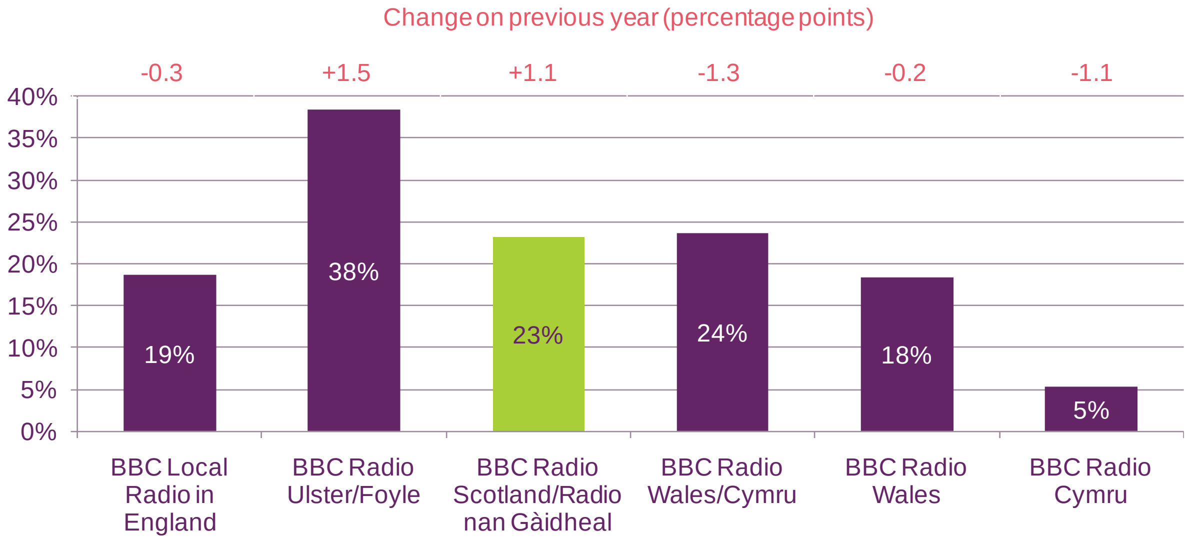
Figure 3.5 Share of listening hours, by nation: year to Q4 2011



Source: RAJAR, All adults (15+), year ended Q4 2011
Note: BBC Local/Nations includes both BBC Scotland and Radio Nan Gàidheal

Just over one-fifth (23%) of adults listened to BBC Radio Scotland in an average week in 2011, up by 1.1 percentage points on the previous year (Figure 3.6). Total listening hours to the national BBC stations in Scotland accounted for 8% of all radio listening hours in 2011. This is similar to the share of BBC local radio listening in England and the UK average (both 9%), but lower than in Wales (12%) and Northern Ireland (22%) (Figure 3.5).

Figure 3.6 Weekly reach of national/local BBC services



Source: RAJAR, All adults (15+), year ended Q4 2011. Reach is defined as the total proportion of the adult population within each respective TSA who listed to at least five consecutive minutes in the average week.

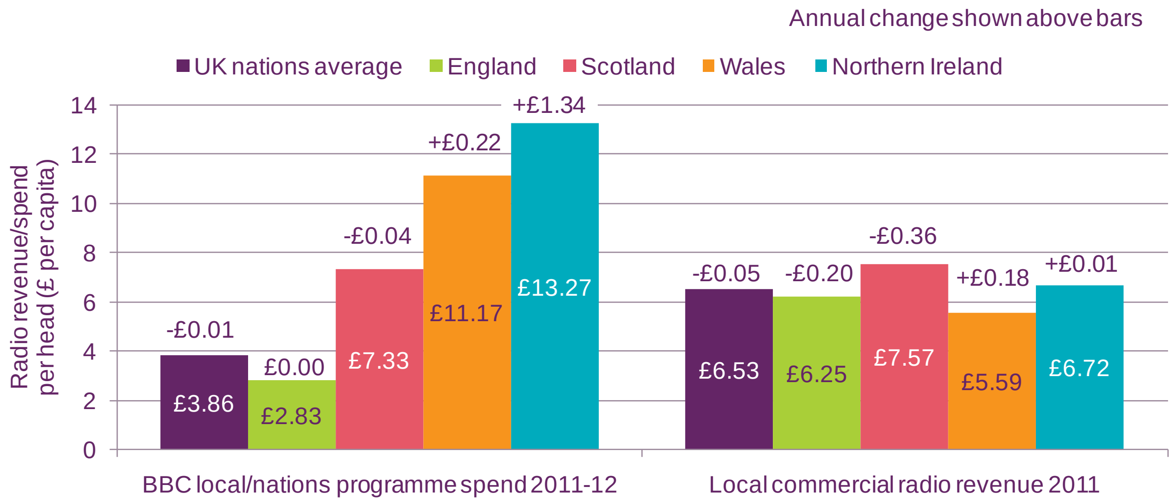
3.5 The radio industry

Commercial radio revenue and BBC Radio funding in Scotland

The commercial revenues generated by local radio stations in Scotland reached £39.7m in 2011. Adjusting for population size, Scotland has the largest revenue per head of the UK nations at £7.57, a £0.36 (4%) decrease on 2010 (Figure 3.7).

BBC Radio spend on BBC Radio Scotland and BBC Radio nan Gàidheal totalled £38.1m in 2011/12. Expenditure per head declined £0.04 to £7.33. Scotland was the only UK nation to see BBC expenditure per head decline (albeit marginally) in 2011/12.

Figure 3.7 Local/nations radio spend and revenue per head of population: 2011/12



Source: Broadcasters
Note: The UK total shows the average for local commercial radio across the four nations and therefore excludes revenues for the UK-wide commercial stations: Classic FM, talkSPORT and Absolute.

4 Internet and web-based content

4.1 Broadband take-up in Scotland

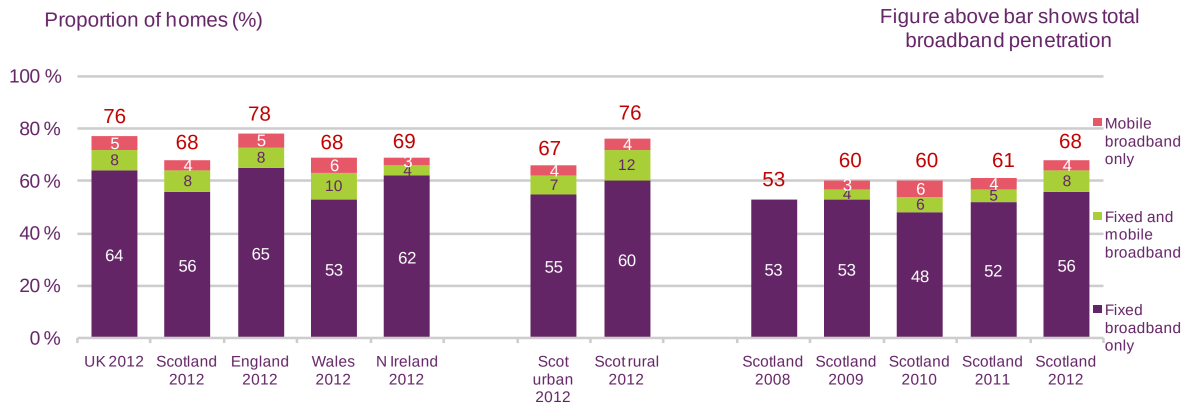
Significant increase in broadband take-up in Scotland

Last year we reported that broadband take-up in Scotland continued to lag behind other UK nations, and had remained unchanged at 61%, while all the other UK nations had seen year-on-year increases in take-up.

This year broadband take-up in Scotland has increased significantly; to 68%, and is now at a similar level to take-up in Wales (68%) and Northern Ireland (69%) (Figure 4.1). Broadband take-up in Scotland is still below the UK average of 76% - a figure which is heavily influenced by higher take-up in England (78%).

The increase in Scotland's broadband ownership has been driven by increased ownership of both fixed broadband (increasing from 57% to 64%) and mobile broadband (increasing from 9% to 12%). As in previous years, broadband take-up is higher in Scotland's rural areas than in urban areas.

Figure 4.1 Broadband take-up at home

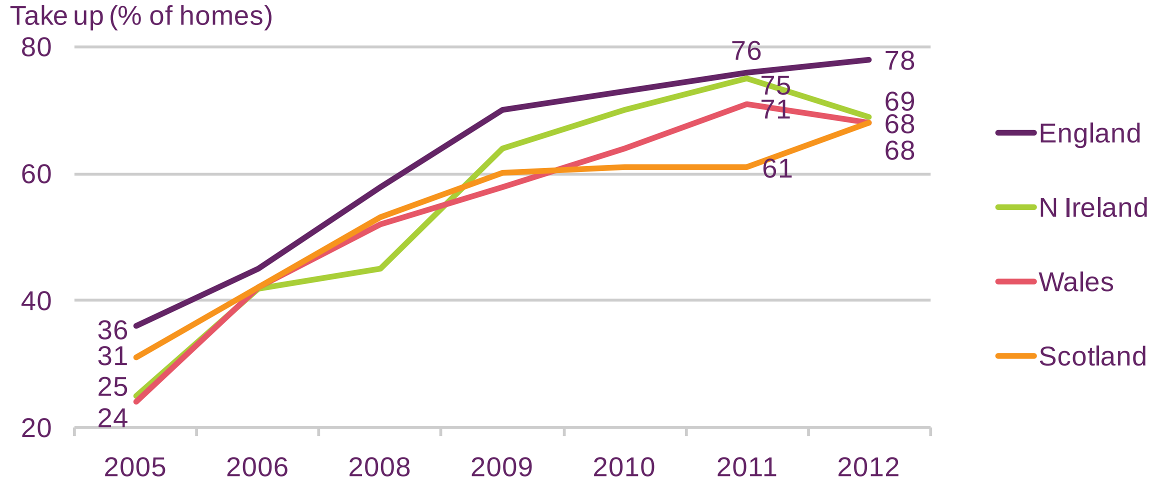


Source: Ofcom research, Q1 2012
Base: All adults aged 16+ (n = 3772 UK, 500 Scotland, 2251 England, 513 Wales, 508 Northern Ireland, 264 Scotland urban, 236 Scotland rural, 925 Scotland 2008, 1014 Scotland 2009, 1468 Scotland 2010, 487 Scotland 2011, 500 Scotland 2012). Question. Which of these methods does your household use to connect to the internet at home? (NB 2008 survey did not cover mobile broadband. 2008 measure shows any broadband)

Scotland returns to par with Wales and Northern Ireland

Figure 4.2 shows that broadband take-up in Scotland was level with the other nations until Q1 2010. In 2010 Scotland's take-up appeared to stall, while penetration in England, Wales and Northern Ireland continued to rise. This growing gap generated much debate among stakeholders in Scotland. Q1 2012 data show that the gap has now distinctly narrowed.

Figure 4.2 Broadband take-up across the UK's nations



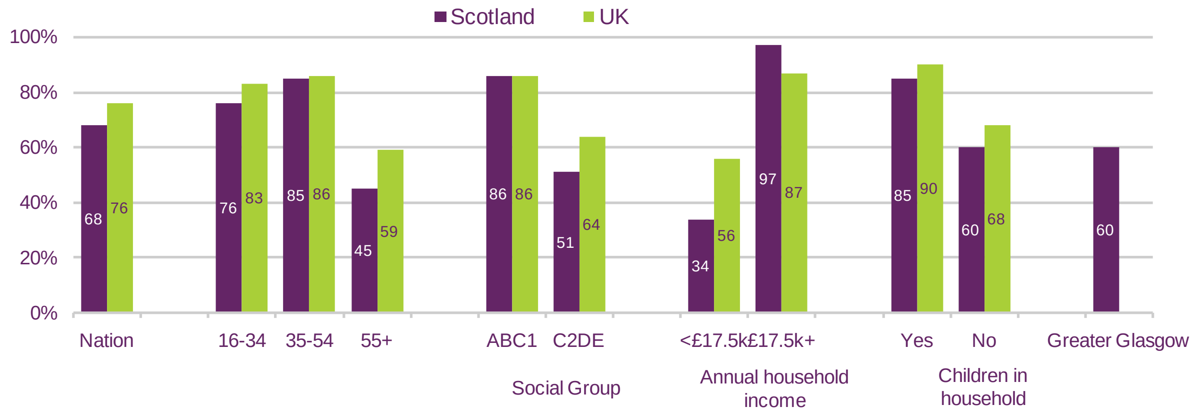
QE9. Which of these methods does your household use to connect to the internet at home?
Source: Ofcom research, Quarter 1 2011
Base: All adults aged 15+ (n = 3474 UK, 493 Wales, 1983 England, 487 Scotland, 511 Northern Ireland)

Broadband take-up remains lower than average among over-55s and DE households

Despite the increased broadband take-up in Scotland this year, penetration is still lower than average among those aged over 55, C2DE social groups and low-income households (Figure 4.3).

In previous reports we have highlighted the particularly low broadband take-up in Greater Glasgow. Broadband take-up now stands at 60% in this area, which is an increase of ten percentage points from the same time last year when it stood at 50%.This year we have conducted in-depth analysis of the British Population Survey to better understand the reasons for this (see section 1.4).

Figure 4.3 Broadband take-up in Scotland compared to the UK (by demographic)



Source: Ofcom research, Q1 2012. Base: All adults aged 16+ (n =500 Scotland, 140 16-34s, 172 35-54s, 187 55+, 238 ABC1, 164 C2DE, 109 <£17.5k income, 154 £17.5k+, 154 children in home, 346 no children in home). Question. Which of these methods does your household use to connect to the internet at home?

This year has also seen a large increase (from 21% to 31%) in the proportion of adults in Scotland who use a mobile phone handset or smartphone to access the internet (Figure

5.8). This is discussed further in section 5.4 of the Telecoms and networks chapter of this report.

4.2 Internet-enabled devices

One in ten adults in Scotland have purchased a tablet computer in the past year

Figure 4.4 shows that tablet computer ownership has increased rapidly across the UK in the past year. In the first quarter of this year, 11% of adults in Scotland claimed to have a tablet PC, a 10 pp annual increase. Those most likely to have purchased a tablet PC are aged 35-54 and from AB social groups/ higher-income households.

Figure 4.4 Tablet computer take-up in Scotland

Source: Ofcom research, Q1 2012
Base: All adults aged 16+ (n = 3772 UK, 500 Scotland, 2251 England, 513 Wales, 508 Northern Ireland, 264 Scotland urban, 236 Scotland rural, 487 Scotland 2011, 500 Scotland 2012). Question. Does your household have a PC, laptop, netbook or tablet computer?

Eight per cent of adults in Scotland have an e-reader

As shown in Figure 4.5, just under one in ten (8%) adults in Scotland have an e-reader that they can use to read books, magazines and other text downloaded from the internet. Half of those with an e-reader have a built-in 3G connection, which allows them to download books using a mobile network. Those aged between 35 and 54 and in the AB social groups are most likely to own an e-reader.

Figure 4.5 Ownership of e-readers

Source: Ofcom research, Q1 2012 Base: All adults aged 16+ (n = 3772 UK, 500 Scotland, 2251 England, 513 Wales, 508 Northern Ireland, 264 Scotland urban, 236 Scotland rural) Question: Which of the following do you, or does anyone in your household, have in your home at the moment?/ QB2. And do you personally use.../ QB6. Does your household's e-reader have built-in 3G access to a mobile network?

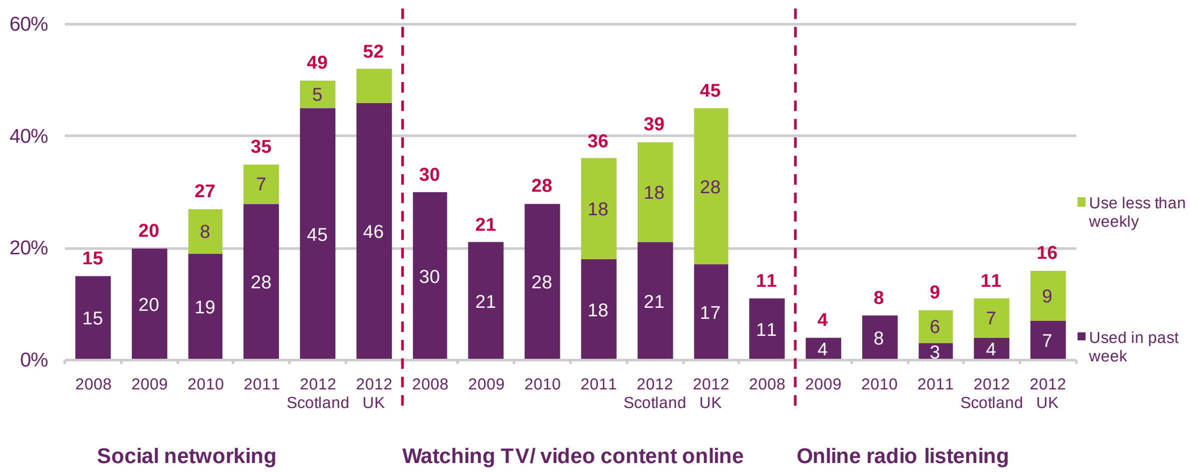
4.3 Internet use

Half of all adults in Scotland use social networking sites

The increase in broadband take-up and use of mobile phones to access the internet in Scotland in the past year has been accompanied by a sharp and significant increase in use of social networking sites, from 35% in Q1 2011 to half (49%) of all adults in Q1 2012 (Figure 4.6). The majority of those who used social networking sites had done so in the past week.

Four in ten (39%) adults in Scotland watch TV or video content online and one in ten (11%) listen to online radio. In both cases the proportion who use the internet for these activities has increased by a small, but not statistically significant, amount since the beginning of 2011.

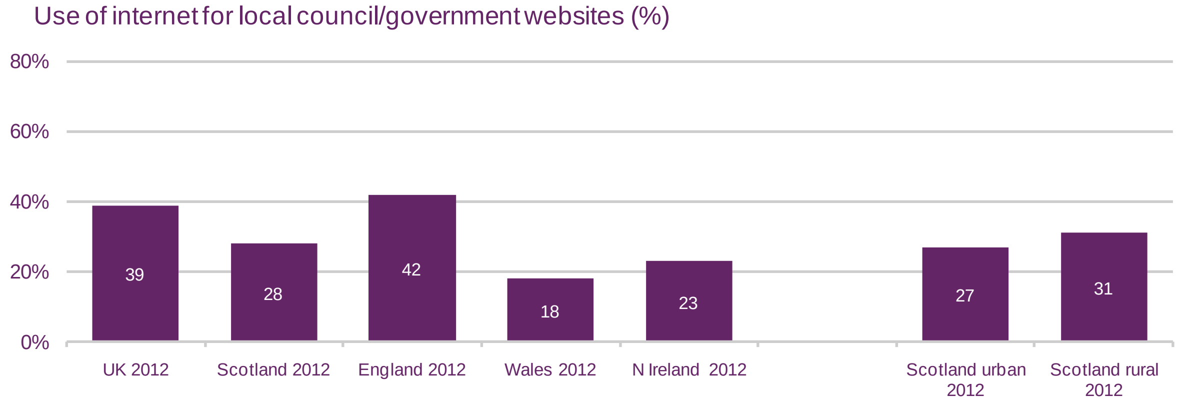
Figure 4.6 Use of internet applications



Source: Ofcom research, Q1 2012
Base: All adults aged 16+ in Scotland n = 500 Question. NB includes use via any device i.e. PC/ laptop or mobile phone. Prior to 2011 the chart shows those who had ever used these applications.

Just over a quarter (28%) of adults in Scotland claim to use the internet to access local council or government websites (Figure 4.7). This is lower than in England (42%), where broadband take-up is higher, but higher than in Wales (18%) and Northern Ireland (23%) where broadband take-up is at a comparable level.

Figure 4.7 Use of internet to access local council/ government websites



Source: Ofcom research, Q1 2012 Base: Adults aged 16+ with access to the internet at home (n = 2823 UK, 361 Scotland, 1734 England, 363 Wales, 365 Northern Ireland, 178 Scotland urban, 183 Scotland rural). Question: Which, if any, of these do you or members of your household use the internet for whilst at home?

5 Telecoms and networks

5.1 Recent developments in Scotland

Scotland's Digital Future

On 31 January 2012 the Scottish Government published *Scotland's Digital Future: Infrastructure Action Plan*[17], setting out a blueprint for world-class digital connectivity that the government said would allow Scottish society to prosper fully: economically, socially and culturally, in the digital age. The public sector has already secured over £250m for delivery of the digital connectivity targets set out in the plan.

The action plan outlined the commitment and the steps the Scottish Government will take to pursue its objectives:

It will provide a transformational change in the quality and coverage of internet and mobile access throughout all of Scotland by 2020, with a step-change in speeds by 2015.

It will facilitate the roll-out of digital infrastructure that will deliver benefits in terms of speed, ease of access, geographical coverage, price and choice of provision for households and businesses.

It will keep pace with, and surpass, international benchmarks in delivery of next-generation broadband.

The action plan set out four programmes:

Programme 1 – Achieving a step-change by 2015: To address the current digital divide and put in place infrastructure in those areas that the market currently will not go, with headline speeds of 40Mbit/s to 80Mbit/s for between 85% to 90% of premises and a significant uplift in speeds for the remaining 10-15% by 2015. These targets will be delivered through two closely-related procurements: one in the Highlands and Islands, and a separate one for the rest of Scotland. The Highlands and Islands project - originally one of the four BDUK pilot projects (and the only one in Scotland) is being led and managed by Highlands and Islands Enterprise. Procurement started in June 2011 and the contract is expected to be agreed in August 2012. A second procurement exercise, covering the rest of Scotland, is currently being taken forward by the Scottish Government. This will go to tender in September 2012, with a contract award expected in early 2013.

Programme 2 – Achieving world-class by 2020: To deliver a longer-term plan, developed in parallel, to ensure that the right mechanisms, partnerships and commercial models are in place to deliver world-class infrastructure in a sustainable way and in partnership with industry.

Programme 3 – Demonstrating and delivering innovative and local solutions: This will be targeted at promoting locally-based projects and programmes and trialling new technologies.

Programme 4 – Increasing take-up and stimulating demand: This will be targeted at raising digital participation rates for businesses and individuals and raising demand for services – helping to improve the commercial case for investment and delivering better outcomes for Scotland.

[17] http://www.scotland.gov.uk/Publications/2012/01/1487/0

Mobile infrastructure

The aim of the UK Government's £150m Mobile Infrastructure Project is to improve mobile coverage across the UK including Scotland. The focus is on voice coverage and complete not-spots.

'Super-connected' cities

In December 2011 the UK government announced a plan to create ten 'super-connected' cities across the UK, maximising the availability of 80Mbit/s to 100Mbit/s broadband connectivity and city-wide high-speed mobile connections. There will be a particular focus on small and medium-sized enterprises (SMEs) and strategic employment zones, to support economic growth in these cities, and it was announced that Edinburgh would be one of the cities to benefit.

Service providers

BT is currently rolling out its superfast fibre broadband network, and by April 2012 over 300,000 homes and businesses in Scotland were within this network's 'live' footprint. According to BT's deployment plans, this figure will have increased to over 830,000 by spring 2013.[18]

In addition, parts of Scotland have also benefited from the roll-out of BT's ADSL2+ broadband service, which delivers wholesale download speeds of 'up to' 20Mbit/s over copper lines.[19] As of April 2012 64% of people in Scotland lived in areas served by exchanges which had been upgraded, and by the end of 2012 this proportion will have increased to 73%.

Dundee and Glenrothes, where services were upgraded in March and April 2012, were among the first areas to benefit from faster cable broadband speeds as part of Virgin Media's programme to double the speeds of most of its cable broadband connections.[20]

5.2 Availability of broadband services

ADSL availability in Scotland was slightly lower than in the other UK nations at the end of 2011

By the end of 2011 almost all UK homes were connected to an ADSL-enabled BT local exchange, although some people may not be able to receive ADSL broadband services, or may only be able to do so 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. Of BT's 5,589 local exchanges only 26 (20 in Scotland, and six in England) had not been upgraded to offer ADSL broadband services by the end of 2011, and as a result the proportion of homes connected to an ADSL-enabled BT exchange was marginally lower in Scotland than in the rest of the UK (Figure 5.1).

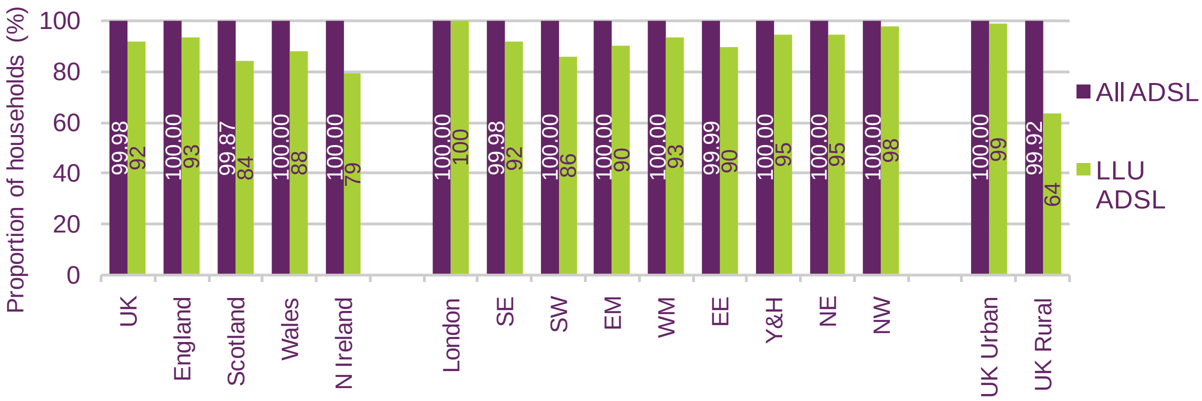
Local loop unbundling (LLU) involves an alternative operator placing its own equipment in the incumbent's local exchange. This is then connected to the LLU provider's own backhaul network, and ADSL broadband services are provided over the twisted copper pair, which is

[18] http://www.btplc.com/News/Articles/Showarticle.cfm?ArticleID=C7CB8FCA-8F01-449A-AECD-608E0A6329BB
[19] http://www.btplc.com/news/articles/showarticle.cfm?articleid=%7Ba4a686af-92e3-4c7c-8b83-fadc2cf1b961%7D
[20] http://mediacentre.virginmedia.com/Stories/Virgin-Media-s-speed-doubling-starts-2380.aspx

leased from the incumbent operator. LLU operators are able to benefit from economies of scale which are not available to them when purchasing wholesale services on a per-unit basis, and have greater opportunity to differentiate the services that they offer from their competitors'. As a result, 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.

At the end of 2011 92% of UK homes were connected to an LLU-enabled BT exchange, a three percentage point increase on a year previously. LLU roll-out has historically been concentrated in exchange areas serving a large number of premises (which tend to be in urban areas) and as a result of this the proportion of homes connected to an LLU-enabled local exchange is much higher in urban areas (99%) than in rural ones (64%). Scotland had the second lowest proportion of households connected to an LLU-enabled exchange at the end of 2011, at 84%; across the other UK nations this proportion ranged from 79% in Northern Ireland to 93% in England.

Figure 5.1 Proportion of homes connected to ADSL-enabled and unbundled exchanges: December 2011



Sources: Ofcom/BT, December 2011 data

Scotland had the second-highest household availability of cable broadband services in May 2012, at 35%

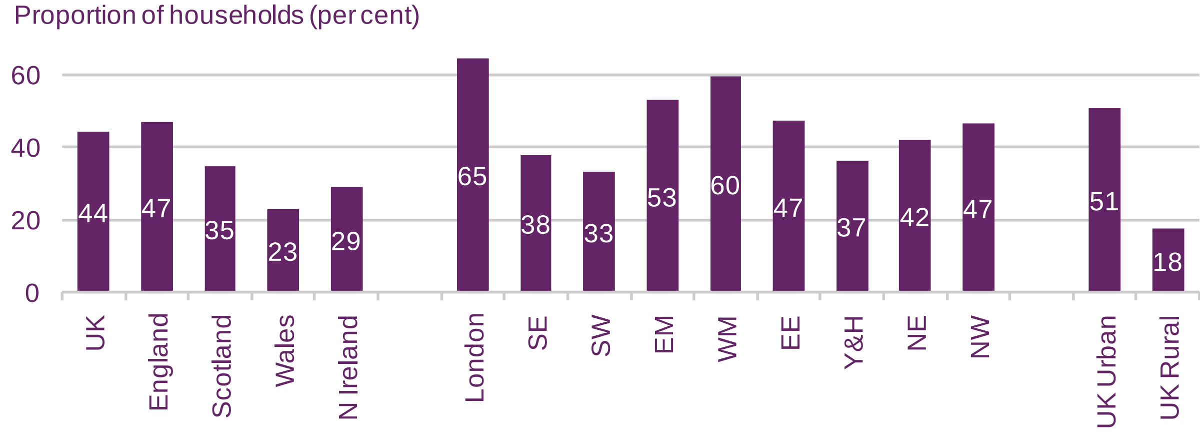
Ofcom estimates (based on data provided by Virgin Media) show that 44% of UK homes were passed by Virgin Media's cable broadband network in May 2012. However, this figure will be under-stated as it excludes homes where Virgin Media is not also able to provide fixed voice and pay-TV services (Figure 5.2).[21]

As with the roll-out of LLU broadband services, the original cable franchisees concentrated network deployment in urban areas in order to maximise the number of premises covered by their networks (and therefore their potential customer bases). This is reflected below, with household coverage in urban areas being 51%, compared to 18% in rural areas. Across the UK nations, the proportion of homes passed by Virgin Media's cable broadband network ranged from 23% in Wales to 47% in England, while in Scotland 35% of homes could receive Virgin Media cable broadband services, the second highest proportion among the UK nations.

[21] While the most recent data available to Ofcom show that 44% of UK homes were able to receive triple-play cable services from Virgin Media in May 2012, data from 2010 show that in total 48% of UK homes were able to receive Virgin Media cable broadband in June of that year.

All of Virgin Media's cable network is able to provide broadband speeds of 'up to' 100Mbit/s and in January 2012 Virgin announced that it was doubling the speeds of most of its broadband connections in the 18 months from February 2012, thereby increasing the speed of its fastest package to 'up to' 120Mbit/s[22].

Figure 5.2 Proportion of households passed by Virgin Media broadband



Sources: Ofcom/Virgin Media, May 2012 data
Note: excludes homes where Virgin Media is not also able to provide fixed voice and pay-TV services

Household fibre-to-the-cabinet availability in Scotland was the lowest among the UK nations in March 2012, at 10%

Fibre-to-the-cabinet (FTTC) involves running fibre optic cable from the local exchange to the street cabinet, from which VDSL (a fast form of DSL) is used to transmit data over the twisted copper pair to the customer's premises. Figure 5.3 shows Ofcom estimates of the proportion of UK homes that were able to receive BT FTTC services by March 2012 (there are other FTTC deployments, the most notable of which is South Yorkshire Digital Region, which covers around 440,000 premises in the South Yorkshire area).[23]

BT is currently in the process of rolling out FTTC services, and this is reflected by the fact that in the year to March 2012 our estimate of the proportion of homes able to receive BT FTTC services (or services using BT's FTTC network) increased by 15 percentage points to 31% (these estimates have been adjusted to take into account the fact that not all street cabinets connected to an exchange that has been upgraded to offer FTTC have fibre run to them). BT's FTTC service had a headline speed of 'up to' 40Mbit/s at launch, and in April 2012 it upgraded its FTTC network to offer 'up to' 80Mbit/s.[24]

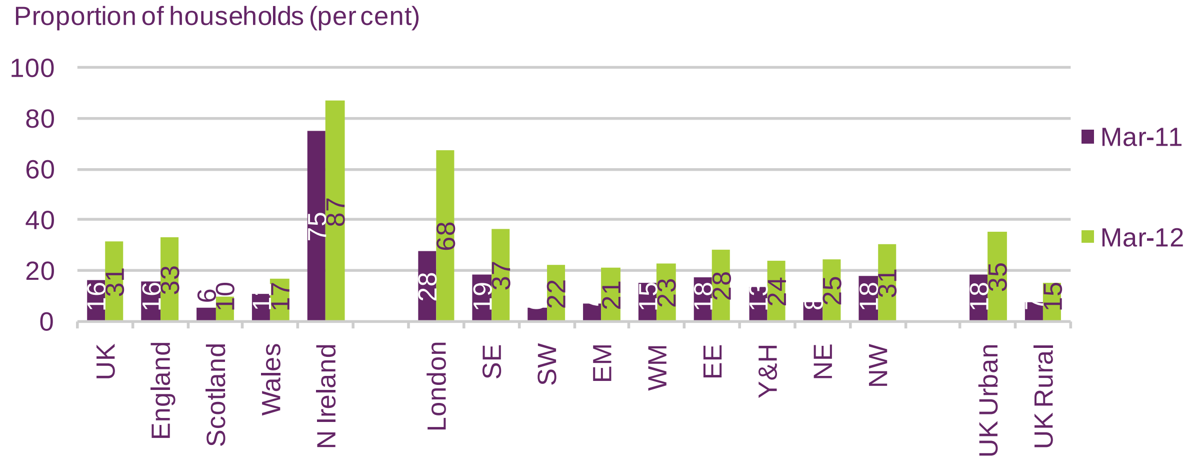
By March 2012 35% of homes in urban areas of the UK were able to receive BT FTTC services, more than twice the proportion in rural areas (15%). Scotland had the lowest estimated proportion of homes that were able to receive FTTC services from BT, at 10%, while FTTC availability was highest in Northern Ireland, at 87%; the result of a Department of Enterprise, Trade and Investment (DETI) initiative to increase the availability of fibre-based broadband services.

BT is also deploying fibre-to-the-premises (FTTP) services, and by the end of 2011 its FTTP network, which offers speeds of 'up to' 110Mbit/s, covered around 50,000 UK homes.[25] BT

[22] http://mediacentre.virginmedia.com/Stories/Virgin-Media-boosts-Britain-s-broadband-speeds-2322.aspx
[23] http://www.digitalregion.co.uk/digital-region-wholesale/the-networkrollout
[24] http://www.btplc.com/News/ResultsPDF/q411release.pdf
[25] http://www.btplc.com/Sharesandperformance/Quarterlyresults/PDFdownloads/q312_transcript.pdf

intends to make its superfast broadband services available to two-thirds of UK premises using a mixture of FTTC and FTTP, and in October 2011 it announced that this goal would be attained by the end of 2014, a year sooner than originally planned.[26]

Figure 5.3 Estimated proportion of households able to receive BT FTTC services



Sources: Ofcom/BT

Forty-two per cent of homes in Scotland could access superfast broadband services by March 2012

Superfast broadband is defined as those connections with a headline 'up to' speed of 30Mbit/s or more, and by overlaying Virgin Media cable broadband availability data onto that of BT's FTTC network we are able to estimate the overall availability of superfast services. Again it should be noted that the figures below will be slightly under-stated as they exclude BT's FTTP network, homes where Virgin Media is not also able to provide fixed voice and pay-TV cable services, and other smaller-scale fibre deployments.

We estimate that by March 2012 60% of UK homes were able to receive superfast broadband services, up from 53% a year previously; largely as a result of BT's ongoing FTTC roll-out (Figure 5.4). Household availability of superfast broadband in rural areas (28%) was less than half of that in urban areas (67%) by March 2012, and across the UK nations the household availability of superfast services was lowest in Wales (34%) and highest in Northern Ireland (94%). In Scotland 42% of homes were able to receive superfast broadband services by March 2012, the second lowest proportion among the UK nations.

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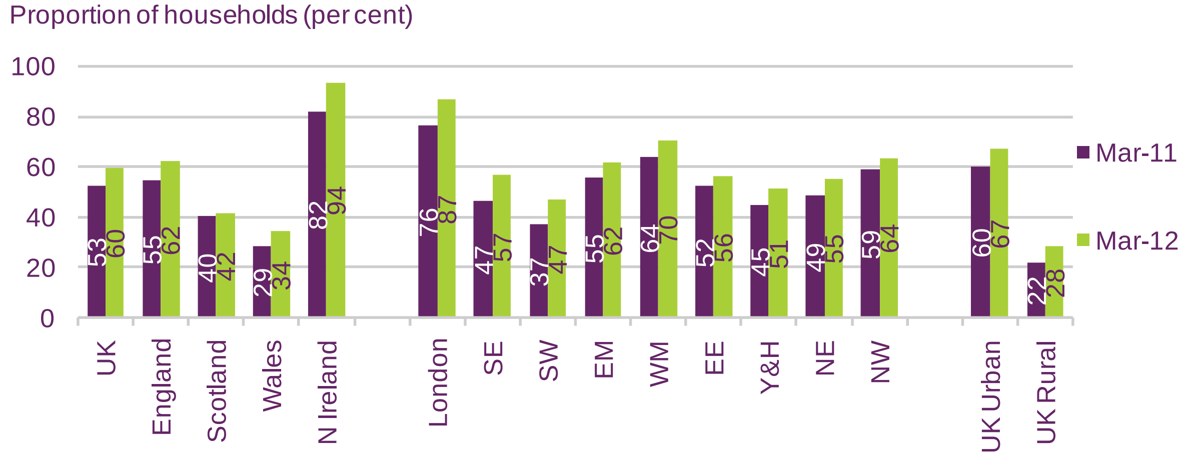
[26] http://www.btplc.com/news/articles/showarticle.cfm?articleid=%7Bd228f2b4-25fc-4095-8ec4-bd17b903cc3b%7D

Figure 5.4 Estimated proportion of households able to receive superfast broadband services



Sources: Ofcom/BT/Virgin Media

5.3 Mobile coverage

Mobile coverage available to 99% of premises in Scotland – with 94% able to access 3G

Although 92% of UK adults have a mobile phone, according to Ofcom's market research, there remain areas of the country where a lack of network coverage means that making mobile phone calls, sending text messages or accessing the internet from a mobile device is not possible. These areas, sometimes known as 'mobile not-spots', are often characterised by low population density and/or undulating terrain, presenting physical and economic obstacles that may deter mobile network operators from installing mobile phone masts in those areas.

In other areas of the UK, some operators have installed masts and provide a mobile service where other operators do not have a presence, leading to the creation of partial not-spots.

Figure 5.5 and Figure 5.6 detail levels of mobile coverage based on premises (homes and offices) for 2G and 3G services respectively. 3G is often considered to be the minimum necessary to provide a satisfactory experience of mobile internet, while 2G is satisfactory for telephone calls and text messaging.

How we measure the availability of mobile telephony in this report

The coverage information presented in Ofcom's *Communications Market Report*, Nations and Regions reports and *Infrastructure Report* is collected by Ofcom from the four mobile network operators. Information on coverage is provided by each operator for each 200x200metre pixel of landmass across the UK. This information is correlated with maps of premises to give the premises coverage figures. This new methodology is different to that used in previous *Communications Market Reports* and therefore figures should not be compared with previous years.

Figure 5.5 shows that, across the UK, 93.6% of premises have coverage outside the building from all three 2G network operators (Everything Everywhere, O2 and Vodafone). A small proportion of premises in the UK – 0.3% - do not have 2G coverage from any operator.

3G coverage is less prevalent, with 77.3% of UK premises having coverage from all operators (including Three) outside the building. Just under 1% of premises have no 3G coverage from any operator.

These figures all refer to outdoor coverage. Coverage figures for indoor reception are likely to be lower because radio signals are attenuated as they pass through the fabric of buildings. Indoor reception is highly dependent on the building in which reception is desired and where the user is located in the building. This makes it difficult to calculate indoor coverage figures.

Compared with the UK average (93.6%), fewer of Scotland's premises have mobile coverage from all three 2G operators: at 91.6%, although this is higher than in Wales (84.1%) and Northern Ireland (88.0%). Scotland's 3G coverage is also lower than the UK average, at 68.0% premises coverage for all 3G operators, but is again higher than in Wales (52.4%) and Northern Ireland (55.9%).

The lower network coverage in Scotland, compared to England, is a reflection of the country's hilly terrain that restricts reception of mobile signals, and its lower population density which makes mobile coverage less commercially viable.

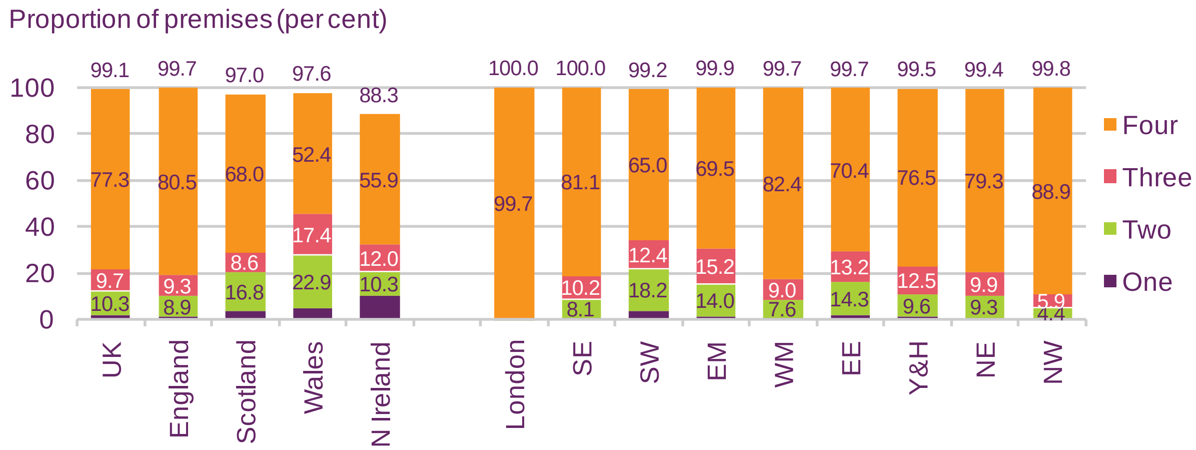
Expressed in terms of geographical area, coverage figures are much lower, because mobile masts are more commonly installed near centres of population. 12.8% per cent of the UK area is not covered by any 2G signal, and 24.2% of the UK area is not covered by any 3G signal.

Because of its large geographic areas with low population density, over one-quarter (27.5%) of the area of Scotland has no 2G mobile coverage from any operator, which is the highest of the four nations.

Figure 5.5 2G premises mobile coverage, by number of operators

Source: Ofcom, based on operator data. Coverage is based on 200m square pixels covering the UK using an enhanced methodology. Therefore data are not comparable to those published in the 2011 Communications Market Report.

Figure 5.6 3G premises mobile coverage, by number of operators



Source: Ofcom, based on operator data. Coverage is based on 200m square pixels covering the UK using an enhanced methodology. Therefore data are not comparable to those published in the 2011 Communications Market Report.

5.4 Service take-up

Levels of mobile use were lower than average in Scotland in Q1 2012

Figure 5.7 compares the take-up of communications services in Scotland and the other UK nations in Q1 2012 to the UK average.

While the proportion of homes which used fixed telephony services in Scotland (82%) was in line with the other UK nations during this period, the proportion of people who owned a mobile phone (85%) was lower that the UK average of 92%. As is the case across the UK, the proportion of adults using a smartphone increased significantly in Scotland in the year to Q1 2011 (up from 21% to 32%), but this was lower than the UK average (39%).

As discussed in Section 2.4, broadband take-up in Scotland has increased in the past year and tablet computers have been purchased by one in ten adults.

Figure 5.7 Take-up of communications services, 2012

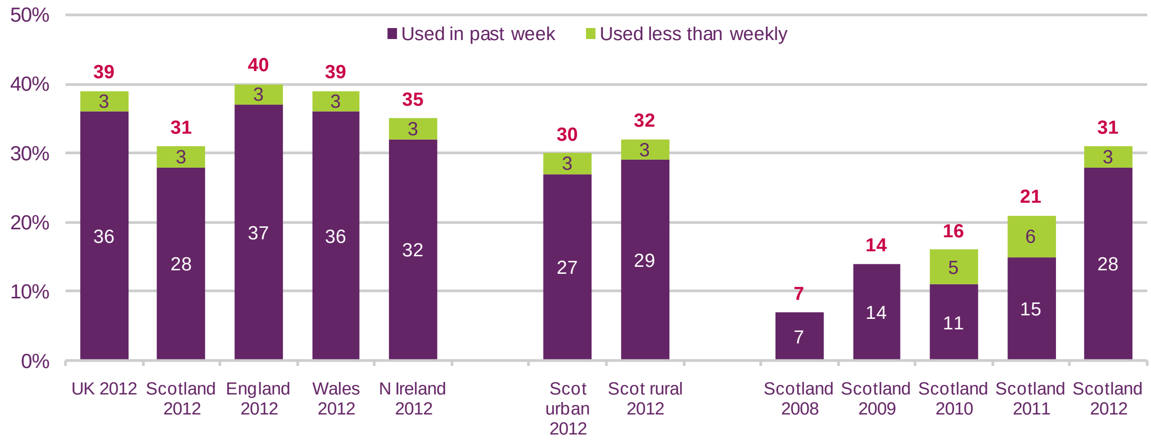
		UK	Scotland	England	Wales	N Ireland	Scotland urban	Scotland rural
Individual								
Voice telephony	Fixed Line	**84%**	82%	85%	80%	80%	81%	87%
	Mobile phone	**92%**	85%	93%	92%	93%	84%	89%
	Smartphone	**39%**	32%	40%	39%	34%	33%	32%
Internet	Computer (any type)	**79%**	70%	80%	71%	73%	68%	78%
	Tablet computer	**11%**	11%	11%	8%	9%	11%	10%
	Total Internet	**80%**	71%	81%	74%	73%	69%	79%
	Broadband (fixed and mobile)	**76%**	68%	78%	68%	69%	67%	76%
	Fixed Broadband	**72%**	64%	73%	63%	66%	63%	72%
	Mobile Broadband	**13%**	12%	13%	16%	7%	11%	17%

Source: Ofcom research, Q1 2012 Base: All adults aged 16+ (n = 3772 UK, 500 Scotland, 2251 England, 513 Wales, 508 Northern Ireland, 264 Scotland urban, 236 Scotland rural) Question: various.

Use of a mobile phone to access the internet increased in the year to Q1 2012 in Scotland, but was still lower than average

Three in ten adults in Scotland (31%) said that they had used a mobile phone to access the internet in Q1 2012, the majority of these saying that they had done so within the previous week (Figure 5.8). Although use of a mobile phone to access the internet in Scotland was less common than in all of the other UK nations, the proportion of people doing increased from 21% to 31% in the year to Q1 2012, indicating that use in Scotland is catching up with the other UK nations. Three per cent of households in Scotland used smartphones as their sole internet connection in Q1 2012, unchanged from a year previously.

Figure 5.8 Use of a mobile phone to access the internet

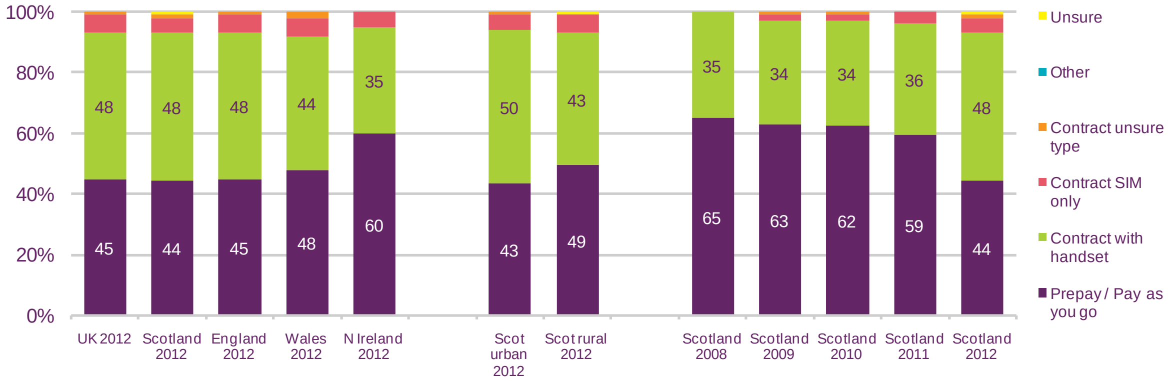


Source: Ofcom research, Q1 2012 Base: All adults aged 16+ (n = 3772 UK, 500 Scotland, 2251 England, 513 Wales, 508 Northern Ireland, 264 Scotland urban, 236 Scotland rural, 925 Scotland 2008, 1014 Scotland 2009, 1468 Scotland 2010, 487 Scotland 2011, 500 Scotland 2012) Question: Which, if any, of the following activities, other than making and receiving calls, do you use your mobile for?/ And, which of these activities have you used your mobile for in the last week? (NB 2008 and 2009 surveys did not cover use in past week – 2008 and 2009 measures show any use)

Most mobile connections were post-pay contracts in Q1 2012

In common with the UK trend, many pre-pay mobile phone users in Scotland migrated onto monthly contracts in the year to Q1 2012, making monthly contracts the most common method of purchasing mobile telephony services during the period (Figure 5.9). The shift has been driven by increased take-up of monthly contracts that include a handset (the proportion using these increased from 36% in Q1 2011 to 48% in Q1 2012). This is likely to be related to increasing take-up of smartphones, as post-pay services allow consumers to spread the high up-front cost of the handset across the length of their contract.

Figure 5.9 Type of mobile subscription



Source: Ofcom research, Q1 2012 Base: Adults aged 16+ who personally use a mobile phone (n = 3392 UK, 430 Scotland, 2043 England, 456 Wales, 463 Northern Ireland, 220 Scotland urban, 210 Scotland rural, 744 Scotland 2008, 877 Scotland 2009, 1237 Scotland 2010, 425 Scotland 2011, 430 Scotland 2012) Question: QD11. Which of these best describes the mobile package you personally use most often?

5.5 Satisfaction

Overall satisfaction with fixed broadband services increased in the year to Q1 2012 in Scotland

Nine in ten fixed broadband users in Scotland (92%) were 'very' or 'fairly' satisfied with their fixed broadband service in Q1 2012 (Figure 5.10). This represented an increase of six percentage points in the year to Q1 2012, meaning that fixed broadband users in Scotland are now reporting greater satisfaction than the UK average. The increase in overall satisfaction is likely to be related to increased satisfaction with the speed of service (see Figure 5.11).

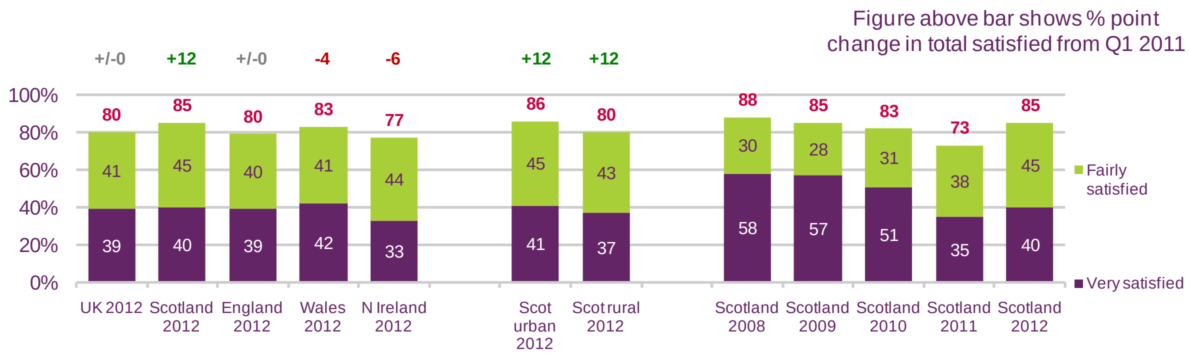
Figure 5.10 Overall satisfaction with fixed broadband service

Source: Ofcom research, Q1 2012 Base: Adults aged 16+ with a fixed broadband connection at home (n = 2556 UK, 330 Scotland, 1577 England, 318 Wales, 331 Northern Ireland, 163 Scotland urban, 167 Scotland rural, 489 Scotland 2008, 528 Scotland 2009, 778 Scotland 2010, 294 Scotland 2011, 330 Scotland 2012) Question: Thinking about your fixed broadband internet service, how satisfied are you with (main supplier) for the speed of your service while online (not just the connection)? Note: Figures above chart columns indicate the proportion of people who were 'very' or 'fairly' satisfied with their speed of service while online

Satisfaction with the speed of fixed broadband services increased in the year to Q1 2012

Ofcom research suggests that the proportion of fixed broadband users in Scotland who were 'very' or 'fairly' satisfied with the speed of their fixed broadband service had declined in the year to Q1 2011. Eighty-five per cent of fixed broadband users in Scotland were satisfied with the speed of their service in Q1 2012, 12 percentage points higher than in Q1 2012 and a similar level to that reported in 2009. Fixed broadband take-up in Scotland increased during the same period, so the increase may partly be explained by the addition of new users to the sample base.

Figure 5.11 Satisfaction with speed of fixed broadband



Source: Ofcom research, Q1 2012 Base: Adults aged 16+ with a fixed broadband connection at home (n = 2556 UK, 330 Scotland, 1577 England, 318 Wales, 331 Northern Ireland, 163 Scotland urban, 167 Scotland rural, 489 Scotland 2008, 528 Scotland 2009, 778 Scotland 2010, 294 Scotland 2011, 330 Scotland 2012) Question: Thinking about your fixed broadband internet service, how satisfied are you with (main supplier) for the speed of your service while online (not just the connection)? Note: Figures above chart columns indicate the proportion of people who were 'very' or 'fairly' satisfied with their speed of service while online

6 Post

6.1 Introduction

On 1 October 2011, Ofcom took over regulation of the UK's postal services from the previous regulator Postcomm. Ofcom is responsible for safeguarding the UK's Universal Service Obligation on postal services[27].

This section of the report summarises the results of a face-to-face survey of UK residential consumers conducted in December 2011. In total, 3615 UK adults with responsibility for their household's post were interviewed, including 232 in Scotland.

Ofcom is currently conducting further research among users of the postal service in Scotland, which will allow us to report on the experiences of business users of the postal services and users in remote locations, such as the Highlands and Islands.

6.2 Sending and receiving post in Scotland

In Scotland, fewer consumers claim to send items of post regularly than the UK average

In Scotland, fewer consumers (51%) claim to send items of post regularly than the UK average (58%). As might be expected, fewer consumers in Scotland (46%) claim to regularly buy stamps for letters and cards, compared to 53% across the UK. The number of consumers claiming to regularly send parcels and packets is the same as the UK average of 31%. (Figure 6.1)

Figure 6.1 Regular use of postage stamps and postage services

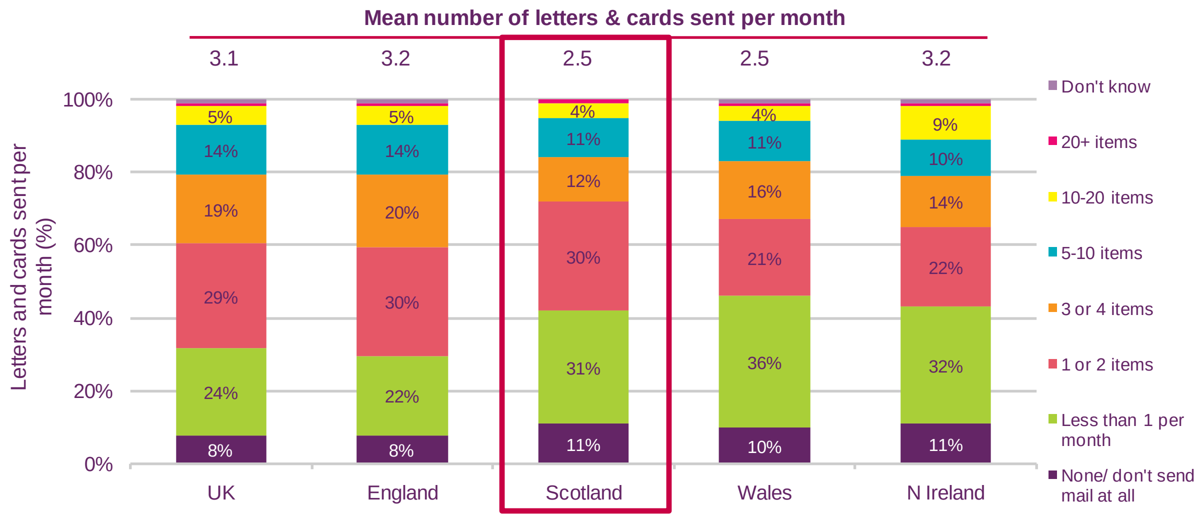
Source: Ofcom Attitudes toward spending research, 2012
Base: All adults aged 16+ (n=2124 UK, 1726 England, 182 Scotland, 99 Wales, 117 Northern Ireland)
Q: Do you or anyone in your household regularly do any of the following...

[27] More information about Ofcom's regulation of postal services in the UK can be found here: http://stakeholders.ofcom.org.uk/post/

People in Scotland receive more post than they send

Adults in Scotland claim to send an average of 2.5 letters or cards in an average month (Figure 6.2), compared to an average of approximately 8.5 letters and cards received per week (Figure 6.3). This difference is explained by the fact that the majority of UK mail is sent by businesses to households. The volume of letters and cards sent and received by households in Scotland is slightly less than the UK average of 3.1 items sent per month and 8.7 received per week.

Figure 6.2 Approximate number of letters and cards sent per month – personal mail



Source: Ofcom omnibus research, December 2011
Base: All adults aged 16+ with responsibility for post (n = 3615 UK, 3115 England, 232 Scotland, 173 Wales, 95 Northern Ireland)
Q. Approximately how many letters and cards do you personally send in an average month? This should exclude any items you send from home in connection with running a business, if you do this from home. We will ask about parcels separately

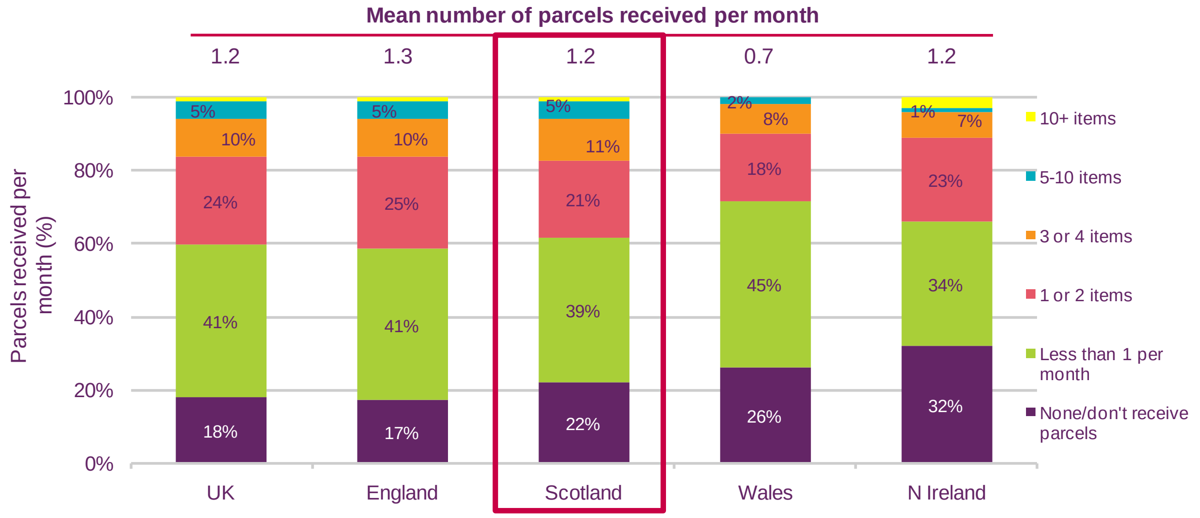
Figure 6.3 Approximate number of letters and cards received per week

Source: Ofcom omnibus research, December 2011
Base: All adults aged 16+ with responsibility for post (n = 3615 UK, 3115 England, 232 Scotland, 173 Wales, 95 Northern Ireland) Q. Approximately how many letters or cards do you receive in an average week? Please don't include parcels, we will ask you about these separately.

Adults in Scotland receive an average of 1.2 parcels per month

Across the UK, in recent years, the volume of parcels delivered to households has been increasing as consumers have ordered more items online for delivery to their homes. In Scotland, adults claim to receive on average 1.2 parcels per month, although the number of packages received varies considerably, with 17% of adults receiving three or more parcels per month (Figure 6.4).

Figure 6.4 Approximate number of parcels received per month – personal mail



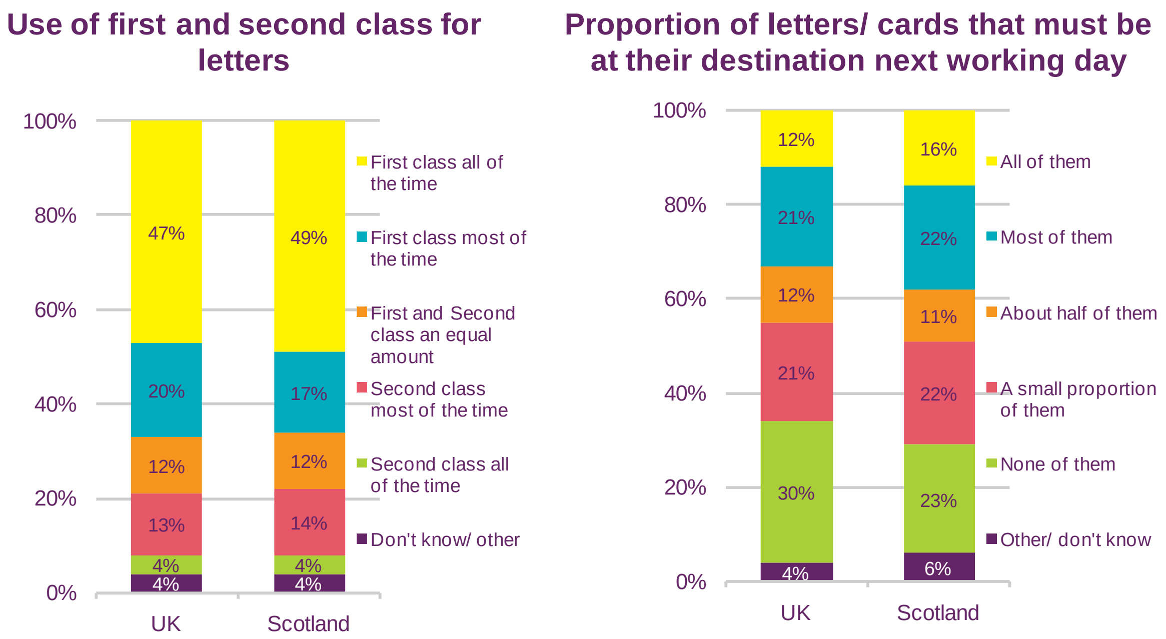
Source: Ofcom omnibus research, December 2011 Base: All adults aged 16+ with responsibility for post (n = 3615 UK, 3115 England, 232 Scotland, 173 Wales, 95 Northern Ireland) Q. Approximately how many parcels do you receive in an average month?

6.3 Use of stamps in Scotland

Almost half of consumers in Scotland use First Class stamps all the time

According to Ofcom research conducted in December 2011, two-thirds (66%) of post users in Scotland said that they use First Class stamps more than Second Class stamps, and almost half (49%) said that they use First Class all the time. This is despite the fact that only a minority say their mail has to arrive next day, with 16% saying that all of their mail needs to arrive next day and 22% saying that most of it does. Use of First and Second Class post and the urgency of delivery was similar in Scotland to the UK overall.

Figure 6.5 Use of First and Second class post



Source: Ofcom omnibus research, December 2011
Base: All adults aged 16+ with responsibility for post in (n = 3616 UK, 232 Scotland)
Q. When sending letters/ cards which do you use? And what proportion of these letters/ cards have to be at their destination the next working day?

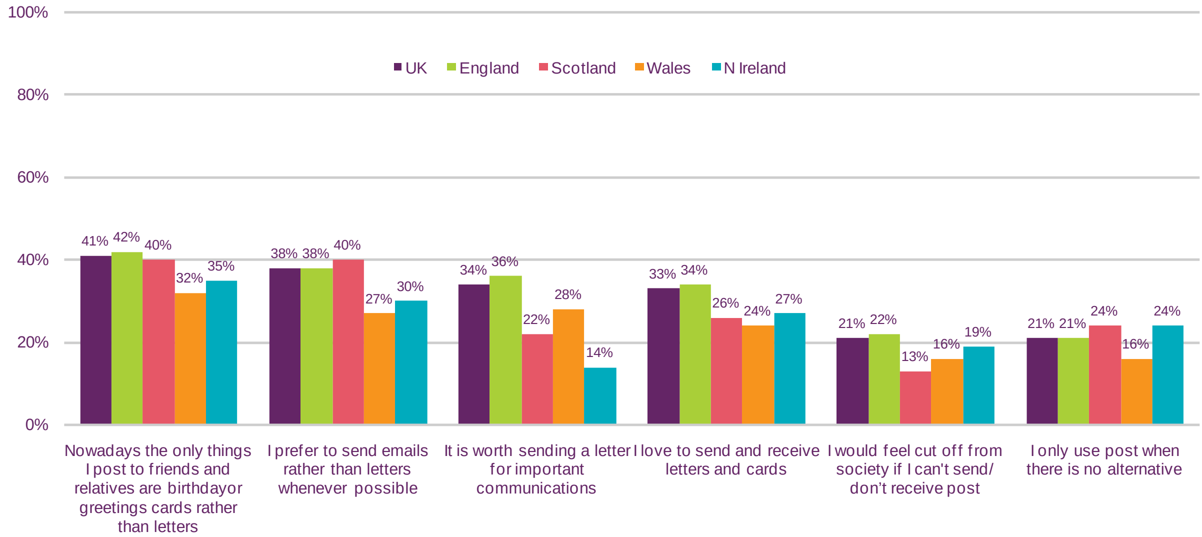
6.4 Attitudes towards the postal service in Scotland

Adults in Scotland are more likely than those in other UK nations to send emails rather than letters

Four in ten adults (40%) in Scotland agree that they prefer to send emails rather than letters whenever possible, which is a slightly higher proportion than agree with this across the UK (38%) and a much higher proportion than in Wales (27%) and Northern Ireland (30%). A quarter (24%) of adults in Scotland say that they only use post when there is no alternative, which is also higher than the UK average of 21% (Figure 6.6).

Consistent with this higher level of preference towards other communications methods, adults in Scotland are less likely to agree that they love to send and receive letters and cards (26% compared to the UK average of 33%) and that they would feel cut off from society if they could not send or receive post (13% compared to UK average of 21%).

Figure 6.6 Agreement with statements about post



Source: Ofcom omnibus research, December 2011
Base: All adults aged 16+ with responsibility for post (n = 3615 UK, 3115 England, 232 Scotland, 173 Wales, 95 Northern Ireland)
Q. Which of these statements applies to you?