Communications Market Report: Wales

Research Document

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About this document

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

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

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

Introduction

This is Ofcom's ninth annual review of the communications market in Wales. The report offers a detailed overview of communications services across the nation and monitors key trends in the availability and take-up of digital services across Wales.

In addition to our annual assessment of audio-visual, telecoms and postal services, for the first time, the Communications Market Report for Wales 2014 provides analysis of the take-up of communications services and devices among those who can speak or write Welsh. This year's report also examines findings from our in-depth research on SMEs' use of communications services; mobile coverage in Wales; the availability of communications services in Cardiff and Bangor; and research assessing people's media and communications behaviour from Digital Day 2014.

In 2013, PSB spend by the BBC and ITV on non-network nations programming in Wales remained stable at £26m. While total spend by the BBC and ITV Wales on current affairs programming for people in Wales increased by 15%, Wales also saw a drop in both news and non-news programming spend, down 5% and 8% respectively. S4C's expenditure on Welsh language programming fell by 9% from £68m to £62m.

In radio, Wales has seen the largest increase in DAB set ownership over the past year, with 42% of households now owning at least one, a 15 percentage point increase.

Eight in ten (80%) households in Wales now have access to the internet, and 58% of premises in Wales are served by the NGA networks that are used to deliver superfast broadband services. However, at 71%, take-up of broadband services (fixed and mobile) is still lower than average in Wales, six percentage points below the UK average (77%). Take-up of fixed broadband among the 16-34 and 35-64 age groups is also lower in Wales than the UK average.

Tablet ownership in Wales has doubled in the last year, with just under half (45%) of households in Wales now owning a tablet device, a year-on-year increase of 24 percentage points. Wales also continues to have the highest level of mobile-only households in the UK at 22%, 6 percentage points above the UK average. Over six in ten mobile users in Wales report having a smartphone, an eight percentage point increase on 2013.

Finally, adults in Wales claim to send 8.4 items of post on average every month and are most likely to send personal mail such as greetings cards. However, they are also the most likely to say that they expect to reduce their use of post in the future.

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

The full data set and charts are available in a searchable resource, which can be found at www.ofcom.org.uk/cmrwales. Companion reports for the UK and each of the nations can be found at www.ofcom.org.uk/cmr.

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Setting the scene

Key facts about Wales

Figure	Wales	UK
Population	3.074m (mid-2012 estimate)	63.705m (mid-2012 estimate)
Age profile	Population aged <16: 18.1% Population aged 65+:19.1%	Population aged <16: 18.8% Population aged 65+: 17%
Population density	148 people per square kilometre	263 people per square kilometre
Language	18.6% of the population can speak Welsh	n/a
Unemployment	6.8% of the working age population	6.8% of the working age population
Income and expenditure	Weekly household income: £604 Weekly household expenditure: £411	Weekly household income: £711 Weekly household expenditure: £482

Source: Office for National Statistics: Region and Country Profiles, Key Statistics – December 2013; Office for National Statistics: Labour Market Statistics, May 2014; Office for National Statistics: Family Spending 2013 edition; Office for National Statistics: 2011 Census, Key Statistics for Unitary Authorities in Wales

A note on our survey research

We conducted a face-to-face survey of 3,750 respondents aged 16+ in the UK, with 491 interviews conducted in Wales. Quotas were set and weighting applied to ensure that the sample was representative of the population of Wales in terms of age, gender, socio-economic group and geographic location. Fieldwork took place in January and February 2014.

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 Wales 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 Wales’ communications market

1.1 Key findings for Wales

Introduction

This section sets out a selection of the key facts and figures relating to communications markets across Wales in 2013, comparing and contrasting between nations and highlighting changes that have taken place in the past year.

Key findings for Wales

<u>SME telecoms research</u>

- **Over eight in ten SMEs in Wales rate communications services as fundamental to their business, and many are making use of online applications**
- **Most SMEs in Wales are satisfied with communications at an overall level**
- **Just over a third of Welsh SMEs do not feel confident in their ability to identify new communications products or services**
- **A quarter of Welsh SMEs report having experienced poor mobile coverage and over a quarter report having experienced poor reliability of their internet connection**

<u>Mobile coverage in Wales</u>

- **Mobile phone users in Wales have the lowest expectations of all nations for their network when travelling by train or road.** Mobile phone users in Wales (54%) have lower expectations than users in Scotland (71%) and Northern Ireland (66%) for voice calls when travelling by road or rail.
- **Overall satisfaction with mobile networks tends to be higher in urban than in rural areas.** Almost three-quarters (72%) claim to be fairly, or very, satisfied with their current network, with those in urban areas being more satisfied than those in rural areas (76% vs. 59% very/fairly satisfied).
- **Over half of road users who text, make voice calls or use news/games apps do each of these activities while travelling by road.** Almost two-thirds (64%) of road users who send texts regularly do so always or sometimes while travelling by road. Three-fifths (59%) of those who use their mobile to make voice calls and travel by road always, or sometimes, use their phone to make calls while travelling. Just over half (54%) of road users who use games/news apps regularly and 44% of road users who use social networks use these functions while travelling by road.

<u>Availability of communications services in Cardiff and Bangor</u>

- **All premises in Cardiff have access to basic broadband infrastructure, and next-generation access (NGA) broadband infrastructure is available to over 90% of premises in the city.**

- **Nearly 8% of premises in the city do not currently receive a broadband service faster than 2Mbit/s, the minimum speed defined for basic broadband connectivity**. However, this figure has fallen by 2.3% since last year's report, which is likely to be due to the increased take-up of NGA broadband services.

- **In Cardiff, NGA availability was lowest in the least-deprived areas of the city.** This might be because the northern and western areas of Cardiff, which have very low levels of deprivation, are more rural, and suburban, while still falling within the city boundaries.

- **The Welsh Government's Superfast Cymru broadband project** will address the NGA broadband availability issues faced by the Western parts of Cardiff.

- **NGA availability in Bangor has increased by 10% since the previous report and currently stands at 95%,** which will have been driven by the Superfast Cymru broadband project.

- **However, Virgin Media does not provide NGA coverage in the city** and 5.5% of premises are not currently receiving a broadband speed greater than 2Mbit/s.

<u>Digital Day</u>

- **In total, adults in Wales take part in almost 11 hours' media or communications activities a day, but in less than nine hours of actual time**. These activities would take 10 hours 50 minutes (650 mins) in total if each activity was done on its own. However, as people in Wales conducted 19% of their media activities at the same time as other activities, this simultaneous media consumption allowed them to fit these 650 minutes into 8 hours 46 minutes per day (526 mins).

- **Despite the rise in ownership of new devices, traditional media devices still account for the majority of media consumption.** Across the nations, approximately four in ten media minutes were spent watching TV on a TV set. Consumers in Wales spent a marginally greater proportion of their daily media and communications time on this activity, at 41% compared to the UK average of 37%. In comparison, on average just 4% of Welsh consumers' media time was spent watching TV or films on another device, such as a tablet or laptop.

- **Consumers in Wales and Northern Ireland spent the greatest proportion of their media time listening to radio on a radio set at 12%.** A further 9% of time was spent listening to radio on another device, such as a stereo, or on a computer or TV.

<u>TV and audio-visual content</u>

- **Over half of Welsh households receive satellite television through the main set.** Fifty-four per cent of consumers in Wales have satellite television, an increase of six percentage points since 2013.

- **Smart TV take-up in Wales increased by three percentage points year on year.** Among those with a television in their household, 9% claim to have a smart TV, compared with 6% in 2013.

- **BBC and ITV spend on non-network first-run originated content for viewers in Wales remained stable in 2013.** In nominal terms, spend in Wales has remained steady at around £26m per year over the last four years, after a sharp drop in 2009.

- **Total spend by the BBC/ITV Wales on current affairs programming for people in Wales increased by 15% year on year.** This increase was, however, counterbalanced by a drop in both news and non-news programming spend, down 5% and 8% respectively year on year, resulting in an overall decrease of 5% for the year overall.

- **Wales was the only nation to have a year-on-year reduction in the number of hours of BBC/ITV Wales first-run originated output, down 3% since 2012.** Over the five-year period from 2008 the number of hours of first-run originated programming for Wales has fallen by almost a quarter (23%) to 923 hours in 2013.

Radio and audio content

- **Two new digital multiplexes have boosted DAB availability for Wales.** There are now 47 digital radio services available across Wales, and these are accessible to a much larger proportion of the population.

- **More people in Wales listen to the radio than in any other UK nation.** In 2013, radio services reached 95.4% of the adult population in Wales, higher than any other UK nation, and five percentage points above the UK average (90.4%).

- **More than four in ten households in Wales now own a DAB digital radio set.** Wales has seen the largest increase in DAB radio set ownership over the past year, with 42% of households now owning at least one. This is a year-on-year increase of 15 percentage points, and brings Wales into line with the UK average of 44%. The new digital multiplexes in Wales are likely to have contributed to this rise.

Internet and web-based content

- **Eight in ten households in Wales have access to the internet**, with this figure increasing by five percentage points year on year to Q1 2014.

- **Tablet ownership has more than doubled in the past year**. Just under half (45%) of households in Wales now own a tablet device, in line with the UK average (44%) and increasing 24 percentage points in the year to Q1 2014.

- **Two-fifths of broadband users in Wales shopped online in the past week.** The popularity of purchasing goods and services online rose by nine percentage points in the year to Q1 2014 (71%), with 41% claiming to have shopped online in the past week.

Telecoms and networks

- **By June 2014 58% of premises in Wales were served by the NGA networks that are used to provide superfast broadband services.** This was below the UK average of 78% and was the lowest proportion among the UK nations.

- **In June 2014 44.4% of premises in Wales were in areas with outdoor 4G mobile coverage.** This was the lowest proportion among the UK nations and compares to a UK average of 72.0%. Northern Ireland had the highest proportion of premises in areas with 4G coverage, at 79.2%.

- **Take-up of fixed line and broadband services is lower than average in Wales.** Landline and overall broadband take-up were both below the UK averages for these services in Wales in Q1 2014. The proportion of adults in Wales who had a fixed or mobile broadband connection (71%) was six percentage points lower than the UK average.

- **Wales had the highest proportion of households that were mobile-only in Q1 2014.** Just over one in five households in Wales (22%) solely used a mobile phone to make and receive calls in Q1 2014. A quarter (25%) of households in urban areas in Wales were mobile-only in Q1 2014, compared to 11% of homes in rural areas.

- **Wales was the only nation to report a rise in satisfaction with the ability to connect to the internet via a 3G or 4G network.** However, the 85% of smartphone users in Wales who said in Q1 2014 that they were satisfied with their ability to connect to the internet via 3G or 4G, was the lowest proportion among the UK nations.

Post

- **Over two-thirds of adults in Wales sent at least three items by post in the past month.** On average, adults in Wales claim to send 8.4 items of post each month, more than the UK average of 6.7. Only 16% of people in Wales said they had sent no post in the past month, the lowest of all the nations, with 67% claiming to have sent at least three items.

- **Adults in Wales are the most likely to have sent personal mail such as greetings cards in the past month (65% vs. 54% across the UK).** In addition, people living in Wales are the least likely to have sent payments for bills through the post (20% vs. 30% across the UK).

- **Almost two-thirds of people in Wales who have noticed an increase in the levels of post claim to be receiving more direct mail.** On average, residents in Wales receive 9.1 items of post each week. Three in ten (30%) feel that the amount of post they are receiving has increased compared to two years ago.

- **Nine in ten residents in Wales are satisfied with Royal Mail.** However, when asked to consider specific aspects of the service, although almost three-quarters of people in Wales (73%) are satisfied with the location of post boxes and Post Offices, this is significantly lower than satisfaction across the UK as a whole (81%). Similarly, considering the number of post boxes and Post Offices, 79% across the UK say they are satisfied, compared to just 69% of people in Wales.

Figure 1.1 Fast facts for Wales

	UK	England	Scotland	Wales	Northern Ireland	UK urban	UK rural	Wales urban	Wales rural
TV take-up	97	97	95^{-}	98^{+}	97	96	99^{+} ↑+1	99^{+}	97
Smart TV take-up among TV homes	12 ↑+5	12 ↑+4	8^{-} ↑+4	9^{-} ↑+3	7^{-}	12 ↑+5	11 ↑+4	8^{-}	14^{+} ↑+6
DAB ownership amongst radio listeners[1]	44	44	43 ↑+14	42 ↑+15	30^{-} ↑+6	43	47 ↑+8	45 ↑+19	31^{-}
Online TV / video viewing	49 ↑+7	50 ↑+8	42	48 ↑+10	48	50 ↑+8	41^{-}	49	46
Broadband take-up	77	77	76 ↑+6	71^{-} ↑+5	73^{-}	76	78	69^{-} ↑+5	75
Mobile broadband take-up	8 ↑+3	9 ↑+4	6^{-}	7	5^{-}	8 ↑+2	11^{+} ↑+7	10^{+}	4^{-}
Use mobile to access internet	57 ↑+8	57 ↑+8	56 ↑+12	52^{-} ↑+5	51^{-} ↑+6	58 ↑+9	51^{-} ↑+3	54^{-} ↑+8	48^{-}
Mobile phone take-up	93	94 ↑+2	90^{-}	92	94	93	93	93	91
Smartphone take-up	61 ↑+10	61 ↑+9	62 ↑+17	57^{-} ↑+8	55^{-} ↑+10	62 ↑+11	56^{-} ↑+5	58^{-} ↑+8	52^{-}
Fixed landline take-up	84	84	83	78^{-}	83	83	87^{+}	75^{-}	88^{+}
Tablet computer take-up	44 ↑+20	44 ↑+20	42 ↑+18	45 ↑+24	45 ↑+16	43 ↑+20	47 ↑+18	46 ↑+27	42 ↑+15
E-reader take-up (personal use)	17	17	16	18 ↑+3	20^{+} ↑+8	16	21^{+}	18	19
Households taking bundles	63 ↑+3	64 ↑+4	64 ↑+4	59^{-} ↑+9	54^{-} ↑+3	63 ↑+4	63	59	60^{-} ↑+14
Fixed telephony availability	100	100	100	100	100				
Fixed broadband availability[2]	99.99	100	99.87	100	100				
LLU ADSL broadband availability[3]	95	96	88	93	87				
Virgin Media cable broadband availability[4]	44	47	35	21	26				
BT Openreach / Kcom fibre broadband availability[5]	69	71	48	55	92				
NGA broadband availability[6]	78	80	64	58	95				
2G mobile availability[7]	99.7	99.9	99.5	99.0	98.9				
3G mobile availability[8]	99.5	99.8	97.3	98.3	99.0				
4G mobile availability[9]	73.0	76.3	56.8	44.9	79.2				
DTT availability[10]	98.5	98.6	98.7	97.8	97.4				
TV consumption (hours per day)	3.9	3.8	4.1	4.4	4.0				
Radio consumption (hours per day)	3.1	3.1	2.9	3.1	2.8				

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 Q1 2013
Source: Ofcom research Q1 2014, BARB, RAJAR, industry data
Base: All adults aged 16+ (n = 3740 UK, 491 Wales, 2249 England, 501 Scotland, 499 Northern Ireland, 1965 England urban, 284 England rural, 261 Scotland urban, 240 Scotland rural, 252 Wales urban, 239 Wales rural, 247 Northern Ireland urban, 252 Northern Ireland rural)
1. DAB ownership in the nations and UK as reported here is sourced from Ofcom research. The UK CMR uses RAJAR data for DAB ownership
2. Proportion of premises able to receive ADSL broadband services based on data reported by BT, December 2013
3. Proportion of premises connected to an LLU-enabled BT local exchange area, December 2013
4. Proportion of premises able to receive Virgin Media cable broadband services, June 2014
5. Proportion of premises able to receive BT Openreach/ KCom fibre broadband services, June 2014; under regulatory rules other providers can provide retail fibre broadband services to consumers using these networks.
6. Proportion of premises able to receive NGA broadband services, June 2014
7. Proportion of premises that have outdoor 2G mobile coverage from at least one operator, June 2014
8. Proportion of premises that have outdoor 3G mobile coverage from at least one operator, June 2014
9. Proportion of premises that have outdoor 4G mobile coverage from at least one operator, June 2014
10. Estimated proportion of homes that can receive the PSB channels via DTT (3PSB Mux coverage). Joint TV planning project (Arqiva, BBC, Ofcom).

1.2 SME telecoms research 2014

A majority of SMEs in Wales rate communications services as fundamental to their business

Eighty-one per cent of Small and Medium Enterprises (SMEs) in Wales agreed that communications services are fundamental to their business – this is on a par with the average response from SMEs across the UK (83%).

When asked to rate the importance of different types of communications services on a scale of 1 to10, fixed-line phones (8.8) and fixed internet (8.7) were each rated as almost 9 out of 10 on average. Mobile phone services were rated slightly lower (at 8.2). These ratings are on a par with the UK as a whole.

Figure 1.2 Importance of communications services to SMEs in Wales

	All UK	Wales	Wales					
			Location		No. of employees			
			Urban	Rural	1-4	1-9	10-49[1]	50-249[2]
% who agree that "Communications services are fundamental to our business without them we could not achieve our goals"	83%	81%	81%	81%	80%	81%	94%	90%
Mean scores: "How important are XXX services on a scale of 1-10"								
Fixed phone lines	8.9	8.8	8.9	8.8	8.7	8.8	9.6	8.7
Leased Lines	8.4	Sample of users too small to report						
Mobile phone services	8.2	8.2	8.2	8.2	8.2	8.2	8.3	7.4
Fixed internet services	8.8	8.7	8.6	8.9	8.7	8.7	9.1	8.5
Mobile internet services	6.4	Sample of users too small to report						

Source: Ofcom SME research
Base: All SMEs (n=1,508 in the UK, 284 in Wales).
Note: Base size for rural (62), 10-49 (50) and 50-249 (40) employees are low and should be treated as indicative only. Importance scores based on all SMEs that use the service

The majority of SMEs in Wales have broadband internet

Just over three-quarters (76%) of SMEs in Wales are now online, and this is true across urban and rural areas, and businesses of different sizes. Use of internet and mobile phone is more common among larger businesses in Wales.

[1] Note that throughout this report the sample of businesses with 10 - 49 employees is small (50) and findings should be seen as indicative only.
[2] Note that throughout this report the sample of businesses with 50+ employees is small (40) and findings should be seen as indicative only.

Figure 1.3 Communications services used by SMEs in Wales (% use)

	All UK	Wales	Wales					
			Location		No. of employees			
			Urban	Rural	1-4	1-9	10-49	50-249
Standard PSTN landline telephones	95%	96%	95%	98%	96%	96%	92%	95%
ADSL Broadband	66%	65%	62%	69%	60%	63%	82%	90%
Smartphones	44%	42%	46%	36%	39%	39%	66%	75%
Standard (non-smart) mobile phones	36%	36%	32%	41%	33%	35%	44%	58%
Fibre broadband	13%	8%	10%	6%	7%	7%	20%	38%
Mobile broadband (e.g. USB dongle)	10%	8%	8%	8%	6%	7%	20%	40%
Cable broadband[3]	11%	14%	16%	12%	14%	14%	12%	15%
Ethernet	7%	8%	8%	9%	7%	7%	16%	30%
VoIP	10%	10%	8%	12%	9%	9%	8%	43%
ISDN 2/ 2e	7%	7%	9%	5%	4%	5%	28%	30%
Video Conferencing	4%	2%	2%	2%	2%	2%	6%	30%
VPNs	5%	4%	4%	4%	2%	2%	18%	45%
Leased Lines/ Private Circuits	3%	4%	5%	3%	2%	3%	6%	43%
ISDN 30	2%	3%	4%	1%	0%	1%	16%	50%
NET: Landline	96%	98%	98%	99%	98%	98%	100%	98%
NET: Internet	78%	76%	75%	79%	73%	75%	94%	98%
NET: Mobile services	66%	66%	67%	63%	64%	64%	80%	85%

Source: Ofcom SME research
Base: All SMEs/ All SMEs that use the service (n=1,508 in the UK, 284 in Wales).
Note: Base sizes for rural (62), 10-49 (50) and 50-249 (40) employees are low and should be treated as indicative only. "NET: Internet" figure excludes leased lines which can be used solely for voice service so the actual proportion connected to the internet may be marginally higher.

SMEs in Wales are making use of online applications

The majority of SMEs are making use of the internet to order goods and services (81%) and make payments (57%). Seven in ten (72%) have a company website.

A minority of SMEs are using the internet for marketing and sales, with 46% using online marketing, 40% taking orders online and 32% taking payments online.

A smaller minority of SMEs say they are using online services to manage or access their data, for example, a quarter use online data storage or back-up.

Figure 1.4 Internet applications / software used by SMEs in Wales (% use)

	All UK	Wales	Wales					
			Location		No. of employees			
			Urban	Rural	1-4	1-9	10-49	50-249
Ordering goods and services online	83%	81%	74%	89%	81%	80%	89%	92%
Company website	69%	72%	76%	66%	68%	69%	91%	95%
Making payments by BACS	62%	57%	56%	59%	51%	54%	89%	79%
Online marketing (e.g. email, Facebook, Twitter)	39%	46%	55%	33%	43%	43%	68%	54%
Taking orders for goods and services	42%	40%	38%	44%	38%	38%	60%	38%
Taking payment for goods and services	35%	32%	37%	26%	29%	30%	49%	41%
Online data storage or back-up	28%	26%	30%	20%	22%	24%	40%	38%
Cloud services	23%	23%	28%	16%	20%	21%	40%	49%
Remote log-in to your work PC or laptop	20%	20%	21%	19%	15%	17%	40%	51%
Remote log-in to work server	17%	15%	17%	13%	11%	13%	34%	56%

Source: Ofcom SME research
Base: All SMEs/ All SMEs that use the service (n=1,267 in the UK, 235 in Wales)
Note: Base for SMEs with fixed internet in rural areas (49), and those with 10-49 (47) and 50-249 (39) employees are low so treat as indicative only.

Just over a third of Welsh SMEs do not feel confident in their ability to identify new communications products or services

The survey results suggest that there is a confidence gap among SMEs in Wales in their ability to identify new communications products and services that would benefit their business. Thirty-six per cent say they do not feel confident in their ability to do this, while 67% say they feel well informed about how communications services can help businesses survive.

A lack of information does not seem to explain this low confidence – the majority of Welsh SMEs (80%) agree that information is widely available. However, a just over a third (35%) of SMEs indicate that they have security concerns related to communications services, which may, in part at least, explain the lack of confidence.

Figure 1.5 Confidence in use of communications services by SMEs in Wales (%)

	All UK	Wales	Wales					
			Location		No. of employees			
			Urban	Rural	1-4	1-9	10-49	50-249
% agree - I don't have confidence in my ability to identify which new communications products or services would be valuable for the organisation	34%	36%	34%	38%	36%	37%	28%	20%
% agree - I feel very well informed about how communications services can help the organisation survive	67%	69%	68%	72%	70%	69%	70%	68%

Source: Ofcom SME research
Base: All SMEs/ All SMEs that use the service (n=1,508 in the UK, 284 in Wales)
Note: Base sizes for rural (62), 10-49 (50) and 50-249 (40) employees are low and should be treated as indicative only.

Most SMEs in Wales are satisfied with communications at an overall level

Eighty-nine per cent of SMEs in Wales are satisfied with standard PSTN lines and 91% are satisfied with smartphones. Satisfaction with standard mobile phones is slightly lower (79%). Satisfaction with standard mobile phones is lower in rural than in urban areas (70% vs. 87%), perhaps related to the quality of mobile coverage.

Satisfaction in rural areas is lower for ADSL broadband

Overall, 80% of Welsh SMEs say that they are satisfied with their ADSL broadband service. This is on a par with the UK average of 78%. However, there is a difference in satisfaction by location, with Wales's urban SMEs reporting 86% satisfaction compared to 73% among SMEs in rural areas.

Satisfaction levels with the reliability of mobile phone services, in terms of the quality of the signal or connection, the geographic availability of the service, and the ability to send/receive emails or access the internet, are not significantly lower in Wales than in the UK as a whole. However, satisfaction levels for all three aspects are all lower in rural areas of Wales than in urban areas (See Figure 1.6 for details).

Figure 1.6 Satisfaction with elements of communications services: SMEs in Wales

	All UK	Wales	Wales					
			Location		No. of employees			
% Satisfied with...			Urban	Rural	1-4	1-9	10-49	50-249
Standard PSTN landline telephone services	88%	89%	89%	88%	87%	89%	87%	87%
Smartphones (e.g. iPhones/ Blackberries/Samsung Galaxy/Other Android)	90%	91%	93%	88%	92%	92%	88%	80%
Standard mobile phone	85%	79%	87%	70%	72%	77%	95%	87%
ADSL Broadband (internet via fixed line)	78%	80%	86%	73%	78%	80%	78%	78%
Mobile phones / smartphones - the reliability of the service in terms of the quality of the signal or connection?	73%	69%	77%	57%	69%	69%	75%	53%
Mobile phones / smartphones- the geographic availability of the service (i.e. the breadth of coverage)	75%	72%	78%	64%	73%	73%	63%	62%
Mobile phones / smartphones- the value for money of the service provided	81%	76%	71%	83%	77%	76%	68%	73%
Mobile phones / smartphones – the reliability of the service in terms of being able to send and receive emails or access the internet	78%	81%	89%	67%	82%	81%	82%	67%
Internet service - the reliability of the service in terms of the quality of the connection	80%	79%	84%	73%	78%	80%	74%	77%
Internet service - the ability to access the speed that has been paid for	66%	66%	74%	55%	65%	66%	66%	74%
Internet service - the geographic availability of the service (i.e. The ability to obtain the service where your company is based)	80%	85%	86%	84%	87%	87%	70%	64%
Internet service- the speed of the connection	71%	68%	79%	54%	68%	69%	62%	56%
Internet service - the geographic availability of symmetrical services where the upload and download speeds is the same	57%	57%	63%	49%	56%	57%	60%	51%

Source: Ofcom SME research
Base: All SMEs (variable base)
Note: Base sizes for rural areas, 10-49 and 50-249 employees are low and so should be treated as indicative only.

A quarter of Welsh SMEs report having experienced poor mobile coverage

Despite the relatively high levels of satisfaction reported, a quarter (26%) of SMEs with mobile telephony in Wales report having experienced poor mobile coverage in the past 12 months.

Figure 1.7 Problems experienced with mobile phone service in the past 12 months

	All UK	Wales	Wales					
			Location		No. of employees			
			Urban	Rural	1-4	1-9	10-49	50-249
Poor mobile coverage	26%	26%	18%	39%	24%	26%	30%	-
Poor mobile internet coverage	5%	4%	3%	6%	2%	4%	10%	-
Calls dropping out	6%	4%	5%	2%	2%	4%	5%	-
Slow speeds when connecting to internet	2%	2%	2%	2%	1%	1%	8%	-
Delays in receiving text messages	2%	1%	1%	1%	0%	0%	3%	-
Poor customer service	4%	5%	4%	6%	5%	4%	5%	-
No problems experienced	61%	61%	69%	49%	61%	61%	60%	-

Source: Ofcom SME research
Base: All SMEs/ All SMEs with mobile/smartphone (n=1,048 in the UK, 198 in Wales)
Note: Base size for 10-49 employees (40) is low and so should be treated as indicative only.
Problems mentioned by less than 2% in both the UK and Wales samples are not included

Sixteen per cent of SMEs report having experienced poor service reliability with their landline service

For fixed-line telephone services, the most commonly reported problem was poor service reliability, with 16% of SMEs in Wales reporting having experienced such a problem in the past 12 months.

Figure 1.8 Problems with fixed-line service in the past 12 months

	All UK	Wales	Wales					
			Location		No. of employees			
			Urban	Rural	1-4	1-9	10-49	50-249
Poor service reliability (loss of service/ technical fault)	15%	16%	14%	20%	17%	16%	18%	-
Poor voice quality	3%	2%	2%	3%	2%	2%	0%	-
Poor customer service	4%	4%	2%	6%	4%	4%	6%	-
Additional charges (unexpected)	2%	1%	1%	0%	1%	1%	4%	-
Unsolicited nuisance or silent calls	1%	2%	2%	0%	2%	2%	2%	-
No problems experienced	75%	75%	76%	73%	74%	75%	72%	-

Source: Ofcom SME research
Base: All SMEs with landline services (n=1,467 in the UK, 279 in Wales)
Note: Base sizes for rural areas (49) and 10-49 employees (47) are low and so should be treated as indicative only. Problems mentioned by less than 2% in both the UK and Wales samples are not included

Over a quarter of Welsh SMEs report having experienced poor reliability of their internet connection

Over a quarter (27%) of internet-connected SMEs in Wales reported that they had experienced poor service reliability from their internet connection in the past 12 months. This figure is not significantly different from the UK average, and does not differ by level of urbanity or company size.

Figure 1.9 Problems experienced by Wales SMEs with internet service in the past 12 months

	All UK	Wales	Wales					
			Location		No. of employees			
			Urban	Rural	1-4	1-9	10-49	50-249
Poor service reliability (e.g. Temporary loss of service/connection)	29%	27%	26%	28%	27%	26%	34%	36%
Slow download speeds	16%	16%	11%	23%	16%	16%	17%	15%
Slow upload speeds	13%	15%	11%	20%	15%	14%	19%	15%
Poor customer service	4%	7%	7%	7%	9%	8%	2%	5%
No problems experienced	58%	56%	62%	48%	55%	56%	51%	49%

Source: Ofcom SME research
Base: All SMEs with fixed internet (n=1,267 in the UK, 235 in Wales)
Note: Base for SMEs with fixed internet in rural areas (49), and those with 10-49 (47) and 50-249 (39) employees are low so treat as indicative only. Problems mentioned by less than 2% in both the UK and Wales samples are not included

Over four in five SMEs in Wales say the needs of their business are well catered for by the communications industry

Most SMEs (82%) agree that the needs of their business are well catered for by the communications market. A minority (14%) report that the ability of their business to grow has been hindered by a lack of service availability.

One per cent of SMEs say that they have been unable to move premises due to a lack of service availability.

Figure 1.10 Communications services in the context of business needs

	All UK	Wales	Wales					
			Location		No. of employees			
			Urban	Rural	1-4	1-9	10-49	50-249
% Agree - the needs of my business are well catered for in the communications market	85%	82%	84%	79%	81%	82%	90%	75%
% Agree - The ability of my business to grow has been impacted by the lack of suitable communications products and services available to me	15%	14%	13%	15%	13%	14%	8%	20%
Has your organisation ever been prevented from moving location due to the communications services you require to be able to function as a business not being available in the area or location you wanted to move to? (% Yes)	1%	0%	0%	0%	0%	0%	2%	3%

Source: Ofcom SME research
Base: All SMEs that use the service (n=1,508 in the UK, 284 in Wales)
Note: Base sizes for rural (62), 10-49 (50) and 50-249 (40) employees are low and should be treated as indicative only.

SMEs' use of Welsh language

Just under half (47%) of SMEs in Wales use the Welsh language in their business dealings. Seven per cent use Welsh 'all the time' and 11% say they do so 'most of the time'.

Forty-two percent say that their communications provider communicates to them in Welsh (25% spoken, 33% in printed documents and 15% on the website). Fifteen per cent of SMEs in Wales whose communications provider does not speak to them in Welsh would prefer them to do so.

1.3 Mobile coverage in Wales

Mobile phone users in Wales have the lowest expectations of all nations for their network when travelling by train or road, and outdoors in urban locations

The majority of mobile phone users in Wales expect their network's performance to be good or very good. This is defined as being able to make and receive clear voice calls, without the call dropping out unexpectedly, at home, indoors in other locations and outdoors in urban areas. Expectations are lower when travelling by train or road, and outdoors in rural areas. Mobile phone users in Wales (54%) have lower expectations than users in Scotland (71%) and Northern Ireland (66%) for voice calls when travelling by road or rail.

Figure 1.11 Network expectations for voice calls in various locations

Percentage of respondents

	Outdoors Urban		In own Home		Other indoor locations		Travelling by train or road		Outdoors rural	
	Very/ fairly good	Very/ fairly poor	Very/ fairly good	Very/ fairly poor	Very/ fairly good	Very/ fairly poor	Very/ fairly good	Very/ fairly poor	Very/ fairly good	Very/ fairly poor
UK	88	3	80	14	74	11	60	11	53	19
England	87	3	79	15	74	11	59	12	52	19
Scotland	94	2	89	6	80	9	71	4	59	13
Wales	86	3	81	12	72	7	54	5	48	19
Northern Ireland	89	3	80	14	78	12	66	4	62	14

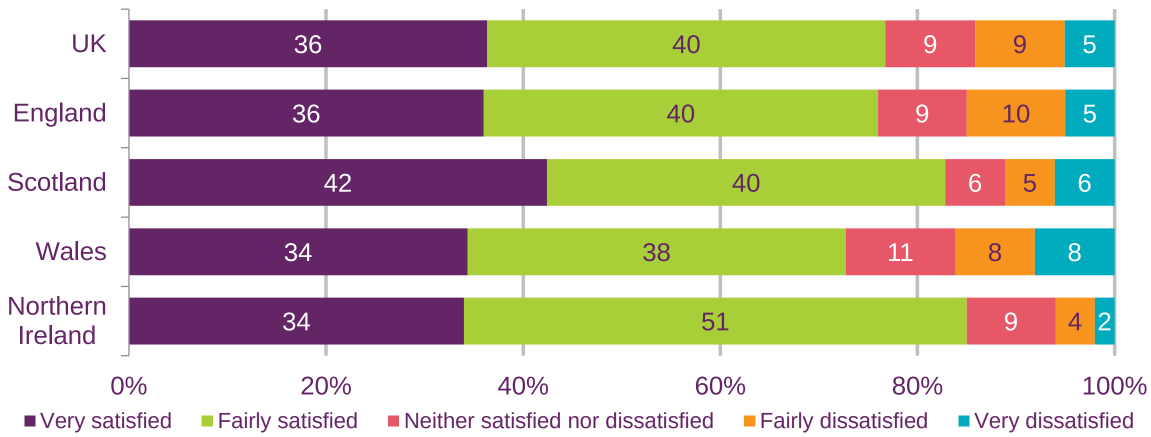
Source: Ofcom mobile network coverage research, March 2014
Base: All mobile phone users: UK 1,509, England: 877, Scotland: 216, Wales: 222, Northern Ireland: 194
Q20b: Please can you tell me how you would expect your network to perform when making and receiving clear voice calls and without them dropping out unexpectedly in each of the following locations?

Overall satisfaction with mobile networks is lower in Wales than in the other nations

Almost three-quarters (72%) of mobile phone users in Wales claim to be fairly, or very, satisfied with their current network. However, 16% are dissatisfied.

Figure 1.12 Overall satisfaction with network

Percentage of respondents

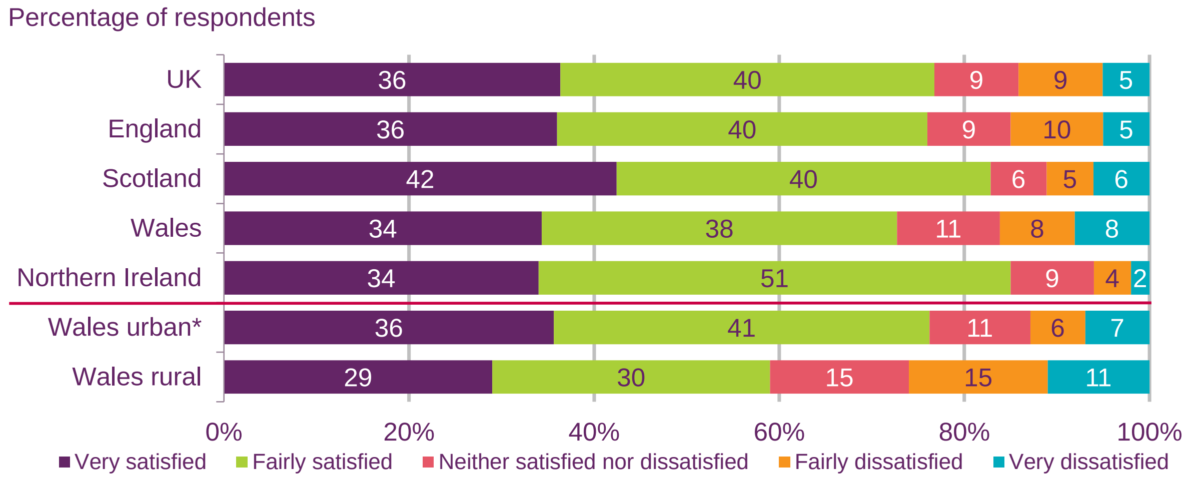


Source: Ofcom mobile network coverage research, March 2014
Base: All mobile phone users: UK 1,509, England: 877, Scotland: 216, Wales: 222, Northern Ireland: 194
Q21: Overall, how satisfied or dissatisfied are you with [name of network currently use]?

Overall satisfaction with mobile networks is higher in urban than in rural areas

Overall satisfaction with mobile networks is higher in urban areas than in rural areas in all nations, with those in rural Wales being the least satisfied of all.

Figure 1.13 Overall satisfaction with network: urban vs. rural

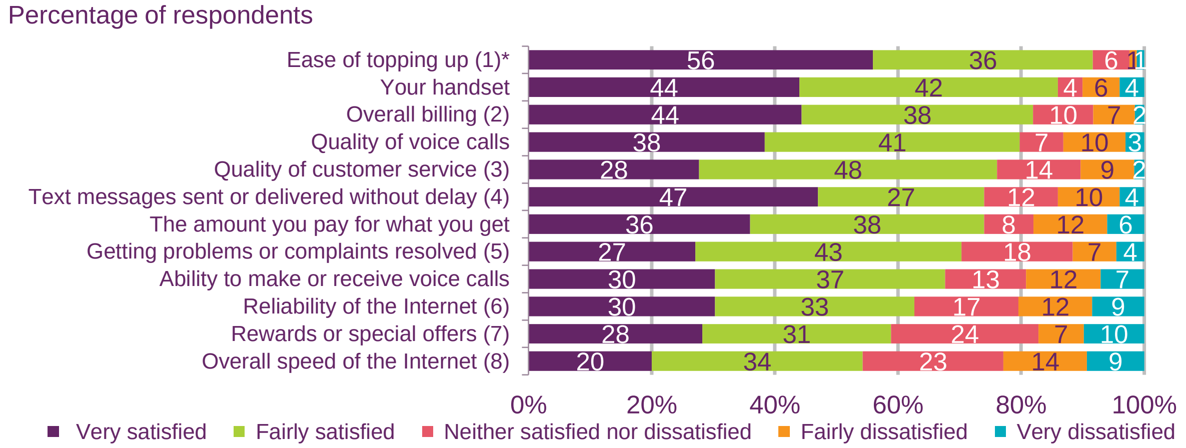


Source: Ofcom mobile network coverage research, March 2014
Base: All mobile phone users: UK total: 1,509, UK urban: 1,033, England: 877, Scotland: 216, Wales: 222, Northern Ireland: 194 Wales urban: 99, Wales rural: 123.
Q21: Overall, how satisfied or dissatisfied are you with [name of network currently used]?
**Caution: low base size*

Among mobile phone users in Wales, satisfaction is lowest for internet speed

When asked about specific aspects of services, respondents' levels of satisfaction varies; the highest ratings are given for ease of topping up (92% of those who top up) and the lowest for internet speed (54% of those who use the internet on their mobile phone).

Figure 1.14 Satisfaction with aspects of service among mobile phone users in Wales

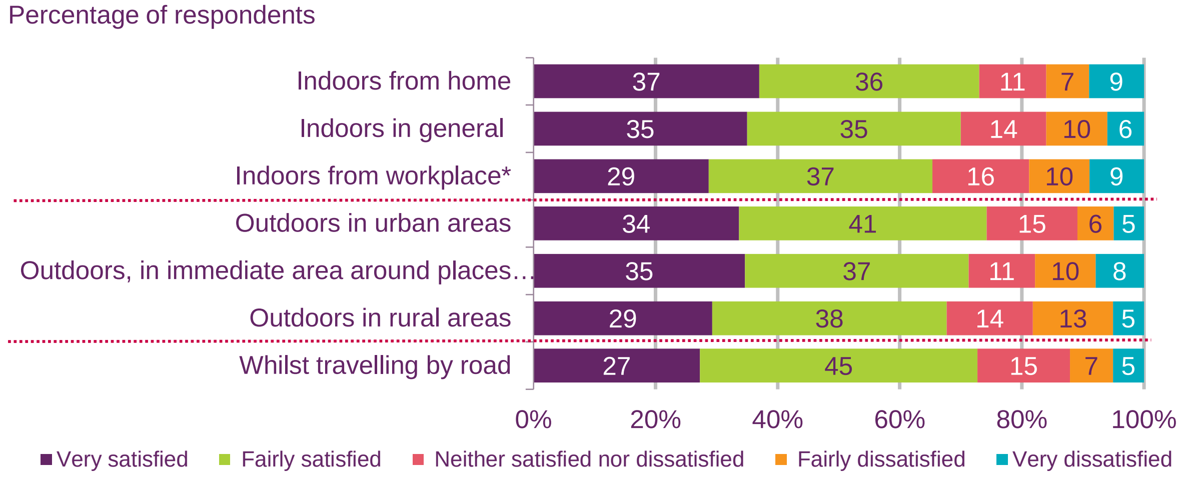


Source: Ofcom mobile network coverage research, March 2014
Base: All mobile phone users, Wales: 222, (1) those who top up: 84, (2) those who pay monthly: 133, (3) those with experience of customer services: 184, (4) those who send/receive texts: 209, (5) those who have experienced a problem and/or made a complaint: 156 (6) those who use their mobile phone to browse the internet: 141, those with knowledge of rewards/special offers: 163, (8) those who use their mobile phone to browse the internet: 140. Don't know and not applicable excluded from bases*
Question: Q22: For each aspect of service, I would like you to tell me how satisfied or dissatisfied you are with it.

Over seven in ten mobile phone users in Wales are satisfied with making calls in the majority of types of location

Around seven in ten mobile phone users in Wales stated they were satisfied with making voice calls in each location type. The lowest level of satisfaction was with making calls outdoors in rural areas. Satisfaction with making calls when travelling by road or rail was at a similar level of satisfaction as making calls at home.

Figure 1.15 Satisfaction levels among mobile phone users in Wales with making calls in various locations



Source: Ofcom mobile network coverage research, March 2014
Base: All mobile phone users, Wales who make calls in each location at least a few times a month: Indoors from home: 183, indoors from workplace 87, outdoors in immediate area 176, indoors in general 189, outdoors in rural areas 139, outdoors in urban areas 173, while travelling by road 112.*
Q46: How satisfied are you with the ability to make/receive calls on your main personal phone in each of the following locations?
**Caution: low base size*

Almost three-quarters of mobile phone users in Wales who access the internet on their mobile phone use the mobile internet in their own home

The majority (86%) of those who use mobile internet services on their mobile phone do so in the immediate vicinity of where they live or work. A similar proportion (81%) use mobile internet services in indoor locations other than their own homes, and almost three-quarters (74%) do so in their own home – the same proportion as use the mobile internet outdoors in rural locations.

Greater proportions of Welsh mobile phone users experience each type of problem than those in the other nations

Between a third and two-thirds of Welsh mobile phone users claim to have experienced problems with each of the listed aspects of service. The most-mentioned are: slow internet (65%), being unable to access the internet (59%), being unable to send and receive emails (48%) and not having any signal (47%).

Figure 1.16 Problems experienced on mobile phones a few times a month or more

	UK	England	Scotland	Wales	NI
Web pages slow loading/slow internet	59%	58%	62%	65%	50%
Unable to use mobile internet*	48%	47%	49%	59%	47%
Having no signal/reception	44%	44%	39%	47%	46%
Unable to send/receive emails**	36%	35%	41%	48%	40%
Poor sound quality/calls breaking up	36%	36%	31%	42%	35%
Calls ending unexpectedly	34%	35%	28%	39%	27%
Unable to connect when phone shows signal	30%	31%	21%	39%	30%
Unable to send/receive texts	28%	28%	28%	33%	27%
Text messaged not arriving / being delayed	28%	27%	31%	36%	28%

Source: Ofcom mobile network coverage research, March 2014
*Base: All mobile phone users, UK: 1.509, *those who use internet on their mobile phone 980, **those who use their mobile phone for email 712. England: 877 those who use internet on their mobile phone 568 **those who use their mobile phone for email 413. Scotland: *those who use internet on their mobile phone 144, **those who use their mobile phone for email 111. Wales: 216, *those who use internet on their mobile phone 144, **those who use their mobile phone for email 111. NI: 194, **those who use internet on their mobile phone 118, *those who use their mobile phone for email 72.*
Q43: How often, if at all, have you experienced any of the following when using your main mobile phone?

Supplier websites are the main source of information about network problems used by mobile phone users in Wales

Among mobile phone users in Wales who claimed to ‘sometimes’ or ‘always’ experience problems when using their phone for one or more functions (61% of the sample overall), a minority (8%) had looked for information about the problem, tried to resolve it (10%) or done both (12%). Those who had looked for information were most likely to have looked on their supplier’s website. The level of proactive searching for information and/or solutions is in line with England and Scotland, and higher than in Northern Ireland.

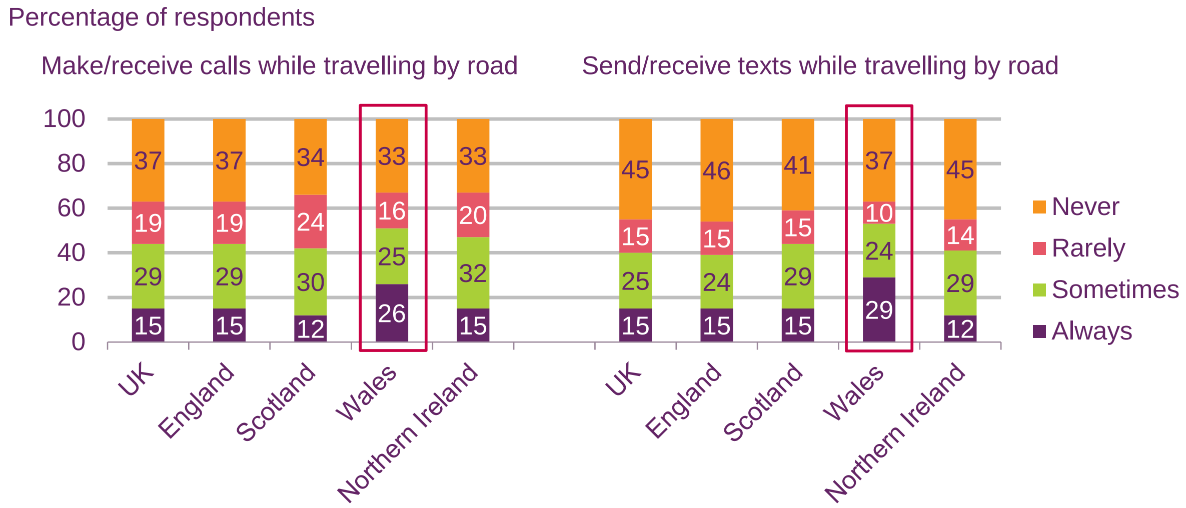
The majority (84%) said they had never received any information or communication from their network about problems with network coverage in their area. Seven per cent had received a text from their provider, 5% a phone call and 3% an email. The proportion in Wales who had received any information was in line with England and Scotland, and significantly higher than in Northern Ireland.

Mobile phone users in Wales are most likely to make calls and send texts while travelling by road compared to all other nations

The majority (94%) travel by road (car and/or bus) at least once a week, compared to 2% who travel at least once a week by train. Just over half (53%) of road travellers who send texts regularly, do so always or sometimes while travelling by road, and 51% of those who use their mobile to make voice calls and travel by road either always or sometimes use their phone to make calls while travelling this way.

Use of mobile phones in Wales for making calls (26%) and sending texts (29%) while travelling by road is higher than in the other nations.

Figure 1.17 Frequency of making/receiving voice calls and texts while travelling by road



Source: Ofcom mobile network coverage research March 2014
Base: All respondents, UK: 1248, England: 722, Scotland: 173, Wales: 184, Northern Ireland 169
Q41: How often do you use your main mobile phone for each of the following activities

One in ten mobile phone users in Wales do not make calls when travelling as they assume they will not be able to get a signal

The main reason given for not using their phone while travelling by road, by those who did not do so, was having no need to (39%). This was followed by ‘not wanting to disturb other passengers’ (14%). Ten per cent assumed that they would not be able to get a signal, and 7% said they don’t use their mobile while travelling because they don’t have a hands-free kit.

Almost half (49%) of road travellers who use their phone to make calls when travelling by road claim to experience difficulties, either always or sometimes. Twelve per cent are dissatisfied with their ability to make and receive calls while travelling by road.

Figure 1.18 Reasons for not using mobile phone while travelling by road

Source: Ofcom mobile network coverage research, March 2014
Base: All those who say "never" to at least one activity on their phone when travelling by car or bus UK: 771, England: 442, Scotland: 123, Wales: 107, Northern Ireland 111
Q42: you say you never [functions mobile phone is used for at least once a week but not used when travelling by car or bus] when you travel by car or bus. Why is that?

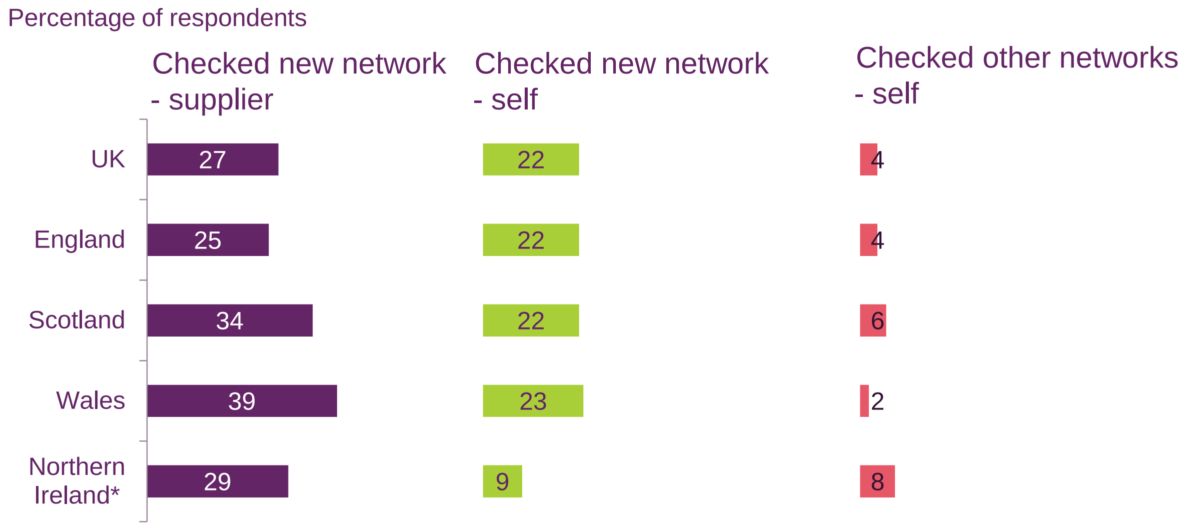
Over a third of mobile users claim their new supplier had not checked the coverage in their area when they signed up

Just under two-fifths (39%) said their new network supplier had checked the coverage in their area when they switched. A third (35%) said their coverage had not been checked by a new supplier, and the remaining 26% could not remember. Those who had signed up in-store were more likely than the sample as a whole (51% vs. 39%) to say their supplier had checked their coverage. Among those who said their coverage had been checked, 53% said the new supplier had checked their coverage in only one location.

A minority had checked their new supplier's coverage themselves

Almost a quarter (23%) of switchers in Wales had checked the coverage of their new provider themselves, and 2% had checked that of one or more other networks. Supplier websites were the most likely place used to check coverage.

Figure 1.19 Checking of network coverage



Source: Ofcom mobile network coverage research, March 2014
*Base: All mobile phone users who have switched their network operator within the last five years: UK 742, England: 453, Scotland: 110, Wales: 106, Northern Ireland: 73**
Question: Q63: Thinking back to when you signed up to [network currently with], did they check coverage in your area for you?
Q65: Did you personally do anything to check the coverage of your new provider and/or any other providers in your area before signing up with [network currently with]?
**Caution: Low base size*

1.4 Availability of communications services in Cardiff and Bangor

Introduction

Ofcom's 2013/14 Annual Plan identified the importance of understanding infrastructure availability with respect to geography:

> *In 2013/14 we will undertake further research into the effect of communications infrastructure availability on geographic areas. This research will be used together with the conclusions of our work on the availability of communications services in the nations (Economic Geography) which we will publish shortly. This existing research focused on rural and lower-density geographies; our follow-up work will complement this by focusing on higher-density areas, including cities and towns*

In May 2013, Ofcom published a report on the availability of communications services in the UK[3], which examined how and why the availability of communications services varies across the UK, and how it could be improved. This work focused on the UK as a whole and the variations between urban and rural areas.

To build on this report Ofcom commissioned 11 case studies of UK cities to explore the availability of communications services in each city and attempt to identify some of the determining factors. The 11 cities we chose to study are listed below. They were chosen to represent a range of urban populations across the UK, different business profiles, and to include all the UK nations.

[3] http://stakeholders.ofcom.org.uk/market-data-research/market-data/economic-geography/

- **Wales:** Cardiff, Bangor
- **Northern Ireland:** Belfast, Derry/Londonderry.
- **England:** London, Birmingham, Manchester, Cambridge, Exeter
- **Scotland:** Glasgow, Inverness

The key findings of this research were published in Ofcom's *Communications Market Report* on 1 August 2013 alongside the full report, which can be found on Ofcom's website.[4]

Ofcom has decided to update key elements of this research for the current report in order to present the latest available data and to assess how availability has changed since we published the 2013 CMR.

This section focuses on the availability of fixed broadband networks in the cities of Cardiff and Bangor, drawing on the key findings of our 2013 *Infrastructure Report*.[5]

Methodology

The percentage of city premises that have access to NGA provided by BT Openreach[6] and/or Virgin Media was estimated by combining a postcode-level dataset for current and future BT Openreach NGA with a postcode-level dataset for premises serviceable by Virgin Media's cable network, as provided by Virgin Media. These data only show premises that have access to NGA services; they do not reflect how many households have actually taken up the service.

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

For the city of Cardiff only, we also include a summary of analysis that compares availability of NGA and sub-2Mbit/s lines with the socio-economic factor of income deprivation. This analysis was carried out for Ofcom by Analysys Mason and the full report is available on the Ofcom website.[7]

The results for Cardiff are broken down by quartile. Analysys Mason applied two alternative quartile analysis methods, which are summarised in Figure 1.20.

[4] http://stakeholders.ofcom.org.uk/market-data-research/market-data/communications-market-reports/cmr13/uk/

[5] http://stakeholders.ofcom.org.uk/binaries/research/telecoms-research/infrastructure-report/IRU_2013.pdf

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

[7] http://stakeholders.ofcom.org.uk/binaries/research/infrastructure/Analysys_Mason_final_report.pdf

Figure 1.20 Description of quartile analysis methods used

Method	Description	Example
Equal domain range	This method defines each quartile as the difference between maximum and minimum values of scores in the IMD domain divided by four. The upper and lower scores of each quartile will be different for each city depending on its range of scores for the given IMD domain. Therefore, the number of premises in each quartile will be different. This method highlights acute deprivation relative to the rest of the nation.	This method highlights the NGA broadband availability for areas of the city that fall into the 25% most deprived areas.
Equal premises count	This method defines each quartile as the total number of premises in a city divided by four. Therefore, the number of premises in each quartile will be the same. This method highlights the relative differences in deprivation within a city.	This method highlights the NGA broadband availability for areas that represent the 25% most deprived premises in the city.

Source: Analysys Mason 2014

In its report, Analysys Mason presented findings from both quartile analysis methods. However, for the purpose of making comparisons and observing trends between the six cities, Analysys Mason has used findings based on the *equal domain range* method, in order better to highlight those areas with the most acute deprivation. In most cities, there is a large gap between the maximum and minimum values of scores in the IMD (Index of Multiple Deprivation) domain, with most households clustered around the average values. This means that the number of premises in the lowest quartile (the households whose deprivation level is within the range covered by the lowest 25% of IMD domain values) can often be very low. In Glasgow, for example, only 1.3% of premises fell into the most income-deprived quartile. In our analysis, we have chosen to use findings based on the *equal premises count* as, by including an equal number of premises in each quartile, it is easier to compare how availability differs within a city.

Cardiff

<u>Summary of key findings</u>

- All premises in Cardiff have access to basic broadband infrastructure, and next-generation access (NGA) broadband infrastructure is available to over 90% of premises in the city.

- Nearly 8% of premises in the city are not currently receiving a broadband service faster than 2Mbit/s, the minimum speed defined for basic broadband connectivity. However, this figure has fallen by 2.3% since last year’s report, which is likely to be due to increased take-up of NGA broadband services.

- In Cardiff, NGA availability was lowest in the least-deprived areas of the city. This could be because the northern and western areas of Cardiff, which have very low levels of deprivation, are more rural and suburban, while still falling within the city boundaries.

- The Welsh Government’s Superfast Cymru broadband project will address the NGA broadband availability issues faced by the western parts of Cardiff.

Cardiff has a population of 341,000, with residential premises accounting for 95% of all premises

Figure 1.21 shows the size of the city in terms of population and number of residential and non-residential premises. The population is based on the 2011 census and the number of premises is based on postcodes within the local authority boundary.

Cardiff's economy has developed rapidly over the past ten years. The main industries are financial and professional services, creative industries and life sciences. The city also has one of the highest levels of employment in the media sector, outside London.

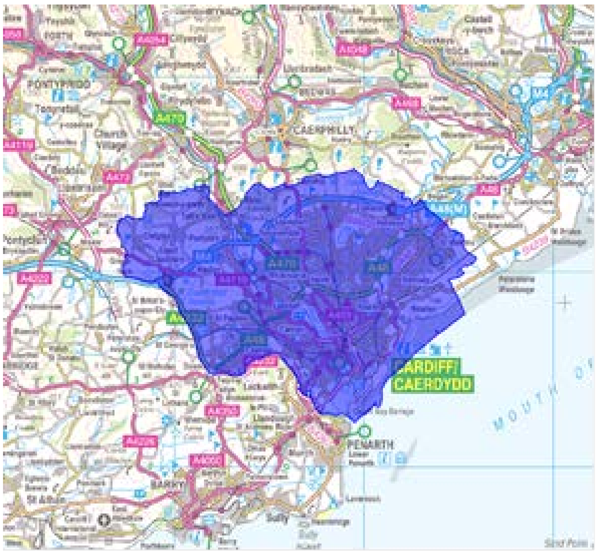
Figure 1.21 City population and premises data

City	Population	Total premises	Business premises	Residential premises
Cardiff	c.341,000	c.152,000	c.8000	c.144,000

Source: Analysys Mason

For this study the city boundary is defined by Cardiff City Council, and is shown in detail in the following figure:

Figure 1.22 Map of area local to Cardiff, highlighting city boundary



Source: Analysys Mason

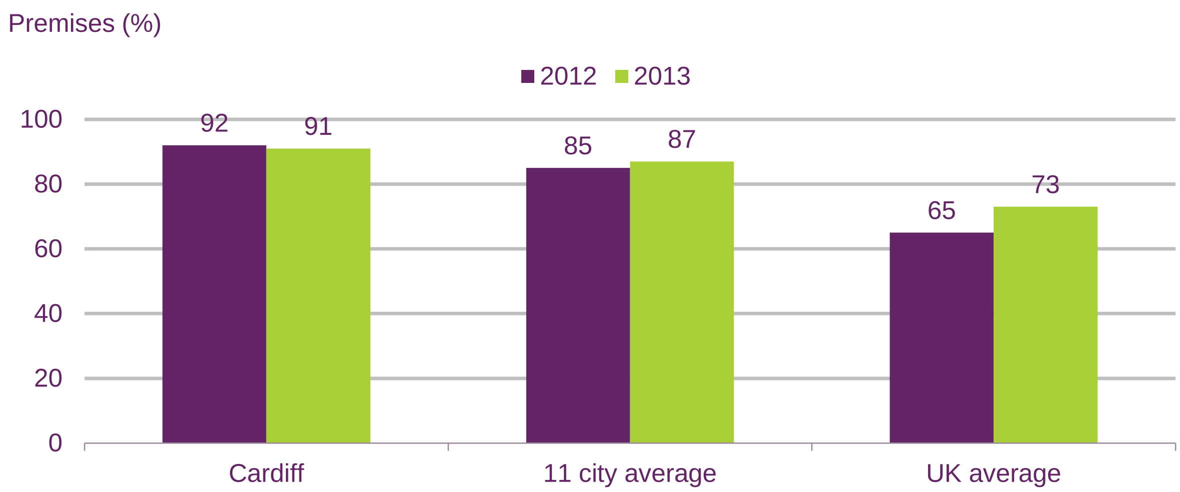
Next-generation access (NGA) is available to 91% of premises in Cardiff

Figure 1.23 identifies NGA network infrastructure (FTTx[8] and DOCSIS v3.0 cable technologies[9]) for the two main network operators, BT Openreach and Virgin Media.

[8] Fibre to the exchange (FTTx) is a generic term used to describe any broadband network using optical fibre to replace all or part of the usual metal local loop used for last-mile telecommunications.
[9] DOCSIS v3.0 is the next generation of DOCSIS, which allows users to experience significantly faster speeds.

Although the availability of first-generation broadband is 100%, some premises experience broadband speeds of less than 2Mbit/s, which is considered below the minimum requirement for a basic broadband service.

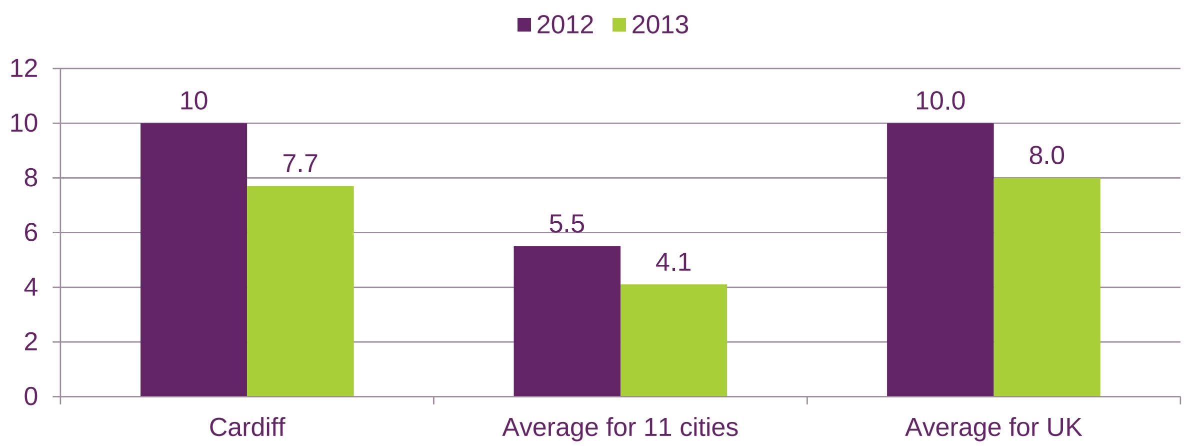
Figure 1.23 NGA infrastructure in Cardiff, by premises passed and relative positioning



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

Figure 1.24 shows the proportion of connections with a speed of less than 2Mbit/s. The proportion of Cardiff connections with a speed of less than 2Mbit/s is 7.7%, which is a decrease of 2.3% since the previous report. This is likely to be the result of increased take-up of NGA broadband services, which offer faster speeds.

Figure 1.24 Percentage of connections with a speed less than 2Mbit/s, and relative positioning



Source: Analysys Mason, Ofcom Infrastructure Report 2012

Cardiff has 14 copper exchanges, 12 of which have been upgraded to NGA

Figure 1.25 shows the number of exchanges serving the city postcodes, the percentage of lines that support both ADSL and ADSL Max[10], and the average number of lines per exchange.[11] Not all of these exchanges are physically located within the city boundary. All of the copper lines support basic broadband (both ADSL and ADSL Max).

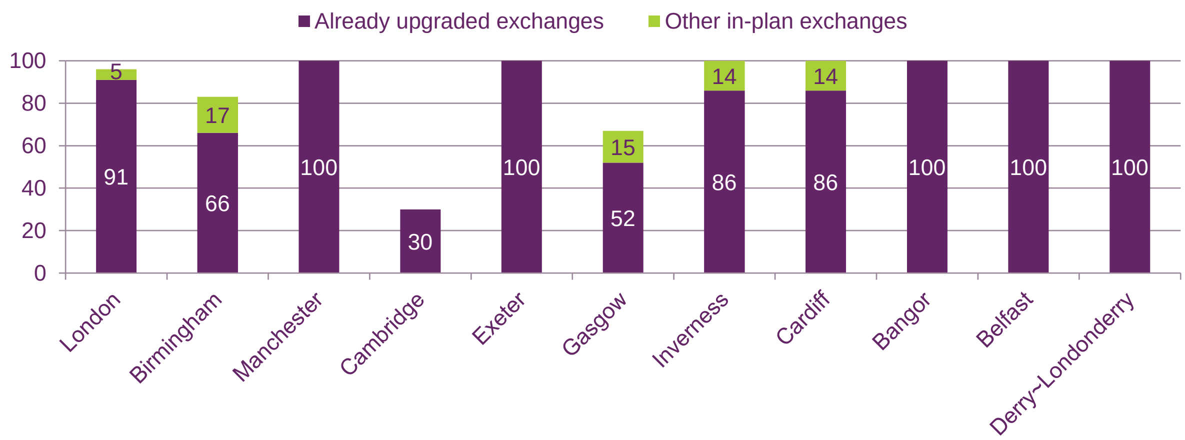
Figure 1.25 Number of exchanges and % of lines with access to basic broadband

No. of exchanges serving city postcodes	% of lines that have access to both ADSL & ADSL Max	Average number of lines per exchange
14	100%	10,800

Source: Analysys Mason

The BT Openreach fibre network comprises fibre-to-the-cabinet (FTTC) and fibre-to-the-home (FTTH) infrastructure. Figure 1.26 shows the FTTC status of the city exchanges according to BT Openreach's current roll-out plans, compared to the other cities assessed.

Figure 1.26 FTTC status of exchanges serving city postcodes, according to BT Openreach's roll-out plans



Source: Analysys Mason

To date, 12 of the serving exchanges (86% of total serving exchanges) have been upgraded to FTTC[12].

<u>Summary of public interventions</u>

The Department for Culture, Media & Sport has awarded Cardiff and Newport £10.2m and £4m respectively to invest in ultrafast broadband. Through the Super-Connected Cities scheme, the UK Government will fund a one-off connection fee of between £200 to £3000 to eligible businesses to cover the costs of installing faster broadband. The scheme will provide

[10] ADSL Max is a 'rate-adaptive' variant of ADSL, where the transmitted bit rate varies depending on the physical conditions of the twisted-pair copper line, which may change over time. In contrast, the bit rate for ADSL is fixed and does not change.
[11] Source: Analysys Mason
[12] Note that only a proportion of the cabinets which connect to the upgraded exchanges have been upgraded. Although data are not available on the actual number of cabinets upgraded across the city, BT Openreach has stated that for the national FTTC roll-out, on average of 85% of premises are passed with NGA, which equates to an average 70% of cabinets per exchange area.

up to 1Gbit/s broadband connections for businesses, free wireless hotspots in high footfall areas, and improved 4G mobile coverage, and will equip Cardiff buses and public buildings with free WiFi.

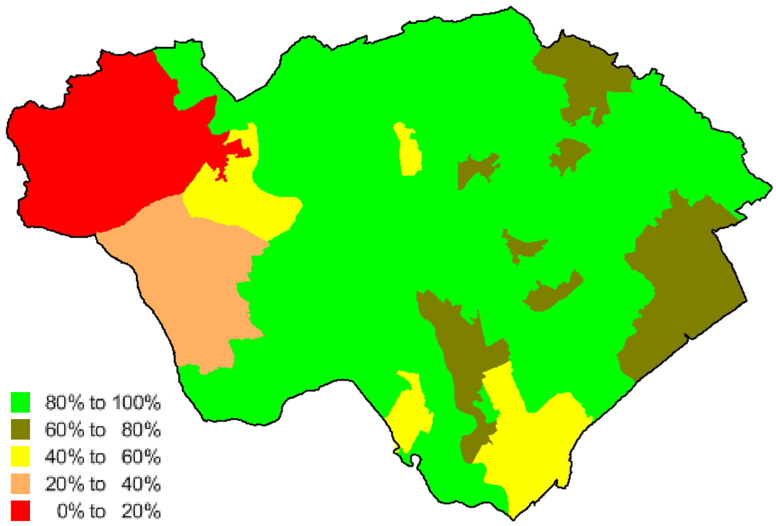
Under the Super-Connected Cities programme, Cardiff City Council has also secured funding for a new internet exchange. This will form part of a £6m programme of infrastructure works, to include additional ducting and fibre connectivity, to be completed by April 2015[13].

Analysis of availability against income deprivation

In Cardiff, NGA availability is lowest in the least-deprived areas of the city

Areas with low availability of NGA broadband, shown in red in Figure 1.27, are concentrated in the west of Cardiff; the rest of the city is well served with NGA broadband.

Figure 1.27 NGA broadband availability in Cardiff



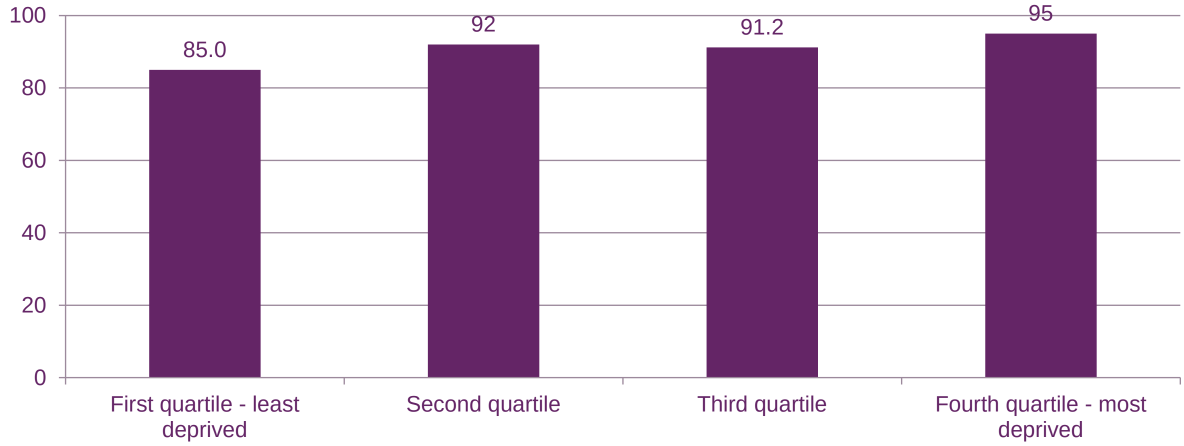
Source: Analysys Mason, Ofcom Infrastructure Report 2013

The difference between the availability of NGA in the most and least income-deprived areas was ten percentage points. This is surprising, as we would normally expect NGA availability to be lowest in the most deprived areas, which is the case in the majority of the other cities that we studied.

One explanation for this could be that the northern and western areas of Cardiff, which have very low levels of deprivation, are more rural and suburban, while still falling within the city boundaries. As such, it is likely to be more expensive for operators to roll out NGA infrastructure to these areas. However, we understand that the Welsh Government's Superfast Cymru broadband project will address the NGA broadband availability issues faced by the western parts of Cardiff.

[13] www.cardiffdigs.co.uk/objview.asp?object_id=26978

Figure 1.28 NGA availability in Cardiff, by income deprivation

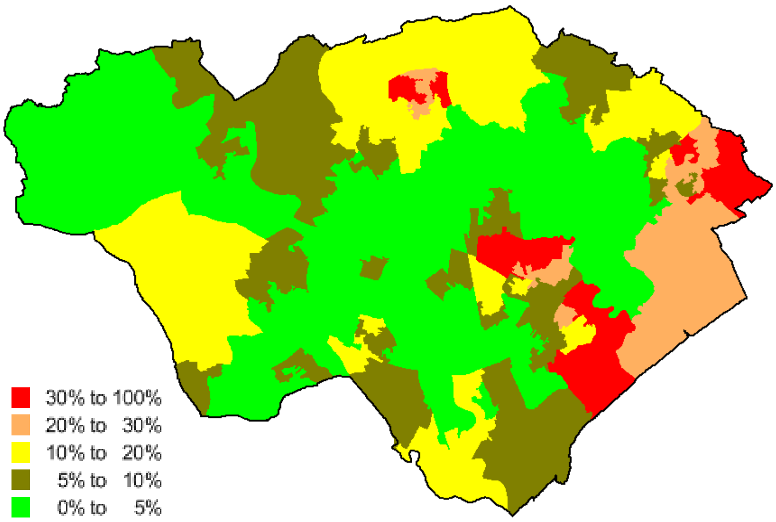


Source: Analysys Mason, IMD, Ofcom June 2013
Notes: Equal premises count method

<u>Rural factors may also have influenced the proportion of sub-2Mbit/s connections in Cardiff</u>

Areas with the highest percentage of <2Mbit/s connections, shown in red in Figure 1.29, are mostly in the east of Cardiff, although areas in the north and west of the city also have notable numbers of <2Mbit/s connections.

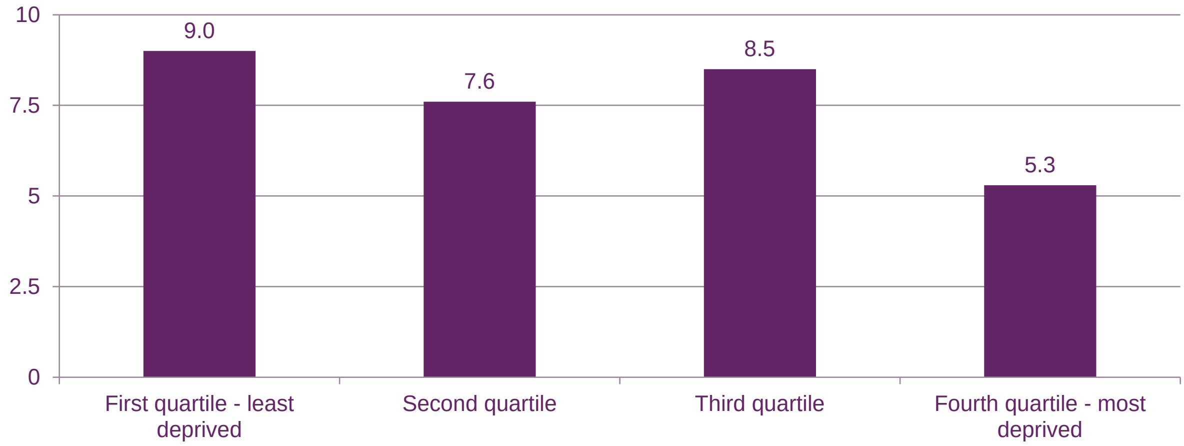
Figure 1.29 Sub-2Mbit/s connections in Cardiff



Source: Analysys Mason, Ofcom Infrastructure Report 2013

The least income-deprived quartile of the city has the greatest share of broadband connections with speeds of less than 2Mbit/s, while the most income-deprived area of the city has the smallest share. As discussed above, this may be explained by the more rural nature of the western and northern parts of the city. This means that the distances between premises and the local exchange are likely to be longer, which increases the likelihood of slower speeds.

Figure 1.30 Broadband connections with speeds of less than 2Mbit/s in Cardiff, by income deprivation



Source: Analysys Mason, IMD, Ofcom June 2013
Notes: Equal premises count method

Bangor

<u>Summary of key findings</u>

- NGA availability in Bangor has increased by 10% since the previous report and currently stands at 95%, which is likely to have been driven by the Welsh Government's Superfast Cymru broadband project.

- However, Virgin Media does not provide NGA coverage in the city, and 5.5% of premises are not currently receiving a broadband speed greater than 2Mbit/s.

Bangor has a population of c.15,000 with residential premises accounting for 93% of all premises

Figure 1.31 shows the size of the city in terms of population and number of residential and non-residential premises. The population is based on the 2011 census and the number of premises is based on postcodes within the local authority boundary.

Bangor's small economy is dominated, through its university, by education.

Figure 1.31 City population and premises data

City	Population	Total premises	Business premises	Residential premises
Bangor	c.14,800	c.6000	c.500	c.5500

Source: Analysys Mason

For this study the city boundary is defined by the combination of appropriate Lower Super Output Areas (LSOA), published by the Office for National Statistics, for areas of contiguous urban density, which are shown in detail in the following figure:

Figure 1.32 Map of area local to Bangor, highlighting city boundary

Source: Analysys Mason

Next-generation access is available to 95% of premises in Bangor

Figure 1.33 identifies NGA network infrastructure (FTTx[14] and DOCSIS v3.0 cable technologies[15]) for BT Openreach.[16] Virgin Media does not currently provide NGA services in the city.

We estimate that NGA availability has increased by 10% in Bangor since 2012, the highest of any of the cities assessed. This is likely to have been driven by the Welsh Government's Superfast Cymru scheme, which we describe in more detail below.

Although the availability of first-generation broadband is 100%, some premises experience broadband speeds of less than 2Mbit/s, which is considered below the minimum requirement for a basic broadband service.

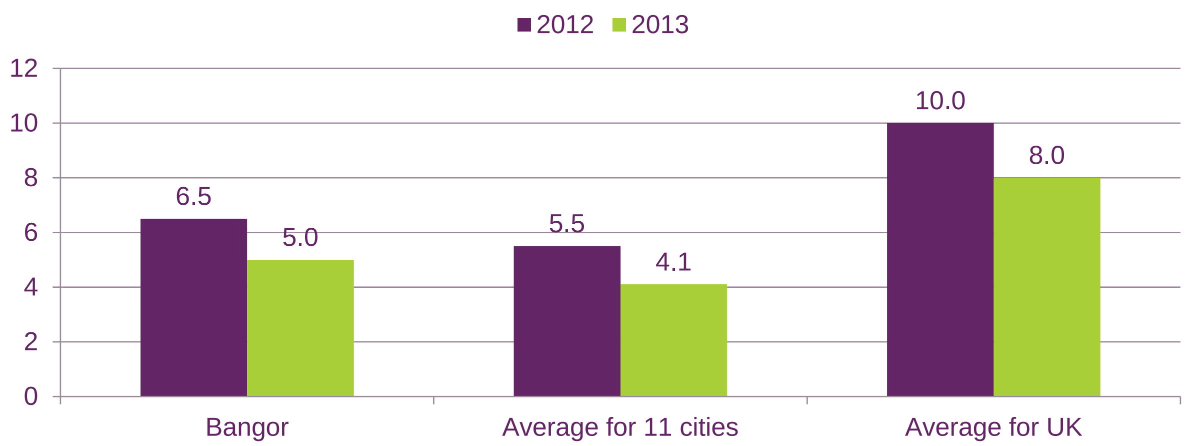
[14] Fibre to the exchange (FTTx) is a generic term used to describe any broadband network using optical fibre to replace all or part of the usual metal local loop used for last-mile telecommunications.
[15] DOCSIS v3.0 is the next generation of DOCSIS, which allows users to experience significantly faster speeds.
[16] BT Openreach has regulatory obligations to give other providers wholesale access to its NGA network. Other providers make retail services available to consumers using that network.

Figure 1.33 NGA infrastructure in Bangor, by premises passed and relative positioning

Analysys Mason, Ofcom Infrastructure Report 2013

Figure 1.34 shows the proportion of connections with a speed of less than 2Mbit/s. The proportion of Bangor lines in this category is 5%, compared to 6.5% in 2012, which is likely to be due to the increased take-up of NGA broadband services.

Figure 1.34 Percentage of lines with speed less than 2Mbit/s, and relative positioning



Analysys Mason, Ofcom Infrastructure Report 2013

Bangor has one copper exchange, which has been upgraded to NGA

Figure 1.35 shows the number of exchanges serving the city postcodes, the percentage of lines that support both ADSL and ADSL Max[17], and the average number of lines per exchange.[18] Not all of these exchanges are physically located within the city boundary. All of the copper lines support basic broadband (both ADSL and ADSL Max).

[17] ADSL Max is a ‘rate-adaptive’ variant of ADSL, where the transmitted bit rate varies depending on the physical conditions of the twisted-pair copper line, which may change over time. In contrast, the bit rate for ADSL is fixed and does not change.
[18] Source: Analysys Mason.

Figure 1.35 Number of exchanges and % of lines with access to basic broadband

No. of exchanges serving city postcodes	% of lines that have access to both ADSL & ADSL Max	Average number of lines per exchange
1	100%	6,000

Source: Analysys Mason

Summary of public interventions

In July 2012, the Welsh Government signed an agreement with BT to deliver the Superfast Cymru project, which will ensure that 96% of premises in Wales have access to superfast broadband by spring 2016. Bangor was one of the first places in Wales to benefit from the scheme.

Superfast Cymru will mean that the majority of businesses and homes will be able to get broadband download speeds in excess of 30Mbit/s by 2016. At least 40% of the premises in the intervention area will also benefit from access to services in excess of 100Mbit/s.

The project will see £425m invested to expand high-speed broadband throughout Wales, comprising European Regional Development Fund (ERDF) funding of £89.5m, UK Government funding of £56.9m, Welsh Government funding of £58.6m and BT's investment of £220m.

The main technology to be deployed will be fibre to the cabinet (FTTC). The agreement also requires BT to commit to delivering ultra-fast speeds of up to 330Mbit/s to certain areas through the use of fibre-to-the-premises (FTTP) technology.

In its first year of implementation, the Superfast Cymru project has made fibre broadband available to more than 135,000 premises in Wales, over 5,000 of which are business premises. Current take-up figures for cabinets that have been in place for over a year are around 19%, and the current average speed resulting from the programme is 61Mbit/s.

1.5 Digital Day 2014 in Wales

Introduction

People have more flexibility and choice than ever before when it comes to what, how and when they access media content and use communications services. This is due in part to the expansion in the range of devices that are capable of supporting a wide variety of media content and service types, and the speed of their adoption.

In Q1 2014, Ofcom conducted an in-depth study on UK adults' total media and communications activities, to provide an overview of the role of media and communications in people's lives. The study was designed as a follow-up to Ofcom's *Digital Day* study in 2010[19], and was undertaken to support Ofcom's regulatory goal to research markets constantly and to remain at the forefront of technological understanding.

The research provides a snapshot of people's media and communications behaviour over a seven-day period. It was designed to explore how people use media and communications devices throughout the day, covering both personal and business use, in- and out-of-home

[19] See http://stakeholders.ofcom.org.uk/market-data-research/market-data/digital-day/

use. Note that in this analysis 'media consumption' refers not only to viewing and listening but to all text and voice communications, and the consumption of print media.

A nationally representative sample of 1,644 adults aged 16+ participated in the study across the UK in March-April 2014, including 229 in Wales. Respondents recorded all their media behaviour in a diary for seven days, and these data were captured on a daily basis online or by telephone. Figure 1.36 shows all the activities and devices recorded.

Figure 1.36 Media consumption activities

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

In this section we provide an overview of the key findings for consumers in Wales, while a detailed analysis of the findings among the UK population can be found in the UK *Communications Market Report*[20].

Key findings

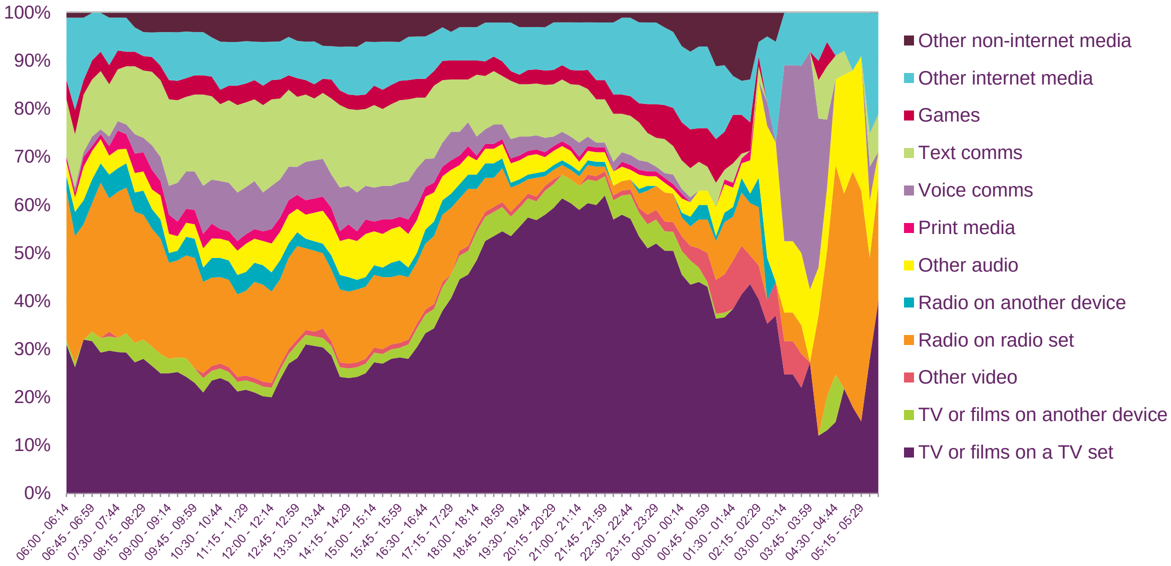
Compared to the UK as a whole, adults in Wales are more likely to watch programmes throughout the day on a device other than a TV set

Figure 1.37 shows the proportion of media and communications activity undertaken throughout the day (Monday-Sunday). The chart illustrates the dominance of television viewing in the evening; 62% of all media activities undertaken involve watching programmes on a TV set between 9.45 and 9.59pm. However, compared to the rest of the UK, adults in Wales are more likely to view television or films throughout the day using another device. This is primarily driven by watching DVDs or videos, with 37% of adults doing this each week, compared to 31% across the UK.

[20] http://stakeholders.ofcom.org.uk/market-data-research/market-data/communications-market-reports/cmr14/

Considering other activities, a key peak for listening to the radio through a radio set or other device is in the morning between 07.00 and 07.14, accounting for 41% of all media activity at this time. Text communications including email, instant messaging and communicating via a social networking site, is a notable activity throughout the day, driven primarily by emailing. However, compared to the rest of the UK, adults in Wales spend the least amount of time each day communicating by email (30 minutes vs. 48 minutes across the UK).

Figure 1.37 Proportion of media activities across the day: Wales



Source: Digital Day 7-day diary
Base: All activity records for adults aged 16+ in Wales (14316) - data aggregated to 15-min slots
Note: The base of media activities changes every 15-min slot, so is much lower during sleeping hours

In total, adults in Wales take part in almost 11 hours' worth of media or communications activity per day, but in less than nine hours of actual time

Figure 1.38 shows the number of minutes of media and communication activity undertaken across a typical day, split by nation. Our research found that the time spent by people in Wales using media would be 10 hours 50 minutes (650 mins) in total, if each activity was done on its own. However, as people in Wales conducted 19% of their media activities at the same time as other activities, this multi-tasking allowed them to fit these 650 minutes into 8 hours 46 minutes per day (526 mins).

The activities most likely to be conducted at the same time as some other form of media or communication activity were: instant messaging (81% of time spent doing this was done at the same time as another activity, compared to 75% for the UK as a whole), reading or browsing sports news or updates (76% vs. 69%) and photo/video messaging (70% vs. 75%).

Figure 1.38 Average total media and communications time, by nation

For this analysis the calculations are made by generating mean times spent for all adults for each of the activities (including zeros). These mean times are then summed for each group of activities, and in total across all activities
Source: Digital Day 7-day diary
Base = all media and comms activity records for adults aged 16+ (UK=108782, England=62289, Scotland=17356, Wales=14316, N Ireland=14821)

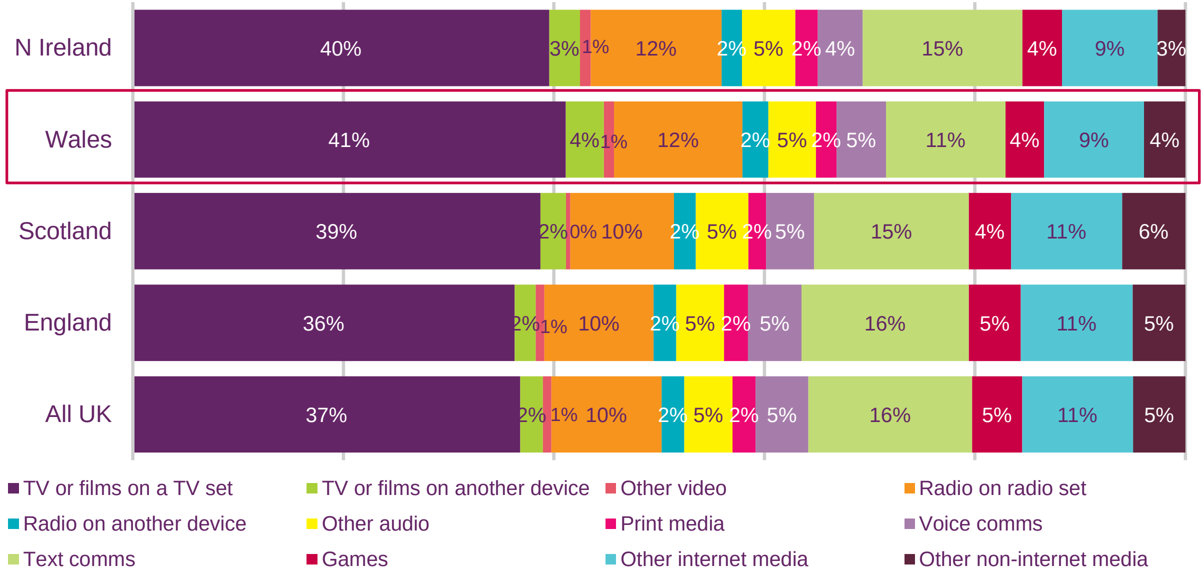
Consumers in Wales are more likely than the rest of the UK to spend their time watching TV through a TV set

Adults in Wales spent 41% of their daily media and communications time watching TV on a TV set (Figure 1.39) – marginally higher than the UK average of 37%. In comparison, just 4% of media time was spent watching TV or films on another device, such as a smartphone, tablet or laptop, in line with the UK average.

Consumers in Wales spent the greatest proportion of media time listening to radio on a radio set, along with Northern Ireland, at 12%. A further 7% of time was spent listening to radio on another device, such as a stereo, or on a computer or TV.

People in Wales were the least likely to spend their time using text communications, with 11% of their time spent doing this, compared to 16% across the UK as a whole.

Figure 1.39 Proportion of total media and communications time, by nation



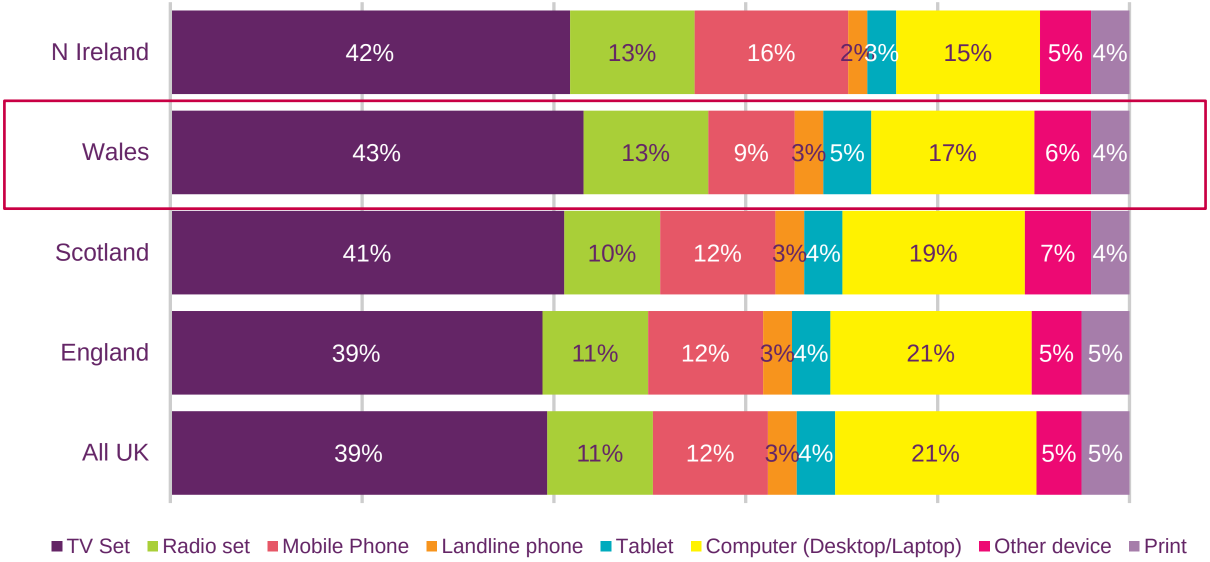
Source: Digital Day 7-day diary
Base: all media and comms activity records for adults aged 16+ (UK=108782, England=62289, Scotland=17356, Wales=14316, N Ireland=14821)
**Average time spent is the total average daily time spent doing media and comms activities, including simultaneous activity*

Proportion of media time spent on a mobile phone is lowest in Wales

Figure 1.40 shows the proportion of media time spent on different devices. In line with the charts above, media time is dominated by the TV set, with over four in ten media minutes in Wales spent on this device (43%). Thirteen per cent of media time was spent using a radio set, with use of this device being most popular in the morning.

Adults in Wales spend the lowest proportion of their media time on their mobile phone (9%), compared to 12% across the UK as a whole and 16% in Northern Ireland.

Figure 1.40 Proportion of time spent on activities by device, by nation



Source: Digital Day 7-day diary
Base: all media and comms activity records for adults aged 16+ (UK=108782, England=62289, Scotland=17356, Wales=14316, N Ireland=14821)
**Average time spent is the total average daily time spent doing media and comms activities, including simultaneous activity*
***Other device includes games console, stereo system, e-reader and any other devices not listed (each one represents 1%-2% of use)*

1.6 Take-up of key communications services and devices among those who can speak or write Welsh

Introduction

From Ofcom's *Technology Tracker survey* in Q1 2014, we have undertaken some analysis of those who are able to speak or write Welsh at all (fluent and non-fluent), looking at their take-up of key communications services and devices.

Figure 1.41 shows the demographic profile of those who can speak or write Welsh and compares them to the Welsh sample as a whole. Following this, Figure 1.42 analyses take-up of key communications services and devices among adults in this sub-group.

A note on survey research

Please note that due to low base sizes, all findings are indicative and should therefore be treated with caution. The Technology Tracker sample in Wales was designed to be representative of the population of Wales as a whole, but was not designed to be representative of those who speak and/or write Welsh.

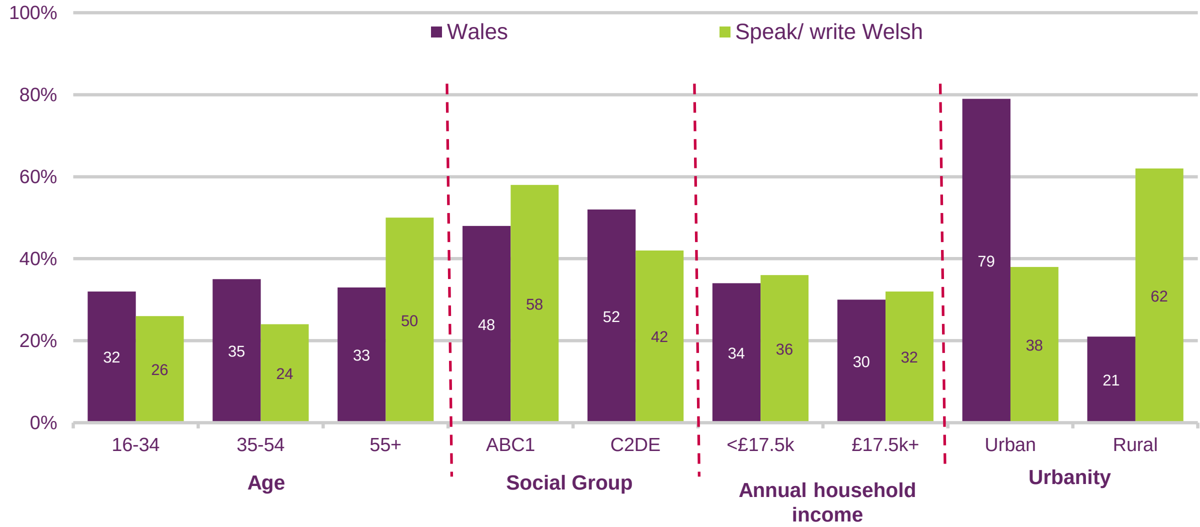
Demographic profile of respondents who speak or write Welsh

Figure 1.41 below shows that:

- Those who speak or write Welsh have an older age profile compared to adults in Wales as a whole (50% are aged 55+, compared to 33% across Wales).

- Welsh speakers are more likely to live in rural areas (62%, compared to 21% across Wales).
- They are more likely to be in ABC1 households (58% vs. 48% in Wales as a whole) and live in a low-deprivation area.
- In addition, almost all respondents who can speak or write Welsh (94%) live in a non-cabled area, compared to 80% across Wales.

Figure 1.41 Demographic profile of those who can speak or write Welsh



Q. Can you speak or write in Welsh at all?
Source: Ofcom research, Q1 2014
Base: All adults aged 16+: 491 Wales, 130 speak or write Welsh (fluent and non-fluent)

Take-up of communications services and devices among those who speak or write Welsh

Figure 1.42 shows that, in general, those who speak or write Welsh have lower take-up of the devices and services analysed compared to Wales as a whole:

Welsh speakers are slightly less likely to have a tablet computer in their household (34% vs. 45% in Wales)

A lower proportion of Welsh speakers use a mobile phone to access the internet (39% vs. 52% across Wales)

Linked to this, take-up of smartphones is low (42% compared to 57% across Wales). This is likely to be due to the older age profile of Welsh speakers, and the higher proportion living in rural areas, where 3G/4G coverage may be lower.

Total broadband (fixed and mobile) and fixed broadband penetration is on a par with Wales as a whole, with approximately seven in ten homes having these services. However, no Welsh speakers reported to have smartphone-only internet access, compared to 7% of respondents across Wales.

In addition, nine in ten respondents who speak or write Welsh have a landline in their household that can be used to make and receive calls. This is significantly above the Wales average of 78%, and may reflect the older age profile and the higher proportion of Welsh speakers in ABC1 households.

Figure 1.42 Take-up of communications services and devices in Wales

	Wales (total)	Respondents who speak or write Welsh
Fixed Line	78%	90% ↑
Mobile phone (personal use)	92%	88%
Smartphone (personal use)	57%	42% ↓
Computer (any type)	76%	72%
Tablet computer in household	45%	34% ↓
Total Internet	80%	73%
Broadband (fixed and mobile)	71%	71%
Fixed Broadband	69%	70%
Mobile Broadband	7%	5%
Mobile internet	52%	39% ↓
Smartphone internet access only	7%	0% ↓
DAB radio	36%	32%
Pay TV on main set	57%	52%
Bundle	59%	53%

Source: Ofcom research, Q1 2014
Base: All adults aged 16+: 491 Wales, 130 speak or write Welsh (fluent and non-fluent)
Arrows represent significant differences when compared to the Wales sample as a whole

2 Television and audio-visual content

2.1 Recent developments in Wales

Channel 3 and Channel 5 licence renewal

On 20 February 2014, Ofcom announced the renewal of the broadcasting licences for Channel 3 and Channel 5 for a duration of ten years from 1 January 2015, following acceptance of terms by the licensees. From January 2015 there will be a separate Channel 3 licence for Wales in operation.

As a condition for licence renewal, volume of output on ITV Wales will remain unchanged, with Wales' overall news output remaining at four hours per week, and non-news programming remaining at 90 minutes per week.

Channel 4 licence renewal

Ofcom has renewed Channel 4's licence for a ten-year period from 1 January 2015.

As part of the licence renewal process, Ofcom strengthened obligations on Channel 4 to commission programmes in Northern Ireland, Scotland and Wales. The quota for programmes produced in the devolved nations will increase from the current level of 3% of volume and spend to 9% in 2020.

The new quota will require Channel 4 to increase the proportion of its TV production in the UK nations by an estimated 60% by spend and 30% by volume from current levels.

In addition, Ofcom has welcomed voluntary commitments from Channel 4 to:

- see the 9% as a base minimum and aspire to exceed the devolved nations' quota where possible;
- develop partnerships with broadcasters and other partners to develop skills and genre expertise in the independent production sector;
- report on production by spend and hours in each UK nation in its annual statement of media content policy;
- hold annual formal senior-level engagement with stakeholders in each UK nation to report on progress.

Local TV

In 2012, Ofcom advertised and awarded the local TV licence for Cardiff to Made TV, during Phase 1 of local TV licensing. The channel, Made in Cardiff (www.madeincardiff.tv), is set to launch in the second half of 2014.

In the second phase of local TV licensing, Ofcom invited applications for local broadcasting licences in Bangor, Swansea and Mold. Licences were awarded to Bay TV Swansea and Bay TV Clwyd to run services in Swansea and Mold respectively.

In the case of Bangor, Ofcom's Broadcast Licensing Committee decided not to award the local TV licence to the only applicant, Bay TV Gwynedd. The Committee was concerned that the applicant would not be able to maintain the proposed service over the licence period, on the basis that the assumptions made by the application in terms of the advertising revenue per household were unlikely to be achievable and no alternative sustainable funding stream was offered to make up a potential shortfall. No decision has been made on whether the local TV licence for Bangor will be re-advertised at a future date.

BBC Cymru Wales

By 2016, the BBC has committed that 17% of network television investment will be spent in the devolved nations[21]. Currently, production from Wales represents approximately 7% of network television expenditure and the value of BBC Cymru Wales output for BBC UK TV networks in 2012/13 was £50m.

The BBC has recently announced that it intends to vacate BBC Wales' headquarters in Llandaff by 2018 and relocate to a central Cardiff location.

S4C

The relationship between S4C and the BBC has developed significantly over the past couple of years and is now characterised by increased creative collaboration. For example, the recent drama *Y Gwyll* or *Hinterland* was produced in Welsh and English, and has been broadcast on S4C, BBC One Wales and BBC Four. In 2014, S4C will join the BBC iPlayer, making its content available to a far wider audience across the UK[22].

S4C has begun premiering new episodes of its programmes online beginning with the children's comedy drama, *Ysbyty*. Each episode will be available online on S4C's on-demand service and its children's website immediately after each linear broadcast. S4C has also expanded its service to YouView, allowing customers across the UK to watch S4C programmes on demand for up to 35 days following the original broadcast.

Following a detailed feasibility study, it was announced on 14 March 2014 that the S4C Authority had approved a proposal to relocate the channel's headquarters to Carmarthen by 2018. This is a decision in principle, and is subject to contract with the leaders of the bid in Carmarthen. The S4C Authority has also approved the principle of co-locating elements of S4C's work with the BBC in Cardiff.

ITV Cymru Wales

ITV Wales relocated to a new headquarters in Cardiff Bay on 30 June 2014[23]. The new premises will house all of its news, programmes and production facilities. As part of the move, ITV will invest in the latest high-definition technology for broadcast and online production.

In autumn 2013, ITV Wales launched a new weekly news programme, *Newsweek Wales,* on Sunday mornings and a new factual series *Coast & Country*.

[21] http://www.bbc.co.uk/bbctrust/news/press_releases/2008/network_nations.html
[22] http://www.s4c.co.uk/e_press_level2.shtml?id=819
[23] http://www.itv.com/news/wales/2013-08-21/itv-cymru-wales-to-re-locate-to-cardiff-bay/

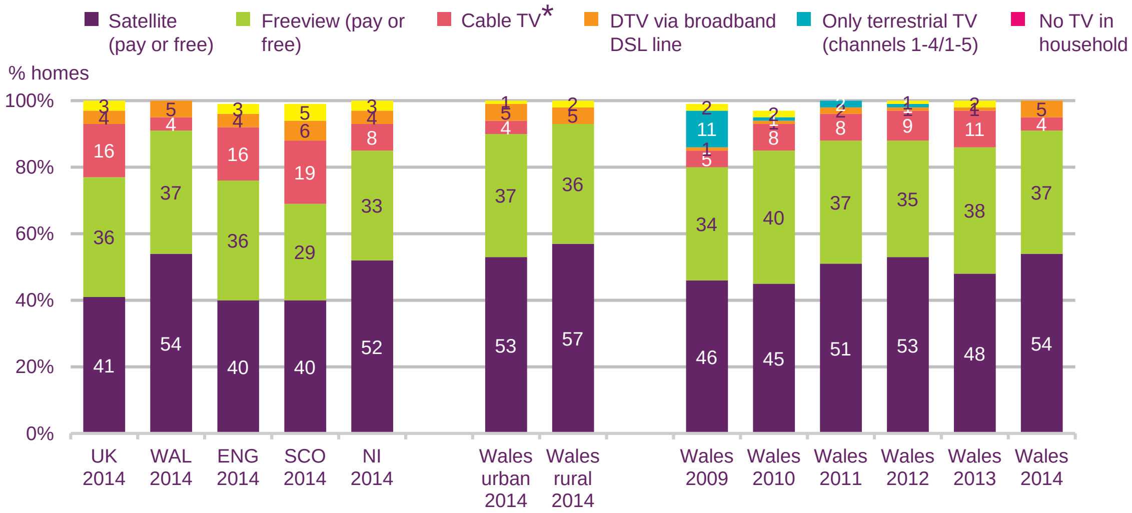
2.2 Digital television take-up in Wales

Over half of Welsh households receive satellite television through the main set

Figure 2.1 shows that in 2014, satellite penetration across Wales as a whole rose by 6pp to 54% while, according to our market research, cable take-up decreased by 7pp to 4%[24] over the same period, and DTV via a broadband connection grew rapidly from 1% to 5% of respondents, possibly as a result of both BT and TalkTalk offering YouView as part of their bundled services.

Satellite television is more prominent as the main platform in rural areas of Wales, with almost three in five (57%) using this platform, compared to 53% of those in urban areas. Both urban and rural areas have similar proportions of Freeview television.

Figure 2.1 Main television set share, by platform



Source: Ofcom research, Q1 2014
Base: All adults aged 16+ (n = 3740 UK, 491 Wales, 2249 England, 501 Scotland, 499 Northern Ireland, 252 Wales urban, 239 Wales rural, 492 Wales 2013, 491 Wales 2014)
QH1a. Which, if any, of these types of television does your household use at the moment?...QH1b And which of these do you consider is your main type of television?
Note: See footnote 22*

Just under three in four households in Wales have an HD-ready television, in line with the UK average

Seventy three per cent of Welsh households claim to either have HDTV services or have a HD-ready television. The rise in take-up has been driven by urban areas – up 13pp year on year, while at a nation level there has been a 9pp increase.

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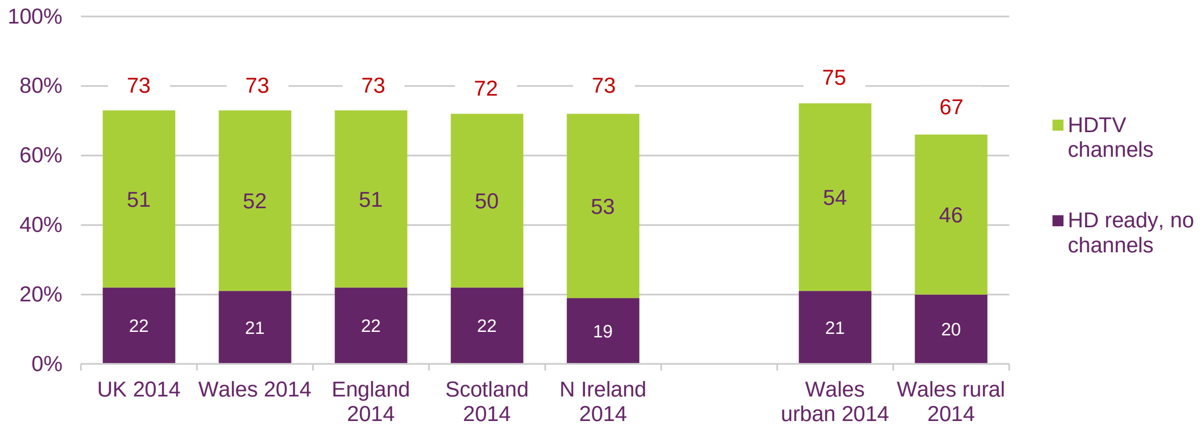
[24] Decline in Wales cable TV as main television - market research surveys are subject to sample error and will occasionally report anomalous results. In these cases we cross check with other sources to validate our findings. In this instance, the validation (BARB establishment survey) suggests that in Q1 2014 10.3% of TV households in Wales had a cable service. While the change in cable take-up in Wales between Q1 2013 and 2014 reported by our survey is statistically significant at 95% confidence, we believe it is unlikely to represent a real reduction and may be explained by sample error. This sampling method randomly selects locations across Wales in which to conduct interviews. In instances like this where we know there to be substantial geographic variation due to the partial coverage of cable service the survey may be subject to greater sample error if, for example, the randomly selected areas in which interviews were conducted have substantially lower than average cable use.

Fifty-two per cent receive HDTV services, with the remaining 21% claiming to have a HD-ready TV but not to receive HD services.

Within Wales there are differences between those who live in rural and urban households. Seventy-five per cent of those in urban households have an HD-ready set, compared to 67% in rural locations. Fifty-four per cent of households in urban locations claim to have HD TV channels, compared to 46% in rural locations. Similar levels in urban and rural locations who have HD-ready televisions but do not receive HD services (21% and 20% respectively).

Figure 2.2 Proportion of homes with HD television

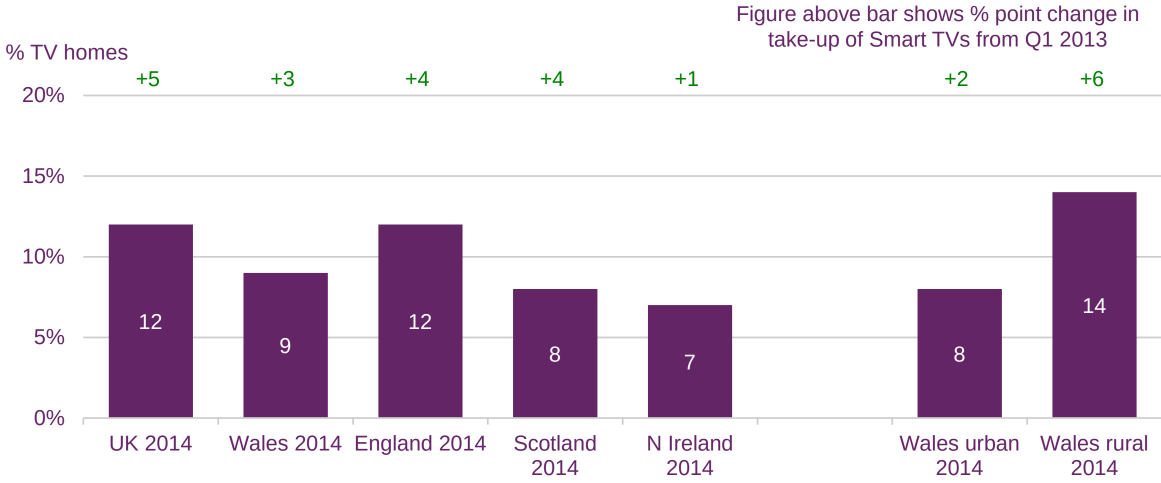


Source: Ofcom research, Q1 2014
Base: All adults aged 16+ (n = 3740 UK, 491 Wales, 2249 England, 501 Scotland, 499 Northern Ireland, 252 Wales urban, 239 Wales rural)
QH53. Is the main TV in your household an HDTV set or HD ready?/ QH54. For the main TV set, does your household have an HD TV service – from either Sky, Virgin Media, Freesat or Freeview?

Smart TV take-up in Wales increased by three percentage points year on year

Among those with a television in their household, 9% claim to have a smart television; this is a 3pp year-on-year increase. Rural areas have seen a 6pp increase over the past 12 months, compared with 2pp in urban areas. Rural areas have the highest level of take-up, with 14% claiming to have a smart TV; this compares to 8% in urban areas.

Figure 2.3 Smart TV take-up in Wales

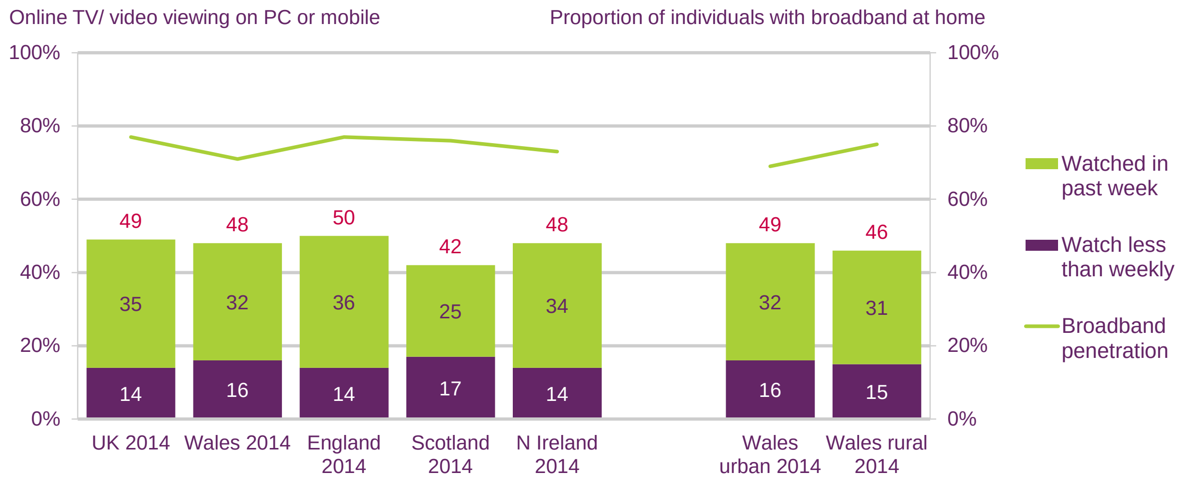


Source: Ofcom research, Q1 2014
Base: All adults aged 16+ with a TV in household (n = 3635 UK, 480 Wales, 2186 England, 481 Scotland, 488 Northern Ireland, 248 Wales urban, 232 Wales rural)
QH18. Are any of your TV sets 'smart TVs'? These are new types of TV that are connected to the internet and can stream video directly onto your television screen, without the need for a computer, set-top box or games console.

Almost half of consumers in Wales watch online TV and video content

Viewing of online TV and video content in Wales – including TV streaming, catch-up TV, and short video clips on sites such as YouTube – is in line with the UK average in 2014, with almost half (48%) watching online in this way. There is no significant difference between the number of people in Wales who watched online TV/video in the past week (32%) and the UK average (35%).

Figure 2.4 Online TV/video viewing



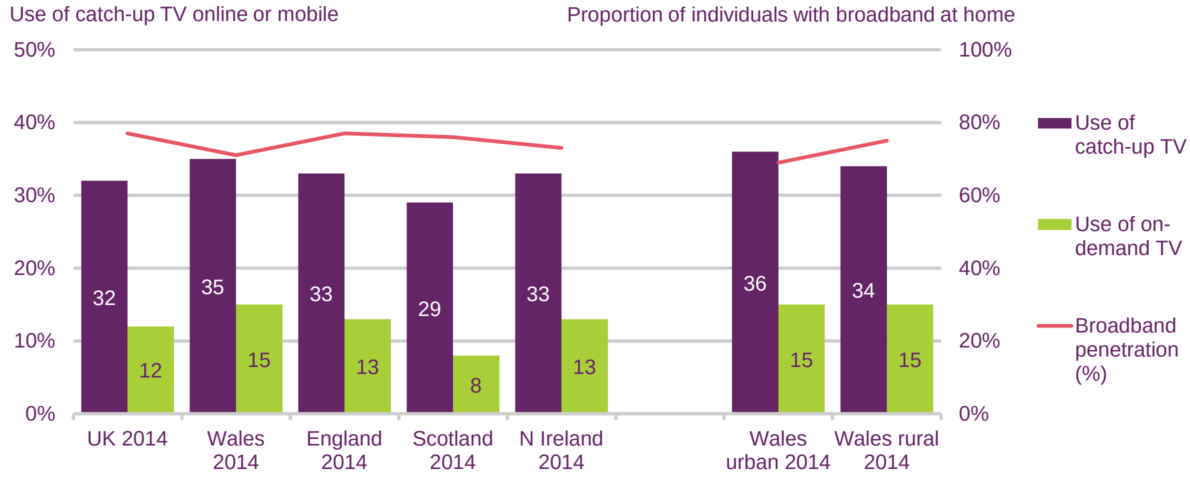
Source: Ofcom research, Q1 2014
Base: All adults aged 16+ (n = 3740 UK, 491 Wales, 2249 England, 501 Scotland, 499 Northern Ireland, 252 Wales urban, 239 Wales rural)
QE5A-B. Which, if any, of these do you use the internet for? And, which, if any, of these activities have you used the internet for in the last week? QD28A-B. Which if any, of the following activities, other than making and receiving voice calls, do you use your mobile for? And which of these activities have you used your mobile for in the last week?

Over one in three adults in Wales watch catch-up TV

Viewing of catch-up TV in Wales is higher than the UK average (35% vs. 32%). Wales has a higher proportion of this type of viewing than any of the other nations.

Overall viewing levels in both urban and rural areas are similar (36% in urban vs. 34% in rural), while broadband penetration is higher in rural areas (75%) than in urban areas (69%).

Figure 2.5 Use of catch-up TV



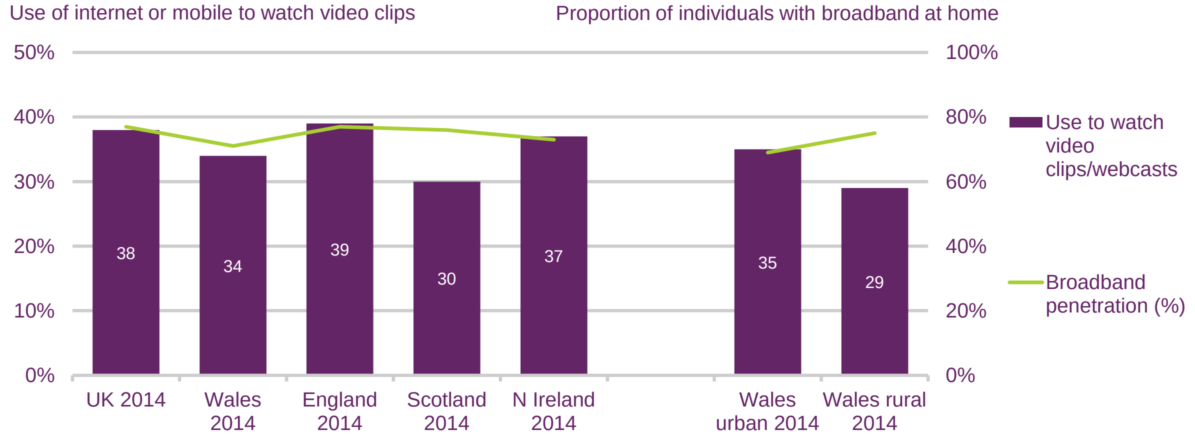
Source: Ofcom research, Q1 2014
Base: All adults aged 16+ (n = 3740 UK, 491 Wales, 2249 England, 501 Scotland, 499 Northern Ireland, 252 Wales urban, 239 Wales rural)
QE5A. Which, if any, of these do you use the internet for?/ QD28A. Which if any, of the following activities, other than making and receiving voice calls, do you use your mobile for?

Over a third of urban respondents in Wales watch video clips online

The proportion of respondents who claim to view video clips online in Wales is lower than the UK average (34% vs. 38%). Wales has the second lowest proportion of this type of content viewing of the devolved nations, while Scotland has the lowest, at 30%.

Viewing levels are higher in urban than in rural areas (35% urban vs. 29% rural) despite lower broadband penetration (69% and 75% respectively).

Figure 2.6 Use of internet for watching short video clips (e.g. YouTube)



Source: Ofcom research, Q1 2014
Base: All adults aged 16+ (n = 3740 UK, 491 Wales, 2249 England, 501 Scotland, 499 Northern Ireland, 252 Wales urban, 239 Wales rural)
QE5A. Which, if any, of these do you use the internet for?/ QD28A. Which if any, of the following activities, other than making and receiving voice calls, do you use your mobile for?

2.3 Broadcast television viewing

People in Wales spend on average 4.4 hours per day watching TV

In 2013, people in Wales spent 4.4 hours per day watching television, the highest among the nations and higher than the UK average consumption of 3.9 hours per day.

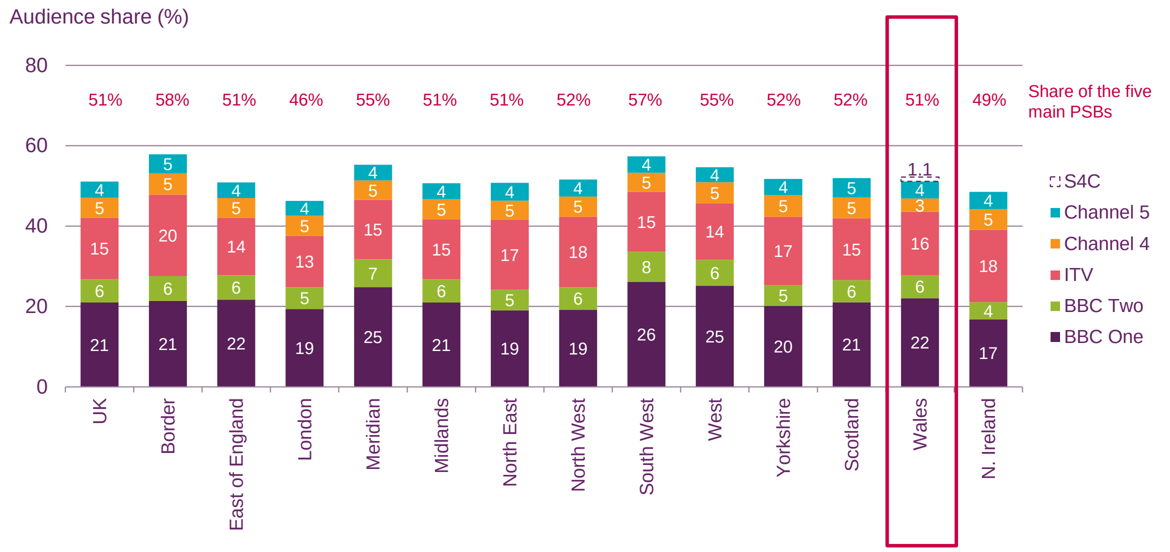
Figure 2.7 Average hours of daily TV viewing, by nation: 2013

*Source: BARB, Individuals (4+). Main PSBs = BBC One, BBC Two, ITV, Channel 4, Channel 5 including HD variants but excluding +1s. Notes: i) Following digital switchover in Wales in 2010 S4C ceased to carry Channel 4 content. S4C is therefore not included in the main PSB channels in 2013. S4C's average share in Wales in 2013 is 1.1% ii) *This figure reflects the average across the English regions with the highest in Border (4.2) and lowest in West (3.4) respectively.*

Over half (51%) of all viewing is to the five main PSB channels

In 2013, the five main PSB channels accounted for a combined 51% share of total TV viewing in Wales, comparable to that in the other nations and the same as the average 51% share across the UK (Figure 2.8).

Figure 2.8 Share of the five main PSB channels, all homes: 2013

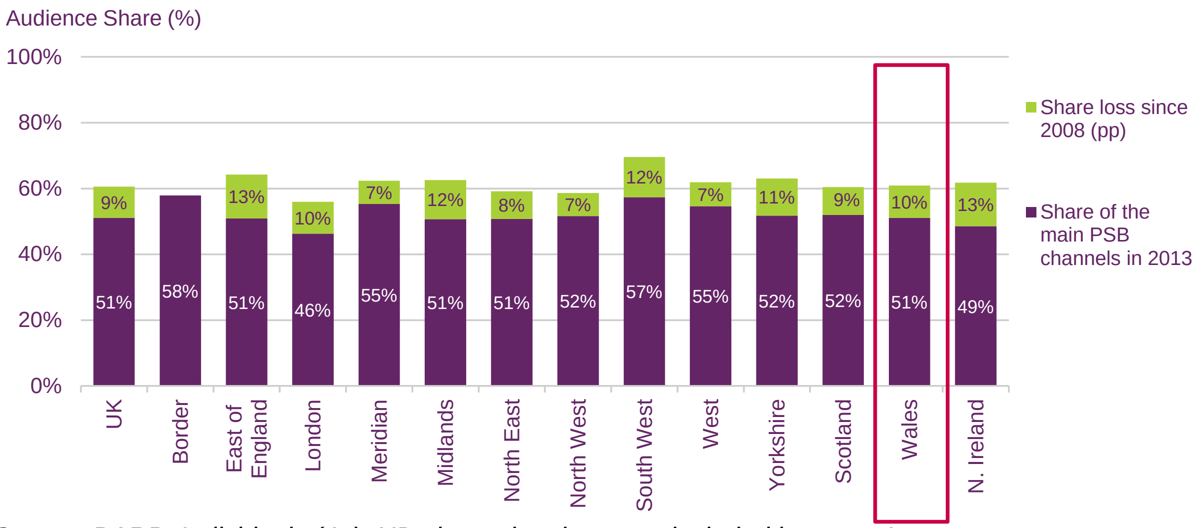


Source: BARB, Individuals (4+). HD channel variants are included but not +1s. Note: Following digital switchover in Wales in 2010 S4C ceased to carry Channel 4 content. S4C is therefore included in the main PSB channels in 2008 but not in 2013. S4C's average share in Wales in 2013 is 1.1%

The combined share of the five main PSB channels decreased by 10pp between 2008 and 2013

Between 2008 and 2013, there was a ten percentage point reduction in the combined share of the five main PSB channels in Wales. This reduction was broadly comparable with the UK average decrease, at 9pp (Figure 2.9).

Figure 2.9 Reduction in combined share of the five main PSB channels, all homes: 2008 and 2013

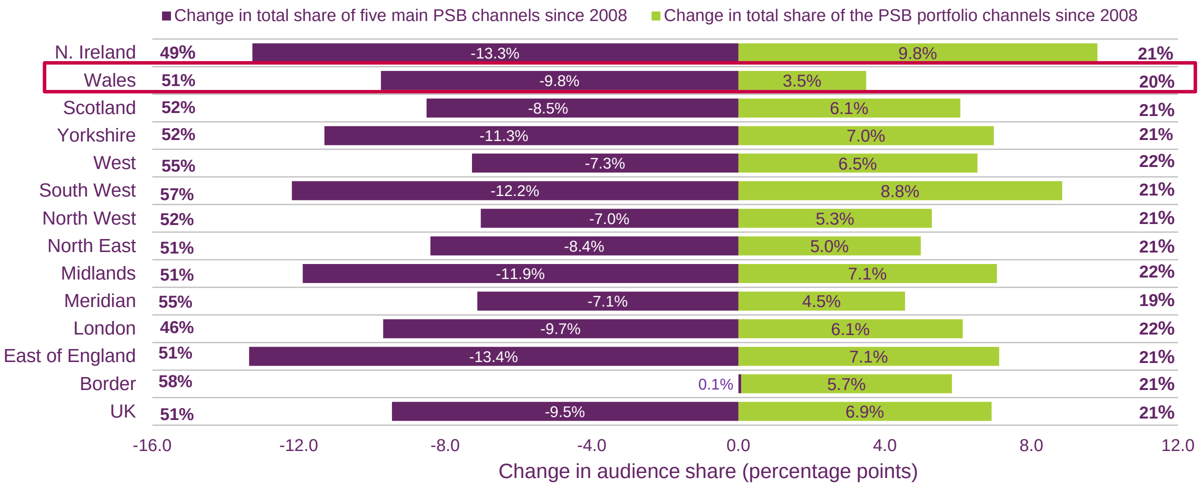


Source: BARB, Individuals (4+). HD channel variants are included but not +1s.
Notes: i) Following digital switchover in Wales in 2010 S4C ceased to carry Channel 4 content. S4C is therefore included in the main PSB channels in 2008 but not in 2013. S4C's average share in Wales in 2013 is 1.1%. ii) In 2010 a new BARB panel was introduced, including the re-defining of boundaries. Therefore, pre and post panel change data should be compared with some caution.

The total share of the main PSBs and their portfolio channels decreased by 6.3pp between 2008 and 2013; more than the UK average net loss

In Wales, the five main PSB channels experienced a 9.8pp decrease in their combined share of total TV viewing compared to 2008 (marginally higher than the UK average decrease of 9.5pp). At the same time, the PSB portfolio channels saw a 3.5pp increase (the UK average gain was almost double, at 6.9pp). Offset together, this resulted in a net loss overall of 6.3pp, more than the UK average net loss of 2.6pp and higher than that experienced in the other nations.

Figure 2.10 Net change in the audience share of the five main PSB channels and their portfolio channels, all homes: 2008 and 2013

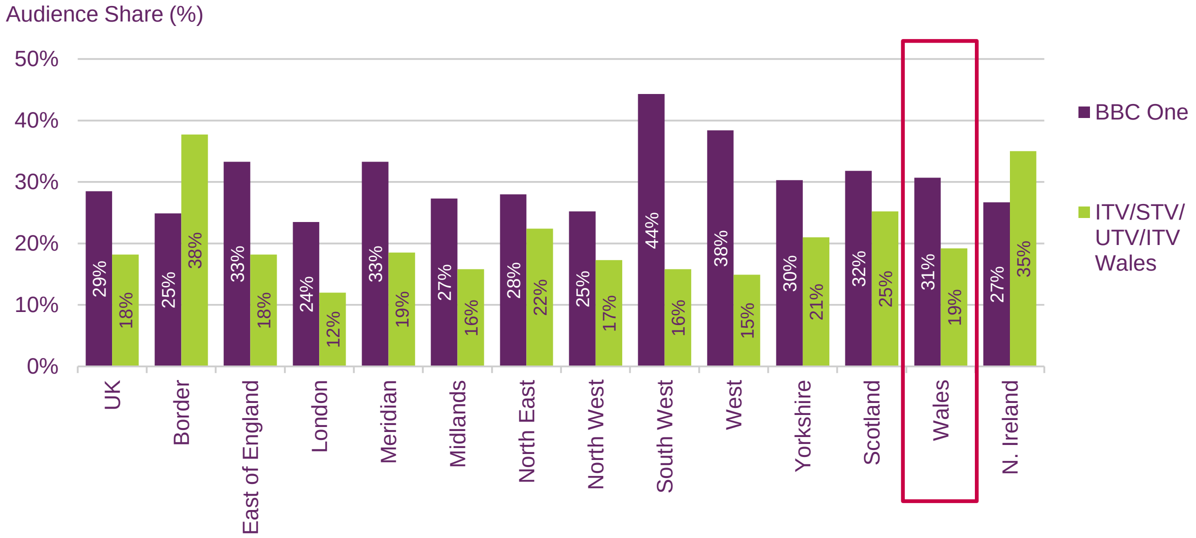


Source: BARB, Individuals (4+)
Notes: i) PSB main channels include HD variants but not +1s. PSB portfolio channels = main PSB +1 channel variants and the PSB digital channels and their respective HD and +1 variants). ii) Following digital switchover in Wales in 2010 S4C ceased to carry Channel 4 content. S4C is therefore included in the main PSB channels in 2008 but not in 2013. S4C's average share in Wales in 2013 is 1.1%. iii) 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 some caution.

BBC One's early evening news bulletins attracted 31% share in Wales

In 2013, BBC One's early evening nations news bulletin attracted an average 31% share of TV viewing in Wales; marginally higher than the UK average for the same slot at 29%. ITV Wales' counterpart bulletin attracted a lower average share (19%), the lowest among the devolved nations but marginally higher than the UK average.

Figure 2.11 BBC One and ITV/ STV/ UTV/ ITV Wales early-evening news bulletin shares, all homes: 2013



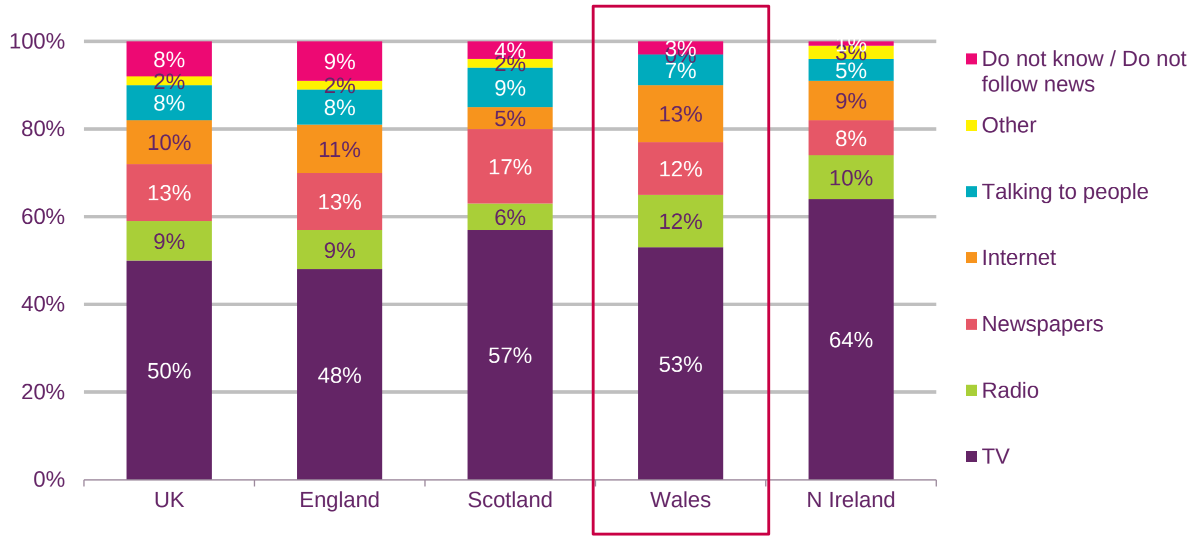
Source: BARB, Individuals (4+)
Notes: i) Based on regional news programmes, start time range 17:55-18:35, 10mins+ duration, BBC One and ITV (exc HD), weekdays. BBC One's news bulletin is transmitted between 18:30-1900 and ITV Wales' is transmitted between 18:00-18:30. ii) In 2010 a new BARB panel was introduced, including the re-defining of boundaries. Therefore, pre- and post-panel change data should be compared with some caution.

Half of all respondents in Wales use TV as their main source of local news

In Wales in 2013, 53% of respondents cited television as their main source of local news[25], in line with the UK average of 50%. The next most popular sources were evenly distributed: the internet (13%) and radio and newspapers, both at 12%.

[25] 'Local news' refers to news about the local area, not the nation (UK / England / Wales / Scotland / Northern Ireland) or the UK as a whole. There is a further question covering news for each devolved nation below.

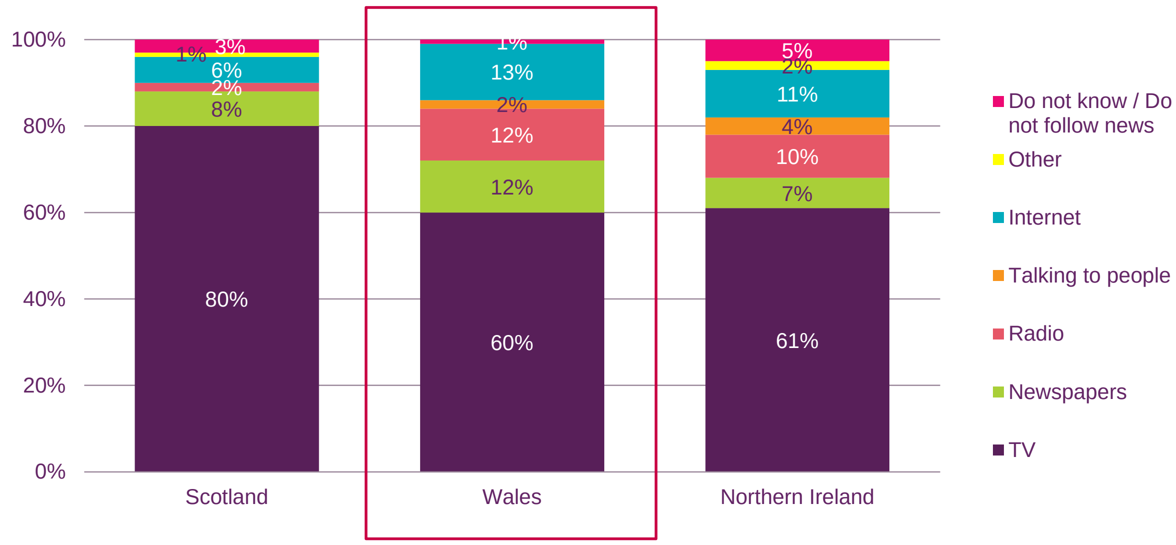
Figure 2.12 Sources of local news, by nation



Source: Ofcom Media Tracker.
Base: All; England (1,452); Scotland (185); Wales (133); Northern Ireland (123). Only responses ≥ 3% labelled.
Q: Can you tell me what, if anything, is your main source of news about what is going on in your own local area?

When asked about national news[26], respondents gave similar responses as for local news; 13% cited the internet and 12% each cited radio and newspapers. Television proved more popular for national than local news, with 60% of respondents choosing it as their main source of national news.

Figure 2.13 Sources of national news, by nation



Source: Ofcom Media Tracker.
Base: All respondents in Scotland (189), Wales (118), Northern Ireland (113). Only responses ≥ 3% labelled.
Q: Can you tell me what, if anything, is your main source of news about what is going on in [Scotland, Wales, Northern Ireland]?

[26] National news refers to news about the nation (Wales / Scotland / Northern Ireland) and not the UK as a whole.

2.4 TV programming for viewers in Wales

The following section outlines spend and hours of programming for viewers in Wales, Scotland, Northern Ireland, and the English regions provided by the BBC and ITV/ STV/ UTV. The figures exclude Gaelic and Welsh-language programming but include some spend on Irish language programming by the BBC. See section 2.6 for details on S4C.

In a change from previous years, historical financial figures are presented in nominal terms and not adjusted for inflation. The reason for this is to align the CMR suite of reports and to provide a 'base' view of the overall market to inform any further analysis.

Programme definitions

First-run originations - Programmes commissioned by or for a licensed public service channel with a view to their first showing on television in the United Kingdom in the reference year.

First-run acquisitions - A ready-made programme bought by a broadcaster from another rights holder and broadcast for the first time in the UK during the reference year.

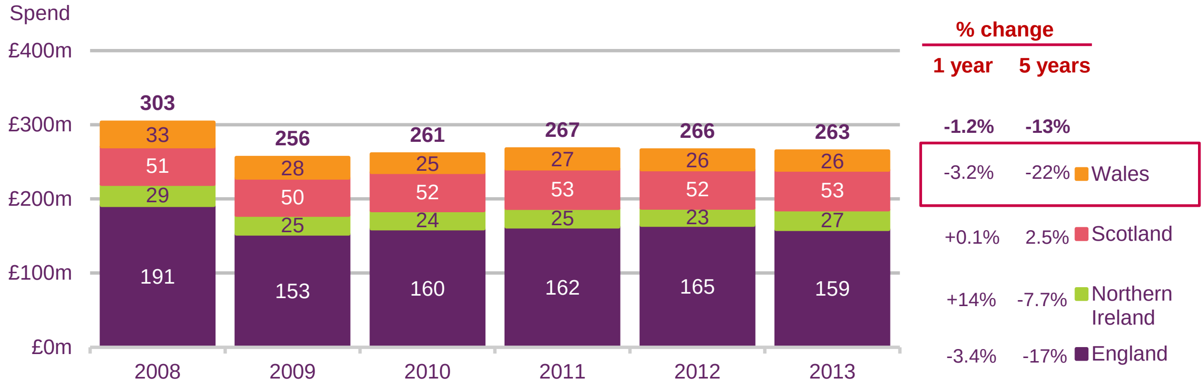
Repeats - All programmes not meeting one of the two definitions above.

PSB spend on first-run originated content for viewers in Wales remained stable in 2013

£263m 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 2013, down by £3m (or 1.2%) in nominal terms from 2012 and down by 13% since 2008.

In nominal terms, the year-on-year PSB spend in Wales has remained stable at around £26m over the last four years, after a sharp drop in 2009.

Figure 2.14 Spend on first-run originated nations/regions' output by the BBC/ ITV/ STV/ UTV



Source: Broadcasters. All figures are nominal.
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 total spend on BBC Alba or BBC spend on S4C output. Note: In 2013 the BBC contributed £76.3m from the licence fee for the provision of S4C services. In addition, the BBC spent a further £23.45m on the provision of programming to S4C under the Strategic Partnership agreement. The BBC also spent £5.2m on BBC Alba output in 2013. For more information on S4C, please see Section 2.6.

Total spend on current affairs programming for people in Wales increased by 15% year on year

Turning to spend by genre, including acquisitions and repeats, PSB spending on current affairs programming in Wales increased by 15% in 2013, compared with 2012, and was 8% higher than 2008. This increase was, however, counterbalanced by a drop in both news and non-news programming spend, down 5% and 8% respectively year on year, resulting in an overall drop of 5% for the year.

Figure 2.15 Change in total spend on nations and regions output, by genre and nation: 2008-2013

	UK		England		N. Ireland		Scotland		Wales	
	1yr (%)	5yr (%)	1yr (%)	5yr (%)	1yr (%)	5yr (%)	1yr (%)	5yr (%)	1yr (%)	5yr (%)
Current Affairs	1%	-13%	-9%	-31%	35%	31%	6%	17%	15%	8%
News	-4%	-10%	-5%	-11%	1%	5%	0%	-6%	-5%	-8%
Non-news/non-current affairs	1%	-22%	-13%	-78%	23%	-19%	0%	6%	-8%	-34%
Total Spend in 2013	£265m		£159m		£27m		£53m		£26m	

	UK		England		N. Ireland		Scotland		Wales	
	1yr	5yr	1yr	5yr	1yr	5yr	1yr	5yr	1yr	5yr
Change in Spend	-2%	-13%	-5%	-17%	15%	-7%	1%	4%	-5%	-23%

Source: Broadcasters. All figures are nominal.
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 in Wales on PSB non-network programming decreased 5% year on year

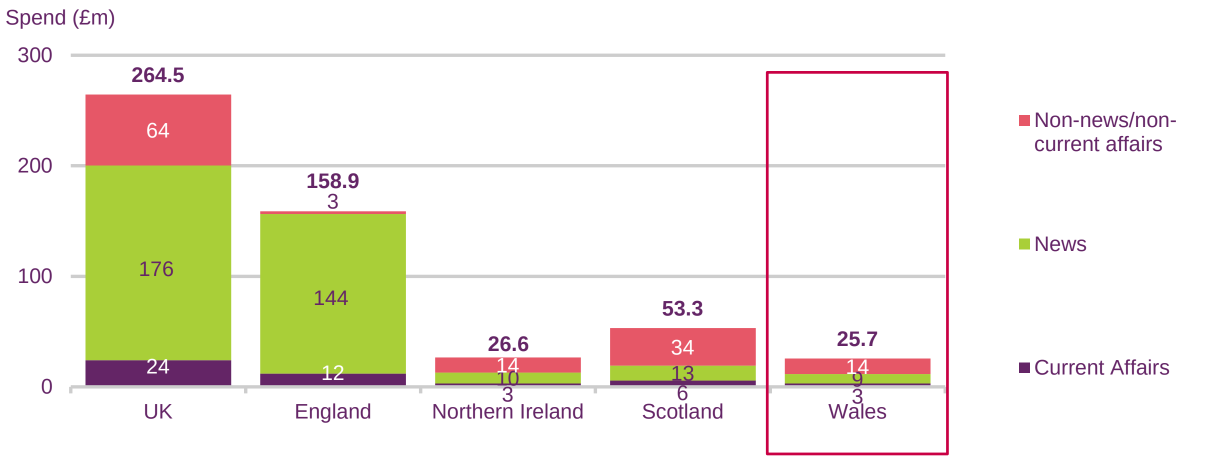
Expenditure on non-network content broadcast by the BBC and ITV for people in Wales decreased by 5% to £25.7m in 2013.

Spend on non-news/non-current affairs accounted for more than half of total spend (55%); news accounted for a further 34%, with current affairs making up the remaining 11%.

In addition to this, according to the latest annual report for financial year 2013/2014 the BBC also contributed £76.3m to the operational costs of S4C. It also incurred a further £23.5m of costs in delivering other content to S4C under the terms of the operating agreement[27] . It also contributed £5.2m to content shown on BBC ALBA in Scotland.

[27] http://www.s4c.co.uk/production/downloads/e_cytundeb-gweithredu-s4c-bbc.pdf

Figure 2.16 Total spend by the BBC/ ITV1/ STV/ UTV on non-network nations/regions output for the main PSB channels (BBC1 and Channel 3): 2013



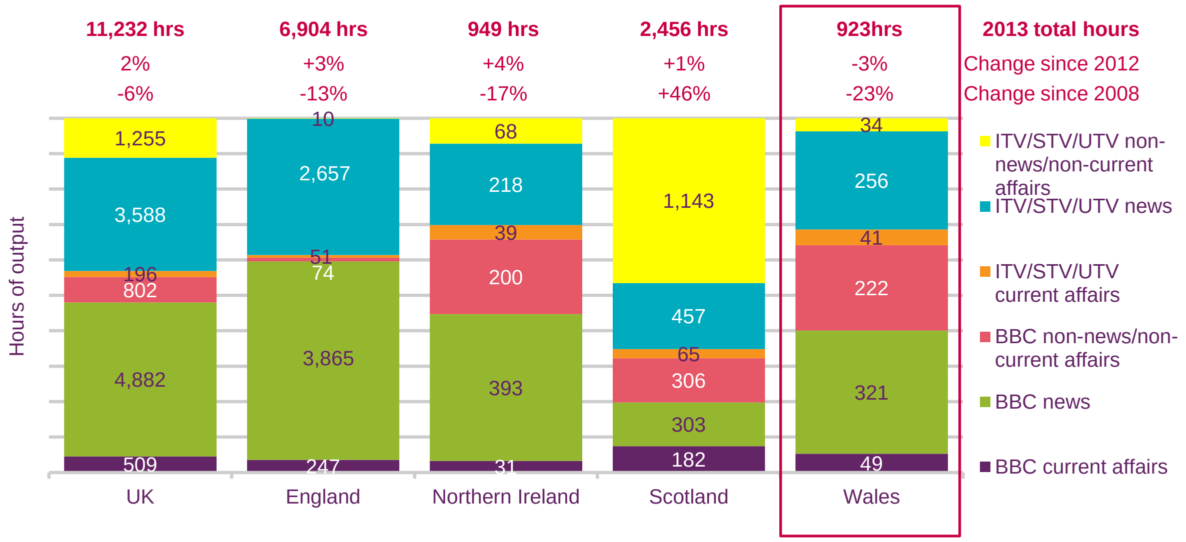
Source: Broadcasters.
Note: Spend excludes Gaelic and Welsh-language programming but includes some spend on Irish-language programming by the BBC. This does not account for spend on BBC Alba or BBC spend on S4C output.

First-run originated hours in Wales down by almost a quarter (23%) since 2008

The BBC and ITV1/ STV/ UTV produced a total of 11,232 hours of first-run originated content for the English regions, Scotland, Wales and Northern Ireland in 2013, up 2% (or 230 hours) since 2012, and down 6% (765 hours) since 2008.

Wales was the only nation that saw a reduction in first-run originated output year on year, down 3% on 2012. Over the five-year period since 2008 the number of hours of first-run originated programming for Wales fell by almost a quarter (23%) to 923 hours in 2013.

Figure 2.17 Hours of first-run originated nations/regions output, by genre and broadcaster: 2013



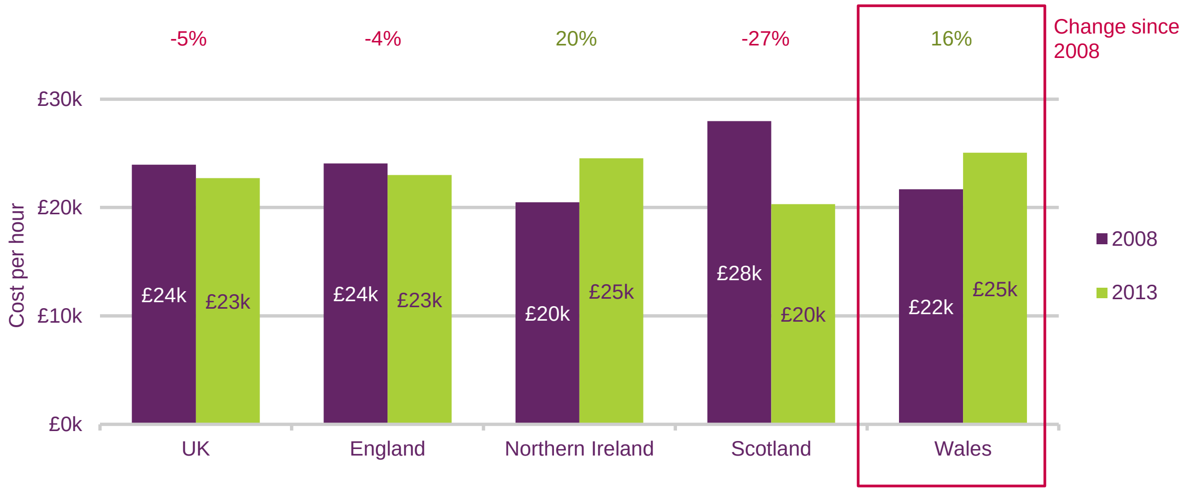
Source: Broadcasters.
Note: Hours data for first-run originations only. Hours exclude Gaelic and Welsh language programming but include some spend on Irish-language programming by the BBC. This does not include total hours for BBC Alba or BBC hours on S4C output.

Total cost per hour for nations programming has increased by 16% since 2008 for Wales – second only to Northern Ireland

When analysing the cost of making programmes for the nations, the average cost per hour for Wales was £25,000, the same as Northern Ireland, and £2,000 more than the UK average.

In nominal terms, over the five-year period, cost per hour increased by 16% in Wales, compared to the UK average reduction of 5%.

Figure 2.18 Cost per hour for total nations' and regions' output, by nation: 2008-2013



Source: Broadcasters. All figures are nominal.
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.

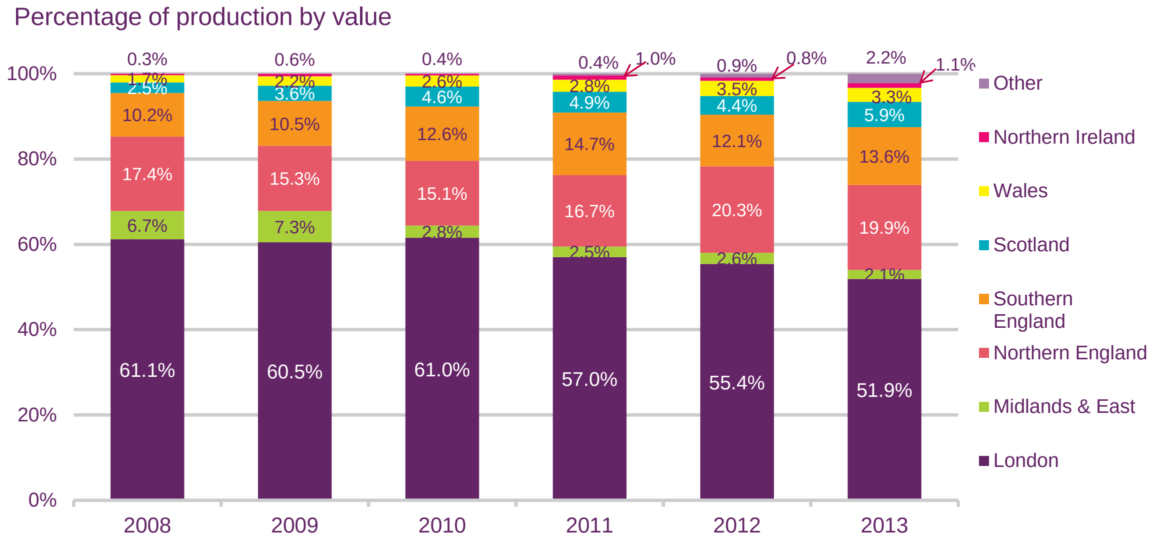
2.5 PSB television quota compliance

Wales' share of expenditure on originated network production declined in 2013

Figure 2.19 illustrates the distribution of spend on qualifying first-run commissioned network programming by the five main PSB channels in the six years up to 2013. As in previous years, the majority was spent within the M25; 51.9% - down from 55.4% in 2012. A further 19.9% of first-run spending was captured by producers based in the north of England and 13.6% in southern England. After four years of growth, share of spend dedicated to Wales declined from 3.5% to 3.3%.

In 2013 the proportion of spending on originated network productions outside London increased for the third consecutive year. In contrast, London spending continued a downward trend, falling by 3.5pp. This shift may be attributable in some part to the BBC relocating a significant production base, including the majority of BBC Sport, to Salford, and no London Olympics to act as a counterweight.

Figure 2.19 Expenditure on originated network productions: 2008-2013



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[28].

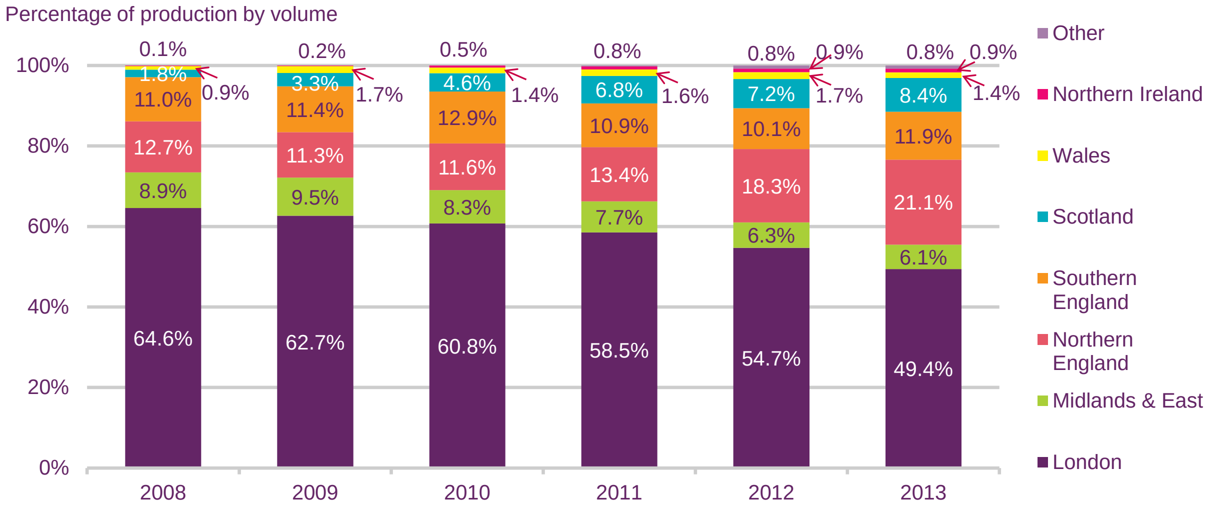
Volume of productions in Wales decreased to 1.4% in 2013

In 2013, for the first time, less than half (49.4%) of first-run network programmes were produced within the M25, down from 54.7% in 2012. A further 21.1% were produced in northern England, 11.9% in southern England and 8.4% in Scotland. Wales accounted for 1.4% of hours. The steeper rise in volume produced outside London, when compared to spend, is in part attributable to lower production costs regions than outside the Greater London area.

Producers in Wales delivered 1.4% of all first-run hours in 2013 (down from 1.7% in 2012).

[28] See http://stakeholders.ofcom.org.uk/broadcasting/guidance/programme-guidance/reg_prod/ on Ofcom website for further details.

Figure 2.20 Volume of originated network productions: 2008-2013



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[29].

2.6 Welsh language programming

Welsh-language output and spend

In 2013, S4C entered into an agreement with the BBC Trust wherein it was agreed that S4C would be part-funded by the television licence fee. As part of the terms it was agreed that S4C would receive £76.3m in financial year 2013/2014, falling year on year to £74.5m in 2016/2017.[30] DCMS also continues to provide funding of £6.7m to S4C. The remaining 2% of funding comes from S4C's advertising revenue and commercial activities.

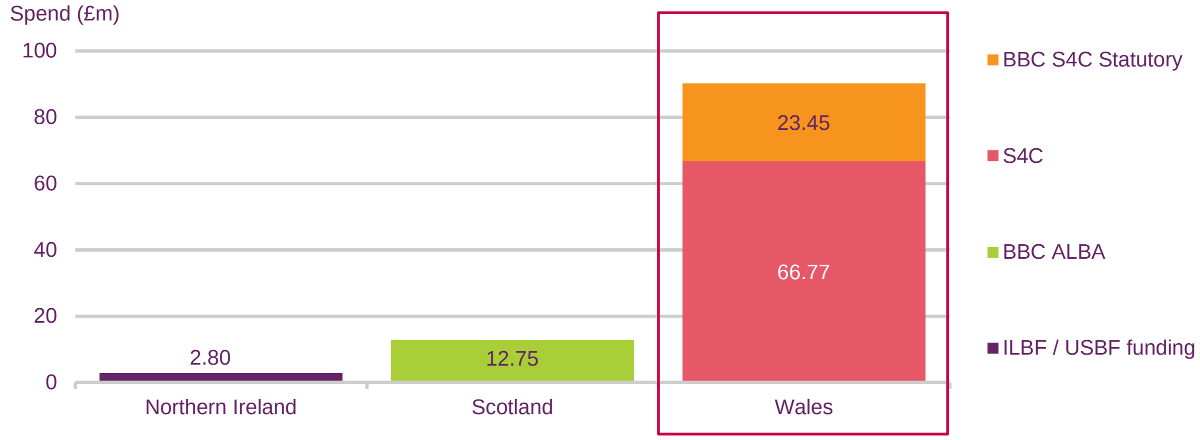
The BBC also has a statutory obligation to provide ten hours of content per week free of charge to S4C, including the Newyddion (news) service, the soap opera Pobol y Cwm and some sports and special events output, the value of which was agreed at £19.4m per annum. In 2013 the BBC spent £23.45m on production and related costs for S4C content.

Overall spend on programming on S4C was £90m

The combined spend of S4C and the BBC on programming on S4C reached £90.2m in 2013. This included £23.45m spent by the BBC in delivering 535 hours of programmes outside S4C's budget under the terms of the operating agreement and £66.77m commissioning, acquisition and repeats costs incurred by S4C directly..

[29] See http://stakeholders.ofcom.org.uk/broadcasting/guidance/programme-guidance/reg_prod/ on Ofcom website for further details.
[30] Press release: http://www.s4c.co.uk/e_press_level2.shtml?id=726
Actual agreement: http://www.s4c.co.uk/production/downloads/e_cytundeb-gweithredu-s4c-bbc.pdf

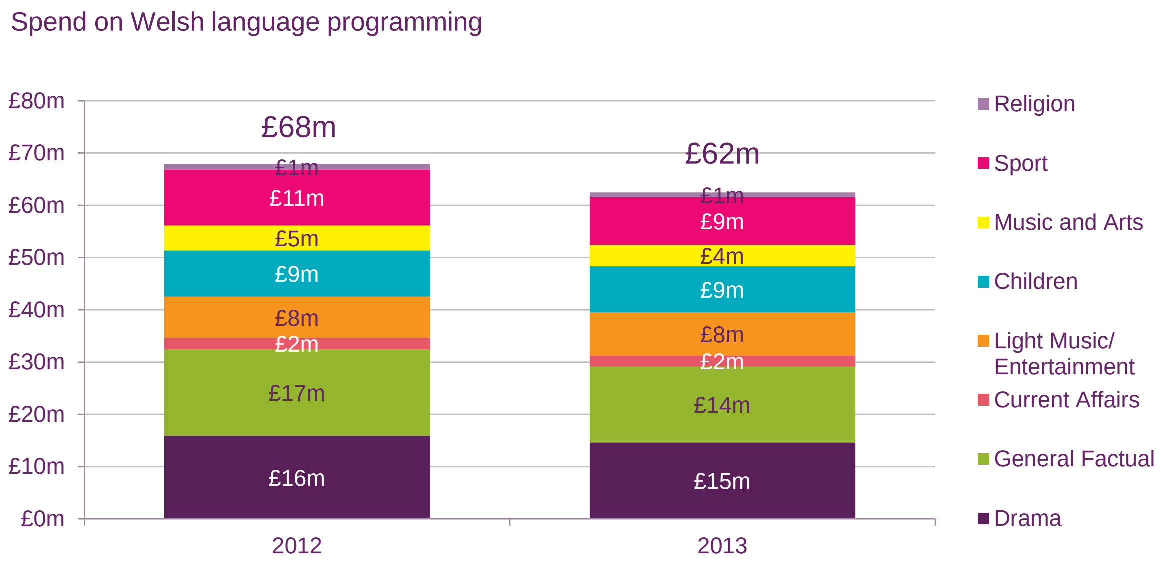
Figure 2.21 Other spend on other programming in the devolved nations: 2013



Source: Broadcasters.
Note: BBC S4C Statutory refers to the cost to the BBC of programming supplied to S4C by the BBC as part of their statutory agreement. ILBF / USBF refers to additional production contributions by the Irish Language Broadcast Fund and the Ulster Scots Broadcast Fund.

S4C spent £62m (excluding the previously-mentioned BBC production spend) on first-run commissioned programming in 2013; a 9% fall in nominal terms on 2012. This was the third consecutive year of decline in spend.

Figure 2.22 Spend by S4C on first-run Welsh-language programming

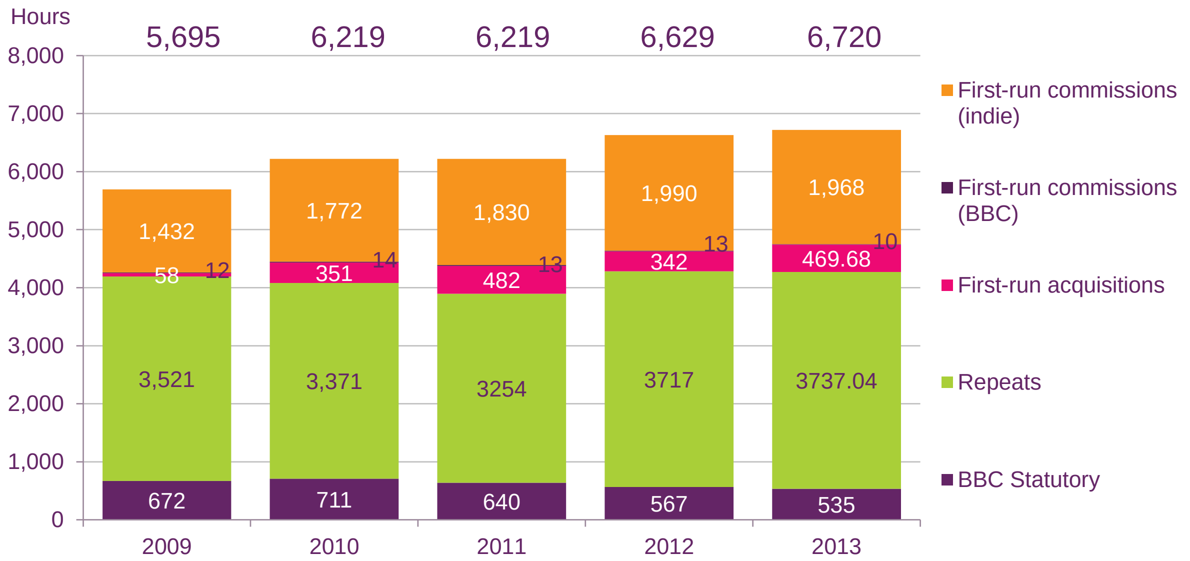


Source: S4C. All figures expressed in nominal terms. Note: Does not include programming provided by the BBC under the statutory obligation.

The total number of hours broadcast by S4C in 2013 rose by 91 hours to 6,720 hours, which was driven by increases in repeats and first-run acquisitions. Repeats continued to make up the majority of the channel's output, accounting for 56% of all programming during the year. Repeated hours were up by 5%; from 3,717 hours in 2012 to 3,737 hours in 2013. First-run commissions from indie companies fell by 1% year on year, bringing the total to 1,968 hours in this category.

In contrast, first-run acquisitions experienced the steepest increase, as the number of hours in this category grew by 37% to almost 470 hours in 2013, which was below the 2011 level (482 hours in 2011). BBC statutory programming hours fell by 9%, but at 535 hours, remained above the obligation of 520 hours per year. First-run commissions from the BBC dropped from 13 to ten hours for the year.

Figure 2.23 Type of Welsh-language output on S4C, by hours



Source: S4C

3 Radio and audio content

3.1 Recent developments in Wales

Re-branding of commercial radio stations in Wales

In May 2013, the Competition Commission decided that Global Radio must sell radio stations in seven areas of the UK, including Cardiff and North Wales, following its completed acquisition of GMG Radio (re-named Real and Smooth Ltd) from Guardian Media Group.

Communicorp purchased eight radio stations from Global Radio in February 2014 including Capital South Wales and Real Radio North Wales. Under a brand licensing agreement, Communicorp has rebranded the Real stations under the Heart franchise and plans to relaunch the Smooth stations following the reintroduction of local programming. Heart South Wales and Heart North Wales (formerly Real Radio Wales) launched on 6 May 2014 under two separate licences, effectively restoring a regional service to both areas. The South Wales station shares studio facilities with the Communicorp-owned Capital South Wales in Cardiff Bay.

Global has rebranded the existing Heart licences under the Capital franchise, with Capital Cymru and Capital North West and Wales launched on 6 May 2014.

3.2 Radio service availability

New multiplexes boost DAB availability for Wales

A new DAB multiplex serving north-east Wales and west Cheshire began transmission in April 2013. This added the former Real Radio Wales, Nation Radio, Dee on DAB, BBC Radio Wales, BBC Radio Cymru, and 107.6 Juice FM to the digital services available. A further DAB multiplex for mid and west Wales launched in August 2013 carrying Radio Pembrokeshire, Radio Carmarthenshire, Nation Hits, Nation Radio, Real Radio (now Heart), BBC Radio Wales and BBC Radio Cymru.

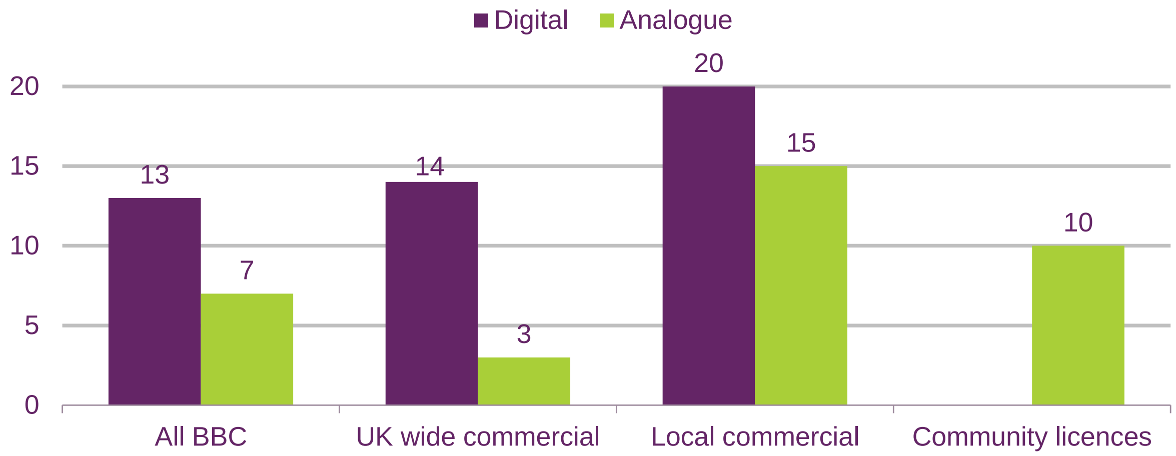
These new DAB multiplexes have brought improved DAB coverage and availability across Wales, compared to previous years, and there are now up to 47 digital radio services available (Figure 3.1). The North-West Wales Multiplex, which is expected to launch in autumn 2014, will improve coverage and availability further.

The position on access to Radio Wales and Radio Cymru on DAB has shifted significantly. At the start of 2013, the proportion of the population able to access Radio Wales and Radio Cymru on DAB stood at 41%, but increased to 65% by the end of the year. The BBC expects the distribution footprint of Radio Wales and Radio Cymru on DAB to increase to 86% of the population by 2016. [31]

In total, there are more digital radio services than analogue services available across Wales.

[31] At present, for technical reasons, it is not possible to vary the service line-up on the UK multiplexes to carry services specifically for Wales. Therefore, the BBC UK multiplex does not carry Radio Wales or Radio Cymru. In effect these services are treated instead as 'local services' on local commercial multiplexes.

Figure 3.1 Radio station availability: Wales



Source: Ofcom, April 2014
Note: This chart shows the maximum number of stations available; local variations along with reception issues mean that listeners may not be able to access all of these

3.3 Community radio broadcasting

There are two new community radio stations on air in Wales

In 2014, there were ten community radio stations on air in Wales – an increase of two since 2013.

Ofcom awarded four new community radio licences in 2012: to Radio Beca, Môn FM, Harlech FM and Radio Glan Clwyd. Stations have two years from the award of their licence to begin transmission. Radio Glan Clwyd launched in May 2014 and Môn FM in July 2014, but Harlech FM decided not to proceed and formally declined the licence offer in December 2013. In the case of Radio Beca, Ofcom has granted an extension until August 2014 to enable it to begin transmission.

Since 2008, the Welsh Government Community Radio Fund had provided a share of £100,000 funding to support community radio stations across Wales. However, following a review and after five rounds of funding, the fund has been discontinued by the Welsh Government.

Ofcom also administers a Community Radio Fund from the Department for Culture, Media and Sport (DCMS) of up to £500,000 per annum. The fund has been established to give grants to help cover the core costs of running community radio stations, and grants can only be made to community radio licensees that are already broadcasting.

In other developments, the DCMS published a consultation in February 2014 setting out policy proposals to relax current financial restrictions on community radio, preventing stations from:

- taking income from on-air advertising or sponsorship if they overlap with a commercial radio licence whose coverage area includes 150,000 adults or fewer; and

- taking more than 50% of their annual income from on-air advertising and sponsorship.

3.4 Patterns of listening to audio content

More people in Wales listen to the radio than in any other UK nation

In 2013, radio services reached 95.4% of the adult population in Wales. This is five percentage points (pp) above the UK average (90.4%) and represents the largest reach of radio of all the nations. Listeners in Wales also listened to radio for the longest compared to other UK nations, at 21.7 hours per week on average (Figure 3.2).

Figure 3.2 Average weekly reach and listening hours: 2013

	England	Scotland	Wales	Northern Ireland	UK TOTAL
Average weekly listening	21.6 hours	20.6 hours	21.7 hours	19.8 hours	21.4 hours
Reach	90.4%	85.9%	95.4%	88.9%	90.4%

Source: RAJAR, All adults (15+), year ended Q4 2013. Reach is defined as a percentage of the area adults population who listen to a station for at least five minutes in the course of an average week.

Wales has the highest share of listening to BBC network services

BBC network stations accounted for 50% of the total share of listening hours for Wales in 2013 (Figure 3.3). This represents the largest share of listening for this particular radio sector, compared to any other nation; it is more than double the share of listening for BBC network services in Northern Ireland and 4pp above the UK average of 46%.

Of all the UK nations, share of listening hours for local commercial radio was lowest in Wales at just 23%. Commercial radio overall accounted for 35% of the total share of listening hours in Wales, lower than the other nations and 6pp below the UK average.

Listening to the BBC nations' service (BBC Radio Wales or BBC Radio Cymru) accounted for 11% of the share of listening hours for Wales in an average week in 2013; this is 3pp higher than England, Scotland and the UK average, although still far lower than Northern Ireland (20%).

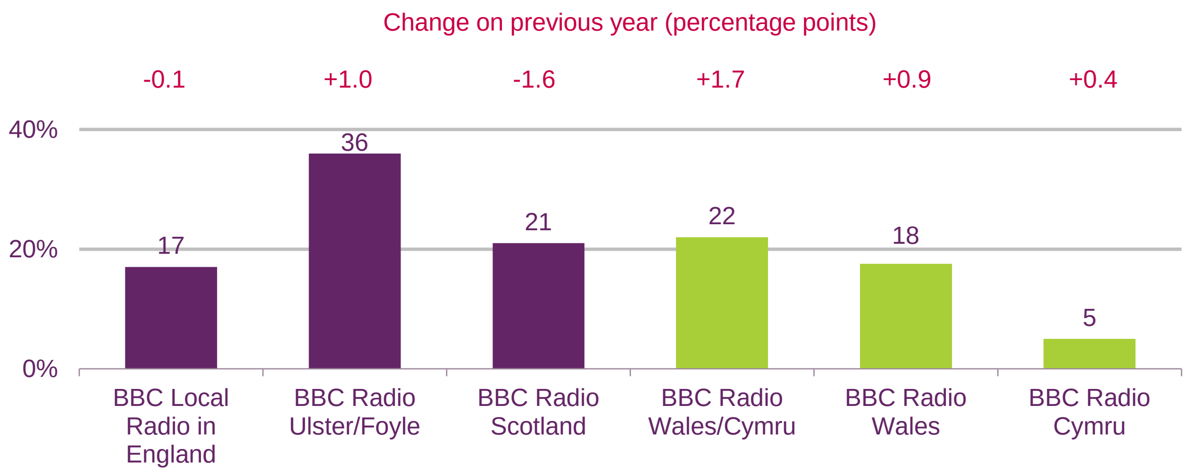
Figure 3.3 Share of listening hours, by nation: 2013

Source: RAJAR, All adults (15+), year ended Q4 2013

The audience of BBC Radio Wales and BBC Radio Cymru increased in 2013

Over a fifth (22%) of adults listened to BBC Radio Wales/Cymru in an average week during 2013, an increase of 1.7pp since 2012 (Figure 3.4). Separating out the two services, both BBC Radio Wales and BBC Radio Cymru experienced a year-on-year growth in reach (0.9pp and 0.4pp).

Figure 3.4 Weekly reach for nations'/local BBC services: 2013



Source: RAJAR, All adults (15+), year ended Q4 2013

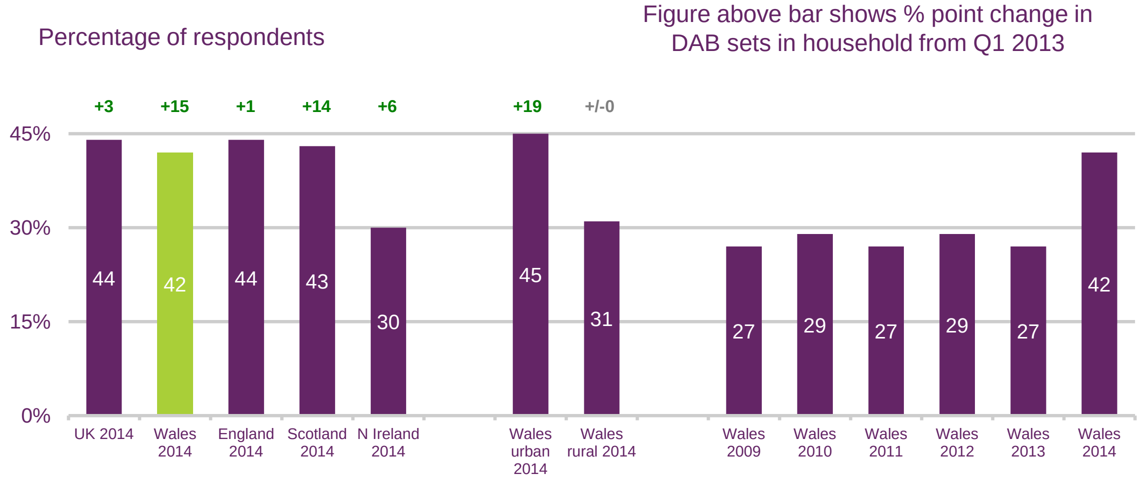
3.5 Digital radio set ownership and listening

More than four in ten households in Wales now own a DAB digital radio set

Of the UK nations, Wales has seen the largest increase in DAB radio set ownership over the past year, with 42% of households now owning at least one. This is a year-on-year increase of 15pp, and brings Wales into line with the UK average of 44%. The new multiplexes mentioned above, which have brought improved DAB coverage to Wales, are likely to have contributed to this sharp rise in the ownership of DAB digital radios.

There is a significant difference between urban and rural Wales in the number of households possessing a digital radio. Urban Wales has seen a rise of 19pp to 45%, while rural Wales had no annual change, remaining at 31%. The launch of the North-West Wales multiplex in autumn 2014 is expected to drive this figure up by further improving rural DAB coverage.

Figure 3.5 Ownership of DAB digital radios

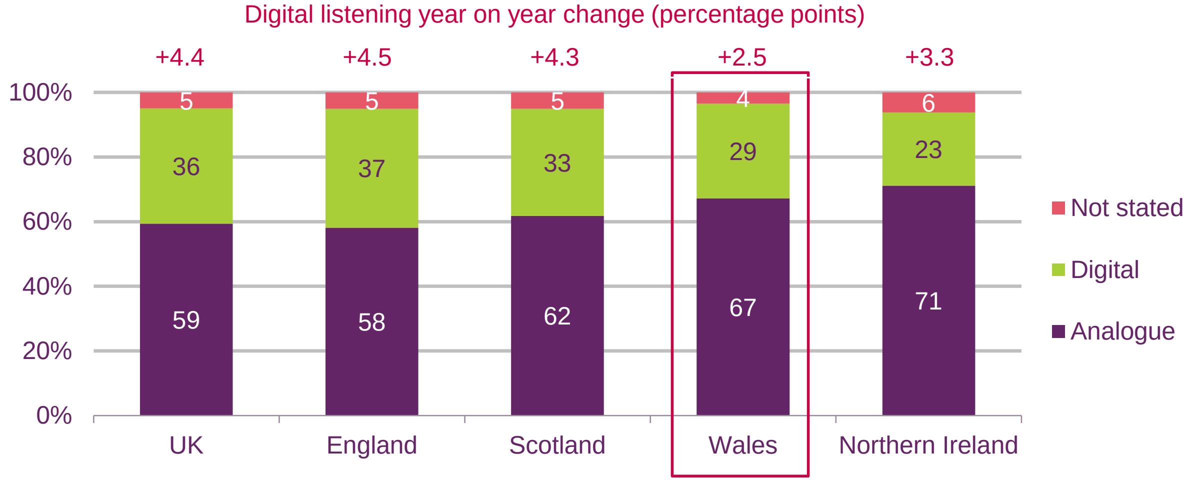


QP9. How many DAB sets do you have in your household?
Source: Ofcom research, Q1 2014
Base: Adults aged 16+ who listen to radio (n = 2885 UK, 403 Wales, 1686 England, 392 Scotland, 404 Northern Ireland, 201 Wales urban, 202 Wales rural, 848 Wales 2009, 854 Wales 2010, 397 Wales 2011, 405 Wales 2012, 383 Wales 2013, 403 Wales 2014)
NB. 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

Year on year growth in digital listening was lowest in Wales

Digital listening in Wales stood at 29% in 2013, compared to the UK average of 36%.This represents the smallest year-on-year growth in digital listening of all the UK nations, at 2.5pp (Figure 3.6). Share of listening via analogue platforms in Wales is 8pp above the UK average and is greater than in England (58%) and Scotland (62%).

Figure 3.6 Share of listening hours via digital and analogue platforms: 2013



Source: RAJAR, All adults (15+), year ended Q4 2013
NB: Digital platforms refers to radio services which can be accessed through a range of devices. This includes DAB digital radios, digital television, and devices that connect to the internet such as dedicated radios incorporating WiFi connectivity, home PCs, and mobile handsets that can connect to the internet.

There has been steady and continuous growth in the share of listening via digital platforms since 2010 (Figure 3.7). Over the past seven years, digital listening in Wales has increased by 17pp; this is the same amount of growth experienced in Northern Ireland, although share of listening on digital platforms is greater in Wales (29% vs. 23%).

Figure 3.7 Share of listening hours via digital and analogue platforms in Wales: 2007-2013

Source: RAJAR, All adults, calendar years 2007-2013

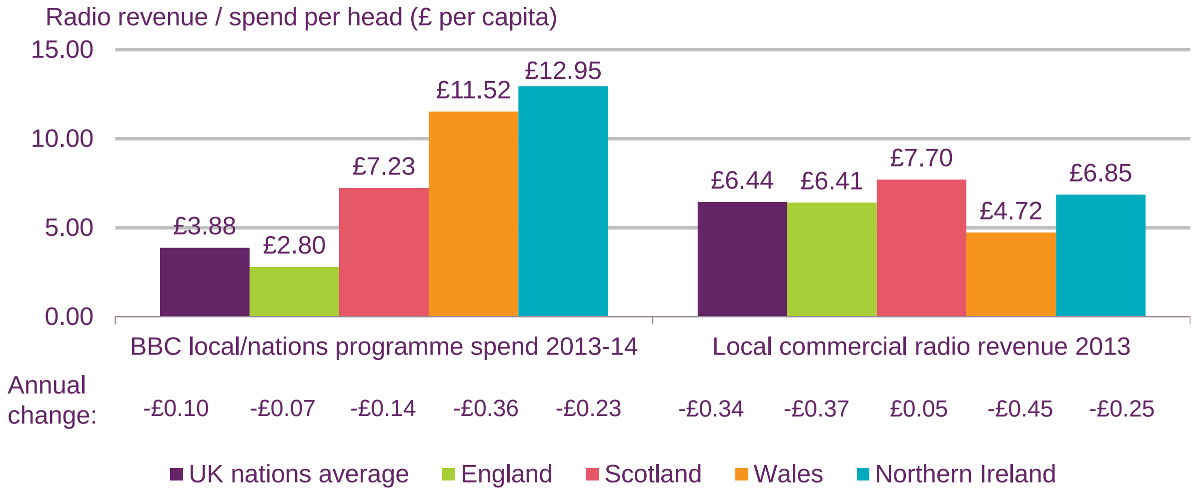
3.6 The radio industry

Commercial radio revenue per head of population is lowest in Wales

The total revenue generated by local commercial radio stations in Wales in 2013 was £14.5m. When adjusted for population size, the expenditure per head of population equates to £4.72 per person, the lowest of all the UK nations and a decrease of £0.45 on 2012. This was the largest year-on-year decrease in commercial revenues among the UK nations.

Between BBC Radio Wales and BBC Radio Cymru, a total of £35.4m was spent on BBC Radio services in Wales in 2013-2014. The spend per head was £11.52, the second highest of the UK nations, but a reduction of £0.36 per person on the previous year. Expenditure per head was much higher than the UK average of £3.88 due to Wales having a smaller population and the added cost of running two services.

Figure 3.8 Local/ nations' radio spend and revenue per head of population: 2013-14



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

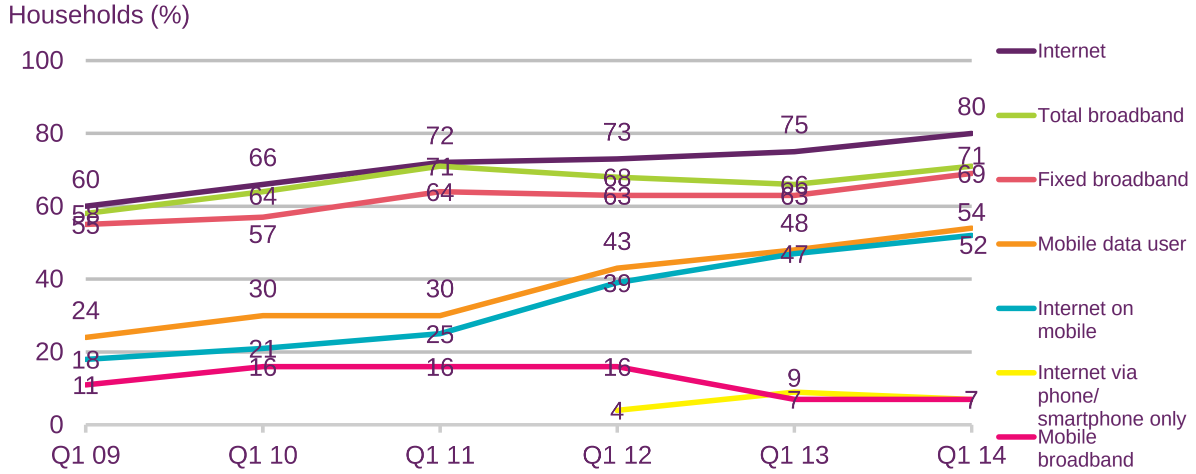
4.1 Internet take-up

Eight in ten households in Wales have access to the internet

Eight in ten households in Wales (80%) had access to the internet at Q1 2014 (via broadband, mobile phone or narrowband), with this figure increasing five percentage points year on year.

Internet access on a mobile increased by five percentage points to 52%, while the proportion of people accessing the internet exclusively through a mobile phone or smartphone remained stable at 7% in 2014 – although this remains the highest across the devolved nations. The total number of mobile data users continues to rise (up six percentage points to 48%), while consumers using a mobile broadband connection remained stable at 7%.

Figure 4.1 Internet take-up in Wales: 2009-2014



Source: Ofcom Technology Tracker
Base: All adults aged 16+ (n = 987 Wales 2009, 1075 Wales 2010, 493 Wales 2011, 513 Wales 2012, 492 Wales 2013, 491 Wales 2014)

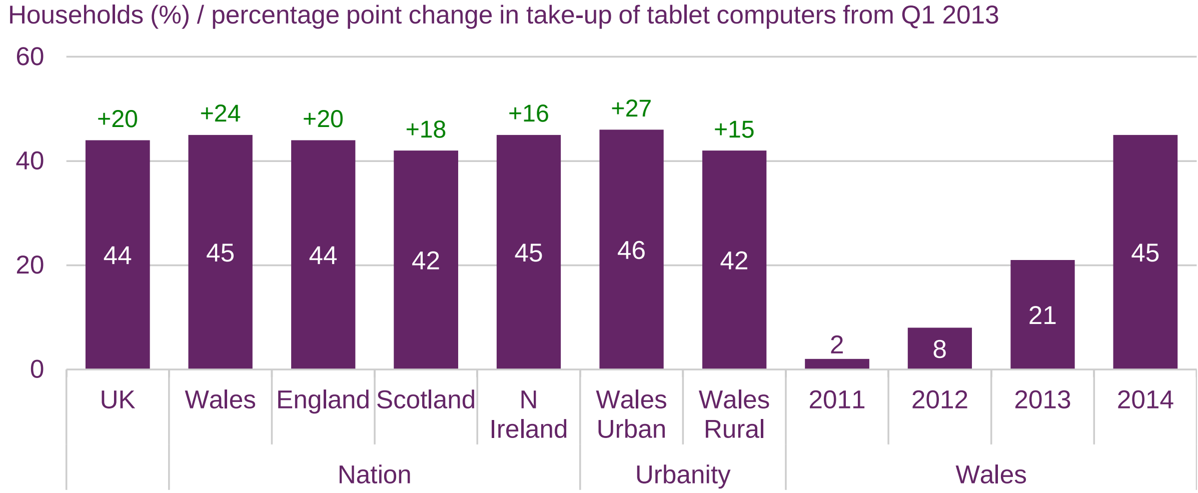
4.2 Internet-enabled devices

Tablet ownership has more than doubled in the past year

As in the rest of the UK, tablet ownership continued to grow in 2014, with just under half (45%) of households in Wales now owning a tablet device. This is in line with the UK average (44%) and is an increase of 24 percentage points in the year to Q1 2014. Furthermore, 37% of households in Wales have two or more tablet devices.

Growth in ownership of this device has been particularly prevalent in urban areas (46%), an increase of 27 percentage points since Q1 2013. Urban areas (7%) are also significantly more likely than rural areas (2%) to have households with access *only* to a tablet (and not a laptop, desktop or netbook computer).

Figure 4.2 Take-up of tablet computers in Wales



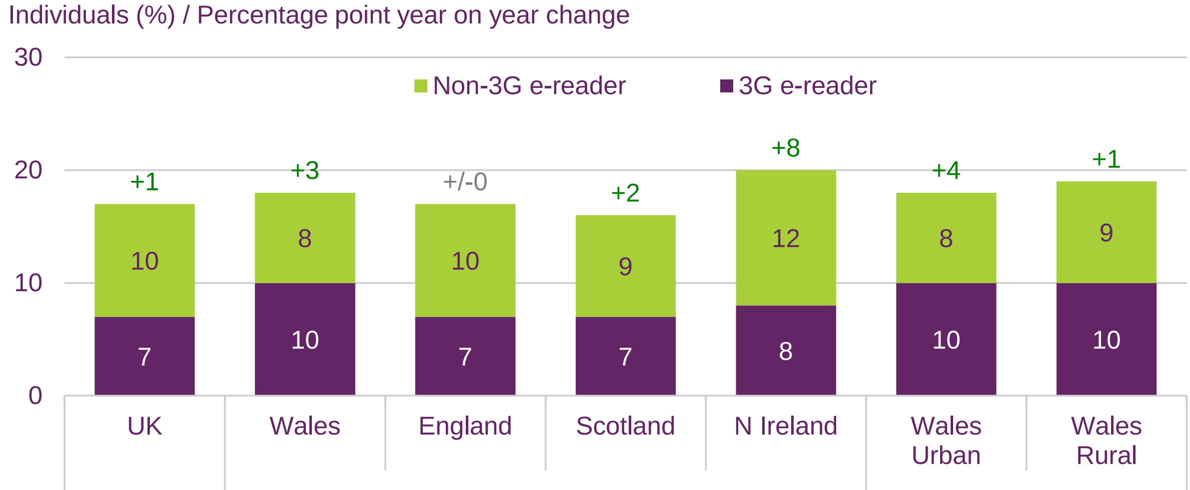
Source: Ofcom research, Q1 2014
QE1. Does your household have a PC, laptop, netbook or tablet computer?
Base: All adults aged 16+ (n = 3740 UK, 491 Wales, 2249 England, 501 Scotland, 499 Northern Ireland, 252 Wales urban, 239 Wales rural, 493 Wales 2011, 513 Wales 2012, 492 Wales 2013, 491 Wales 2014)

More than one in six consumers in Wales personally use an e-reader

Personal use of an e-reader rose three percentage points to more than one in six (18%) consumers in Wales, in line with the UK average (17%). Unlike the rest of the UK, more e-readers with a built-in 3G connection (10%) than without (8%) were used in Wales; these allow users to download books using a mobile network. Household ownership of an e-reader in Q1 2014 was 24%, also in line with the UK (24%).

Those in Wales most likely to use an e-reader were from ABC1 households (26%) and households with an annual income greater than £17.5K. There was no significant difference between urban or rural areas in Wales.

Figure 4.3 Personal use of e-readers, 2014



Source: Ofcom research, Q1 2014
QB1. 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?
Base: All adults aged 16+ (n = 3740 UK, 491 Wales, 2249 England, 501 Scotland, 499 Northern Ireland, 252 Wales urban, 239 Wales rural)

Half of consumers in rural areas of Wales claimed their laptop was their most important device for internet access

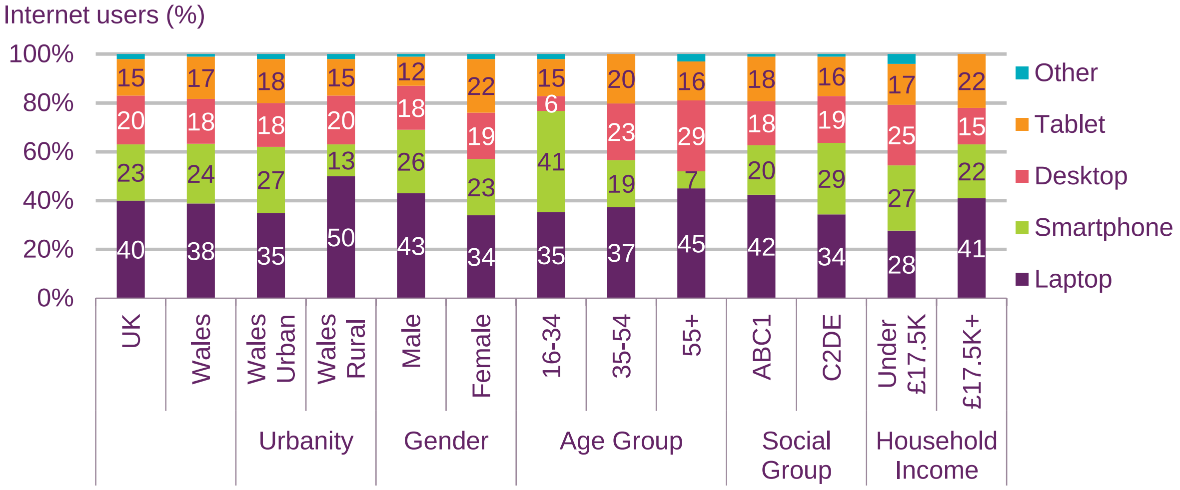
No single device was thought to be most important for accessing the internet by the majority of internet users in Wales in Q1 2014. However, the laptop was significantly more likely to be cited as the most important device among internet users in rural areas (50%). Furthermore, those in rural areas (13%) were significantly less likely than those in urban areas (27%) to claim that smartphones were their most important device. Similarly, those aged over 55 (7%) were significantly less likely than those aged 16-34 (41%) to cite smartphones as their most important device for accessing the internet.

Only one in 20 (6%) 16-34 year olds thought the desktop computer was the most important device for internet access, significantly less than older age groups. Women were significantly more likely than men (22% vs. 12%) to claim the tablet as the most important device – the only gender difference seen across the devolved nations.

Device preferences are likely to reflect take-up of devices; we consider device importance by ownership in Chapter 4 of the *UK Communications Market Report*[32].

[32] Available online at http://www.ofcom.org.uk/cmr14

Figure 4.4 Most important device for accessing the internet in Wales



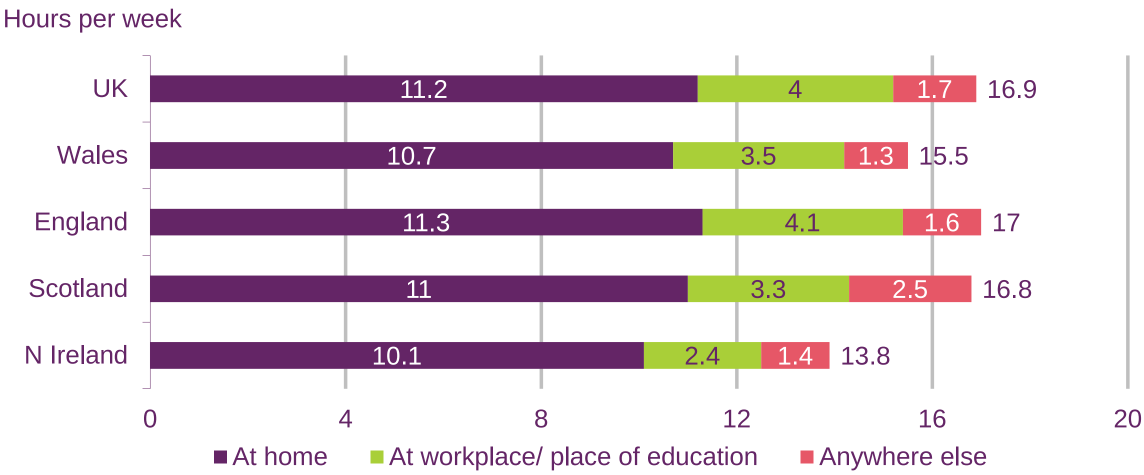
Source: Ofcom research, Q1 2014
Question: Which is the most important device you use to connect to the internet, at home or elsewhere? "Other" responses include, "Other device", "None" and "don't know".
Base: Internet users aged 16+ (n = 2976 UK, 369 Wales, 189 Wales urban, 180 Wales rural, 118 16-34, 113 35-54, 138 55+, 210 ABC1, 159 C2DE, 103 under £17.5K, 126 £17.5K+).

4.3 Internet use

Internet users in Wales claim to spend significantly less time online than the UK average

According to research conducted for Ofcom's *Adult Media Literacy Report*[33], internet users in Wales claim to spend 15.5 hours on the internet per week, less than the UK average of 16.9 hours. Following a similar pattern as the rest of the UK, internet users claimed they spent the majority of time online at home, followed by their workplace or place of education.

Figure 4.5 Claimed time spent on the internet in a typical week



Source: Ofcom research, fieldwork carried out by Saville Rossiter-Base in October to November 2013
IN6A-C – How many hours in a typical week would you say you use the internet at home/ at your workplace or place of education/ anywhere else? (Unprompted responses, single coded)
Base: All adults aged 16+ who use the internet at home or elsewhere (1272 UK, 824 England, 150 Scotland, 163 Wales, 135 Northern Ireland).

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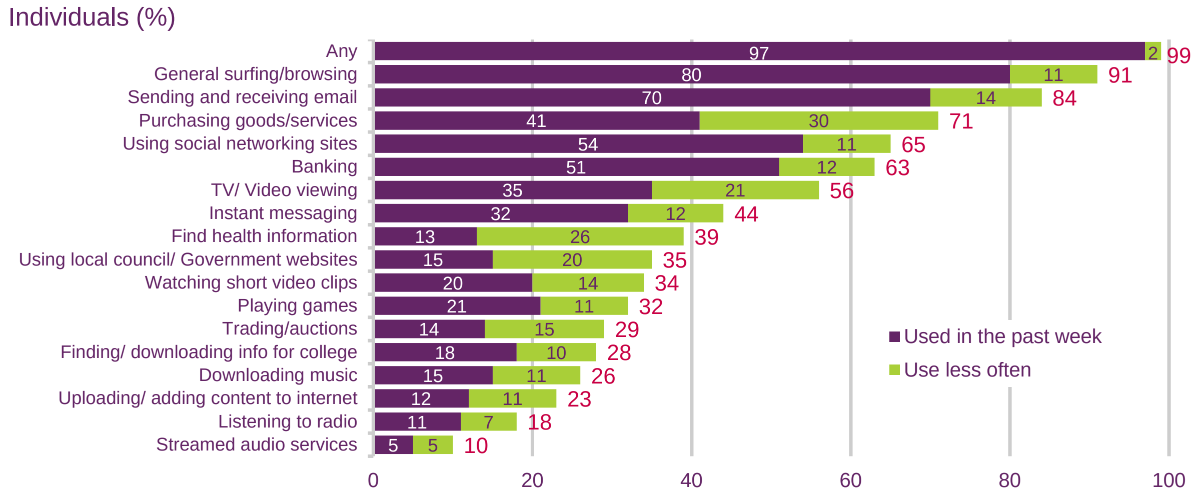
[33] Available from online at http://stakeholders.ofcom.org.uk/market-data-research/other/research-publications/adults/adults-media-lit-14/

Two-fifths of broadband users in Wales shopped online in the last week

Nine in ten internet users (91%) in Wales use the internet for general browsing and surfing, while among specific activities, sending and receiving email (84%) is the most popular use, with 70% of internet users having done this in the past week.

Purchasing goods and services online is the second most popular specific use of the internet (71%), increasing by nine percentage points in the past year, with two in five broadband users having done this in the past week (41%). Visiting social networking sites (54%) and internet banking (51%) are other popular weekly activities among internet users in Wales, but with a smaller reach overall.

Figure 4.6 Use of online applications among internet users in Wales



Source: Ofcom research, Q1 2014
QE5. Which, if any, of these do you use the internet for?
Base: Adults aged 16+ who use the internet at home or elsewhere (n= 369 Wales 2014)

5 Telecoms and networks

5.1 Recent developments in Wales

Superfast Cymru

The Welsh Government aims to ensure that 96% of homes and businesses have access to superfast broadband by 2016.

The project will see £425m invested to expand high-speed broadband throughout Wales, comprising European Regional Development Fund (ERDF) funding of £89.5m, UK Government funding of £56.9m, Welsh Government funding of £58.6m and BT's investment of £220m.

In its first year of implementation, the Superfast Cymru project made fibre broadband available to more than 135,000 homes and businesses in Wales. Communities in 14 unitary authority areas now have live service, and work will be under way in all 22 unitary authorities in Wales by early spring 2015. BT has also recently announced that it will create up to 190 engineering jobs in Wales to support the roll-out of fibre broadband in specific areas in Wales including Newtown, Cardigan, Bangor, and Wrexham. The project is on track to complete by the end of spring 2016.

To complement the Superfast Cymru programme, the Welsh Government launched Access Broadband Cymru as a successor to the Broadband Support Scheme, to provide grants of up to £1,000 to households with slow broadband connections (less than 2Mbit/s) in areas either not covered by the programme or where no date has been published for the roll-out of superfast broadband. The scheme will close on 31 March 2016.

The Welsh Government is also looking for ways to allow the Superfast Cymru project to overlap the 14 North Wales business parks served by the FibreSpeed wholesale network.

In February 2014, the Welsh Government launched an Open Market Review, following an analysis of broadband provision across Wales. The market analysis phase of the Open Market Review will allow the Welsh Government to consider the necessity of further interventions to complement the Superfast Cymru programme, to ensure that resources are focused on providing fibre broadband in those areas that would otherwise be left behind.

Super-Connected Cities – Cardiff and Newport

The Department for Culture, Media & Sport has announced that Cardiff and Newport have been awarded £10.2m and £4m respectively to invest in ultrafast broadband. Through the Super-Connected Cities scheme, the UK Government will fund a one-off connection fee of between £200 and £3,000 to eligible businesses to cover the costs of installing faster broadband.

The scheme will provide up to 1Gbit/s broadband connections for businesses, free wireless hotspots in high-footfall areas, and improved 4G mobile coverage, as well as equipping Cardiff buses and public buildings with free WiFi.

Xwavia secures Finance Wales investment

Xwavia has secured a £1.2m investment from Finance Wales to improve the capacity, speed and reach of its network. The investment will fund an expansion of Xwavia's headquarters in

Welshpool, creating several new positions, and improvements to its infrastructure. The company intends to launch the first phase its new network in Conwy, north Wales.

UK Government Mobile Infrastructure Project (MIP)

The UK Government has announced plans to invest £150m to boost mobile coverage in those areas that at present have no mobile coverage from any of the mobile network operators.

The Mobile Infrastructure Project will aim to eliminate complete not-spots at 60,000 UK premises currently without voice coverage, and eliminate complete not-spots on at least ten key A-roads including the A470 in Wales. Arqiva has been selected to deliver the project.

5.2 Availability of fixed broadband services

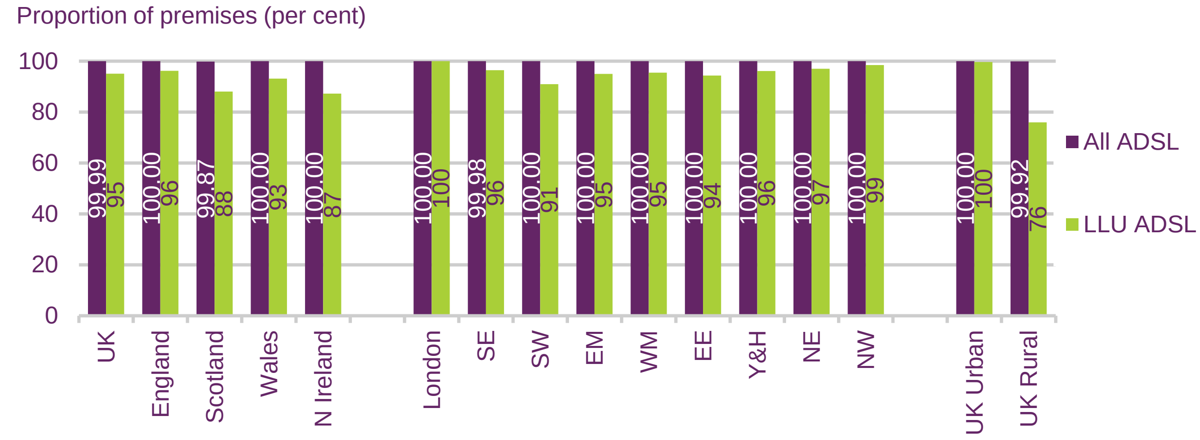
ADSL broadband services are available to almost all premises in Wales

By the end of 2013 almost all UK homes were connected to an ADSL-enabled BT local exchange, although some people living in these areas 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. BT's fixed telephony network includes around 5,600 local exchanges, of which fewer than 30 (most of these in Scotland, with the remainder in England) had not been upgraded to offer ADSL broadband by the end of 2013. As a result, the proportion of homes connected to an ADSL-enabled BT exchange was marginally lower in Scotland than in the other UK nations at the end of 2013 (Figure 5.1).

Local loop unbundling (LLU) involves an alternative operator placing its own equipment in the incumbent provider's local exchange. This is then connected to the LLU provider's backhaul network and ADSL broadband services are provided over the twisted copper pair which is leased from the incumbent. LLU operators are able to benefit from economies of scale which are not available to them when purchasing wholesale ADSL services on a per-unit basis, and have greater opportunity to differentiate their services from their competitors'. Consumers living in LLU-enabled exchange areas have a greater choice of ADSL broadband services and, typically, access to lower-cost (particularly bundled) broadband services.

At the end of 2013, 95% of UK premises were connected to an LLU-enabled BT exchange, a 1.0 percentage point increase compared to a year previously. LLU roll-out was originally concentrated in exchange areas serving a large number of premises (which tend to be in urban areas), and the proportion of premises connected to an LLU-enabled local exchange continued to be higher in urban areas (over 99%) than in rural ones (76%) at the end of 2013. Across the UK nations, the proportion of premises connected to an LLU-enabled BT local exchange ranged from 87% in Northern Ireland to 95% in England (in Wales this proportion was 93%, the second highest proportion among the UK nations).

Figure 5.1 Proportion of premises connected to ADSL and LLU-enabled exchanges: December 2013



Sources: Ofcom/BT

21% of premises in Wales were able to receive cable broadband services in June 2014

Ofcom collects data showing the number of premises (i.e. homes and offices) in the UK that are able to receive cable and fibre broadband as part of its work to monitor the UK's communications infrastructure.

The methodology used to analyse the cable, fibre and next-generation access (NGA) broadband availability data in this report is different to that used to compile the data included in the 2013 report. In the last report we included data regarding the proportion of premises in postcodes that were served by cable broadband and fibre networks, which can sometimes overstate service availability as not all premises in a postcode will necessarily be able to receive services. In compiling the figures in this report we have been able to use more granular data, which means that the figures in Figure 5.2 to Figure 5.4 are more accurate that those published previously, but the data in these charts are slightly lower than they would be had they been compiled using the same methodology as the figures in the 2013 report.

Furthermore, it is important to note that not all connections provided over the cable and fibre networks, which are used to provide superfast fixed broadband services (i.e. those with a headline speed of 'up to' 30Mbit/s or higher)[34] will necessarily achieve actual speeds of 30Mbit/s or higher. For example, the maximum speed achievable on a given line using fibre-to-the-cabinet (FTTC) technology will depend on the length and quality of the copper connection from the street cabinet to the user's premises. Ofcom's 2014 *Communications Infrastructure Report* (to be published later this year) will provide more detailed analysis of the distribution of fixed broadband speeds.

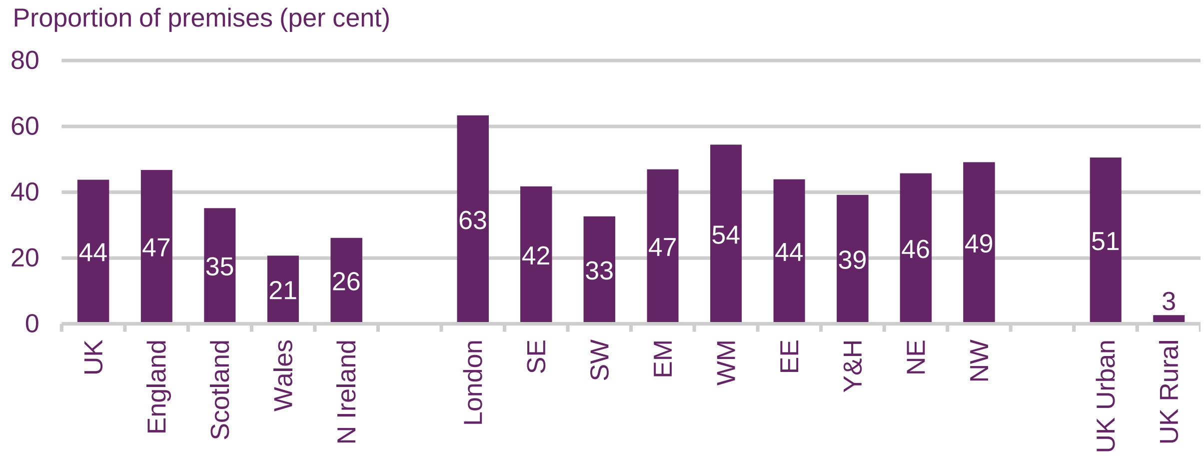
Analysis of data provided by Virgin Media shows that 44% of UK premises were able to receive broadband services over its cable broadband network in June 2014 (Figure 5.2).[35] The proportion of premises able to receive Virgin Media cable broadband was 21% in Wales,

[34] The definition of a superfast fixed broadband connection used by UK Government is one with a download speed of at least 24Mbit/s.

[35] Compiled on the same basis as the figures in the 2013 report, 46% of UK premises and 22% of premises in Wales were in postcodes served by Virgin Media's cable broadband network in June 2014. These figures represent annual falls of two percentage points and one percentage point respectively, which are predominantly due to Virgin Media having undertaken a clean-up of its serviceable addresses database.

the lowest proportion among the UK nations, while availability was highest in England (47% of premises) and significantly higher in urban areas of the UK (51% of premises) than in rural areas (3%). Virgin Media is currently upgrading its cable network to offer speeds of 'up to' 152Mbit/s, and its most basic cable broadband package currently offers speeds of 'up to' 50Mbit/s where these upgrades have already taken place.

Figure 5.2 Proportion of premises able to receive Virgin Media cable broadband services



Sources: Ofcom/Virgin Media, June 2014 data

Wales had the second lowest proportion of premises that could receive fibre broadband services in June 2014

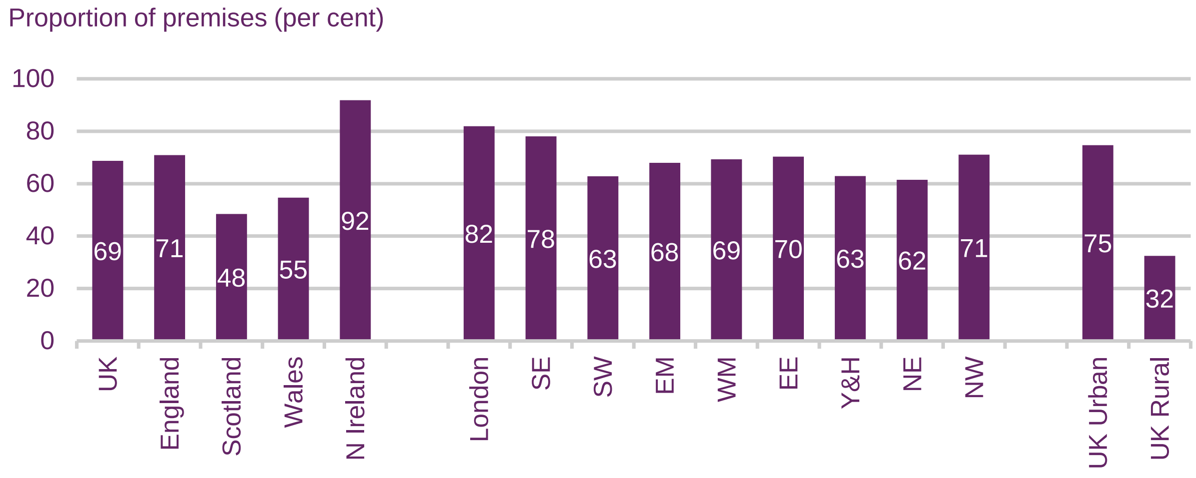
From data provided by the UK's incumbent fixed telephony providers, Openreach (a BT Group company) and Kcom (the incumbent provider in the Kingston-upon-Hull area), we are able to calculate the proportion of UK premises that are able to receive fibre broadband services over these providers' combined fibre broadband networks in June 2014 (Figure 5.3).[36][37] For the reasons mentioned above, the figures below are not comparable to those published in the 2013 report.[38]

Our analysis shows that by June 2014 55% of premises in Wales were able to receive fibre broadband services over Openreach's FTTC or FTTP networks and, although this proportion was the second lowest among the UK nations, it represented an increase of more than ten percentage points compared to a year previously.[39] Across the other nations, the proportion of premises that were served by Openreach or Kcom's fibre broadband networks ranged from 48% in Scotland to 92% in Northern Ireland, which has benefited from a Department of Enterprise, Trade and Investment (DETI) initiative to increase the availability of superfast broadband services.

[36] Under regulatory rules other providers can provide retail fibre broadband services to consumers using these networks.
[37] It should be noted that these figures will understate actual fibre broadband availability as they exclude availability over networks other than Openreach and Kcom's.
[38] Compiled on the same basis as the figures in the 2013 report, 71% of UK premises were in postcodes served by Openreach/Kcom's fibre broadband networks in June 2014, a 15 percentage point increase compared to a year previously.
[39] Compiled on the same basis as the figures in the 2013 report, 57% of UK premises were in postcodes served by Openreach's fibre broadband network in June 2014, a 16 percentage point increase compared to a year previously.

Availability of fibre broadband services was higher in urban areas of the UK than in rural areas: 75% of UK premises in urban areas were able to receive Openreach or Kcom's fibre broadband services in June 2014 compared to 32% in rural areas. Again, it is important to note than not all fibre broadband connections with be able to achieve actual downstream speeds of 30Mbit/s.

Figure 5.3 Proportion of premises able to receive Openreach/Kcom fibre broadband services



Sources: Ofcom/Openreach/Kcom, June 2014 data

Just under 60% of premises in Wales were able to receive NGA broadband services by June 2014

By combining the Virgin Media cable broadband availability data in Figure 5.2 with the Openreach/Kcom fibre broadband availability data in Figure 5.3 we are able to estimate the proportion of premises that are served by NGA networks (which are used to deliver superfast broadband services). For the reasons mentioned previously, not all fixed broadband connections provided over NGA networks will necessarily achieve actual downstream speeds of 30Mbit/s.

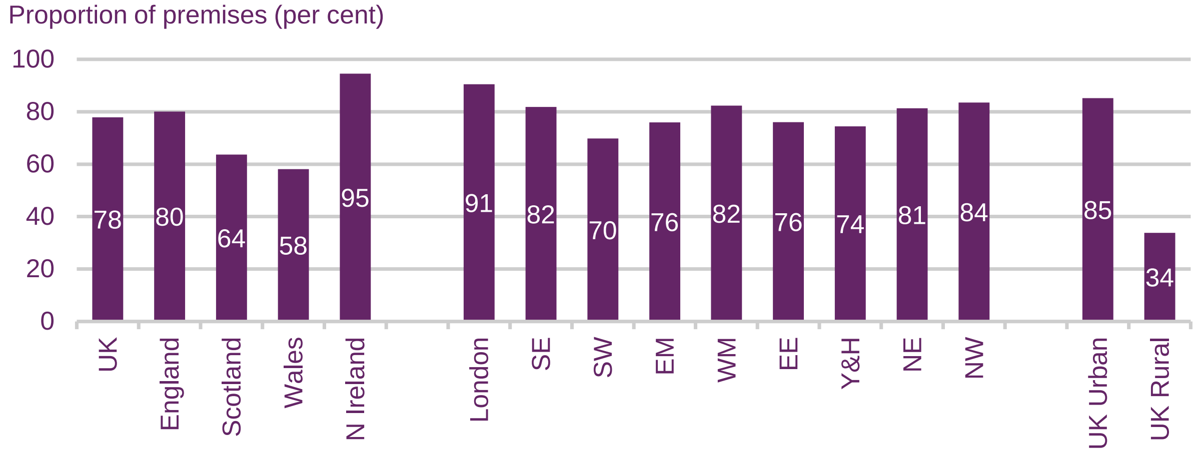
Combining the postcode-level availability data for cable and fibre broadband services gives us a range of availability for NGA broadband services: for example, if cable broadband and fibre broadband services are both available to 50% of premises in a postcode area the availability of NGA services in that postcode will be somewhere between 50% of premises (in the case where cable and fibre services are available to the same 50% of premises within the postcode area) to 100% of premises (where there is no overlap in the availability of cable and fibre networks). In Figure 5.4 below, we show the mean of the possible range of availability NGA services (which would be 75% in the example given above). As previously, the figures below are not directly comparable to those that were included in the 2013 report.

The analysis shows that 78% of UK premises were able to receive fixed broadband services over NGA networks by June 2014.[40] Wales had the lowest availability of NGA broadband services among the UK nations, with 58% of premises being able to receive such services, although this was an increase of more than ten percentage points compared to June 2013. Across the other UK nations this proportion ranged from 64% in Scotland to 95% to in Northern Ireland, with 80% of premises in England being within NGA network footprints. In

[40] Compiled on the same basis as the figures in the 2013 report, 80% of UK premises were in postcodes served by NGA networks in June 2014, a seven percentage point increase compared to a year previously.

urban areas of the UK, 85% of premises were able to receive NGA broadband services in June 2014, compared to 34% in rural areas.[41]

Figure 5.4 Proportion of premises able to receive NGA broadband services



Sources: Ofcom/Openreach/Kcom, June 2014 data

5.3 Mobile coverage

Overview

While mobile use is widespread across the UK, there are still areas where a lack of network coverage means that making mobile phone calls, sending text messages and/or accessing data services over a cellular network is not possible. These areas, which are referred to as 'mobile not-spots', are often characterised by low population density and/or hilly terrain, and present physical and economic obstacles that may deter mobile network operators (MNOs) from installing mobile phone masts in these areas. In other areas, some operators have mobile coverage whereas others do not have a presence, leading to the creation of 'partial not-spots'.

How we measure the availability of mobile telephony for this report

The coverage information presented in Ofcom's *Communications Market Reports* and *Infrastructure Report* is collected by Ofcom from the four UK mobile network operators (MNOs). Information on coverage is provided by each operator for each 100x100m pixel of landmass across the UK.[42] This information is correlated with maps of premises to give the premises coverage figures.

These availability figures quoted 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, making it difficult to calculate accurate indoor coverage figures.

[41] Compiled on the same basis as the figures in the 2013 report, 60% of premises in Wales were in postcodes served by NGA networks in June 2014, a 12 percentage point increase compared to a year previously.
[42] This year we have refined our analysis of mobile coverage by increasing the granularity of the data we gather from the MNOs, moving from 200m x 200m coverage grids to 100m x 100m coverage grids.

Figure 5.5, Figure 5.6 and Figure 5.7 show levels of mobile coverage for 2G, 3G and 4G services respectively.[43] 2G is considered satisfactory for telephone calls and text messaging, while 3G is often considered as the minimum necessary to provide an acceptable experience of accessing mobile data services. The first 4G mobile services launched in the UK in 2012, and this is the first time that we have included 4G mobile coverage data in these reports.

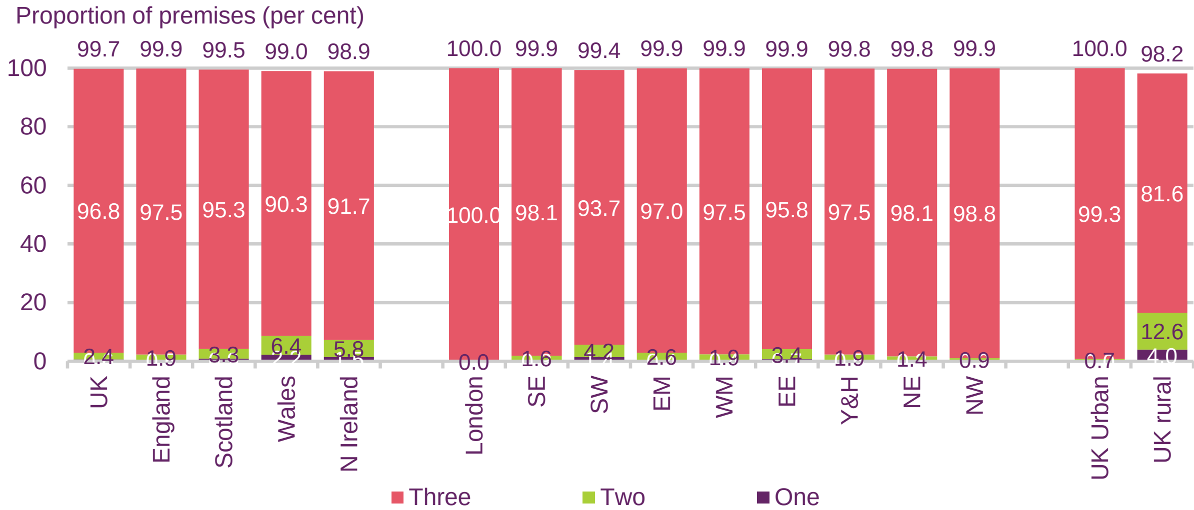
99% of premises in Wales were in areas with 2G mobile coverage in June 2014

Coverage data provided to us by the UK's three national 2G network operators (Vodafone, O2 and EE) show that by June 2014 96.8% of UK premises were in areas with outdoor coverage from all three of these providers' 2G networks, and 99.7% were in areas with outdoor coverage from at least one 2G network (Figure 5.5). Conversely, this means that 0.3% of UK premises (around 75,000 premises) were in areas without any 2G coverage.

Among the UK nations, the proportion of UK premises with outdoor coverage from at least one 2G network ranged from 98.9% in Northern Ireland to 99.9% in England, (in Wales it was 99.0%, the second lowest proportion among the nations). Wales had the lowest proportion of premises with 2G coverage from all three 2G networks in June 2014 at 90.3% (across the other nations this proportion ranged from 91.7% in Northern Ireland to 97.5% in England).

The proportion of homes in Wales with outdoor 2G mobile coverage from all three national 2G networks increased by 3.3 percentage points in the year to June 2014, while the proportion with outdoor coverage from at least one 2G network increased by 0.2 percentage points.

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



Sources: Ofcom/operators, June 2014 data
Note: Coverage is based on 100m square pixels covering the UK

By June 2014 97.8% of premises in Wales were in areas with 3G mobile coverage

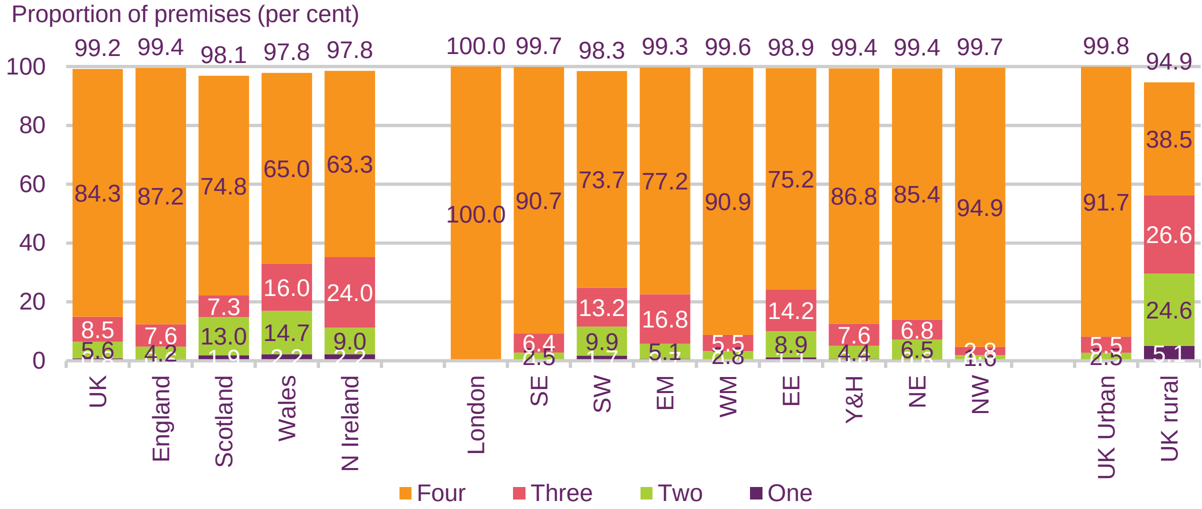
The coverage data provided to us by the four national UK 3G MNOs (the three 2G providers plus 3UK) shows that UK 3G coverage was lower than 2G coverage in June 2014, when

[43] The availability data provided by the MNOs is taken from network planning tools, which are subject to a margin of error, and local factors such as tall buildings or trees, can affect signal strength.

99.2% of UK premises were in an area with outdoor coverage from at least one 3G network, and 84.3% were in an area with coverage from all four networks (Figure 5.6).

Across the UK nations, the proportion of premises in areas with outdoor 3G coverage from at least one network was highest in England at 99.4%.

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



Sources: Ofcom/operators, June 2014 data
Note: Coverage is based on 100m square pixels covering the UK
Updated (June 2015)

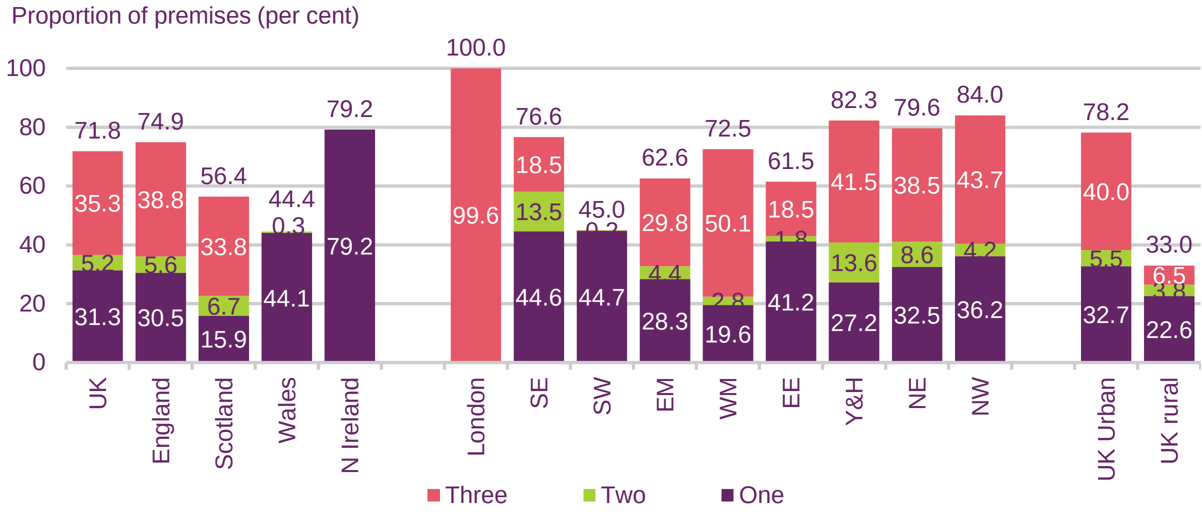
Wales had the lowest availability of 4G services among the UK nations in June 2014

The four national UK MNOs are still in the process of deploying their 4G networks, and this is reflected in the lower availability of 4G services than of 2G and 3G services in June 2014 (Figure 5.7). Data provided by the MNOs suggest that 72.0% of UK premises were in areas with outdoor mobile coverage from at least one 4G network by June 2014, with the proportion of premises in 4G coverage areas being lowest in Wales at 44.4%, and highest in Northern Ireland at 79.2%[44].

All four UK MNOs say that they will have 98% 4G population coverage by the end of 2015 (with some reaching this threshold earlier), and O2's 4G spectrum licence stipulates that it should provide indoor coverage to 98% of the UK population (and at least 95% of the population of each of the UK nations) by the end of 2017 at the latest.

[44] (update June 2015): please note this did not include data from Three

Figure 5.7 4G premises mobile coverage, by number of operators



Sources: Ofcom/operators, June 2014 data
Note: Coverage is based on 100m square pixels covering the UK
Updated (June 2015): data excludes Three

5.4 Service take-up

Take-up of fixed line and broadband services is lower than average in Wales

Landline and overall broadband take-up were both below the UK averages for these services in Wales in Q1 2014 (Figure 5.8). The difference between take-up level in Wales and the UK average was greatest for broadband services, where the proportion of adults in Wales who had a fixed or mobile broadband connection (71%) was six percentage points lower than the UK average (77%).

There were differences in the levels of take-up of any type of computer between urban and rural areas, with people in rural Wales being significantly more likely to have a computer than those in urban areas (80% vs. 75%). Homes in rural Wales were also more likely to have a landline service (88% vs. 75%). Mobile phone take-up remained in line with the UK average in Wales, with over nine in ten adults (92%) having a mobile phone. Smartphone take-up in Wales (57%) was also in line with the UK average (61%).

Figure 5.8 Take-up of communications services: 2014

		UK	Wales	England	Scotland	N Ireland	Wales urban	Wales rural
Individual								
Voice telephony	Fixed Line	**84%**	78%	84%	83%	83%	75%	88%
	Mobile phone	**93%**	92%	94%	90%	94%	93%	91%
	Smartphone	**61%**	57%	61%	62%	55%	58%	52%
Internet	Computer (any type)	**79%**	76%	80%	77%	76%	75%	80%
	Tablet computer	**44%**	45%	44%	42%	45%	46%	42%
	Total Internet	**82%**	80%	82%	81%	80%	80%	80%
	Broadband (fixed and mobile)	**77%**	71%	77%	76%	73%	69%	75%
	Fixed Broadband	**73%**	69%	73%	73%	70%	67%	74%
	Mobile Broadband	**8%**	7%	9%	6%	5%	8%	3%
	Mobile internet	**57%**	52%	57%	56%	51%	54%	48%

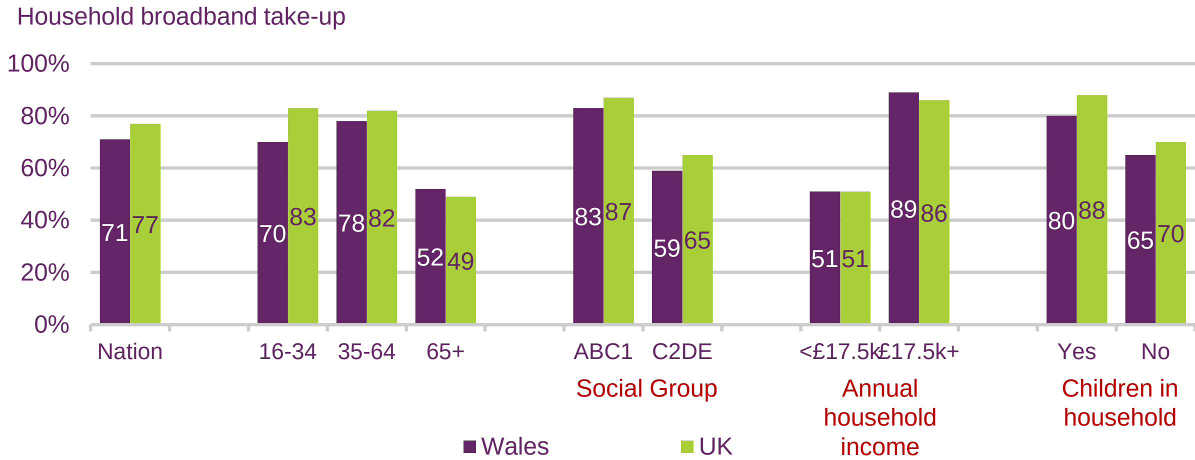
QC1. Is there a landline phone in your home that can be used to make and receive calls?/ QD2. Do you personally use a mobile phone?/ QD24B. Do you personally use a smartphone?/ QE1. Does your household have a PC or laptop computer?/ QE2. Do you or does anyone in your household have access to the internet/ World Wide Web at home?/ QE9. Which of these methods does your household use to connect to the Internet at home?/ QD28A. Which if any, of the following activities, other than making and receiving voice calls, do you use your mobile for?
Source: Ofcom research, Q1 2014
Base: All adults aged 16+ (n = 3740 UK, 491 Wales, 2249 England, 501 Scotland, 499 Northern Ireland, 252 Wales urban, 239 Wales rural)

Take-up of fixed broadband across 16-34 and 35-64 age groups is lower in Wales than the UK average

As is shown in Figure 5.9, respondents aged 16-34 and 35-64 in Wales were less likely than the UK averages to have a fixed broadband service (70% vs. 83% and 78% vs. 82%), although take-up among the 65+ group was higher in Wales (52%) than the UK average for this age group (49%). Seventy-one per cent of households in Wales had broadband, compared to three in four (77%) in the rest of the UK.

As was the case across the UK as a whole, there were differences in broadband take-up based on average annual income. Just over half (51%) of households with an income of under £17.5k in Wales had broadband, compared to just under nine in ten (89%) of those with a household income over £17.5k. Households with children were also more likely than those without children to have broadband (80% vs. 65%). Again, this difference was apparent in the UK averages of 88% among homes with children and 70% in homes without children.

Figure 5.9 Consumer broadband take-up, by demographic

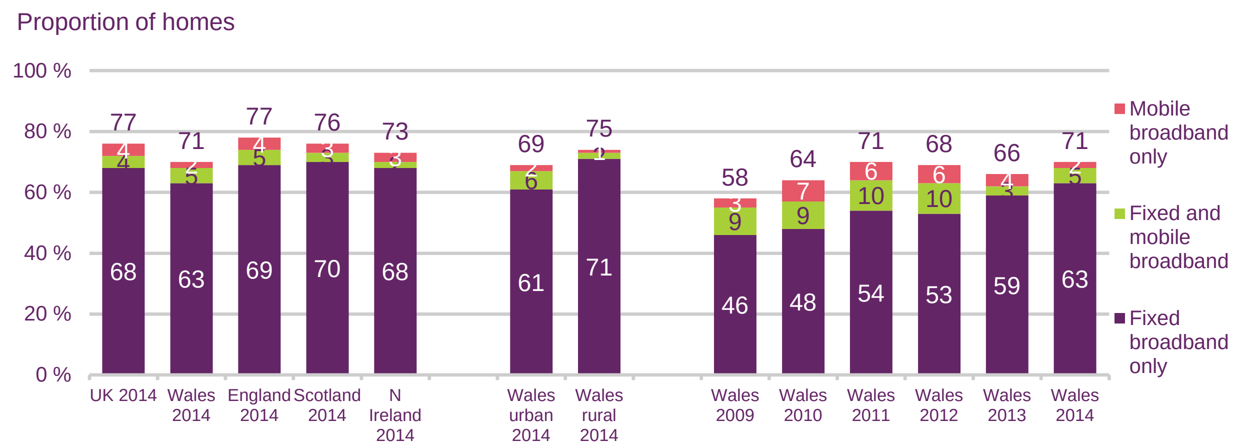


QE9. Which of these methods does your household use to connect to the internet at home?
Source: Ofcom research, Q1 2014
Base: All adults aged 16+ (n =491 Wales, 125 16-34s, 229 35-64s, 137 65+, 256 ABC1, 235 C2DE, 184 <£17.5k income, 132 £17.5k+, 152 children in home, 339 no children in home)

Three in five households in Wales solely use a fixed broadband service

Just over three in five households in Wales (63%) solely used a fixed broadband service in Q1 2014, compared to 68% across all UK households. This was a four percentage point increase in fixed broadband take-up compared to the 59% of homes in Wales which used only fixed broadband services in Q1 2013 (Figure 5.10). Along with the rise in fixed broadband-only households, there was a two percentage point increase (to 5%) in the proportion of households in Wales with both fixed and mobile broadband services in the year to Q1 2014.

Figure 5.10 Consumer broadband take-up, by connection type

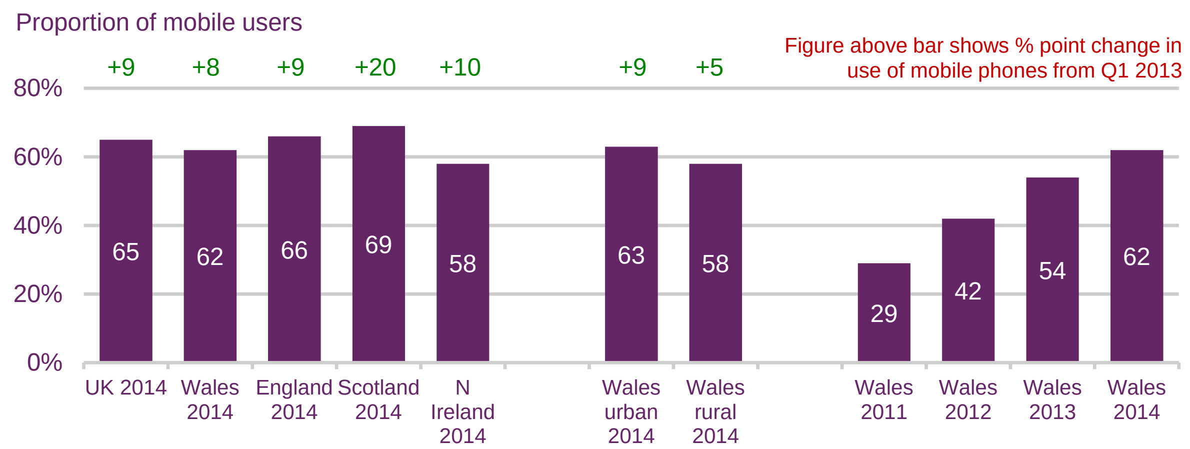


QE9. Which of these methods does your household use to connect to the internet at home?
Source: Ofcom research, Q1 2014
Base: All adults aged 16+ (n = 3740 UK, 491 Wales, 2249 England, 501 Scotland, 499 Northern Ireland, 252 Wales urban, 239 Wales rural, 987 Wales 2009, 1075 Wales 2010, 493 Wales 2011, 513 Wales 2012, 492 Wales 2013, 491 Wales 2014)

Smartphone take-up continued to rise in Wales in the year to Q1 2014

As was the case in the rest of the UK, smartphone adoption continued to rise in the year to Q1 2014, when over six in ten adults with a mobile phone in Wales (62%) had a smartphone, an eight percentage point increase (Figure 5.11). Wales has the third highest smartphone take-up among the UK nations, after Scotland (69%) and England (66%). Smartphone take-up increased in both urban and rural areas of Wales in the year to Q1 2014, with growth in urban areas (up nine percentage points to 63%) being higher than in rural areas (up five percentage points to 58%).

Figure 5.11 Take-up of smartphones among mobile users



QD24B. Do you personally use a smartphone? A smartphone is a phone on which you can easily access emails, download files and applications, as well as view websites and generally surf the internet. Popular brands of smartphone include BlackBerry, iPhone and Android phones such as the Samsung Galaxy.
Source: Ofcom research, Q1 2014
Base: Adults aged 16+ who personally use a mobile phone (n = 3405 UK, 438 Wales, 2055 England, 447 Scotland, 465 Northern Ireland, 227 Wales urban, 211 Wales rural, 416 Wales 2011, 456 Wales 2012, 440 Wales 2013, 438 Wales 2014)

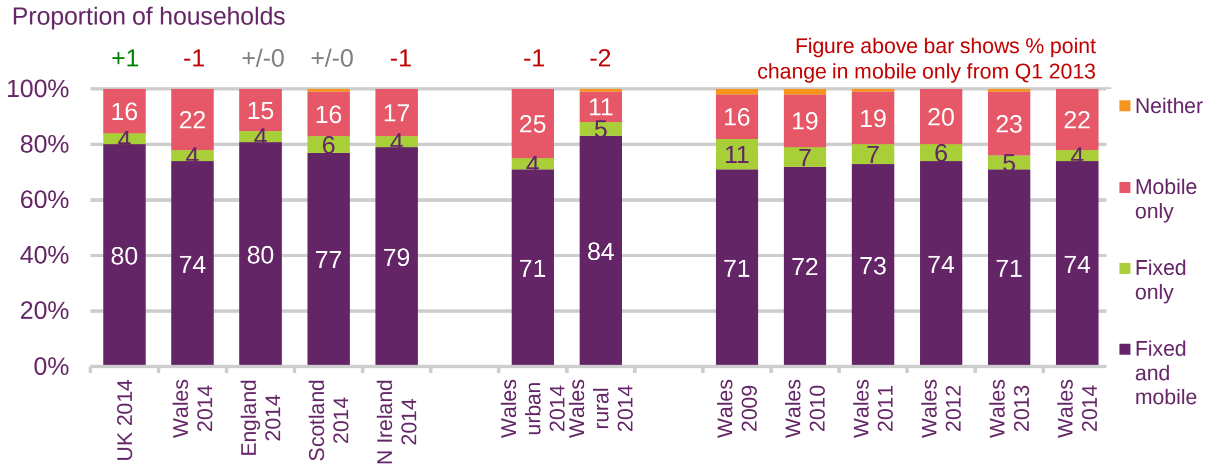
Wales had the highest level of mobile-only households in the UK in Q1 2014, at 22%

Mobile-only households

In the following analysis, **'mobile only'** households are defined as those that have at least one mobile phone between the residents; ***and** do not* have 'a landline that can be used to make or receive calls'. Therefore this measure of mobile-only households includes a proportion (c30% of mobile only homes) who say they have fixed broadband services. Most fixed broadband services require a fixed line. As such these consumers may have a fixed line but no handset, and have responded on the basis that they cannot make or receive calls using their fixed line.

Just over one in five households in Wales (22%) only had access to a mobile phone to make and receive calls in Q1 2014 (Figure 5.12). Just under three-quarters (74%) of households in Wales had both fixed and mobile telephone services in Q1 2014, with a further 4% being fixed-line-only homes. A quarter (25%) of households in urban areas of Wales were mobile-only in Q1 2014, compared to 11% of homes in rural Wales.

Figure 5.12 Cross-ownership of household telephony services

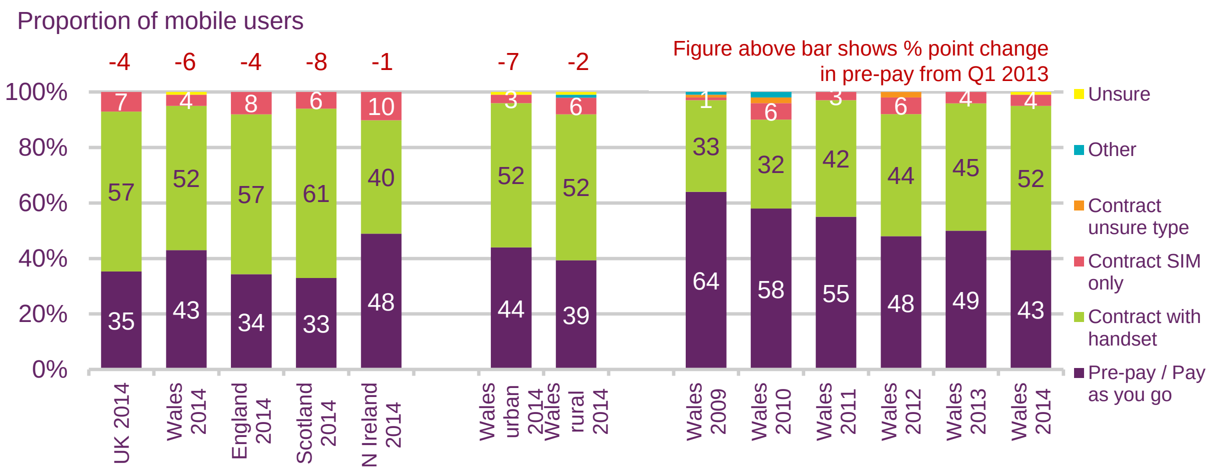


QC1. Is there a landline phone in your home that can be used to make and receive calls?/ QD1. How many mobile phones in total do you and members of your household use?
Source: Ofcom research, Q1 2014
Base: All adults aged 16+ (n = 3740 UK, 491 Wales, 2249 England, 501 Scotland, 499 Northern Ireland, 252 Wales urban, 239 Wales rural, 987 Wales 2009, 1075 Wales 2010, 493 Wales 2011, 513 Wales 2012, 492 Wales 2013, 491 Wales 2014)

Take-up of pre-pay mobile services remains higher than average in Wales

Forty-three per cent of mobile phone users in Wales had a pay-as-you-go contract in Q1 2014, a six percentage point decrease compared to Q1 2013 (Figure 5.13). This was eight percentage points higher than the UK average (35%): only Northern Ireland had higher pre-pay take-up among mobile users in Q1 2014, at 48%.

Figure 5.13 Type of mobile subscription



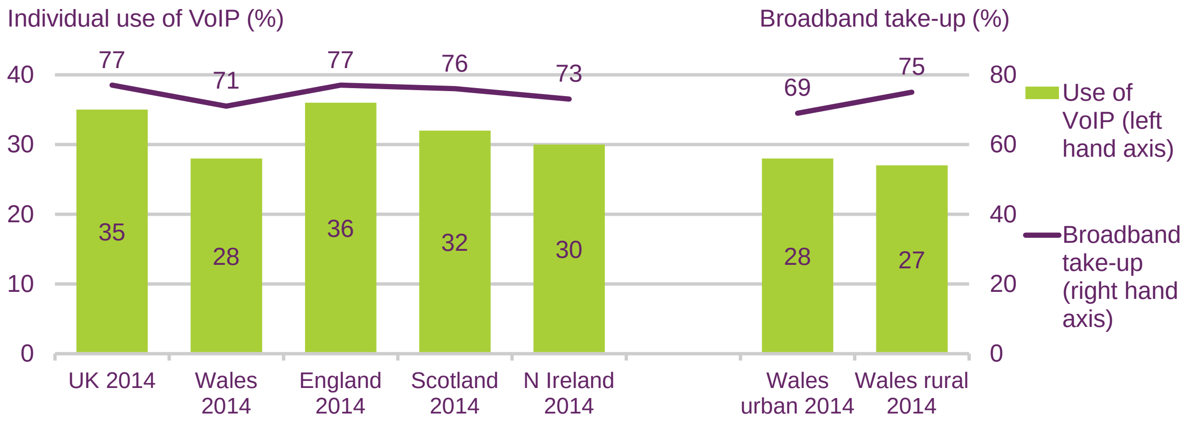
QD11. Which of these best describes the mobile package you personally use most often?
Source: Ofcom research, Q1 2014
Base: Adults aged 16+ who personally use a mobile phone (n = 3405 UK, 438 Wales, 2055 England, 447 Scotland, 465 Northern Ireland, 227 Wales urban, 211 Wales rural, 836 Wales 2009, 923 Wales 2010, 416 Wales 2011, 456 Wales 2012, 440 Wales 2013, 438 Wales 2014)

Use of VoIP in Wales rose in the year to Q1 2014, but remained lower than the UK average

Just over a quarter of adults in Wales (28%) claimed to use voice over IP (VoIP) services such as Skype or Vonage in Q1 2014, the lowest proportion among the nations (Figure

5.14). This was a nine percentage point increase compared to Q1 2013. However, while claimed VoIP usage levels in Wales were similar to those in Northern Ireland (30%), they were below those in England and Scotland, where over three in ten adults said that they used VoIP. There was no difference between levels of VoIP use in urban and rural areas of Wales.

Figure 5.14 Individual use of voice-over-IP services



QE30. Have you or anyone in your household ever used one of these services to make voice calls using the internet?/ QE5. Which, if any, of these do you use the internet for?
Source: Ofcom research, Q1 2014
Base: All adults aged 16+ (n = 3740 UK, 491 Wales, 2249 England, 501 Scotland, 499 Northern Ireland, 252 Wales urban, 239 Wales rural)

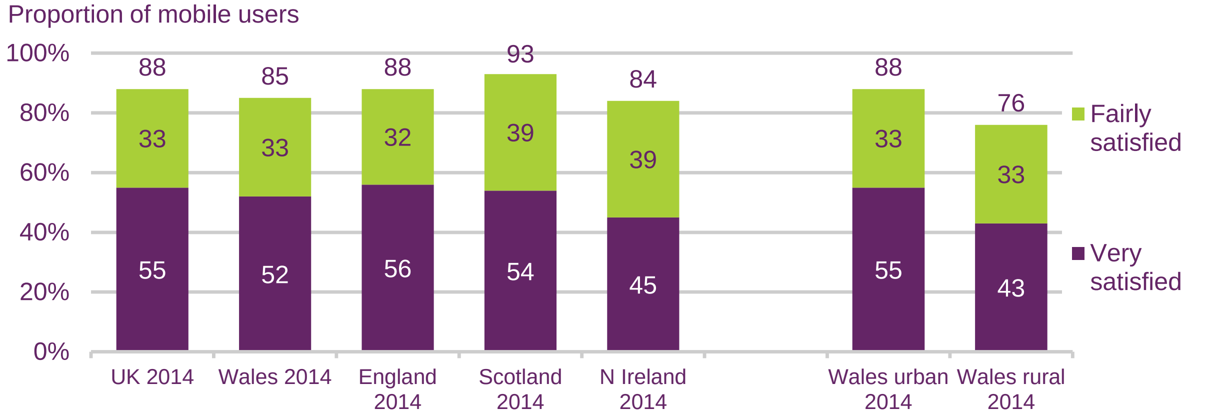
5.5 Satisfaction with telecoms services

Wales was the only nation to report a rise in satisfaction with ability to connect to the internet via a 3G or 4G network

In Q1 2014, just over four in five smartphone users in Wales (85%) were either ‘very’ or ‘fairly’ satisfied with their ability to connect to the internet via a 3G or 4G network, with around half (52%) claiming to be ‘very’ satisfied (Figure 5.15). This compared to just under nine in ten smartphone users across the UK as a whole (88%) who were satisfied with their ability to access 3G or 4G mobile data services, and was the second lowest proportion among the UK nations.

Wales was the only UK nation in which satisfaction with the ability to access 3G and 4G services increased among smartphone users in the year to Q1 2014, and levels of satisfaction differed significantly between urban and rural areas of Wales, with 88% of those in urban areas claiming to be ‘very’ satisfied, compared to 76% in rural areas.

Figure 5.15 Satisfaction with ability to connect to the internet via 3G or 4G network

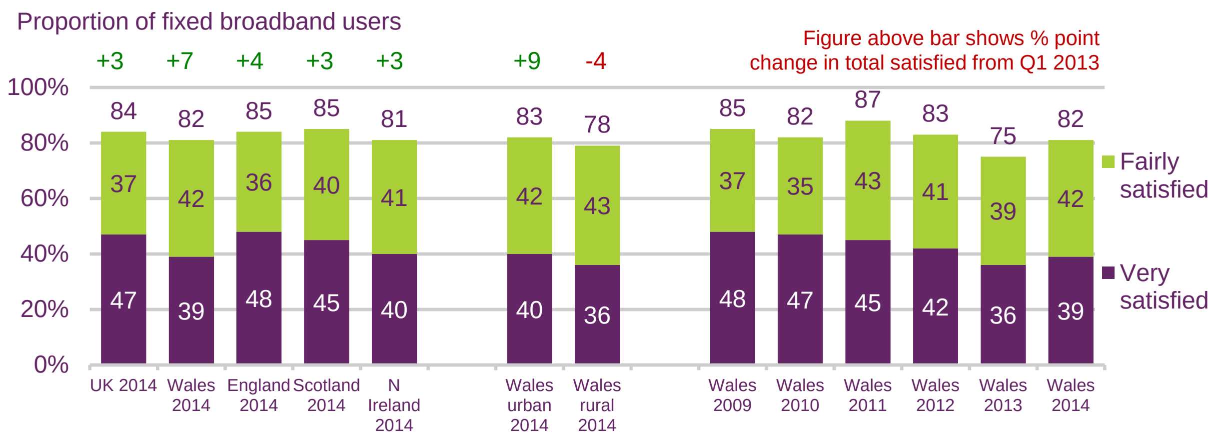


QD21k. Thinking about your mobile phone service only, how satisfied are you with (main supplier) for ability to connect to the internet using the mobile network (3G or 4G)?
Source: Ofcom research, Q1 2014
Base: Adults aged 16+ who personally use a smartphone (n = 2038 UK, 235 Wales, 1252 England, 290 Scotland, 261 Northern Ireland, 131 Wales urban, 104 Wales rural)
Note: Figures above chart columns indicate the proportion of people who were 'very' or 'fairly' satisfied with the ability to connect to the internet using the mobile network

Satisfaction with speed of fixed broadband connection returns to levels reported in 2012, at 82%

The proportion of fixed broadband users in Wales who said that they were 'very' or 'fairly' satisfied with the speed of their service increased by seven percentage points to 82% in the year to Q1 2014, and was similar to the level recorded in Q1 2012 (Figure 5.16). This increase in satisfaction was driven by fixed broadband users in urban areas, among whom the proportion who said that they were either 'very' or 'fairly' satisfied with the speed of their service increased by nine percentage points to 83% during the year: in rural areas this proportion fell by four percentage points to 78%.

Figure 5.16 Satisfaction with speed of fixed broadband connection



QE8b. 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)?
Source: Ofcom research, Q1 2014
Base: Adults aged 16+ with a fixed broadband connection at home (n = 2601 UK, 334 Wales, 1553 England, 367 Scotland, 347 Northern Ireland, 164 Wales urban, 170 Wales rural, 527 Wales 2009, 604 Wales 2010, 303 Wales 2011, 318 Wales 2012, 294 Wales 2013, 334 Wales 2014)
Note: Figures above chart columns indicate the proportion of people who were 'very' or 'fairly' satisfied with their speed of service while online

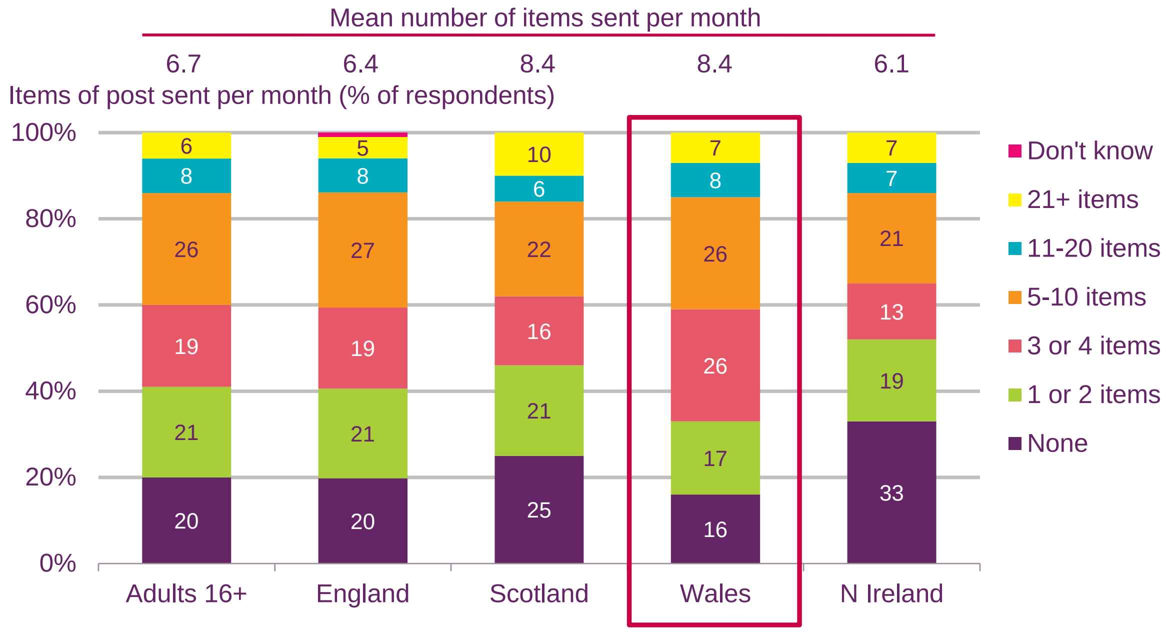
6 Post

6.1 Sending post: residential customers

Over two-thirds of adults in Wales claim to have sent at least three items by post in the past month

Adults in Wales claim to send 8.4 items of post each month, on average; more than the UK average of 6.7. Only 16% of people in Wales claimed to have sent no post in the past month, the lowest of all the nations, and 67% claimed to have sent at least three items.

Figure 6.1 Approximate number of items of post sent each month (residential)

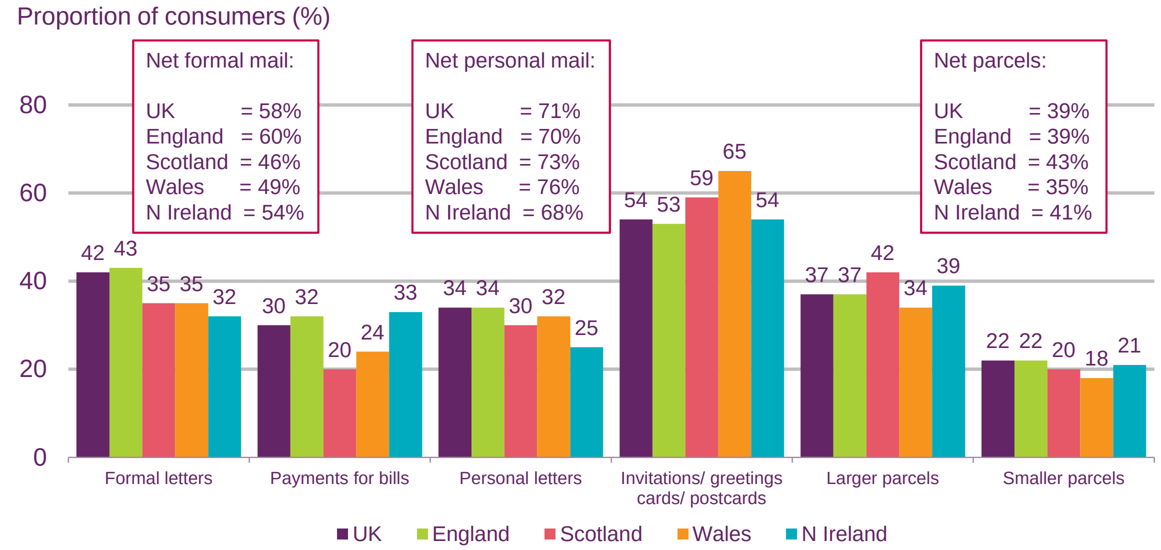


Source: Ofcom Residential Postal Tracker, Q2 2013-Q1 2014
Base: All respondents (n = 4823 UK, 2761 England, 830 Scotland, 557 Wales, 675 Northern Ireland)
QC1. Approximately how many items of post - including letters, cards and parcels - have you personally sent in the last month?

Adults in Wales are the most likely to have sent personal mail such as greetings cards in the past month

Figure 6.2 shows that people in Wales are more likely than those in the rest of the UK to have sent invitations, greetings cards or postcards in the past month (65% vs. 54% across the UK). In addition, people living in Wales are the least likely of all the nations to have sent payments for bills through the post (20% vs. 30% across the UK).

Figure 6.2 Type of post sent in the past month

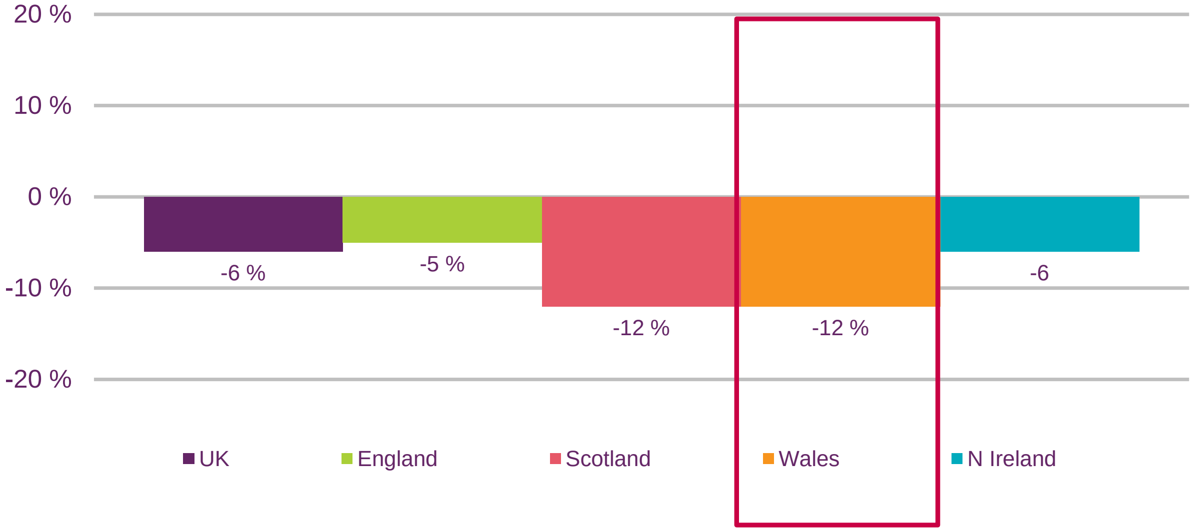


Source: Ofcom Residential Postal Tracker, Q2 2013-Q1 2014
Base: All who have personally sent any items of post in the last week (n = 3817 UK, 2192 England, 652 Scotland, 502 Wales, 471 Northern Ireland)
QC5. Which of these types of mail would you say you have personally sent in the last month by post? (multicode)

Adults in Wales are the most likely of all the UK nations to say they will send less post over the next two years

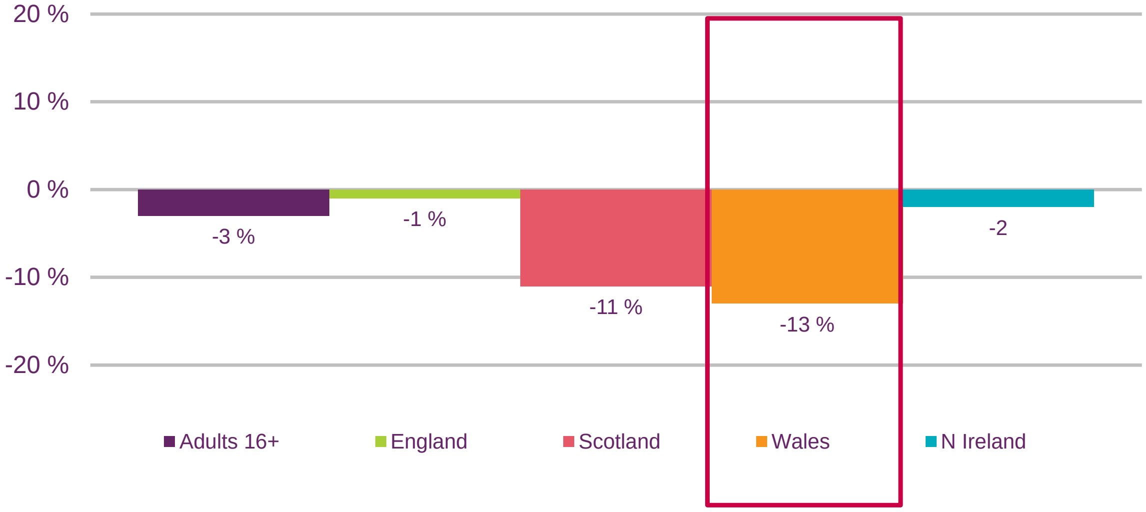
When asked about how the amount of post they send has changed, adults in Wales are more likely than those across the UK to say they now send less (-12% net). Figure 6.4 shows they are also the most likely to predict that they will reduce their use of post in the future (-13% net, compared to just 3% across the UK as a whole).

Figure 6.3 Net claimed change in amount of post sent in the past two years



Source: Ofcom Residential Postal Tracker, Q2 2012-Q1 2014
Base: All respondents (n = 4823 UK, 2761 England, 830 Scotland, 557 Wales, 675 N Ireland)
QC10: Compared with two years ago, would you say that the number of items you send through the post has...increased greatly, increased slightly, stayed the same, decreased slightly, decreased greatly?(Multiple choice)
Note: chart shows net (% who claim use has increased - % those who claim use has decreased)

Figure 6.4 Net change in amount of post predicted to be sent in two years' time



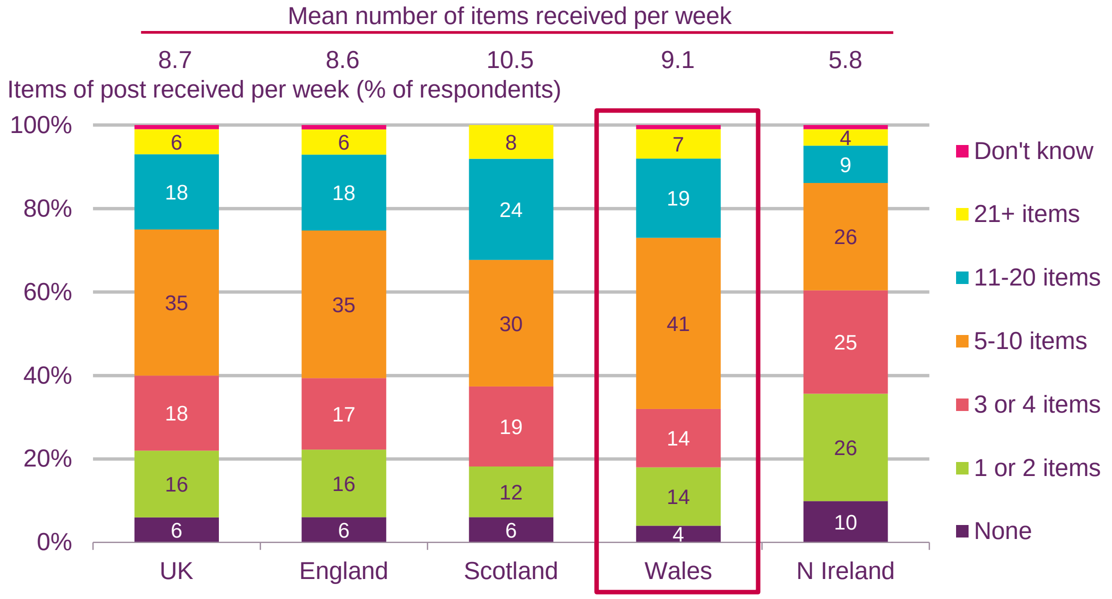
Source: Ofcom Residential Postal Tracker, Q2 2013-Q1 2014
Base: All respondents (n = 4823 UK, 2761 England, 830 Scotland, 557 Wales, 675 N Ireland)
QC16: Looking to the future... Compared with now, would you say that the number of letters, cards and parcels you will be sending in the post two years from now will have.....increased greatly, increased slightly, stayed the same, decreased slightly, decreased greatly?
Note: chart shows net (% who claim use will increase - % those who their use will decrease)

6.2 Receiving post: residential customers

Almost two-thirds of those who have seen an increase in the levels of post claim to be receiving more direct mail

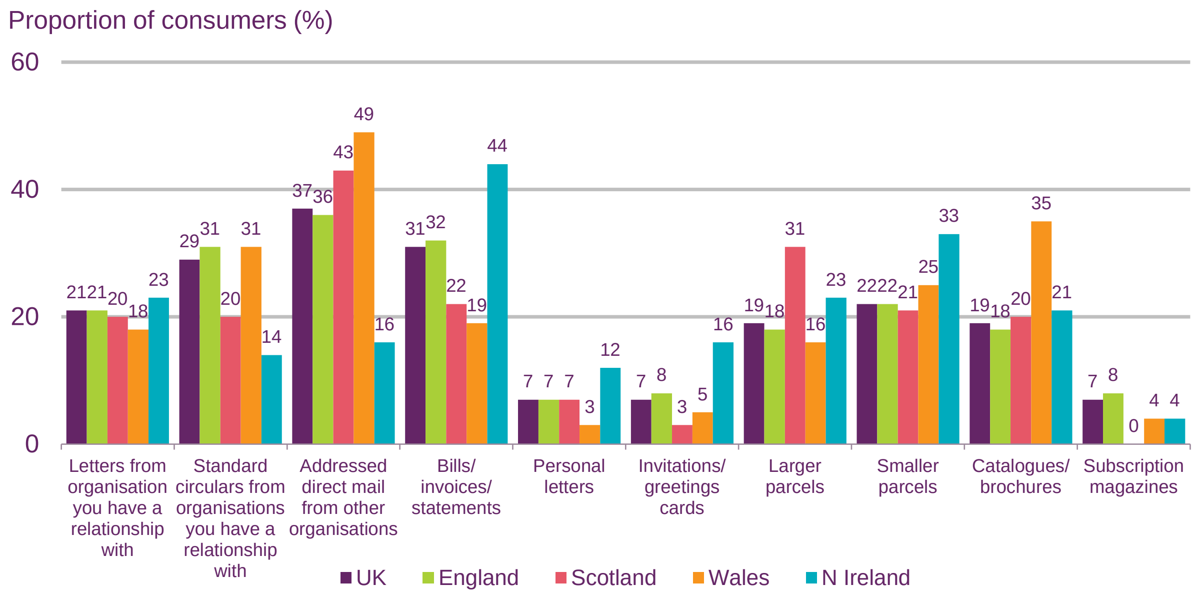
On average, residents in Wales receive 9.1 items of post each week. Three in ten (30%) feel that the amount of post they are receiving has increased compared to two years ago. Figure 6.6 shows that, of these, 64% claim to be receiving more direct mail from organisations, including circulars from organisations they have dealt with in the past as well as from other organisations.

Figure 6.5 Approximate number of items received in the post in the past week



Source: Ofcom Residential Postal Tracker, Q2 2013-Q1 2014
Base: All respondents (n = 4823 UK, 2761 England, 830 Scotland, 557 Wales, 675 Northern Ireland)
QD1. Approximately how many items of post – including letters, cards and parcels – have you personally received in the last week

Figure 6.6 Type of items being received more often



Source: Ofcom Residential Postal Tracker, Q2 2013-Q1 2014
Base: All respondents who say that the number of items received by post has increased, compared to two years ago (n = 1197 UK, 705 England, 207 Scotland, 140 Wales, 145 Northern Ireland)
QD6. Which of these types of addressed items are you personally receiving more often through the post now? (multicode)

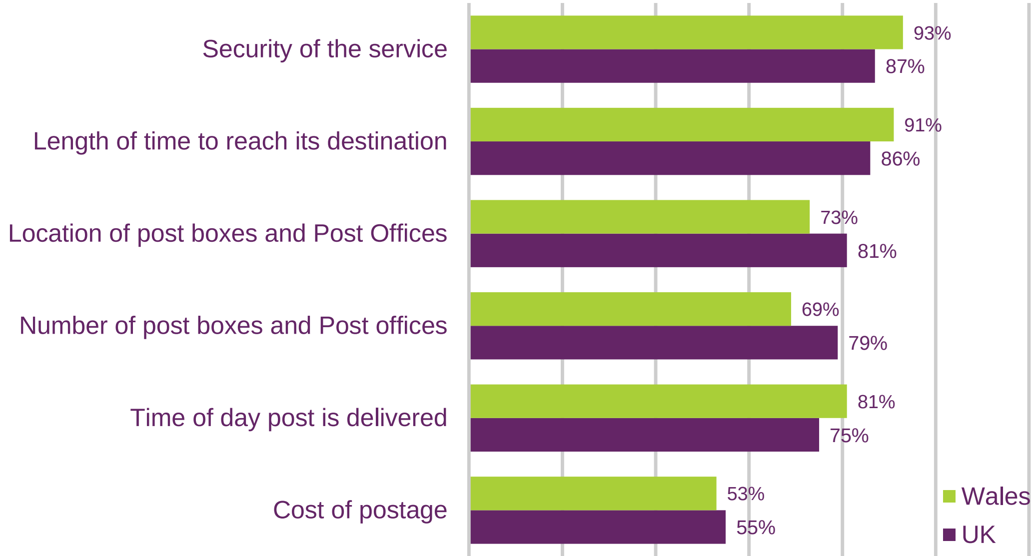
6.3 Attitudes towards Royal Mail

Nine in ten residents in Wales are satisfied with Royal Mail

Overall, the majority of people in Wales (88%) say they are satisfied with Royal Mail, compared to 86% across the UK as a whole.

However, as Figure 6.7 shows, when asked to consider specific aspects of the service, although almost three-quarters of people in Wales (73%) are 'satisfied' (very or quite satisfied) with the location of post boxes and Post Offices, this is significantly lower than the proportion in the UK as a whole (81%). Similarly, when considering the number of post boxes and Post Offices, 69% of people in Wales say they are satisfied, compared to 79% across the UK.

Figure 6.7 Satisfaction with specific aspects of Royal Mail's service

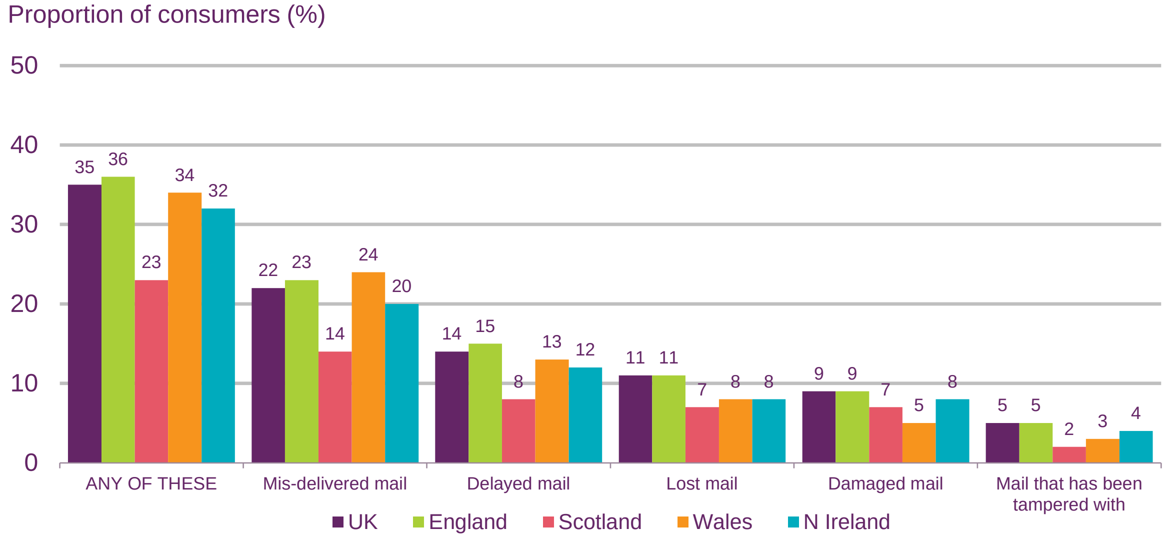


Source: Ofcom Residential Postal Tracker, Q2 2013-Q1 2014
Base: All respondents (n = 4823 UK, 557 Wales)
QE3A-F. Satisfaction with specific aspects of Royal Mail's services (very or quite satisfied)
Ranked by proportion satisfied among adults in Wales

One in four adults in Wales claim to have experienced mis-delivered mail in the past year

Over a third of adults in Wales (34%) claim to have experienced a problem with Royal Mail in the past year. Almost a quarter (24%) say they have had post that has been incorrectly delivered to their address, or their mail has been delivered to someone else's address. This is the highest of all the nations, in particular Scotland, where 14% said they had experienced this problem in the past 12 months.

Figure 6.8 Problems experienced with Royal Mail in the past 12 months



Source: Ofcom Residential Postal Tracker, Q2 2013-Q1 2014
Base: All respondents (n = 4823 adults 16+, 2761 England, 830 Scotland, 557 Wales, 675 Northern Ireland)
QG1A-E. Problems experienceFd with Royal Mail service in the last 12 months – Ranked by proportion among all UK adults

6.4 Sending and receiving post: business customers

Almost six in ten businesses in Wales say that post has mainly an administrative role in their organisation

When asked about the role of post in the organisation, 57% of businesses in Wales said that it served mainly administrative needs, and was not core to their particular service delivery; the highest of all UK nations.

Reflecting this, 60% of businesses in Wales send an average of between zero and 24 letters each month.

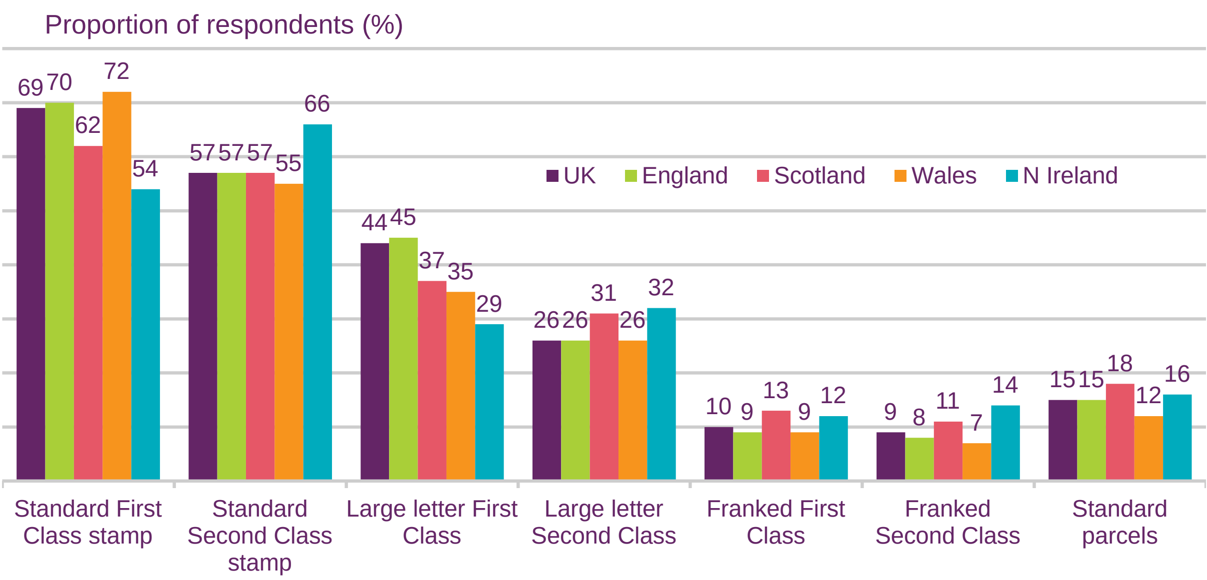
Figure 6.9 Average volume of letters sent each month

Source: Ofcom Business Postal Tracker, Q2 2013-Q1 2014
Base: All respondents (n = 1524 UK, 911 England, 223 Scotland, 208 Wales, 182 N Ireland)
QV2a. On average, how many letter items does your organisation send per month? Please think only about all the letters and large letters you may send as an organisation.

Organisations in Wales are the most likely to use standard First Class stamps

Seventy-two per cent of business customers based in Wales say they use standard First Class stamps to send their standard post each month, significantly higher than those in Scotland (62%) or Northern Ireland (54%). Taken as a whole, 85% of businesses in Wales use First Class, compared to 68% in Northern Ireland.

Figure 6.10 Royal Mail services used to send standard post each month

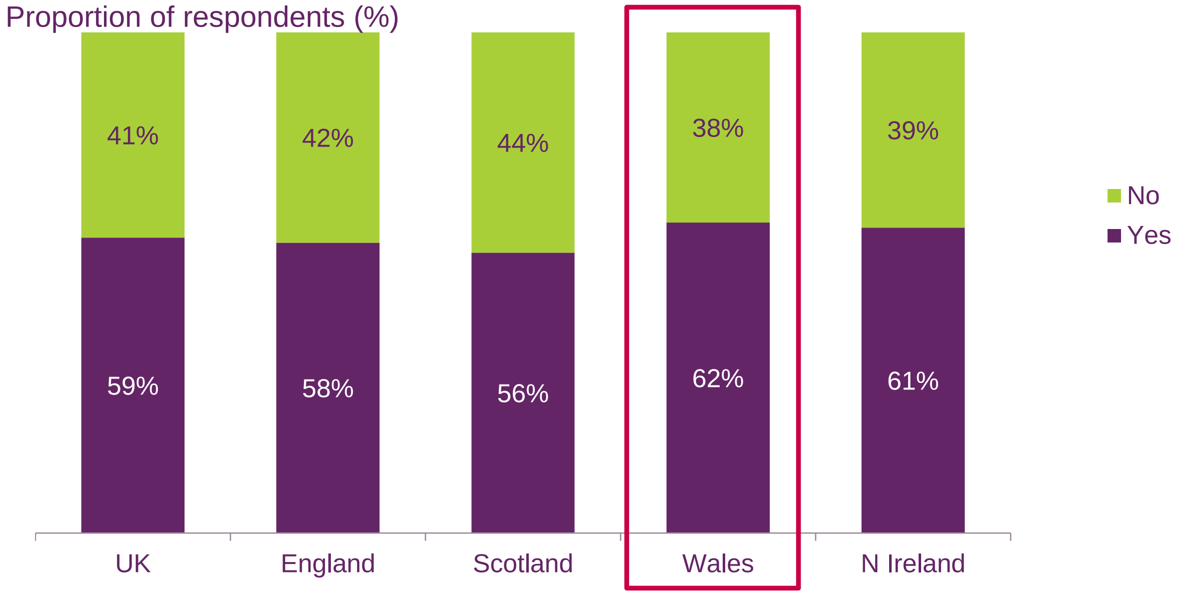


Source: Ofcom Business Postal Tracker, Q2 2013-Q1 2014
Base: All respondents using RM standard delivery services (n = 1380 UK, 828 England, 202 Scotland, 180 Wales, 170 N Ireland)
QV6d. Which, if any, of the following Royal Mail services does your organisation use to send your standard mail?

Over six in ten organisations in Wales say they have started sending some post using a different method over the past year

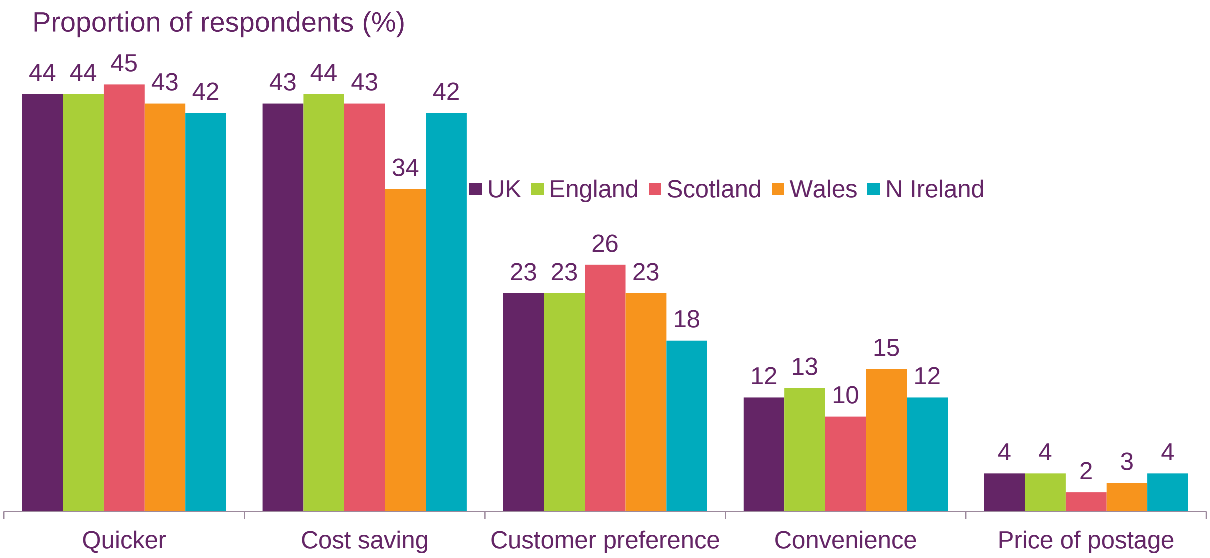
Sixty-two per cent of organisations in Wales say they have switched some of their communications from post to another method in the past 12 months. Figure 6.12 shows that, as with businesses across the UK, speed is the most likely reason for this change (43%) while convenience is more likely to be a reason for those based in Wales than for those in Scotland (15% vs. 10%).

Figure 6.11 Switched some post to other methods over past 12 months



Source: Ofcom Business Postal Tracker, Q2 2013-Q1 2014
Base: All respondents (n = 1524 UK, 911 England, 223 Scotland, 208 Wales, 182 N Ireland)
QF4. Over the last 12 months, has your organisation moved some mail to other communication methods?

Figure 6.12 Reasons for switching some post to other methods over past 12 months



Source: Ofcom Business Postal Tracker, Q2 2013-Q1 2014
Base: All who have moved to other communication methods (n = 909 UK, 543 England, 123 Scotland, 130 Wales, 113 N Ireland)
QF6: Why have you moved some mail to other communication methods? open ended
All above 2% across UK shown