making communications work
for everyone

Communications Market Report 2021

Publication Date: 22 July 2021

Contents

Section

Overview

The Communications Market Report (CMR) is an interactive data portal, which allows users to interrogate data collected from industry by Ofcom, data from Ofcom's consumer research, and headline figures from selected third parties (including BARB).

Commentary and analysis of much of the data used in the CMR can be found in each of our Media Nations, Online Nation and Connected Nations reports, where we review and explore specific sectors of the media and communications markets in detail.

In this short document we highlight some key findings revealed by our most recent data.

What we have found – in brief

The speed of internet connections has increased. Seventy-eight per cent of residential broadband lines had an average download speed of 30 Mbit/s or higher in 2020, up from 69% in 2019. More than four-in-five lines are now at least part fibre (including cable connections), and the mean average speed of UK home broadband connections grew by 25% to over 80 Mbit/s in 2020. However, 8% of residential broadband connections still receive average download speeds of only 10 Mbit/s or less.

These faster connections are supporting the use of ever more data. The volume of data used on fixed and mobile connections both grew significantly in 2020. Average monthly data use per fixed broadband connection increased by 36% to 429 GB, while average use per mobile data user was up by 27% to 4.5 GB per month. Although those that are online are getting faster connections and using more data, 6% of households are not online.

Average household spend on telecoms services fell very slightly in 2020. The average UK household spent £79.08 per month on telecoms services in 2020, a decrease of 26 pence since 2019 and equivalent to 3.1% of average monthly household spend.

Voice calls made an unexpected comeback in 2020 as people stayed at home during the pandemic. Outgoing call minutes from landlines increased for the first time since 2003, up by 15%, while calls from mobile phones increased by 18% during the year.

Growth in viewing online video will be contributing to some of the increased data use, as will the increase in connected devices. Half of households in the UK now have a smart speaker. Three quarters of households now have either a connected or smart TV.

The time spent viewing live broadcast television resumed its declining trend after a pandemic-related uptick in 2020. People in the UK watched an average of 3 hours and 12 minutes of broadcaster television (live, recorded and catch-up) each day in 2020.

As well as watching TV, UK internet users on average spend 3 hours and 37 minutes online. A large proportion (39%) of this was spent on Google and Facebook-owned sites (including Youtube, Instagram and WhatsApp).

Total radio revenues saw a decline during 2020. Radio saw a decline of £95m from 2019, to a total of £1.25bn.

People are generally happy with postal services in the UK. Eighty-six per cent of UK adults said that they are either fairly satisfied or very satisfied with the overall service and 75% with value for money. But people are receiving fewer letters than they used to - 37% report having received fewer personal letters than they did two years ago, and 38% receiving fewer bills, invoices and statements.

Key findings

Telecoms

The pandemic has reversed the downward trend of use of calls. The total volume of outgoing calls from landlines grew by 15% in 2020, the first recorded increase since 2003, while call volumes from mobile calls grew by 18%.

By the end of 2020, 78% of all UK broadband connections were superfast or ultrafast (i.e. lines providing download speeds of 30 Mbit/s or higher) and more than four-in-five connections were fibre-to-the-cabinet, cable or full-fibre lines. Ultrafast connections (with a speed of 300 Mbit/s and over) are becoming increasingly common and 5% of residential broadband lines had an average download speed of 300 Mbit/s or higher at the end of 2020.

Fixed and mobile customers continue to use more data. The average monthly data consumption per fixed broadband connection was 429 GB per month in 2020 (36% higher than in 2019), and the average monthly data used per mobile data connection was 4.5 GB (up 27%).

Messaging appears to be moving online as SMS and MMS use continues to decline rapidly. The average mobile connection sent 51 messages per month in 2020, 17 fewer than in 2019. The main driver of this decline is the popularity of online messaging services like WhatsApp, Facebook Messenger and Instagram.

Telecoms revenues make a £31.5 billion contribution to the UK economy. Retail fixed and retail mobile services generated £14.0bn and £12.5bn in revenue respectively in 2020, with the remaining £5.1bn coming from wholesale services.

UK households are spending very slightly less on both mobile and fixed services. The average UK household spent £79.08 per month on telecoms services in 2020, a 0.3% decrease since 2019 and equivalent to 3.1% of average total monthly household spend.

Television and audio-visual

After a pandemic-related uptick in 2020, live TV viewing has returned to its downward trend, most sharply among younger groups. Average daily viewing of broadcast television (including live and watched within seven days of broadcast) increased in 2020 from an average of three hours and three minutes per day in 2019, to three hours and twelve minutes. However, average daily viewing in May 2021 was 23 minutes lower than it was in May 2020.

Total audiovisual revenues declined to £16.3bn in 2020, with growth in online video advertising and SVoD revenue offsetting declines in pay TV and TV advertising revenue. Total commercial broadcast revenue in the UK in 2020 was £10.2bn. Commercial PSB revenues have also continued to fall in real terms, from £2.7bn in 2015 to £2.0bn in 2020.

Television and online audiovisual advertising spend fell by 7% despite increased viewing in 2020. It was £4.4bn in 2020, down from £4.8bn in 2019.

PSB spend on first-run UK originated content in 2020 was the lowest in real terms since Ofcom started collecting data - £2.1bn, down from £2.5bn in 2019. While the pandemic had an impact on spend on all types of content in 2020 (except for news), some genres were hit harder than others due to Covid-19 disrupting production. This particularly impacted sports (down 38% year-on-year), soaps (-27%), specialist factual (-20%) and drama (-16%).

Third party spend continues to support first-run PSB content but was down 13% compared to 2019, at £482m in 2019. Much of this was due to some delayed titles being unaccounted for in 2020 spend figures. This was still 23% higher than 2015 however, with drama continuing to be the main genre receiving investment, comprising 74% of third-party spend in 2020. Third-party spend includes payments from co-productions, deficit financing and high-end TV tax credit relief.

Total multichannel spend declined in 2020 to £4.4bn, which was principally driven by a 16% year-on-year decrease in spend on sports.

Subscription revenues to subscription video on demand services such as Netflix, Amazon Prime Video and Disney+ totalled £2.1bn in 2020, up by 27% from 2019. Online video advertising also grew in 2020, up by 17% to £1.3bn.

Radio

Total radio revenues declined during 2020. National radio advertising held up better than local advertising declining only 6%. The fall was much steeper in local commercial and commercial sponsorship which saw a decline of 33% and 25% respectively as more local advertisers shifted spend online.

Post

The majority of people are receiving less or the same amount of mail compared to two years ago. Over one-third (37%) report having received fewer personal letters, 38% fewer bills, invoices and statements and 32% fewer invitations and greeting cards.

Online

Advertising is the key revenue source for many online businesses and has grown by around 78% in the past 5 years, with the UK online advertising market generating £16bn in 2020.

After e-commerce, search is the sector that generates the most online revenue, at £8.4bn in 2020. This is an increase from £7.9bn in 2019 and £7bn in 2018.

UK internet users on average spend 3 hours and 37 minutes using the internet per day. 39% of the total time spent online by adult internet users in the UK in 2020 was spent on Google-owned sites (including YouTube) and Facebook-owned sites (including Instagram and WhatsApp).

Visits to government websites increased in March 2020 in line with the start of the spring 2020 lockdown. 29m online adults visited gov.uk websites in March 2020, up from 19m the previous month.

The interactive data

The Communications Market Report interactive data can be accessed here:

https://www.ofcom.org.uk/research-and-data/multi-sector-research/cmr

There are six sections in the report: data covering the communications and media sectors as a whole, television and audio-visual, radio and audio, telecommunications, online and post. Below we set out what can be found in each section.

Market in context

This section contains data on:

- Advertising spend across the communication and media sectors
- Device and service take-up and use

Television and audio-visual content

This section contains data on:

- TV broadcaster revenues
- Hours and spend on content for commercial TV broadcasters
- Hours and spend for the public service broadcasters, for network and regional services
- TV viewing, including reach, share, and average minutes per day

Radio and audio content

This section contains data on:

- Radio broadcaster revenues
- Community radio revenues and expenditure

Telecommunications

This section contains data on:

- Telecommunications data revenues, volumes and market shares
- Average monthly spend data
- Home Broadband performance data
- Consumer research from our technology tracker
- Consumer research from our customer satisfaction tracker

Online

This section contains data on:

- UK online revenues by sector and business model

- UK consumers' use of the largest websites

Post

This section contains data on:

- Consumer research data from our residential postal tracker